



# Annual Report

Navigating a turbulent environment



# How to read this report

## **Management summary**

Readers looking for the highlights of 2022 are advised to read chapter 1 until 5, and the first pages of chapter 6 until 9.

## **Report of the Board of Management**

The report of the Board of Management consists of the following sections:

- Introduction
- Business Report
- Governance, chapter 14 and 16 until 18

## **Forward-looking statements**

This Annual Report contains forward-looking statements. Readers should not put undue reliance on these statements. These provide a snapshot on the publication date of this report. In addition, future actual events, results and outcomes likely differ from these statements made. Chapter 'Non-financial statements', section 'Safeguarding report quality' provides more information on forward-looking statements.

## **Versions of this document**

Pursuant to section 5:25c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), PostNL has filed the Annual Report 2022 with the Dutch Financial Markets Authority (AFM) in the European single electronic reporting format (ESEF package). The ESEF package is available on <https://annualreport.postnl.nl/2022/> and includes a human readable XHTML version of the Annual Report 2022. The PDF, online and printed versions of the Annual Report 2022 of PostNL are prepared for the ease of use. The ESEF package prevails in case of discrepancies with the other formats in which the Annual Report 2022 is published.

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# At a glance

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Key figures (at year end)

Average number of letters delivered per working day

7.4 million



Average number of parcels delivered per working day

1.1 million



Number of PostNL employees

35,647



Unique PostNL accounts

7.8 million



Active business customers on mijnpostnl.nl

110,098



Sorting centres

(28 parcel, 5 mail, 1 international)

34



Retail locations

5,494



Automated Parcel Lockers

517



Total kilometres transported in the Benelux

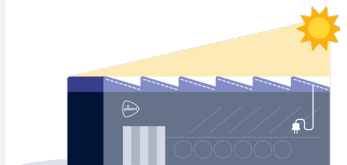
(on average per calendar day)

> 1.2 million



Number of solar panels on our buildings

32,893



# Overview of our network and services

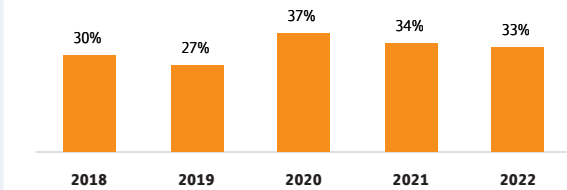


## Performance 2022

in percentage, unless indicated otherwise	2021	2022	change
<b>Customer value</b>			
Share of highly satisfied customers	34%	33%	(1)
Share of satisfied customers	83%	84%	+1
Delivery quality Mail in the Netherlands (2022 preliminary)	94%	91%	(2)
Delivery quality Parcels in the Netherlands	98%	98%	(0)
<b>Social value</b>			
Share of engaged employees	84%	81%	(3)
Absenteeism (share of total working days)	6.0%	7.4%	+1.3
Recordable accidents (per 100 FTE)	4.7	3.8	19%
Share of females in management positions	30%	32%	+2
Share of females in senior management positions	29%	31%	+2
<b>Environmental value</b>			
CO <sub>2</sub> efficiency (in grammes per km)	203	152	25%
Share of emission-free delivery of mail and parcels in the last-mile	20%	22%	+2

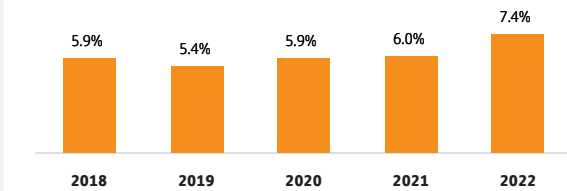
### Share of highly satisfied customers

Average score



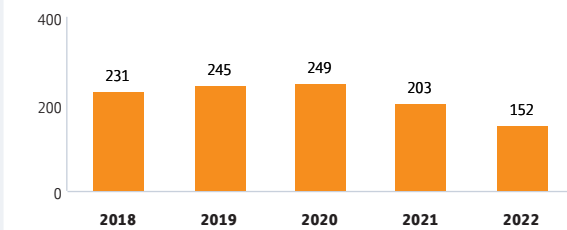
### Absenteeism

% of total working days



### CO<sub>2</sub> Efficiency

CO<sub>2</sub> efficiency in g/km



### Share of satisfied customers

84% (2021: 83%) ↑



### Employee engagement

81% (2021: 84%) ↓



### Emission-free delivery

22% (2021: 20%) ↑



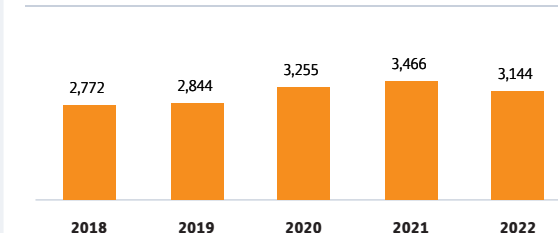
## Performance 2022 (continued)

in € million, unless indicated otherwise	2021	2022	change
<b>Results</b>			
Revenue	3,466	3,144	(9%)
Normalised EBIT	308	84	(73%)
Profit for the year <sup>1</sup>	258	14	(95%)
Profit from continuing operations <sup>1</sup>	228	26	(89%)
Normalised comprehensive income	285	90	(68%)
Free cash flow	288	40	(86%)
<b>Closing balance positions</b>			
Adjusted net debt	(203)	(467)	(130%)
Consolidated equity	426	177	(58%)
Cash and cash equivalents	848	556	(34%)
<b>Operational results</b>			
Parcel volume (in million items)	384	344	(10%)
Parcel volume growth/(decline)	13.8%	(10.2%)	(24.1)
Addressed mail volume (in million items)	2,048	1,884	(8.0%)
Addressed mail volume growth/(decline)	(0.3%)	(8.0%)	(7.7)
<b>Ratios</b>			
Normalised EBIT margin	8.9%	2.7%	(6.2)
Earnings per share (in € cents) <sup>1</sup>	50.9	2.8	(94%)
Leverage ratio (adjusted net debt/EBITDA)	0.4	1.9	(1.5)
Return on invested capital <sup>1</sup>	16.4%	4.1%	(12.3)

<sup>1</sup> 2022 excluding change in pension accounting classification

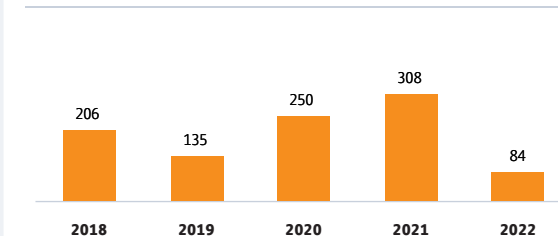
### Revenue

in € million



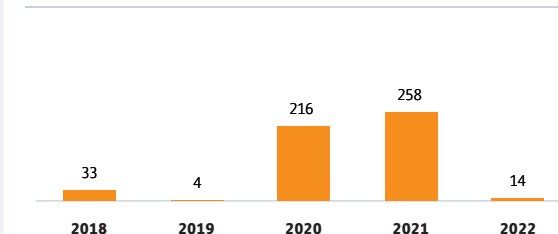
### Normalised EBIT

in € million

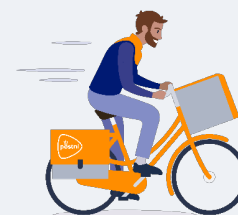


### Profit for the year<sup>1</sup>

in € million



<sup>1</sup> 2022 excluding change in pension accounting classification



# Reflecting on 2022 with our CEO

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## How do you look back on 2022?

The year was one of far-reaching events and challenges for many people across the globe. As well as creating terrible human suffering, the war in Ukraine has raised safety risks and uncertainty within Europe to levels not yet seen this century. The war, now ongoing for more than twelve months, also deeply impacted local, regional, and global markets. High inflation and deteriorating macroeconomic conditions put real pressure on consumer spending throughout the year, at a time that most countries were still recovering from the pandemic and its impact on global supply chains. Combined, these developments negatively impacted e-commerce, putting significant pressure on the sector and on PostNL, leading to lower results than we had expected. However, we took swift and firm mitigating actions throughout the year to navigate this turbulent environment.

## What were the core business challenges for PostNL in 2022?

Having worked exceptionally hard to ensure society was able to send and receive mail and parcels throughout the pandemic, 2022 provided us with a different environment dominated by uncertainty. Lower consumer spending combined with much higher organic cost levels changed this pattern, causing the e-commerce market and our e-commerce business major challenges. Internationally, our global e-commerce solutions provider, Spring, saw volumes out of Asia decline because of the zero-Covid policy in China and disrupted supply chains. For Mail in the Netherlands, the main challenges were the very tight labour market and relatively high levels of sick leave.

## Can you discuss what you did during the year in response to these challenges?

Throughout the year we rolled out mitigating actions. To reflect lower than expected e-commerce volumes, operationally we scaled our network capacity and optimised routes, staffing and our fleet. We also reduced indirect costs at Parcels and looked critically at overhead costs by delaying projects or filling staff vacancies. However, we have no doubt that the opportunities for strong e-commerce development will return as soon as macroeconomic circumstances recover. This is why we will continue to balance our measures to reduce our cost levels with well-targeted efforts and investments, ensuring that we are ready for this recovery moment, based on improved macro economic circumstances, leading to retail growth and growth in online penetration.

At Mail in the Netherlands, we continued to implement our regular cost savings programmes and took several measures to combat the shortage of deliverers. Across the company, we adjusted investments in certain areas and aligned our IT and digitalisation spending with volume changes.

How do you look back on the events that occurred at PostNL in Belgium? Some of your locations were temporarily closed by the authorities, following allegations of non-compliance with certain social laws. Several PostNL colleagues were interviewed, with three held in custody for more than a week.

To say that what happened affected us all greatly may still be an understatement of how we felt, and still feel. We provided the authorities with our full cooperation during the investigation. We also added considerable additional controls to the network to ensure compliance. The few breaches found during those checks were resolved quickly, with most of our delivery partners fully complying with regulations. We will continue to defend our people vigorously in a court case that will resume in 2023. At the same time, we continue to invest in our network, underpinning the confidence we have in growth opportunities in Belgium.



## Which developments at PostNL in 2022 have made you most proud?

We achieved a great deal in 2022, despite the difficult environment. I'm proud to see how much effort our people put into aligning the capacity of our networks with volumes during the year, within the constraints of a tight labour market. As a result, we were able to maintain the necessary levels of flexibility to deal with peak moments, thereby safeguarding customer and consumer service levels. As a result, we saw a solid and efficient performance in the fourth quarter during in the festive season at the end of November and in December.

For customers, we further increased our focus on e-commerce and parcel delivery services, digitalisation and innovation, as well as incorporating more sustainable practices into our operations. The number of consumers that connected with us digitally through a PostNL account continued to grow in 2022, resulting in 7.8 million unique accounts. Furthermore, we are the first major delivery company to open up parcel lockers to third parties, giving consumers greater choice as to when and where they can pick up their parcels. To make it even easier for consumers to access our parcel lockers, we have agreed to locate them in a range of supermarkets and other retail outlets across the Netherlands.

For our people, we signed three new CLAs with the unions to provide our people with much needed extra financial help in a difficult year and create a stable labour environment within our financial boundaries. I am also proud that we were able to announce a drive to increase the number of parcel deliverers on our payroll over the next few years, with the goal of having around 50% of all deliverers working directly for PostNL. At the same time, we are supporting our delivery partners in growing their companies, helping them offer stable and attractive labour conditions to their people, invest in sustainable transportation, while having enough scale and flexibility to weather economic headwinds.

We also offered permanent contracts to all mail deliverers and at year end we reached an agreement with the pension fund and the trade unions BVPP, CNV and FNV regarding the adjustment of the pension plan. As a result, the pension fund was able to increase pensions by 10% from 1 January 2023. Our pensioners saw the impact of this increase directly in their pension income.

Environmentally, we are in a strong position to lead in our markets, given the progress we have made and the level of green and zero carbon-emission solutions we have already implemented in our networks. We were once again proud to be ranked as one of the most sustainable companies in the transport and logistics sector worldwide in terms of economic, social and environmental transparency and performance by the Dow Jones Sustainability Index. We also achieved an 'A' score in the CDP benchmark, a global environmental disclosure system, for the third year in a row. This is the best score a company can get, and highlights the continuing progress we are making in environmental management. During the year we continued to invest in decarbonising our operations; cut our CO<sub>2</sub> emissions at Parcels; increased the percentage of HVO100 fuel used; increased the number of e-vehicles; and formalised a biodiversity policy. Although we still have many challenges to face, such as the limited availability of electric vehicles and the much-needed improvements to the grid to enable us to use large electric trucks, we remain on track to deliver on our sustainability target of zero-carbon last-mile delivery in 2030.

And finally, I am also very proud of the successful launch of the PostNL Special Moments Fund, founded to make a strong contribution to our purpose of delivering special moments, especially to people in society who need it most. There is great enthusiasm within the company to participate in the Fund's efforts, and I am delighted that we have launched a partnership with the Salvation Army to help them fight loneliness and create connections in communities.

## From a shareholder's perspective, what would you like to highlight?

Following two very strong years of financial results, driven by the impact the pandemic had on e-commerce and our strong and efficient operational network, it is fair to say that 2022 provided us with completely different circumstances. During the year, we did everything within our control to support our 2022 performance and to protect the financial health of the company, on top of the continuing drive within our company to save costs and become more efficient, as we have always done. This included implementing operational measures in our networks, adapting the organisation to declining volumes and various cost measures to improve efficiency and productivity. We also made price adjustments to reflect higher costs and took a number of cash initiatives to optimise free cash flow, including strict working capital management and active yield management.

And as part of the adjustments to the PostNL pensions that I mentioned earlier, the pension plan is now based on a collective defined contribution plan. Among other things, this means that PostNL will only be required to pay the regular pension contribution, as the agreement for top-up payments and restitution has been cancelled. For PostNL, this means lower annual pension expenses and an improvement in normalised EBIT and adjusted net debt position.

PostNL proposes a dividend of €0.16 per ordinary share for 2022, which represents a pay-out ratio of 85% of normalised comprehensive income. In the first half of the year, the first tranche of a share buyback programme with a maximum value of €250 million was executed. This was carried out to neutralise the assumed dilutive impact from shares issued related to the dividends over the years 2021-23. We bought back shares with a total value of around €160 million. A second tranche of the programme will be delayed until we see a recovery in our business.

We continue to steer for a solid balance sheet with positive consolidated equity, aiming at a leverage ratio not exceeding 2.0 and applying strict cash flow management. We aim to pay dividend that develops substantially in line with operational performance.

### Does the changing environment lead to a different view on your strategy and purpose?

Over the last couple of years we have successfully transformed into an e-commerce logistics player. The e-commerce market has strong potential going forward, with unchanged fundamental growth drivers. While we are taking all necessary adaptive measures and focusing on strict cost control in the short term, our long-term strategic aims remain unchanged.

At Parcels, the aim is to capture further e-commerce growth by balancing volume, value and capacity. The related investment programme is flexible and ensures an efficient and future-proof infrastructure. At Mail in the Netherlands, we aim to mitigate volume decline through a moderate pricing policy and cost savings initiatives, by further improving our sorting and delivery processes. We aim to further strengthen our competitive position by building on our platform, integrating customers, consumers and solutions through simple and smart digital journeys. The impact of our business activities on the environment and society at large are important for us. Clear and ambitious ESG objectives are fully embedded in our strategy.

### Looking ahead, what are PostNL's main focus areas and expectations for 2023 and beyond?

2023 is expected to be a challenging year with continued macro-economic uncertainty. Parcel volume projections remain uncertain in the short term. We now assume a low single-digit decline for the year, also taking into account some potential loss in market share. Organic costs will again increase, but for the most part will be offset by price adjustments in a competitive market characterised by overcapacity. In this operating environment, we announced plans to simplify our organisation, reduce indirect costs and improve efficiency through a reduction of overheads (mainly at Parcels) and other measures. At Mail in Netherlands, volume decline is expected to continue at between 8% and 10%.

PostNL will be well-positioned to gradually increase its margin once economic conditions improve and the e-commerce market resumes its growth trajectory, based on the benefits from the measures we have announced, including investments in our strategy and additional cost saving plans. We are confident about the long-term e-commerce growth perspective and about our position as market leader in the Benelux. Our strategy is the right one to navigate PostNL through these challenging times and prepare for the future.

### Any concluding thoughts you would like to add?

I am grateful to have so many dedicated and talented colleagues who are committed to doing their job as best they can. Together, we are working toward the PostNL of the future. A company that puts its people centre stage and gives them the scope and the means to listen to our customers and make them happy. A PostNL that stays sustainably on track, innovates, and accelerates through digitalisation, operates at the heart of society, is financially healthy and through our actions is a great place to work, now and into the future. Together, we can do this.

To everyone who contributed to PostNL in 2022: thank you very much.

# Our operating context

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## Introduction

PostNL provides customers with services in, to and from the Benelux. We are the designated universal service provider and we are involved in the export and import of mail and parcels. To understand our performance over 2022, we first describe our position and role in our value chain, the market developments around us, and how we engage with stakeholders, including shareholders. We then introduce the newly defined key material topics we focus on to create long-term value.

### Position and role in the value chain

We play an important role in the logistic value chain, in, to and from the Benelux and beyond, using our wide range of delivery and related services to connect people, businesses and organisations. Our customers, consumers and partners in the value chain, our competitive position, as well as market developments all influence our business activities and the way we do business. For example, we want our Zero 2030 programme to motivate and inspire our people, our partners, our suppliers, and our customers to work together to make our entire value chain sustainable. At the same time, we are focusing on digital innovations. Digitalisation is helping us transform the way we do business and further develop our core activities to provide our customers with smart logistic solutions, improve our competitive position, and further advance customer interaction and experience.

“ PostNL plays an important role in the logistic value chain ”

### PostNL Our position in the value chain



## Our broad range of products and services

PostNL is a full-service logistics and e-commerce provider, with a digital foundation supporting core physical business activities: collecting, sorting and delivering. We help senders place orders through our own channels, such as the PostNL app or website, and consumers find their preferred delivery option when they order online. As the designated provider of the universal service obligation (USO) in the Netherlands, we provide accessible and reliable postal services at affordable prices. We also provide consumers with multiple delivery options, and ensure e-tailers can offer these options using our data-driven and algorithm-based digital services. We are expanding and strengthening our role along the value chain, such as through our Spring operations and by providing fulfilment services and @Home solutions. These activities are supported and complemented by our range of digital capabilities and services.

## Our key partners

### Main suppliers and purchase markets

The majority of supplier costs comprise transport-related services, followed by information and communication services, hiring and advice, human resources, and properties and facilities. Suppliers can be located and also sourced from within or outside the Benelux. As ESG is a license to operate, we include relevant criteria in our procurement practices on both environmental, social and governance-related topics. More information and our Procurement policy can be found here on our website.

### Other key partners

PostNL works to strengthen the logistics value chain and improve our competitive position, for example by innovating and collaborating with partners. A key aspect of this is the retail network we operate in conjunction with partners across the Benelux, which enables us to efficiently carry out our services and makes it easier for customers to collect and return parcels.

An important element in this is the ongoing expansion of the number of parcel lockers we operate, which we aim to expand to 1,500 across the Netherlands by 2024. Many of these can be found at retail partner locations, such as supermarkets or DIY stores. The lockers provide consumers with greater freedom to pick up and drop off parcels at a moment that is convenient for them.

We are increasingly running an integrator model that enhances and strengthens our existing physical services, which involves integrating operators' services into our own, while continuing to provide e-commerce companies across the Benelux with our end-to-end logistic services. This will enable us to grow the range of services we offer our customers, while managing our e-commerce-related networks and those of our partners as one. Digitalisation will play a key role in this development.

We are also working with partners to help drive their business, by using our distinctive experience and innovative business models. For example, we are helping our delivery partners further grow and advance their business operations and services. Additionally, we work with industry associations, public-private initiatives, trade unions and benchmarking institutes. In order to fully contribute to the strategic focus and the expertise of some of our bigger industry associations, PostNL currently holds seats on the Board of VNO-NCW-MKB Nederland, TLN, PostEurop and IPC. Our company is shaped by the relationship we have with customers, partners, consumers, suppliers and society. The infographic on the previous page visualises our position in the value chain and our connection with customers and consumers as we work to fulfil our ambition to be the favourite deliverer in the Benelux.

## External developments and competition

The domestic and international parcels and mail markets in which we operate are dynamic, which was illustrated in 2022 as external developments created a turbulent environment, heavily impacting our business. Parcel volumes were badly disrupted by the deteriorating global macroeconomic situation, which ultimately led to reduced consumer spending and slowing e-commerce growth domestically and internationally. For Mail in the Netherlands, a very tight labour market led to an ongoing shortage of mail deliverers across the Netherlands, especially in the south of the country, impacting quality levels. In this section we explain in greater detail how these developments influenced PostNL.

### Geopolitical and economic events

2022 was a year impacted by a variety of factors. The devastating war in Ukraine led to a crisis for the country's people, resulting in many seeking refuge across Europe. The war has had major consequences globally, impacting agricultural production and energy prices, leading to severe macroeconomic repercussions. High inflation, rising interest rates, rapidly rising energy costs, and more costly goods affected consumer confidence, leading to consumers cutting back on their spending.

The zero-Covid policy in China led to a general production slowdown that impacted international logistics. At the same time, there was the ongoing effect from the EU VAT rules introduced in 2021, which saw all commercial goods imported into the EU become subject to VAT, irrespective of their value. Brexit also continued to slow parcel volumes from the UK to the EU.

For PostNL, these developments negatively impacted parcel volumes for much of the year. Rising inflation led to increased costs, including salary expenses, which we were not fully able to absorb through regular price increases. These issues also affected our customers, partners and suppliers. Rising energy and other costs made the transportation of goods more expensive, while global supply chain issues led to delays in the availability of products. For example, we were unable to introduce as many e-vehicles as planned, impacting the progress we made towards our Zero 2030 programme goals.

### Growth in e-commerce

While e-commerce in 2022 was hit by a range of complex market circumstances, including high inflation and severely reduced consumer spending, we fully expect e-commerce to continue to grow on the back of online penetration, shifting market share from offline, and improving macro-economic conditions. While it remains unclear exactly when this will happen, our expectations are that it will be more towards the medium term. In the Benelux, the expansion in traditional e-commerce markets is ongoing, while relatively new markets, such as health, are growing. This is being driven by both an ageing population and the shift towards home-based care, leading to a rise in the demand for medical logistics and platforms that support home care services. These events, plus increased international transportation costs, had a negative impact on our international Spring activities.

We believe our comprehensive networks, proximity to the consumer, and coverage across the Benelux enable many developing sectors to grow online. In response to the growing e-commerce ecosystem we continuously invest in our networks while increasing the flexibility of our operations.

### Tight labour market

The labour market in the Netherlands further tightened in 2022, illustrated by low unemployment rates and a record number of open vacancies. This made it more difficult for PostNL to recruit in some regions, with Mail in the Netherlands particularly badly affected. The labour shortage added to the pressure on wages, which were also affected by rising inflation, and impacted delivery quality levels.

Effective collaboration with our logistics partners is crucial for our success. Based on changes in societal expectations, our drive to improve our service quality and customer experience, as well as sustainable development, we are further enhancing our labour model with our logistics partners to make it future proof. As well as ensuring we continue to adapt to any changes in labour laws and regulations, this also involves focusing on delivering the desired customer experience, our sustainability goals, and societal expectations. More information can be found in the chapter 'Social value'.

### Acceleration of digital transformation

Rapid developments in technology impact the way businesses operate. Trends that will influence our sector include the use of data, which will help logistics companies manage demand peaks, provide insights into supply and demand forecasts, and help with route optimisation. This will lead to benefits for customers and consumers. Digitalisation will also lead to smoother ordering, automatic fulfilment services, and better payment and delivery processes, creating a more efficient value chain. Yet alongside opportunities, digitalisation is also driving digital alternatives for mail, such as electronic invoicing, social media, and other digital marketing services, which continue to contribute to declining mail volumes.

The digitalisation shift requires logistic service providers to operate faster and more efficiently to rapidly process all individual orders. With parts of logistic processes still being operated manually, there is greater potential for the use of automation and digitalisation. As the technology becomes faster, more accurate and more affordable, automation will play an even greater role in our industry in the years to come. More information on our digital vision can be found here.

### Consumer in control

The voice of the consumer has never been more important than today, and we help retailers and consumers connect. Consumers increasingly expect digital alternatives to traditional services, and want greater control over their shipments. Examples include the purchase of stamps, rerouting of parcels and preparation of returns. In addition, they want to be notified about the shipment of their parcels conveniently and reliably, and this increasingly takes place through the PostNL app, which saw a 10% increase in the number of downloads in 2022. The PostNL app provides users with notifications of parcels and digital previews of the mail items that will be delivered. For PostNL, this means we need to focus continually on enhancing the consumer experience and consumer journey, ensuring that we remove disruptions from the journey. More information on how we help the consumer to remain in control can be found in the chapter 'Customer Value'.

### Sustainable logistics

Companies are increasingly focusing on the longer-term societal impact of their businesses, while consumers are looking for delivery options that are low or zero emission. Across the sector, the drive to reduce dependency on fossil fuels by switching to e-vehicles has been hampered in recent years by supply chain delays. Temporary solutions include moving to renewable diesel, which produces significantly less CO<sub>2</sub> emissions during its life cycle compared to fossil diesel.

At PostNL, we want to, and stakeholders expect us to, operate a company with sustainability at its core, making progress on a range of environmental, social and governance topics. This includes the growing concern about climate change, increased attention for human rights, greater focus on diversity and inclusion, being more transparent about how we conduct business responsibly, and employing people with a distance to the labour market. Sustainability is about responsible business. It is also a driver for business model innovation, for example by transitioning towards emission-free last-mile delivery, and enhancing our employment models.

### Competitive landscape

While in the last few years the development of e-commerce has made the market interesting for both existing and new e-tailers, recently many involved in the sector have had to make major cost savings, for example through reorganisations. Large e-tailers have begun to spread their volumes through dual or multi-vendorship models.

While our competitors face the same market and cost pressures as we do, we believe our efficient network and our strategy, including our digital transformation programmes, enable us to create distinctive customer experiences that will further strengthen our market position. Going forward, we aim to maintain our market-leading position in the Netherlands in the B2C segment by enhancing the customer experience through digital innovations, our sustainability profile, competitive pricing, investing in and expanding our network, and focusing on further improving quality and customer satisfaction.

We provide a vital communication service through our postal services. Competition in the Dutch postal market is focused in a number of areas, with a few postal operators having built a position in niche segments by combining mail volumes into large consignments and handing these to PostNL.

Additionally, we see a large number of small, locally active postal operators connected to social enterprises offering postal services in their local areas, and we work together by outsourcing the delivery of our mail to them. Mail destined for outside these areas is primarily handed to PostNL.

The growth of digital communication remains the major reason for the decline in mail volumes. While this means that consumers receive less mail, it also means that the mail they do receive gets more attention and is more relevant. We believe the value we deliver through the letterbox is growing for a number of reasons. One is that physical mail creates a connection that digital communication is unable to. Another is that physical mail offers a permanence that emails and other digital communication do not. Physical mail also remains a trusted way for companies to reach the right person at their registered address.

The international e-commerce arena is becoming more competitive. Traditional players are seeking to strengthen their position, while different types of start-ups, for example those focussing on value-chain orchestration, end-to-end logistics or digital support, are entering the market. Large e-commerce and/or platform businesses are also expanding their geographical coverage and role in the logistics value chain, selecting the best logistic partnerships or, if needed, setting up their own logistics networks. For PostNL, our flexible and customer-focused approach enables us to respond quickly to, and profit from, market dynamics when expanding our logistical network in Europe.

### Regulatory themes

An increasingly connected world means that commercial markets are developing rapidly, driven by innovation and digitalisation. While these developments create business opportunities, such as through the use of data, they also represent some risk.

Our business objectives could be impacted by delays in our digital transformation, the increase in, and complexity of, regulatory requirements across our markets, and the growing focus on sustainability.

To mitigate these risks, governments frequently introduce new laws and regulations that are becoming increasingly more complex. The main areas of high-impact regulations on PostNL's businesses include postal services, labour, international trading, data protection and privacy, and environmental management. We strongly believe that advocacy by stakeholders is crucial in the creation of qualitative and meaningful new rules and regulation that will benefit all stakeholders in society. PostNL is always available to share its sector-specific knowledge and market experiences with policymakers, and maintains regular contacts with different stakeholders and policymakers by participating in activities like consultations and debates on topical issues.

Our approach is to proactively engage with governments and other regulators on a regular basis to better understand the impact of upcoming regulatory changes. This helps us prepare effectively so that we can comply fully and in time. We are also in ongoing dialogue with regulators on existing rules and regulation in order to continuously improve on our compliance in an ever changing operational context.

We see compliance as an important mechanism to safeguard sound business conduct, protect the rights and well being of people and operate commercially within predefined boundaries. The chapter 'Regulatory compliance management' provides a detailed overview of our approach towards compliance, a description of the main events and the most relevant developments in different laws and regulations.

## Stakeholder engagement and ESG impact assessment

### Stakeholder engagement

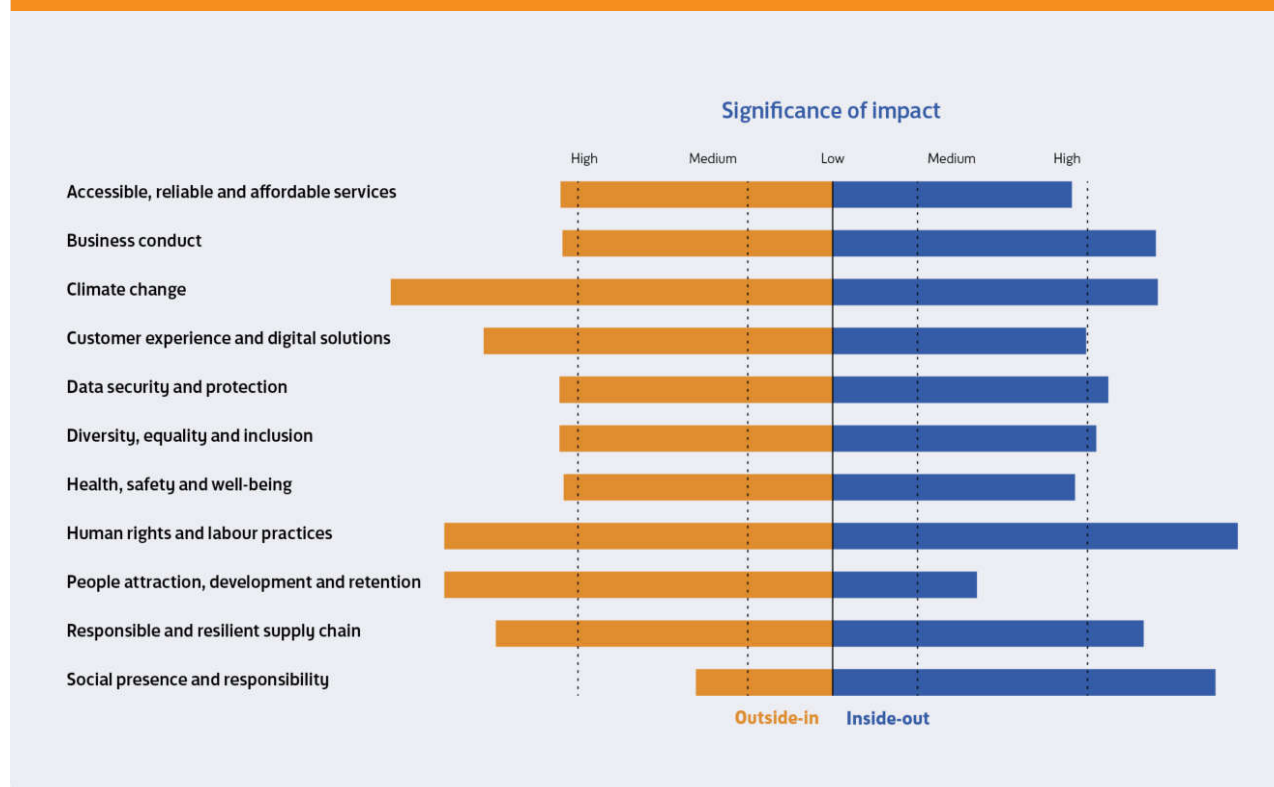
As a listed company with a long and proud history in the Netherlands, we have an intricate stakeholder landscape. We have clustered our stakeholder groups into financial markets, customers, our people, government bodies, business partners, media, opinion leaders, and society and other market players. Each cluster has multiple stakeholder groups. We engage with them in different ways, on different levels, and on different topics to better understand their interests and the way our activities affect their decision-making process. More information about our stakeholder engagement can be found in 'Stakeholder engagement'.

### ESG impact assessment

During the year we conducted an impact assessment with our stakeholders to identify the ESG topics where we can have the most material impact on society, the inside-out perspective, whilst also understanding which ESG topics can have the most material financial impact on PostNL, the outside-in perspective.

In comparison to our previous materiality assessments, in 2022 we followed a different, more extensive approach, the so-called double materiality approach. As well as including the outside-in perspective, we focused on ESG and customer-related topics, included both our own operations and our value chain, and applied a more forward-looking perspective. This approach is aligned with both the requirements as described by the renewed Global Reporting Initiative (GRI) standards and the upcoming Corporate Sustainability Reporting Directive (CSRD). More information on how we conducted our ESG impact assessment can be found in the 'Non-financial statements'.

### PostNL Key material ESG topics



### Key material ESG topics

This double materiality approach resulted in eleven key material ESG topics. The visual shows the relative impact of these topics both from an inside-out (societal) and outside-in (financial) perspective.

The following table provides more detail on the key material ESG topics identified, key words to describe the meaning of the topics, examples of impact areas, if the primary impact is in our own operations or our value chain (or both), and where we disclose on how we already act and steer on these material ESG topics. We will follow up on the outcomes of the first double materiality assessment in 2023 as part of our CSRD implementation process.



## PostNL Key material ESG topics

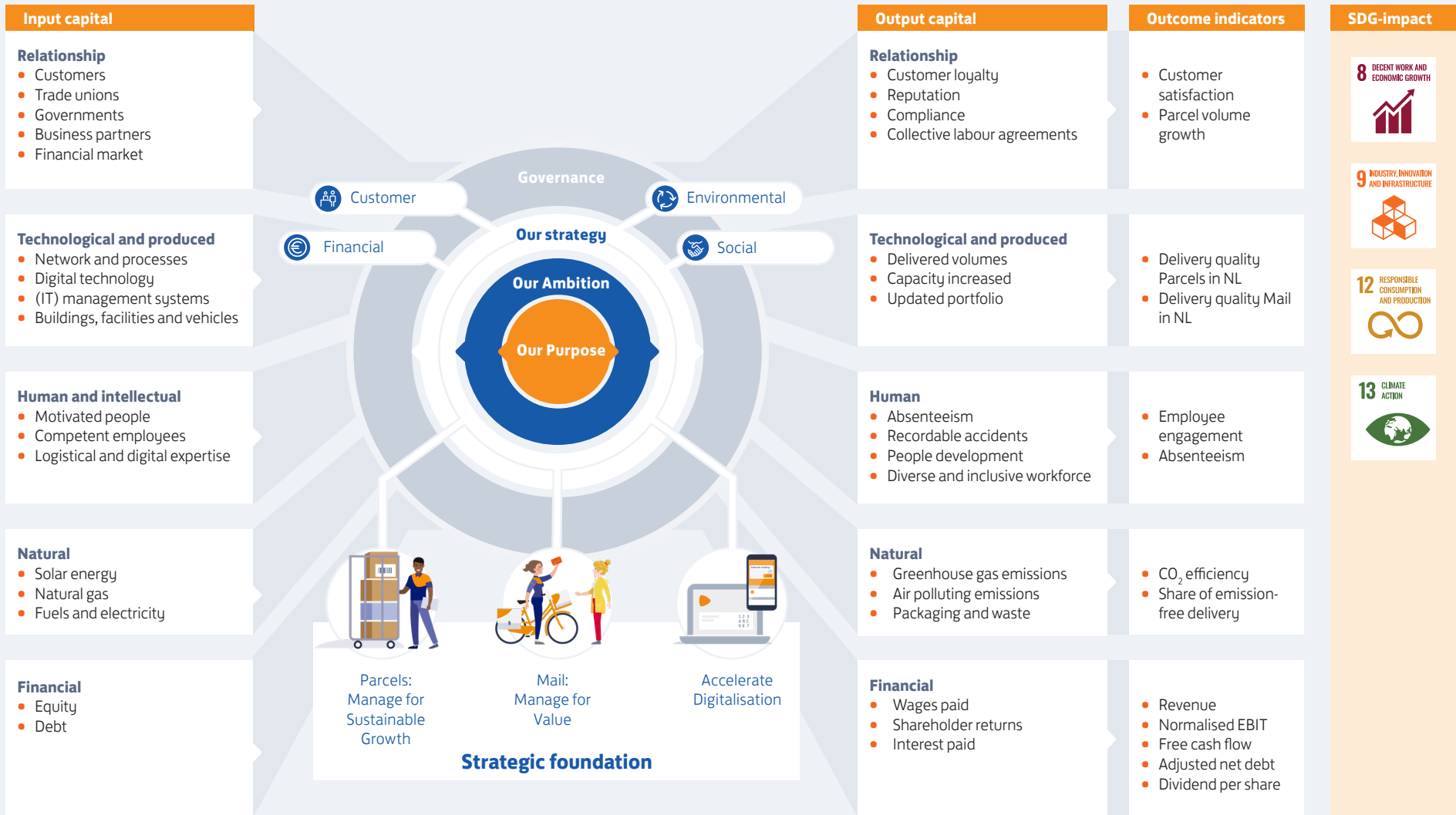
Key material topic	Tag words	Examples of impact areas	Primary impact	Disclosures
<b>Accessible, reliable and affordable services</b>	Customer proximity; trusted services; affordable prices; compliance with postal laws; state of the art networks; processing time; connecting senders and receivers	<ul style="list-style-type: none"> <li>SDG 8.2 Higher levels of economic productivity</li> </ul>	Own operations	Customer value
<b>Business conduct</b>	Governance; integrity; compliance, transparency; culture; grievance mechanisms; political engagement and lobbying; business principles; policies	<ul style="list-style-type: none"> <li>Trusted company</li> </ul>	Own operations and value chain	Governance
<b>Climate change</b>	Greenhouse gas emissions; extreme weather events; changing weather conditions	<ul style="list-style-type: none"> <li>SDG 13.2 Implement climate change measures in strategy and planning</li> </ul>	Own operations and value chain	Environmental value
<b>Customer experience and digital solutions</b>	Ease of doing business; consumer and business customer; customer in control, flexibility; quality of services; digitalisation; automation; robotisation; transparency; platform business	<ul style="list-style-type: none"> <li>SDG 17.6 Enhance international cooperation on and access to technology and innovation</li> </ul>	Own operations	Customer value
<b>Data security and protection</b>	Customers and end-users data protection; respect of privacy; cyber security; IT security; incident remediation	<ul style="list-style-type: none"> <li>Breach of privacy, data leaks, continuity issues</li> </ul>	Own operations	Governance
<b>Diversity, equality and inclusion</b>	Equal treatment; inclusive organisation; gender equality; equal pay for equal work; non-discrimination; remediation mechanisms for violence or harassment	<ul style="list-style-type: none"> <li>SDG 10.2 Promote inclusion of all</li> </ul>	Own operations	Social value
<b>Health, safety and well-being</b>	Safeguarding health, safety and well-being of people working with and for PostNL; safe workplaces in facilities; road safety; prevention; remediation; illness; accidents	<ul style="list-style-type: none"> <li>SDG 8.8 Labour rights, safe and secure work environment for all, equal pay</li> <li>SDG 3.6 Road traffic accidents</li> </ul>	Own operations	Social value
<b>Human rights and labour practices</b>	Respect human rights; favourable labour conditions; own workforce; outsourced activities; forced work; freedom of association; collective bargaining; fair remuneration	<ul style="list-style-type: none"> <li>SDG 8.8 Labour rights, safe and secure work environment for all, equal pay</li> </ul>	Own operations and value chain	Social value
<b>People attraction, development and retention</b>	Labour market; talent; transformation; learning; personal growth; career; mobility; attractive employer; recruitment; turnover	<ul style="list-style-type: none"> <li>SDG 8.5 Full and productive employment for all</li> </ul>	Own operations	Social value
<b>Responsible and resilient supply chain</b>	Responsible procurement; screening & monitoring; ESG events disrupting international supply chains; transparency; data availability; due diligence	<ul style="list-style-type: none"> <li>SDG 9.4 Upgrade infrastructure and retrofit business model to make it sustainable</li> </ul>	Value chain	Social value; Environmental value
<b>Social presence and responsibility</b>	Deep roots in society; connection and engagement with local communities; corporate citizenship; Special Moments fund	<ul style="list-style-type: none"> <li>SDG 1.2 Reduce poverty</li> <li>Connected society</li> </ul>	Own operations	Social value

# How we create value

4



PostNL **Our value creation model**



**Key material topics**

## Our value creation model

Our value creation model illustrates our process of achieving long-term value for our customers and investors, our people, society and the company by providing e-commerce logistics and postal services.

PostNL makes use of valuable resources as input for the business model, while the model also generates valuable outputs for the company and our stakeholders. The capital categories are aligned with the International Integrated Reporting Framework of the IIRC<sup>1</sup>. All capitals are interrelated and business activities often require the use of a mix of capital. We aim to allocate our resources based on these capitals effectively by maximising their potential value and minimising their negative impacts as part of our continuous drive to improve. We connect our long-term value creation with the UN Sustainable Development Goals to optimise the impact we have across society.

### Relationship capital

We have deep roots in society, and through our operations connect with millions of stakeholders on a daily basis. The relationship we have with our stakeholders, especially consumers and customers, our investors, our employees, partners, governments and trade unions, influence our ability to create value over time. We strive to build strong relationships by engaging on relevant topics and collaboration based on stakeholder needs.

### Technological and produced capital

The assets that drive digitalisation, the use of data, automation and robotisation, are our technological capital. They play an increasingly important role in our business, such as the process and information-related technologies that we use to improve the value of our business activities. Another example is the growing use of robotisation to boost logistics and productivity while supporting 24-hour processes. Robots will adopt complementary roles, assisting workers with planning, fulfilment and last-mile deliveries.

As a logistics expert we have created state-of-the-art networks, smart processes and management systems that have enabled us to become a front runner in our rapidly changing markets. These are continually refined to help PostNL deliver high-quality services, optimise our operations and develop new value-added operations. Produced capital are those goods and assets that enable us to carry out our role as a logistics and postal service provider, such as vehicles, buildings and machinery. We select these goods and assets based on our specific needs and available sustainable options.

### Human and intellectual capital

PostNL is a people company. Our human capital refers to the expertise of our people, which is used to provide customer and financial value. Intellectual capital is the knowledge and skills that are present within PostNL that we use to create value across society. Our people execute our strategy and ensure the delivery of our services. This includes our own employees and people working for us through collaboration with logistics partners.

Effective collaboration with our logistics partners is crucial for our success, and we continually look for ways to improve our labour practices, particularly in the area of social laws and regulations.

By operating and developing an inclusive organisation, we aim to help our people to grow, while providing favourable labour conditions, including a safe and healthy work environment. The collective knowledge and experience of PostNL, our intellectual capital, has been built over the course of more than two centuries and is one of our greatest assets. As part of our digital transformation, we are investing in the digital DNA and expertise of our people.

### Natural capital

Natural capital is the energy we use to provide our services. We use solar energy to generate electricity and natural gas to operate our buildings. For our vehicles, we use a mix of fossil and renewable fossil fuels and e-vehicles. Fossil fuels produce greenhouse gases (GHG) and air-polluting emissions that contribute to climate change and impact air quality. We are switching to renewable fossil fuels and e-vehicles to reduce our environmental impact.

### Financial capital

Shareholders and other relevant players in financial markets, such as bondholders and banks, provide PostNL with funds used to invest in our assets and operations. We use this financial capital to operate and grow our business and generate profitable growth and sustainable cash flow, thereby creating long-term value for us and our stakeholders. In return, we steer on financial output capitals, for example through dividend and/or a share buyback programme.

<sup>1</sup> International Integrated Reporting Council

## Our business model

Our business model is developed to maximise the value we create for customers through three essential logistic activities: collect, sort and deliver. Over time, we have built dense networks and state-of-the-art processes throughout the Benelux and beyond, while divesting non-core activities. As we operate in a dynamic market we are continuously enhancing our business model to adapt to market developments, and collaborate with customers on implementing new, increasingly digital, solutions. We have successfully transformed from a business dominated by mail, to a full-service e-commerce logistics and postal provider. The acceleration of digitalisation helps us transform the way we do business and enhance our business model to improve our competitive position.

We are focused on offering consumers and customers the best delivery options within the e-commerce market, while managing our networks to adapt to changing volume demands. In 2022 we had to continuously align our network capacity with volumes, as well as optimising routes, staffing and our fleet within the constraints of a tight labour market. This included maintaining a staffing overcapacity to create a buffer, enabling us to maintain the necessary levels of flexibility to deal with peak seasons, thereby safeguarding customer and consumer service levels. Our committed people play a crucial role in fulfilling, and where possible exceeding, the promises we make to customers.

## Parcels

Our Parcels solutions range from delivering standard parcels to more tailored solutions, such as health logistics, and from time-critical delivery to installation services. E-commerce is shaping the future of retail, and we help drive this vital sector through IT, network and infrastructure investments, such as processing small parcels. At the same time, our digital platforms enable us to offer e-tailers and consumers greater control over sending and delivery. Together, these factors enable us to focus on optimising our revenues while creating greater customer value through better insights. Within logistics, we have chosen to develop a strong position in the health sector while broadening and strengthening the e-commerce logistics chain. For example, we help e-tailers grow online by supplying fulfilment solutions and we offer customers time-critical services. We provide customers with international delivery solutions through Spring, a provider of global e-commerce solutions. Spring is also providing customers with more options in logistics solutions.

## Mail in the Netherlands

Physical mail remains an important form of communication. People connect with friends and loved ones through mail, and many value that it can be physically held and stored. This was apparent throughout the Covid-19 pandemic, as people connected by sending cards and letters. As the designated provider of the universal service obligation (USO) in the Netherlands, our duty is to maintain country-wide mail coverage. We achieve this by providing accessible, reliable and affordable postal services, with specific delivery quality targets, while also providing employment for many thousands across the country.

The very tight labour market is making it particularly challenging to fill mail deliverer vacancies in some parts of the country, which has a knock-on effect on the quality of our mail service. We also maintain a successful collaboration with social enterprises, offering work to people with a distance to the labour market.

We are innovating for our mail customers by investing in the digitalisation of both our network processes and customer journeys. We continue to improve our business model while realising necessary cost savings, which helps us to offer affordable and reliable postal services in the Netherlands while mail volumes continue to decline.

## Impact on sustainable development

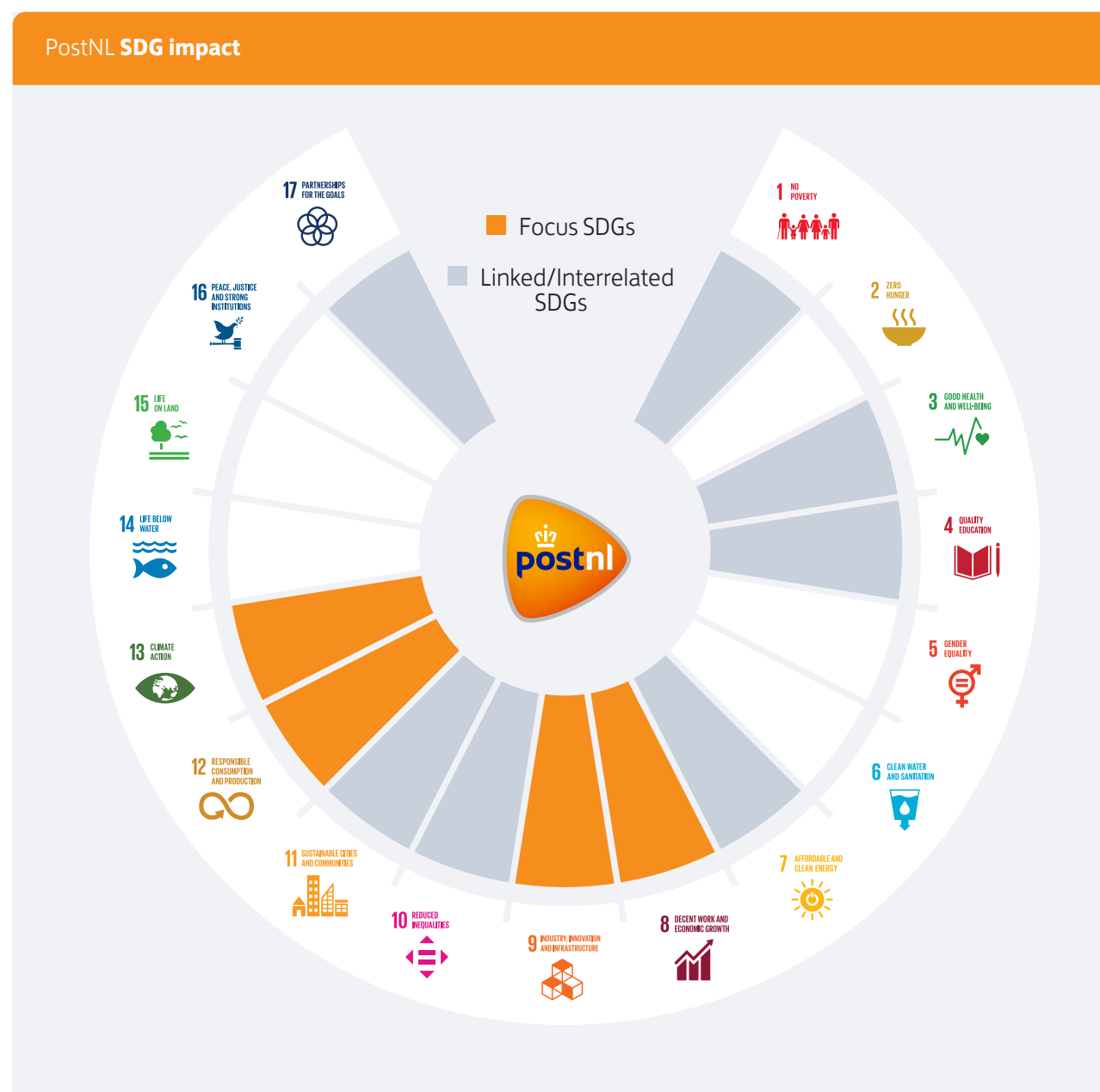
As a large company, we are responsible for the various ways we create an impact across society, in the Benelux and beyond. Alongside the execution of our strategy, we also need to look at the value we create over the longer term and on a broader range of societal topics. We have based the output and outcomes of our value creation model on our key material topics and linked these to the longer-term impact on the UN's Sustainable development goals (SDGs).

### Our focus

To progress on sustainable development and improve the impact we have on society we have identified four focus SDGs that our business activities have the greatest impact on. From our own operations, decent work and economic growth (SDG 8) is our most relevant SDG, followed by climate action (SDG 13). Through collaboration along our value chain, we focus on making progress on industry, innovation and infrastructure (SDG 9) and responsible consumption and production (SDG 12). Because all SDGs are interrelated, the actions we take to make headway with our four focus SDGs impact all other SDGs.

### How we are making progress

We have developed our approach towards our focus SDGs and identified relevant interrelations between other SDGs based on specific SDG sub targets as defined by the United Nations (UN). We have mapped the material topics to the focus SDGs and the contribution they make to the linked SDGs, as seen in the table below. More information about our contribution to the SDGs can be found in 'Non-financial statements'



PostNL Connecting value creation to SDGs

Connecting our value creation to focus and interrelated SDGs						
Value	Ambition	SDG	Focus SDG - sub target	SDG	Linked SDG - sub target	
Customer value	Doing good	 8	8.2 Higher levels of economic productivity	 17	17.3 Mobilize additional financial resources for developing countries from multiple sources	
	Doing good	 9	9.4 Upgrade infrastructure and retrofit business model to make it sustainable			
	Doing good	 9	9.5 Enhance scientific research and upgrade technological capabilities			
Social value	Avoiding harm	 8	8.8 Labour rights, safe and secure work environment for all, equal pay	 3	3.6 Road traffic accidents	
	Doing good	 8	8.5 Full and productive employment for all	 4	4.3, 4.5 Quality education	
				 10	10.2 Promote inclusion of all	
Environmental value	Doing good	 9	9.4 Upgrade infrastructure and retrofit business model to make it sustainable	 7	7.2 Increase the share of renewable energy	
	Avoiding harm	 12	12.4 Management of chemicals and all wastes throughout their life cycle including reducing waste to land, air and water	 3	3.9 Reduce death and illness from pollution to air, land and water	
	Avoiding harm	 13	13.2 Implement climate change measures in strategy and planning	 11	11.6 Reduce adverse impact on air quality; waste management	
				 17	17.6 Enhance international cooperation on and access to technology and innovation	
Financial value	Doing good	 8	8.1 Contribute to economic growth	 1	1.2 Reduce the proportion of men, women and children of all ages living in poverty	

## Supporting human rights

At PostNL, we are committed to upholding internationally recognised human rights across the company. We view human rights as a vital social and governance topic, and respect ILO's Declaration on Fundamental Principles and Rights at Work and particularly endorse the UN Guiding Principles on Business and Human Rights. PostNL has been a signatory to the UN Global Compact since 2012. In recent years the scope of our focus has broadened from our own operations to the impact we have along our entire value chain. We need to work with our partners to tackle a broad range of topics, which is why we have tailored our ESG agenda to the most material topics as defined by our stakeholder engagement process and materiality assessment. We have linked these to the UN Sustainable Development Goals (SDGs), specifically the SDG sub-targets, which helps us focus on those areas where we can make a material impact.

Since 2020 we have undertaken a number of actions to identify the main human rights risks for PostNL, including an internal risk analysis workshop and an external risk analysis involving stakeholder consultation and dialogue. These actions enabled us to begin developing and implementing a more structured, company-wide approach towards human rights due diligence and management in 2022. This structure consists of a six-step approach, which is outlined in the Human Rights infographic on this page. These steps outline how we apply our Human Rights Policy commitment, from identifying and assessing any



“ PostNL uses a six step approach to Human Rights ”

adverse impacts that may occur across our business or along our supply chain, to taking action to cease, prevent or mitigate these impacts, and communicating how we have addressed these impacts.

Following this, we identified and evaluated four key human rights risks for the company, which are working conditions, diversity and inclusion, privacy protection and data security, and fair compensation. All of these relate to the material topics identified during the double materiality assessment conducted in 2022. In 2023 we will define formalised KPIs and targets to mitigate these risks.



In the 'Risk and opportunity management' chapter we outline how we manage risk and opportunity, as well as summarising our main risks and opportunities in specific areas and our mitigation approach. In the 'Governance' chapter we explain how our corporate governance ensures sound business management. Our most recent Human Rights Due Diligence report can be found on our website here. More information on how we work to create an efficient and sustainable supply chain can be found in our Procurement policy here.

### PostNL Coverage of Human Rights areas in policies

#### Elements of PostNL Group Human

Rights Policy	Subject covered	Reference to UDHR <sup>1</sup>
Collective labour agreements	Stimulate trade union and works council participation; work conditions; equal opportunities; remuneration; working hours and rest	Art. 20; Art. 23.1; Art. 23.2; Art. 23.3; Art. 24
Business principles	Slavery; diversity	Art. 4; Art. 18
PostNL Group Statement on Slavery and Human Trafficking	Slavery	Art. 4
PostNL Procurement policy	Freedom of association, work conditions; equal opportunities; remuneration; working hours and rest	Art. 20; Art. 23.1; Art. 23.2; Art. 23.3; Art. 24
Diversity & Inclusion Policy	Freedom of thought, conscience and religion; equal opportunities	Art. 18; Art. 23.2
PostNL pride network	Stimulate LGBT acceptance	Art. 18
Woman Inclusion Network	Support women in equal opportunities	Art. 18
ISO 45001 certification	Work conditions	Art. 23.1
Complaints and support processes	Freedom of opinion and expression	Art. 19

<sup>1</sup> Universal Declaration of Human Rights

# Our strategy

5



## Introduction

Our purpose is to deliver special moments. In a world that is increasingly connected, we remain the indispensable link between senders and receivers and the connection between the physical and the digital world. We continue to work hard on our ambition: to be the favourite deliverer for customers, consumers and across society.

We operate a two-tier governance structure with a Board of Management entrusted with executive management, including execution of our strategy and operational management. This chapter provides an overview of how we connect our strategic foundation to our objectives, our focus areas and our outcomes, as well as the link to our key material topics and supporting company-wide programmes.

“ We continue to work hard on our ambition to be your favourite deliverer ”

## Strategic foundation

We have identified three strategic pillars that form the foundation for realising our strategic objectives.

### Manage Parcels for sustainable growth

With a state-of-the-art network that offers customers high-quality service across the Benelux, we are ideally positioned to capture further e-commerce growth. To safeguard profitable growth we actively steer on balancing volumes and value. Our focus is on further enhancing customer interaction and delivering smart logistic solutions, continuing to work towards our sustainability goals, while managing our network capacity and utilisation of infrastructure. Together, these enable us to enhance customer value while continuing to make efficiency improvements and increase capacity.

### Manage Mail in the Netherlands for value

In the Netherlands, we offer senders and receivers a range of postal services. We focus on strengthening the value of mail and enhancing the customer experience. And as the designated provider of the universal service obligation (USO) in the Netherlands we work to provide accessible, reliable and affordable postal services. We are managing the ongoing volume decline and inflation by making our network more flexible and reducing costs in the organisation by optimising and digitalising our processes. We are also implementing price adjustments. Together, these actions enable us to deliver stable and predictable normalised EBIT and cash flow.

### Accelerate digitalisation

Digital transformation continues to accelerate across our sector, and this is increasing customer expectations. For PostNL, it creates a range of opportunities to optimise our operations and re-invent our business model. We want to become the most innovative and efficient e-commerce logistics and postal platform in our markets, by being a data-driven company and offering seamless integration to customers, consumers and operators. To offer our customers and consumers distinctive digital experiences, we continuously improve customer journeys to offer solutions that fit their needs.

We will achieve this through our Digital Next programme, enabling us to deliver distinctive customer experiences and helping us realise our ambition to be the favourite deliverer for customers, consumers and across society. At the same time, the transformation will generate financial benefits, for example through commercial effectiveness and cost efficiencies. Our ambitious plan to accelerate digitalisation consists of six building blocks, and our vision for these is outlined in the Digital Vision case study later in this chapter.

Our business keeps pace with a changing market, which is why we are further developing our capability to realise certain e-commerce-related services as an integrator. Going forward, this will involve giving the shipping platforms in our portfolio, such as MyParcel, Shops United and CheapCargo, the space and freedom to take advantage of the ongoing market developments, while continuing to provide (large) e-commerce companies across the Benelux with our growing array of end-to-end logistic services. More on our integrator model can be found in our 'Customer Value' chapter.

## Digital Vision: Transforming the way we do business

The market in which we operate is transforming rapidly, driven by fast-changing consumer and customer needs, rapid technological developments and new business models. To achieve our strategy of being the leading e-commerce logistics and postal service provider in, to and from the Benelux, we are accelerating our transformation towards being a customer focused, agile and digital organisation. We have developed a Digital Vision to help realise this towards 2025, composed of six key domains that are outlined below.

### Core commercial engine

We aim to offer our customers simple and smart (digital) solutions and services, which are intuitive and easy to use. For example, with the help of our Customer Journey Factory we are working towards the drafting and signing of contracts going fully digital. At the same time, data and analytics allow us to address each customer or consumer at a personal level to continuously improve our service levels.

### Core logistics & operations

By introducing the latest data-driven digital technologies and methods in our operations we can serve customers and consumers quickly, flexibly and efficiently. One example is our fully-automated parcel lockers, from where consumers can pick up or send parcels. Going forward, we will create a flexible, fast supply chain by continuing to digitalise, hyper automate and hyper robotise. This could include using computer vision in combination with our robots (or robotic arms) to standardise increasingly complex processes, such as the robotic handling of heavy, fragile and irregular parcels.

### Innovative business models

We are frontrunners within the world of e-commerce, combining a digital front-end with a physical last mile. Our innovative business models with distinctive experiences reinforce each other like a flywheel. For example, we provide corporate customers and partners with an easy-to-use platform, enabling them to interact easily with consumers and generate more data, insights and analytics, which we can use to develop new solutions and services to help our customers grow.

### Data foundation

Our data foundation ensures that the data we use is accessible and clear, providing us with vital insights in areas such as customer satisfaction, individual effectiveness and our processes. Retail location data, for example, allows us to determine whether consumers can re-route their parcels to a retail location, or whether certain locations have already reached their capacity. Going forward, artificial intelligence and machine learning will increasingly give us insights into potential process improvements and cost savings.

### Technical foundation

The technology we use is modular, flexible and open, which enables us to modernise and innovate rapidly. We work according to a protocol, which clearly sets out how to do business with PostNL digitally and how customers can build their own products on top of our digital services. It is simple, intuitive, secure, compliant with legislation and has a fast 'plug 'n play' setup. This makes doing business with us digitally incredibly easy.



### Digital DNA

We are a digital, customer-centric and responsive organisation that learns, experiments and innovates rapidly, which helps us make a difference to our customers and consumers. We learn and adapt quickly, take calculated risks, learn from our mistakes, and see change as the only constant.

#### SDGs



## Strategic objectives

To become the leading e-commerce logistics and postal service provider in, to and from the Benelux, we steer actively on achieving our strategic objectives, which we implement through our business units. We have identified focus areas for these objectives, which are described in detail in the infographics later in this chapter. These focus areas help us translate our objectives into practical steps and action plans through which we evaluate our progress.

### Customer value: Help customers grow their business and secure a sustainable mail business

Realising our ambition also means focusing on the desired consumer and customer experience in everything we do. We aim to strengthen our competitive position by further connecting customers and consumers through high delivery quality and simple and smart digital journeys. We also steer on customer satisfaction, and have initiated customer journey assessments to help us improve continually on customer satisfaction by better understanding our customers' needs and wishes.

### Social value: Attract and retain motivated people

Our societal impact comes from our role as a major employer and our corporate citizenship. Our people create our success, and we want them to feel engaged and motivated to work with or for us, whether they are employed by PostNL directly or work for delivery partners. This is why we are working to add thousands of parcel deliverers to our own payroll over the next few years, and focus continually on regulatory compliance and operating in accordance with all social laws. At the same time, diversity and inclusion are integral elements of PostNL and we work hard to ensure equality across the company and connection within society.

In 2022 we launched the PostNL Special Moments Fund, with the aim of contributing to greater connection, contact, and consideration for one another across society by initiating new social activities and continuing existing ones. More information on this initiative can be found in the 'Social value' chapter later in this report.

### Environmental value: Improve environmental impact

Strategically, our main focus is on climate change mitigation by significantly reducing greenhouse gas emissions from our own operations and our outsourced activities, and our ambition is to deliver all letters and parcels emission-free in the last mile in the Benelux by 2030 and achieve net zero carbon emissions worldwide by 2050. To achieve this, we are investing across the business to create an efficient network, offer green products and services, and make our buildings as sustainable as possible.

### Financial value: Generate profitable growth and sustainable cash flow

We focus on providing short- and long-term financial value for our financial stakeholders, enabling them to obtain an attractive return, which means realising a solid financial performance and a healthy financial position. To achieve this, we are executing our strategy with a strong focus on capital allocation.

How we performed on our strategic objectives in 2022 can be found in the 'Customer value', 'Social value', 'Environmental value' and 'Financial value' chapters later in the report.



## Strong progress with our labour model

PostNL aims to recruit thousands of parcel deliverers onto its own payroll in the Netherlands over the next few years, as it focuses on three crucial elements in its way of working: providing as many permanent contracts as possible, developing long-standing partnerships, and furthering climate-friendly delivery. We want to ensure that, over time, at least half of all our parcels are delivered by people employed by us. This will involve scaling up to some 6,000 parcel deliverers in permanent PostNL employment.

As the country's largest mail and parcel company, this move will enable us to continue to be a good and social employer, and act as leaders where we can. Additionally, we continue to cooperate closely with social enterprises across the country to offer work to around 1,000 people who face challenges in the labour market.

#### SDGs





## Supporting company-wide programmes

We support our business units with this strategy execution through a range of company-wide strategic programmes, which help stimulate collaboration between the business units in areas that overlap, facilitating teamwork and driving efficiency. These programmes are supported by our ongoing compliance process, which ensures that we enforce all relevant laws and regulations.

The company-wide strategic programmes are:

- Digital Next: Accelerate digital transformation, leading to a distinctive customer experience
- Orange compass: Further implement customer-oriented behaviour throughout the company
- Zero 2030: Significantly improve our environmental impact and contribute to our reputation as a sustainable company
- Financial & Capital programme: Facilitate cooperation between business units and the group on managing dependencies

Our company-wide Orange Compass programme helps us steer our organisation in the way we want to do business. Our culture and behaviour form the basis of how we do business, starting with leadership to provide adequate tools and engage with people to develop PostNL and themselves. It requires the right work environment for people to carry out their duties effectively, stimulating the desired employee behaviour which, together with the quality of our services, impacts the customer experience.

In our rapidly changing environment, it is crucial that we invest in our business and our Zero 2030 and Digital Next programmes. We apply a structured approach towards the allocation of financial capital based on the following four steps, in order of priority:


- a. Investments in our business
- b. Accelerate digital transformation
- c. Dividend
- d. Mergers and acquisitions

PostNL Our Strategy

Strategic foundation



**Parcels: Manage for Sustainable Growth**



**Mail: Manage for Value**



**Accelerate Digitalisation**

Strategic objectives

**Customer value**

Help customers grow their business



Secure a sustainable mail business

**Social value**

Attract and retain motivated people



**Environmental value**

Improve environmental impact



**Financial value**

Generate profitable growth and sustainable cash flow



Focus areas

- Enhance customer interaction
- Capture e-commerce growth
- Manage network capacity
- Deliver smart logistics solutions
- Lead through business model innovations
- Market the value of physical mail

- Keep mail accessible, reliable and affordable

- Providing the right HR services
- Hiring the right people
- Promoting health and well-being
- Strengthening employee engagement
- Realising change while creating agility

- Network efficiency
- Clean kilometres
- Sustainable buildings and facilities
- Green products and services

- Solid cash flow and capital management
- Smart yield management
- Operational excellence
- Continuous focus on cost savings within MailNL

Key performance indicator

- Customer satisfaction
- Parcel volume growth
- Delivery quality Parcels
- Parcels in NL

- Delivery quality Mail in NL

- Employee engagement
- Absenteeism

- CO<sub>2</sub> efficiency
- Emission-free delivery

- Revenue
- Normalised EBIT
- Free cash flow
- Adjusted net debt
- Dividend per share

## Customer value: Help customers grow their business and secure a sustainable mail business

### Key material topics

- Customer experience
- E-commerce growth
- Accessible and reliable postal services
- Digitalisation and data



### Supporting company-wide programmes

- Digital Next – Supporting all initiatives to enhance customer experience and accelerate our digital transformation
- Orange compass – Guiding the company continuously to put the customer experience first
- Zero 2030 programme – Significantly improve our environmental impact and contribute to our reputation as a sustainable company

### Focus Areas

#### Enhance customer interaction

Apply an integrated approach towards customer interaction. Keep it simple and convenient for customers to do business with PostNL.

#### Capture e-commerce growth

Provide customers with high-quality, value-adding services that ensure we capture our share of the growing e-commerce market, while helping bring new markets online.

#### Manage network capacity

Adapt the capacity of our networks to business developments, create flexibility in our networks, including synergies, to effectively respond to volume peaks and drops.

#### Delivering smart logistic solutions

Enhance our logistical services based on customer needs and develop innovative solutions to help customers grow.

#### Lead through business model innovations

Innovate our business model to create new value propositions that adapt to market dynamics and customer needs.

#### Market the value of physical mail

Promote and facilitate the power of physical mail as an effective communication channel for customers.

#### Keep mail accessible, reliable and affordable

Fulfill the USO requirements including service delivery, country-wide coverage, quality, and adapt our organisation to market decline for cost efficiency.



### Key performance indicators

#### Share of highly satisfied customers

2021	2022	Target '22
34%	33%	35%

#### Share of satisfied customers

2021	2022
83%	84%

#### Parcel volume growth

2021	2022
14%	(10%)

#### Delivery quality Parcels NL

2021	2022	Target '22
99%	98%	98%

#### Delivery quality Mail NL

2021	2022	Target '22
94%	91%	95%



## Social value: Attract and retain motivated people

### Key material topics

- Engaged people
- Health and safety
- Digitalisation and data



### Supporting company-wide programmes

- Digital Next – Driving the digital DNA in the company
- Orange compass – Implementing customer-oriented employee behaviour, working environment and leadership

### Focus Areas

#### Providing the right HR services

We provide suitable employment conditions, reliable HR processes and good clientship. User-friendly HR systems and customer-oriented HR services ensure that our people can do their job well.

#### Hiring the right people

Recruit the right people to the right functions, by adapting quickly and efficiently to organisational and capacity developments.

#### Promoting health & well-being

To ensure our people can work to the best of their abilities, we create a healthy, safe working environment with a strong focus on diversity and inclusion.

#### Strengthening employee engagement

By being our people's preferred employer, we want them to feel connected to the company, to take ownership for what they do, and to contribute to the ambitions of PostNL.

#### Realising change while creating agility

To contribute to the acceleration of PostNL's transformation, we focus on the continuous development of our workforce.



### Key performance indicators

**Employee engagement** share of engaged employees

2021	2022	Target '22
84%	81%	82%

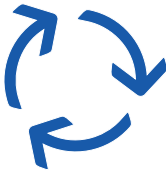
**Absenteeism** absence days compared to working days

2021	2022
6.0%	7.4%

## Environmental value: Improve environmental impact

### Key material topics

- Climate change
- Digitalisation and data



### Supporting company-wide programmes

- Digital Next – Driving the digital DNA in the company
- Zero 2030 programme – Creating movement within PostNL and contribute to employee motivation

### Focus Areas

#### Network efficiency

Optimise planning and execution of logistical operations, improve utilisation of vehicles, reduce kilometres through network synergies and stimulate smart packaging.

#### Clean kilometres

Reduce environmental impact of the utilisation of our own and outsourced transport by phasing in and scaling up emission-free vehicles, while maximising the use of renewable fuels during the transition towards a fully zero-emission fleet.

#### Sustainable buildings and facilities

Build and upgrade our buildings to the highest possible sustainability standards including energy efficiency, generation of solar energy and sustainable and healthy climate control systems.

#### Green products and services

Collaborate with customers on developing environmentally friendly products and services in order to realise improvements together and along the value chain.

### Key performance indicators

CO<sub>2</sub> efficiency in g/km

2021	2022	Target '22
203	152	186

Emission-free delivery share of emission-free last-mile kilometres

2021	2022	Target '22
20%	22%	22%



## Financial value: Generate profitable growth and sustainable cash flow

### Key material topics

- Financial performance and position
- Digitalisation and data



### Supporting company-wide programmes

- Digital Next – Driving the digital DNA in the company
- Financial & Capital programme - Facilitating cooperation between Business units and group on managing dependencies

### Focus Areas

#### Solid cash flow and capital management

Prioritise capital allocation based on a sound financial framework, taking into account developments in our results, return on invested capital cash conversion, to fund further growth and provide sustainable shareholder returns.

#### Smart yield management

Enhance pricing strategies based on data and insights, and balance volume and value for effective margin management.

#### Operational excellence

Ensure continuous investment in the performance of our operations, both in terms of network capacity, synergies and digitalisation, to enhance cost efficiency while delivering high-quality services.

#### Cost savings at Mail in the Netherlands

Adapt our Mail organisation and business model to continuing market decline by realising the necessary cost savings to keep mail affordable while generating sustainable cash flows.

### Key performance indicators

#### Revenue in € million

2021	2022
3,466	3,144

#### Normalised EBIT in € million

2021	2022
308	84

#### Free cash flow in € million

2021	2022
288	40

#### Adjusted net debt in € million

2021	2022
203	467

#### Dividend per share in €

2021	2022
0.42	0.16



# Customer value

6





## Customer value

Key performance indicators and trend compared to prior year

Customer experience

Highly satisfied customers

33%



2021: 34%

Customer experience

Satisfied customers

84%



2021: 83%

E-commerce growth

Parcel volume growth

(10)%



2021: 14%

Customer experience

Delivery quality  
Parcels in NL

98%



2021: 98%

Accessible and reliable postal services

Delivery quality Mail  
in NL  
(preliminary)

91%



2021: 94%

## Help customers grow their business and secure a sustainable mail business

Throughout 2022 we connected the millions of senders and receivers that rely on us every day, ensuring that our strong operations are flexible enough to deal with a consumer environment impacted by an economy facing significant challenges.

Providing customer value is a key driver in the execution of our strategy, which is why we continued to develop smart solutions for customers in the most sustainable manner possible. In this chapter we provide an extensive overview of the steps we took during the year to deliver value to our many customers, as we helped them grow their business while securing a sustainable mail business.

## Performance summary

### Customer experience

PostNL Customer satisfaction as indicated

2021 - 2023

Year ended at 31 December	2021	Target 2022	2022
Share of highly satisfied customers	34%	35%	33%
Share of satisfied customers	83%	-	84%

The percentage of highly satisfied customers dropped slightly in 2022, although we saw a slight increase in the percentage of satisfied customers. The tight labour market has had a detrimental impact on our staffing levels, particularly among mail deliverers and call centre staff, which impacted quality levels. At the same time, people are increasingly feeling the effects of higher inflation and a decrease in their spending power, which may negatively impact their view of companies.

Net Promoter Scores (NPS) across the sector were also lower, as the pandemic and economic crisis caused people to be less forgiving if service levels dropped off.

At Parcels, the share of highly satisfied customers rose to 33% from 30% in 2021, as we effectively adjusted our network capacity to volumes, enabling us to maintain the necessary flexibility for our peak season and safeguard customer and consumer service levels. The share of highly satisfied customers at Mail in the Netherlands fell to 34%, from 39% in 2021. This was mainly due to the tight labour market, which has made it challenging to source mail deliverers.

Customers and consumers are demanding ever-faster, more detailed and reliable shipping information. As a consequence, we are working on making improvements through 'customer journeys'. In 2022 we implemented NPS on a tactical and operational level to measure customer experience, and plan to use NPS to measure strategic satisfaction in the future.

### Reputation score

In 2022 our reputation score was 67.1 (2021: 71.6). Although the score was much stronger than competitors in the sector, we were impacted by the effects of the tight labour market and negative consumer confidence across the Netherlands. In addition, events such as the alleged breaches of applicable social laws and regulations in Belgium will have negatively impacted our reputation. In order to improve our reputation score, our focus will be on those areas in which we can make the most impact, including providing accessible, reliable and affordable services, customer experience and digital solutions, human rights and labour practices, and societal presence and responsibility.

## E-commerce growth

### PostNL Volume development as indicated

2021 - 2022

Year ended at 31 December	2021	2022
Parcel volume (in million items)	384	344
Relative development compared to prior year	14%	(10%)
Addressed mail volume (in million items)	2,048	1,884
Relative development compared to prior year	(0%)	(8%)

Volumes at Parcels fell by 10% in 2022 compared to 2021, impacted by the turbulence in the global macroeconomic environment, with high inflation and rising energy prices negatively affecting consumer confidence. This led to reduced spending and slowing e-commerce growth domestically and internationally. The backdrop to this was the widening impact of the war in Ukraine. We took a number of steps to counter these developments, including continually scaling our operations and network capacity with volumes, reducing indirect costs at Parcels, and maintaining tight control of overhead costs. We also saw a drop in cross-border activities, mainly driven by lower import volumes from Asia, primarily due to the zero-Covid policy in China. Overall, this resulted in volumes well below anticipated levels.

“ At Mail in the Netherlands, we did not meet the required next day delivery target of 95% ”

## Accessible and reliable postal services

### PostNL Delivery quality Share of items delivered on time

2021 - 2023

Year ended at 31 December	2021	Target 2022	2022	Target 2023
Delivery quality Parcels in the Netherlands	98%	98%	98%	98%
Delivery quality Mail in the Netherlands (preliminary)	94%	95%	91%	95%

Delivery quality at Parcels remained stable at 98%, in line with our target. This was achieved through our ongoing focus on maintaining service level quality across our operations, despite the market pressures on sourcing delivery drivers. The tight labour market means competition for deliverers is fierce, and this is an issue affecting the entire sector.

At Mail in the Netherlands, we delivered 91% of consumer mail by the next delivery day, below the regulatory requirement of 95%. Our quality levels were affected in a number of ways. At the beginning of the year, Covid-19 and storms led to delays. During the year, a very tight labour market led to an ongoing shortage of mail deliverers across the Netherlands, especially in the south of the country. We were able to take a range of swift measures, both locally and nationally, to combat the impact this would have on the quality of service.

For example, from August mail deliverers received a fixed contract immediately. In May, a new collective labour agreement for mail deliverers was put in place that provided a pay rise of over 8%. Additionally, we nearly doubled youth wages by offering everyone from the age of 18 the minimum wage for adults. In specific areas, mail deliverers received a surcharge on top of their hourly wages and were offered a maximum of €250 after three months of employment.

A bonus was also given to mail deliverers who extended their contract. In addition to these financial measures, we introduced pilots with English-speaking mail deliverers and, in a number of towns, with evening delivery. We also offered temporary personnel and retirees permanent contracts.

Despite the challenges, the regulatory requirement of 95% was met for funeral announcements and medical mail, and we are proud of the tremendous efforts of our people to continue our mail service throughout the year.

## Enhance customer interaction

From improving the way we interact with customers to creating new delivery options, we are continually improving the customer experience. In 2022 this included further strengthening our customer service options to making it easier for consumers to select sustainable delivery options.

### Net Promoter Score

During the year we began using NPS to measure a variety of metrics internally, with the aim of switching to NPS to measure our strategic key performance indicators both internally and externally by 2023. NPS is a widely used metric and improvement tool that is utilised by many of our customers. The benefits of this change include more in-depth insights that are easier to translate into concrete actions, which will help us create greater value for customers through tailored customer journeys (see story below).

## Customer journey factory

We continued to work on improving our service quality and operational excellence through our customer journey factory in 2022, which we established to advance the customer journeys of both our business customers and consumers.

We initiated nine journeys during the year, one of which focused on innovating and improving our parcel returns service. This included further implementing our 'Heen & Terug' label, which enables customers to use the same label for in and outbound parcels, and developing a home pick-up service for e-tailers. The customer journey team 'I manage returns' saw a steady improvement in NPS, with promoters particularly positive about the proximity of a PostNL retail point.

The customer journey factory is an ongoing process, and we believe it will continue to make a positive contribution to customer satisfaction scores in 2023.

## Opening up parcel lockers to other delivery companies

Starting in 2023, third-party delivery companies will be able to drop off and collect parcels from our automated parcel lockers, many of which are available to consumers 24 hours a day, 7 days a week. We believe this step will make it even easier for customers and consumers to quickly, efficiently and sustainably collect and send goods. By year end we had over 500 parcel lockers across the Netherlands, and aim to increase this number to 1,500 by 2024 so that everyone has a parcel locker near to where they live.

In 2022 we saw a 65% increase in the number of parcels delivered or returned through the lockers, reflecting our growing coverage across the country and the value consumers place in them. We also recently developed the first PostNL parcel locker powered by solar panels, as we explore options to make them even more sustainable.

To make it even easier for consumers to access our parcel lockers, we have agreed to locate them in a range of supermarkets and other retail outlets, such as Jumbo and Plus Retail, across the Netherlands.

## PostNL accounts

The number of consumers that connected with us digitally through a PostNL account continued to grow in 2022, resulting in 7.8 million unique accounts by year end. Customers satisfaction rates with the PostNL app were high, with almost 50% of app users giving it a 9 or 10 as an NPS score, which typically translates into loyal and enthusiastic customers. In the Apple and Play stores, the app was given a 4.5/5 by iOS users and 4/5 by Android users.

Additionally, 75% of consumers said in the app they were happy with the result of sending a parcel through PostNL, an increase of 1% point on 2021. During the year we also continued to add functionality across our digital accounts platform, including making delivery preferences available for both web and app accounts, which enables consumers to indicate a default preference and an away from home preference. We also continued to make the account more secure, introducing 2-factor authentication and more robust fraud prevention.

## Customer service

Our goal is always to provide high-quality delivery services, and while we have multiple policies and checks in place to safeguard that deliveries are successful, sometimes things do go wrong. Deliveries can be delayed, damaged or even lost. When something goes wrong we work with customers and consumers to find an appropriate solution as part of our customer care activities. And while the number of complaints relative to the huge volumes we deliver is small, we are constantly working to improve our service quality. One example is through the new PostNL Expertise Centre we opened in the Dutch city of Leeuwarden during 2022.

The Expertise Centre is there to help deal with any issues customers who contact us by chat, social media, complaint forums or phone may have. Some of the common topics dealt with by the team include queries about the location of a parcel or shipment, and questions about customs clearance costs.

## Switch to digital notification only

In July we switched to using digital notifications only to inform receivers about a missed parcel delivery, either via email or through the PostNL app. This will enable us to share the most up-to-date information about the parcel's status with the recipient, will save around 70,000 kilos of paper per year, equivalent to over 200 maple trees, and will help us save costs.

## Capture e-commerce growth

Across the Benelux, we are helping to shape the growth of e-commerce by creating a strong sending and receiving network. We provide customers with data and insights to help them develop their e-commerce offerings, supply e-tailers with fulfilment solutions, and help small businesses bring their goods online. Helping customers grow their business contributes to greater customer value.

In 2022 parcel volumes were disrupted by the widening impact of the war in Ukraine. High inflation and rising energy prices negatively affected consumer confidence, resulting in slowing e-commerce growth domestically, while cross-border volumes were lower because of reduced import volumes from Asia. At the same time, we faced increased fuel and labour costs.

Internationally, we provide customers with delivery solutions through Spring, a global e-commerce solutions provider. In 2022, Spring saw declining volumes from Asia, affected by the zero-Covid policy in China.

## Manage network capacity

We are focused on offering consumers and customers the best delivery options within the e-commerce market, while managing our networks to adapt to changing volume demands. During the year we had to continuously align our network capacity with volumes, within the constraints of a tight labour market. For example, we adjusted distribution routes and scaled back operations across our sorting centres to reflect lower volumes. This enabled us to maintain the necessary levels of flexibility to deal with peak seasons, thereby safeguarding customer and consumer service levels.

### Expanding our network capacity

In April we began constructing our twenty-seventh parcel sorting centre in the Netherlands, our first in the province of Drenthe, while we also opened our first high-tech parcels sorting centre in Belgium. Both initiatives help us further expand our e-commerce operations across the Benelux, and enable us to better manage our network needs and capacity. The centre in Belgium will process up to 60,000 parcels per day and employ around 400 people, including 250 delivery drivers.

## Deliver smart logistics solutions

Smart logistics is the key to ensuring customers' goods are moved quickly, efficiently and sustainably from collection to delivery, from improving inner city distribution to creating new delivery options. By producing a convenient shopping experience, while developing and bringing new delivery options to the market, we help customers across every industry and sector connect. At the same time, further automation in our logistic operations are aimed at increasing delivery quality and efficiency.

### Launch of same-day delivery across the Netherlands

In 2022 we introduced a same-day delivery option for e-tailers called 'Today', which enables consumers to order goods until early morning and have them delivered the same evening. The solution gives consumers greater control over when and how their parcels are delivered, while e-tailers get to offer their customers one of the fastest delivery options available in the market.

### Scan gloves that help cut costs

In 2022 we introduced a pilot project that aims to realise cost savings of up to €5 million annually, by reducing the number of half-empty roll containers we transport between depots. Until now, roll containers have been filled based on delivery postcode. In the pilot, depot employees use scanners attached to a glove to register parcels in the roll containers, which is faster, more accurate and more efficient. The result is we can transport full containers with parcels from multiple postcodes, which we estimate will save up to 600,000 roll container movements per year. We started rolling the new scanners out across our depots gradually at the end of January 2023, and aim to have them operational across all depots by the end of the year.

### Tracking roll containers with digital beacons

In 2022 we continued to add digital beacons to our roll containers, and by year end 98% of the 330,000 roll containers we operate had been equipped with a Bluetooth beacon. These enable us to locate the containers at around 10,000 different process, retail and customer locations across our network. We use this data in a variety of ways, including to better monitor our packaging resources and to reduce container loss. Separately, in 2022 we also began developing software to optimise the planning and use of transport resources along the parcel chain. We will build on this in 2023 to increase the quality of our processes and information provision for our customers and to reduce operational costs.



## Improving delivery quality with scanning gloves

At our international sorting centre (IMEC) in The Hague, sorters have started using gloves with a built-in scanner that improves the efficiency of the sorting process and enables us to trace each parcel during the transport and delivery processes. Sascha Schebler, registration employee at IMEC, works with the new scanning glove and talks about its many different applications and advantages. "I used to memorise all the numbers of the roll containers at the sorting centre for international mail and parcels", Sascha says. "I then had to figure out which container each parcel had to be added to. Now I just have to scan the parcel, and it shows me which roll container to place it in. Once there, I scan the QR code linked to the parcel so it can be tracked digitally during its delivery journey. The scanner is ideal. We make fewer mistakes, which improve quality and helps prevent delays to deliveries."

### SDGs





### Dobbi becomes market leader in the Netherlands

During the year Dobbi, the online laundry and dry cleaning service in which we hold a stake, added 950 service points across the Netherlands after taking over market player Stomerij.nl, becoming market leader. Customers can drop goods off for dry cleaning at one of Dobbi's more than 1,750 service points across the country, including at a range of supermarkets, and we take care of the collection and return.

### Home & garden sector

We acquired Installatie Helden in 2022, a specialist in the installation of white goods within the Dutch market. This addition is a significant expansion of our Extra@Home's customer portfolio, and increases our ability to offer services that go beyond delivery, such as placing, assembling and installing products in the home & garden sector.

### Developing the Medical Drone Service

In 2022 we continued to work on growing the Medical Drone Service that we have established with the ANWB, a Dutch traffic organisation. We expanded both the number of partners in the consortium and the service team, while preparing for the first flight operation transporting emergency medical orders between healthcare locations, expected to take place in 2023.

## Lead through business model innovations

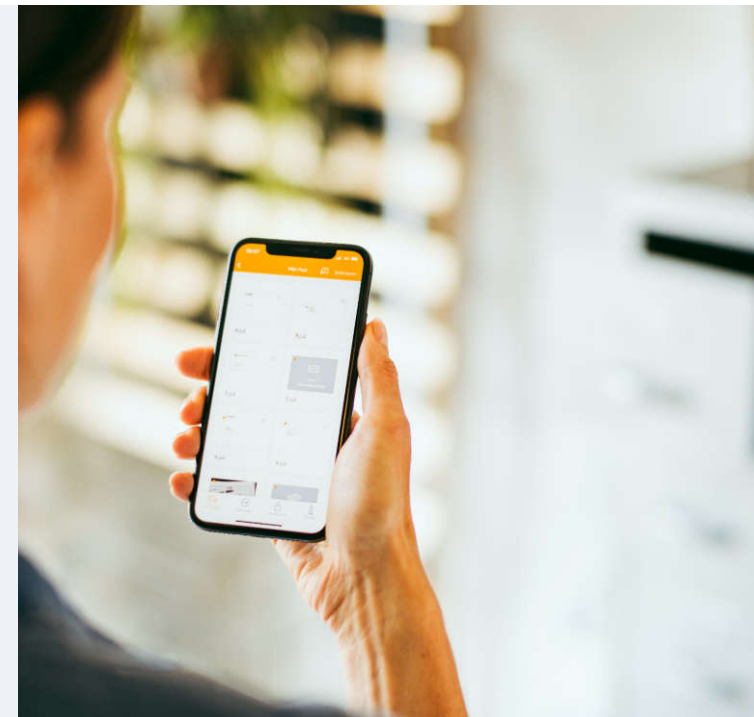
Bringing innovative value propositions to the market benefits our customers and helps us grow our business. In 2022 we continued to work on developing solutions and platforms which offer customers a range of services that complement our core logistics expertise, such as mail and parcel delivery. The story on the integrator model provides more information on platform solutions.

## Further developing the integrator model

The logistics sector is witnessing a rise in the percentage of parcels being sent via shipping platforms, especially in the small- and medium-sized enterprises (SMEs) segment, as the e-commerce environment continues to develop. One consequence of this is that customer contact is increasingly moving from the carriers to the platforms, the most successful of which are growing rapidly by offering e-tailers a delivery choice of multiple carriers, lower rates, and good customer experience.

For PostNL, this development is both a threat and an opportunity. Offsetting the loss of volumes and a lower average selling price is the opportunity to offer an integrated proposition, in which we create an open platform while offering a range of logistics services, such as multi-carrier collection, access to parcel lockers, and data services.

In the short term, this will involve giving the shipping platforms in our portfolio, such as MyParcel, which already has a significant market position, Shops United and CheapCargo, the space and freedom to take advantage of the ongoing market developments.



At the same time, we will invest where necessary and offer relevant additional services. This will enable us to place an integrated and distinctive solution in the market, which is able to compete with other platforms. Our aim is to develop this proposition further throughout 2023.

#### SDGs



## The value of physical mail

Physical mail remains an important form of communication. People connect with friends and loved ones through mail, and many value that it can be physically held and stored. This can make it more meaningful than digital communications, such as email or social media messages, which can be easily deleted or forgotten.

In 2022, for direct mail campaigns the letterbox remained an extremely powerful tool for customers to connect with, inspire, and encourage consumers to shop. Working with an external research agency, we analysed the direct mail campaign of a customer that targeted 650,000 customer card holders. The results highlighted that the direct mail promotion of 2022 scored significantly better than an equivalent promotion the company carried out in 2017. Overall, receivers said the mailing was highly appreciated and almost a third said they were activated to take action, for example by visiting one of the customer's stores.

For vital social initiatives, such as election campaigns or the organ donor register, mail remains the tried and trusted solution. Throughout the year we sorted and delivered a range of letters as part of the Dutch government's drive to tackle the pandemic, including invitations for people to receive their booster vaccination.

With digital native players competing for consumer attention and the social media landscape becoming increasingly complex, fragmented and expensive to reach potential customers, physical (direct) mail becomes an attractive medium to attract new customers. Our physical mail services enable everyone across the country to be contacted, enabling businesses to reach out and connect with those who may not have regular access to the internet or may not be as tech-savvy.

Another example is letterbox packages, which saw volumes increase further in 2022. Consumers value the convenience of not having to stay at home for delivery, while for e-tailers letterbox packages offer an attractive and sustainable way to send small or lightweight products.

## Keep mail accessible, reliable and affordable

We perform a daily delivery round from Tuesday till Saturday, except on public holidays. We are also required to deliver urgent medical items and funeral notifications on Mondays. In a declining market, one of our key tasks is securing accessible and reliable postal services at affordable prices, for example by providing nationwide coverage and ensuring that letter boxes are located within the legally required distance from everyone. We delivered 91% of consumer mail by the next delivery day in 2022, below the required level (a detailed overview of the issues that impacted quality and the measures we took to combat them can be found in the 'Performance summary' section at the beginning of this chapter). The quality of business mail was higher, at 95%. Mail volumes will continue to decline, mainly due to ongoing substitution

Bulk mail volumes were hit by macro economic pressures, with rising paper prices and high inflation causing customers to cancel or delay, reduce the frequency of, or send out reduced bulk mailing campaigns. Below we outline the steps we took in 2022 to keep mail accessible, reliable and affordable, benefiting customers and consumers in a declining mail market.

### Adapting Mail in the Netherlands to market developments

In 2022 we further implemented the New Mail Route, an efficiency-led model that enables us to make better use of our

locations and resources, which will help contribute to future quality improvement. For example, we optimised mail deliverers' routes by laying them out in logical patterns rather than by postcode, creating greater route efficiency. We also opened a number of New Mail Route depots, all of which use e-bikes or e-cargo bikes for delivery, meaning routes can be extended.

During the year we further centralised preparation and began preparing for a number of delivery and sorting developments that we will roll out fully in 2023. These changes are aimed at streamlining our processes to be more cost-effective, adapting to changing customer demands, offering our people more attractive working options, and further improving quality.

The first involves streamlining delivery days for non-24-hour mail, to reflect declining volumes and the needs of bulk mail customers. We will also change the way we bundle and deliver mail, leading to a more efficient and stable preparation process, improving quality, and improving our capacity to process letterbox packages. Lastly, we will reduce our early morning sorting which is done by hand. This is being made possible through the introduction of new mail preparation cabinets.

“ One of our key tasks is securing accessible and reliable postal services at affordable prices ”

These cabinets are wider and have twice as many preparation compartments, helping to reduce the number of sorting steps and simplifying the total process chain.

In 2022 we also continued to work on simplifying our overall mail proposition for customers, including product range, pricing structure, terms and conditions, and associated systems. By the beginning of the year, around 10,000 customers had switched to our new product model for bulk mail, which involved reducing the number of product codes from 2,200 to 200. In addition to increasing simplicity for customers, the new structure also enables them to prepare their business mail digitally, enables easier-to-read invoices, and leads to easier delivery.

“ In 2022 PostNL issued the first crypto stamp in the Netherlands, underpinning the company's focus on digital innovation and adoption of new technologies ”

From 1 January 2023, all customers with expiring contracts switched to the new product model. All other customers will make the switch as soon as their contract expires. Simplification makes it easier to offer customers digitalised services, while for PostNL the new system has led to cost savings, as a result of a significant drop in calls to our help desk and the number of checks and corrections required at the business desk.

### Innovating within mail

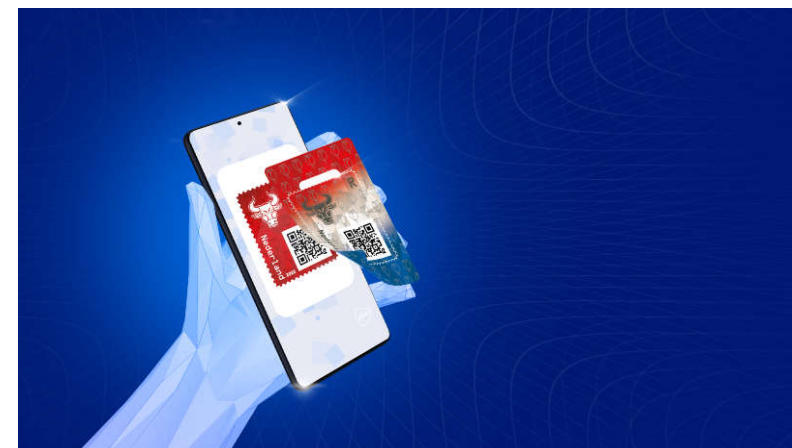
Because we believe in the power of physical mail, we work continually to introduce innovations that will increase the impact and value of mail for customers and consumers. Below we outline examples introduced in 2022, which we believe help improve the mail experience.

#### Smart letter boxes pilot

An increasing number of services operate in the digital and physical world simultaneously. In 2022 we piloted a ‘smart letterbox’, which offers a digital connection from the moment a mail item is posted. Senders scan the barcode on a mail item, such as letterbox packages, before posting it. The pilot was a success and we aim to roll the service out further in 2023.

#### Digital end scan

In 2022, we created a digital twin of the letterbox packages in our mail network. This enables us to give customers additional insights into the status of their delivery, especially if something goes wrong, and has improved the workload for our mail deliverers who, instead of having to make a scan of every packet delivered, now only have to scan the packets that they could not deliver.



## Launch of crypto stamp with Austria Post

In 2022 PostNL issued the first crypto stamp in the Netherlands, underpinning the company's focus on digital innovation and adoption of new technologies. It was also the world's first jointly issued crypto stamp, together with Austria Post. Mirjam Verhaagen, who worked on the project, explains what a crypto stamp is and why we chose to innovate with Austria Post. "The Dutch crypto stamp is a stamp that consists of two parts: a physical stamp and a digital twin. That twin is an image that you can collect, swap and trade in the blockchain. Developing a crypto stamp is time consuming and work intensive, and because the technology behind the Austrian crypto stamp is the best in the market so far, we made a conscious choice to partner with Austrian Post and enter the market quickly. Another benefit is that a double-issue stamp is very attractive to collectors."

SDGs



# Social value

7





## Social value

Key performance indicators and trend compared to prior year

Engaged people

**Employee engagement**

81% ↓

2021: 84%

Health and safety

**Absenteeism**

7.4% ↓

2021: 6.0%

## Attract and retain motivated people

The growth in e-commerce and the transition in mail has an impact on everyone who works for or with us. Yet our people understand the vital role they play at PostNL and feel committed to making a real difference in a changing and dynamic market. We want to realise our people's full potential, and are focused on helping our customers as a strong and reliable partner while acting as a responsible employer.

In 2022 we updated our HR strategy, helping us continue to create a healthy company together. Operating in a sector undergoing profound change while facing an extremely tight labour market, this strategy will enable us to adapt to changing circumstances and invest in the future through our people. The strategy is built on two pillars:

1. We put our people first, where we focus on enhancing employee engagement and health & well-being
2. We help the organisation develop, where we focus on having the right people in place while realising change and creating agility.

The foundation of these two pillars is 'excellent HR services', which entails adhering to compliance, providing suitable employment conditions, reliable HR processes, and excellent people support. We consider compliance an important mechanism to safeguard sound business conduct, while protecting the rights and well-being of people who work with and for us so that we can operate commercially within predefined boundaries. In 2022 we continued to focus on regulatory compliance and operating in accordance with social laws, and had regular dialogue and collaboration with the Dutch labour inspectorate, including discussions on developments in labour regulations and inspections both within PostNL and among our delivery partners.

In this chapter we provide an overview of these and other topics that impact our people, while outlining how we realised our HR strategy in 2022 and helped our people grow and develop as they contribute to society.

## Performance summary

We are proud of our company and the direct and indirect employment we provided to more than 50,000 people, on average, in 2022. Around 72% were our own employees and 28% were those employed through delivery and other partners.

**PostNL Headcount own employees** Total number of PostNL employees

2021 - 2022

Year ended at 31 December	2021	2022
Headcount opening balance	40,541	37,365
New hires	9,988	7,866
Turnover	13,164	9,584
<b>Headcount closing balance</b>	<b>37,365</b>	<b>35,647</b>

At year end, the headcount of our own employees was 35,647. The headcount drop was partly due to the difficult labour market, making it tough to recruit. Despite this, across the company we were able to hire 7,866 new employees. While we saw a gradual decrease in the number of employees at Mail in the Netherlands, as the labour market became more difficult we partly offset the capacity decline by increasing the average contract hours of mail deliverers, although this remains challenging. We also agreed a new collective labour agreement (CLA) for nearly 16,500 mail deliverers and realised efficiencies in our operations. Workforce management and capacity planning continues to be an important activity in our social domain.

## Engaged people

### PostNL Employee engagement Share of engaged employees

2021 - 2022

Year ended at 31 December	Target		2022
	2021	2022	
May survey	86%	-	82%
October survey	83%	-	79%
Average score	84%	82%	81%

In a very tight labour market, strong employee engagement is an essential aspect of being a successful organisation. As well as better employee retention, motivated people help drive company effectivity and are best placed to offer customers the high-quality services they demand. The average employee engagement score in 2022 was 81%, from 84% in 2021. While we evaluate the underlying scores in many different areas, the score from our survey in October was negatively impacted by work pressure due to staff shortages at specific locations.

In 2023 we will update our employee engagement scoring method, which will enhance the evaluation of the survey outcomes. Rescoring the 2022 results using the new method would result in an employee engagement score of 78%. We have set our Group target for 2023 at 78%, in line with the 2022 weighted average realisation.

## Health and safety

### PostNL Absenteeism Percentage

2021 - 2022

Year ended at 31 December	2021	2022
Absenteeism (share of total working days)	6.0%	7.4%

Our focus remained on the health and safety of our employees in 2022, and the employees working indirectly for us.

Our services have continued without interruption throughout the pandemic, and employees have indicated through surveys that they appreciate what we are doing. Despite the lessening impact of the pandemic in 2022, Covid-19 continued to affect absenteeism. We advised our people to take a precautionary approach and remain at home if they had any Covid-like symptoms. While this is done in the interest of the health of our people working in our operations, it impacted our absenteeism level. Delayed health care due to the pandemic also contributed to increased absenteeism.

## Providing the right HR services

Across PostNL, HR services has processes and systems in place to ensure we comply with laws and regulations. User-friendly and reliable HR systems and customer-oriented HR services ensure that our people can do their job well, while HR services contribute to suitable employment conditions. We have a mix of people working for and with us, from internal employees to those employed through logistics partners. This includes people employed by transport partners and external agency staff, both based on hours-worked and executed work packages in parcel sorting. In 2022 we realised several milestones, such as the renewal of CLA agreements for Parcels and Mail in the Netherlands. However, we also experienced several challenges, including the alleged breaches of applicable social laws and regulations in Belgium.

## Developments in Belgium

PostNL works with 220 delivery partners in Belgium, who employ around 1,500 parcel deliverers. We want to be a solid and socially responsible partner, and aim to work with highly satisfied delivery partners and deliverers. Many of these delivery partners and deliverers have worked with us for more than ten years and are pleased with our cooperative approach.

For example, we periodically discuss and adapt their compensation with them, and regularly review the compliance of delivery partners on several relevant social laws.

In 2021, the labour inspectorate in Belgium noted alleged breaches of applicable social laws and regulations while carrying out their inspections. Based on their findings, charges were filed against PostNL for false self-employment, illegal posting of workers, as well as being an accomplice for not paying social contributions in these cases. This is despite PostNL not being the employer of the people concerned. The court hearing in these cases took place in September 2022.

In January 2022, PostNL became subject to a criminal investigation by the Belgian investigative judge into alleged breaches of labour law in Belgium in respect to delivery partners of PostNL. As part of this investigation, on 28 March 2022 two of our depots were temporarily sealed off and three of our colleagues were even arrested and eventually released. We stand behind and support our colleagues. Pending the ongoing investigation by the investigative judge the aforementioned court case has been postponed, against which we have filed an appeal.

## Setting PayChecked as the standard

PostNL has required evidence that delivery partners pay their salaried employees in accordance with the applicable collective agreement (the BGV collective labour agreement) for a number of years. This was possible in a variety of ways, for example through specific certifications or the PayChecked quality mark certificates. In 2022 we set PayChecked as the standard for all delivery partners across our networks to prove adequate payment for their employees. If the audit requirements of the Paychecked organisation are met, delivery partners receive a PayChecked certificate and are registered in the publicly accessible Paychecked Register.

At the end of 2022, the vast majority of delivery partners held a PayChecked certificate and a small percentage were in the process of obtaining one. A limited number of contracts with delivery partners were cancelled in 2022 for not attaining the PayChecked requirements in time.

### Collective labour agreements

We agreed a new collective labour agreement (CLA) for nearly 16,500 mail deliverers with the Dutch trade unions Bond van Post Personeel (BVPP), CNV and FNV in 2022. The agreement includes a structural pay rise of 4% effective 1 January 2022 and another 4% effective 1 January 2023. The new CLA runs from 1 October 2021 through to 31 December 2023. At the beginning of 2023, PostNL agreed new collective labour agreements (CLAs) with two trade unions covering PostNL and Saturday deliverers.

The agreements involve a structural wage rise totalling 9.5% over two years, with the lowest pay grades awarded relatively the highest increases. The first part of the rise was paid in December 2022 and a 5% rise, split in three steps, will accrue to all employees governed by the CLAs from 1 June 2023. These three increments involve 2% in June 2023 and 2% in September 2023, plus 1% in January 2024. In addition, an extra gross payment of 1.5% of annual salary will be paid in February 2023. The CLA for PostNL will apply to nearly 18,000 people, with the one for Saturday deliverers covering around 200.

### Fair compensation and equal pay

PostNL respects the minimum wage level and believes in equal pay for equal work, irrespective of gender or background. Our aim is to align the remuneration of all groups of employees within PostNL, establishing internal consistency within areas such as salary structure and guidelines for salary increases.

While we are working towards measuring a possible Gender Pay Gap, the volume and complexity of measuring this metric means we are unable to report a reliable figure in 2022. We expect to report this over 2023.

Equal pay is secured by collective labour agreements, which have been agreed upon with trade unions, and by our job grading system. We will continue to investigate pay levels in 2023 and will embed these analyses in our regular processes.

### Pensions

Based on a joint decision by PostNL, the pension fund and the trade unions, PostNL's pension plan was amended from 31 December 2022. One particularly relevant amendment saw the removal of the former annual indexation cap of 4%, meaning that, combined with the solid financial position of the pension fund, it was possible to increase pensions by 10% from 1 January 2023. More details on these changes can be found in the 'Financial value' chapter.

## Hiring the right people

The current tight labour market has made hiring the right people challenging, and we have seen that failing to have the right people in place can have a direct effect on the quality of our services. One example is the delivery quality of mail, which in 2022 was impacted by the shortage of mail deliverers (more information can be found in the 'Customer value' chapter). We put a great deal of effort into hiring and retaining the right people during the year, introducing a number of initiatives across the company to target new employees and keep existing ones, which we explain in detail below. Our efforts successfully improved our people retention, with the turnover rate for mail deliverers at 24% in 2022, slightly lower than the company rate of 26%.

## Managing employee retention

### PostNL Employee turnover In percentage

2021-2022

Year ended at 31 December	2021	2022
Turnover rate (share of total headcount)	32%	26%
Voluntary turnover rate	19%	17%

The employee journey within PostNL starts with recruitment. In recent years we have tailored our recruitment campaigns and channels to reach potential employees more effectively, which is vital given the tight labour market. We have streamlined our recruitment marketing and processes to make it easy for people to find and join PostNL. We communicate through social media, have intensified our recruitment campaigns, and launched our new employer branding campaign 'Bring it together'.

We also established a dedicated recruitment team to target the growing need for IT and Digital talent, which has successfully used targeted searches and talent pooling to grow the number of people we recruit within this area. We have also had success with our "Tip een Topper" referral programme, where employees receive a financial bonus when they bring in new colleagues. Tip een Topper is open for both operational and corporate vacancies, and is an important recruitment source as current employees are our best ambassadors.

### Permanent contracts for all mail deliverers

In 2022 we offered permanent contracts to all our mail deliverers, including over 1,000 mail deliverers on temporary contracts and any new hires. We want to be seen as a company that offers security and engages with our people. Given the ongoing tight labour market, our belief is that the offer of a permanent contract will encourage new deliverers to come and join us.

### Pilot with job coaches

PostNL offers work that is ideally suited for people with a distance to the labour market. In addition to collaborating with social enterprises, in 2022 Mail in the Netherlands conducted a pilot with a number of in-house job coaches to determine if we could directly employ people from this target group if we ensured they had the correct guidance. The pilot was a success, and the job coaches proved their added benefit in helping us support those who need additional direction to do their job.

### Growing the number of parcel deliverers on our payroll

In 2022 we began the process of recruiting new parcel deliverers, with the aim of employing thousands more over the next few years. Our ambition is to have at least half of all parcels delivered by people on our own payroll. To achieve this, we will increase the number of parcel deliverers to around 6,000, from fewer than 2,000 in 2022. At the same time, we will encourage our delivery partners to grow their business, which we believe will lead to greater professionalism and the ability to offer more sustainable services.

This move will help us be even more customer-centric, while maintaining high-quality service and staying ahead of changing stakeholder expectations. It also fits with our focus on compliance, enabling us to safeguard sound business conduct and protect the rights and well-being of people who work with and for us. More information can be found in the 'Growing the number of parcel deliverers on our payroll' story later in this chapter.

### Employing beyond retirement age

In response to an increasingly tight labour market in the Netherlands, in 2022 we began actively targeting pensioners who may be interested in working as mail deliverers or delivery drivers.

We advertised via online channels, including job boards and social media, and offline by running ads in local newspapers. We are also in contact with pension funds and health insurers to see if we can work together, and offer a bonus to current employees who refer a new employee.

Of the approximately 16,500 mail deliverers who work for us, around 1,900 are over 65. We have 225 colleagues who are over 75 and about 20 colleagues over 80. And in recent years the share of over-60s within the mail deliverers population has more than doubled. We try to retain parcel deliverers who already work for us after they reach retirement age, and older deliverers have told us that they appreciate contact with the neighbourhood, enjoy being active outside, and welcome the freedom of the work.

## Promoting health and well-being

While healthy employees are critical to a well-functioning company, we also want our workforce to be a reflection of society where everyone feels safe and accepted.

### Safeguarding occupational safety

#### PostNL Safety As indicated

2021 - 2022

Year ended at 31 December	2021	2022
Fatal accidents	2	3
Recordable accidents (per 100 FTE)	4.7	3.8

The occupational safety of our people also remains one of our priorities. Our certified ISO:45001 management system helps us with the structured management of the health and safety of people working with or for us. This includes identifying and following up on areas for improvement.



## Recruiting new mail deliverers

Working outdoors, plenty of exercise, and the chance to have a good chat now and then: delivering mail is a pleasant job. Yet the tight labour market has created a shortage of mail deliverers. Recruiter Henk van Essen explains the steps we are taking to try to solve this.

"We try to reach job seekers in a variety of ways," says Henk. "One example is the recruitment campaign 'Bring it together', which uses a series of films to show what it is like to work at PostNL. We also explain that postal delivery is an important and valuable profession, and that if you work part-time, you have time for yourself during the day. These are the people who capture special moments with a smile delivering to our customers and consumers.

"Another way is tapping into the enthusiasm many mail deliverers have for their work, so that they can help recruit new deliverers," says Henk. "This is why we have increased the bonus for bringing in a new colleague to €250. This campaign has been a great success, with many family members and friends of PostNL employees now working as mail deliverers."

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In 2022 our focus on this area helped reduce the number of recordable accidents to 3.8 (per 100 FTE) from 4.7 (per 100 FTE). In 2021 we faced a relatively high recordable accident rate, mainly due to weather conditions at the beginning of the year. Weather conditions were better in 2022, which resulted in a drop in the accident rate.

Additionally, volume developments led to fewer transport movements and less working pressure for deliverers resulting in a fall in the number of accidents. We deem the number of recordable accidents as being relatively low, compared to the exposure our large workforce has on a daily basis.

However, despite our many efforts and initiatives on health and safety it is with deep regret we have to report three fatal accidents across our operations in 2022 (2021: 2).

Tragically, a parcel deliverer was assaulted and died as a consequence of his injuries. One of the deliverers from a delivery partner was involved in an accident, resulting in two casualties. And a driver was involved in an accident with a small truck, which was fatal for a third party.

### Improving road safety

During the year we made further progress switching to three-wheel e-scooters, replacing almost all of our two-wheel petrol scooters. As well as being more sustainable, the three-wheel e-scooters are also safer.

### Importance of a diverse and inclusive workforce

Diversity and inclusion are integral elements of PostNL and we focus on creating a work environment where everyone feels safe and is provided with development opportunities to maximise their potential. We concentrate on four main areas, outlined below, to make this happen.

#### PRIDE

Our PRIDE network operates across the company and actively campaigns for greater acceptance of the LGBTIQ+ community.

#### Women Inclusion Network (WIN)

WIN operates a proven mentoring programme, which includes senior management acting as mentors for talented and ambitious women to help them grow and prepare for senior positions within the company.

#### Young PostNL

The Young PostNL network focuses on young talent within the company, and develops its own events aimed at developing young talent.

#### Multicultural diversity

Multicultural diversity is one of our four main diversity and inclusion focus areas, and aims to attract, retain and develop multicultural talent within the company.

Each of the four networks are sponsored by Executive Committee (EC) members and the EC periodically updates our Supervisory Board on diversity and inclusion developments within the company.

#### Diversity Index

Every four years we carry out research into diversity and inclusion through our company-wide Diversity Index, which provides valuable insights into whether our people feel accepted at work and are given equal opportunities. The Diversity and Inclusion survey we carried out in 2022 highlighted the progress we have made in this area in recent years. This progress is down to our diversity policy, which is structured around six key themes: gender equality, multicultural diversity, acceptance of the LGBTIQ+ group, age differentiation, diversity in thinking power and helping people regain and maintain access to the labour market.

We respect and value differences as it makes our organisation stronger, innovative and attractive, which is why we concentrate on diversity in different areas of our human resources processes. This includes creating opportunities for people with a distance to the labour market, and we take a proactive approach towards this important topic through engagement with partners in our value chain.

### Making progress in gender diversity

We continued to promote diversity and inclusion across the company and beyond, for example by promoting our company-wide Diversity Index to other organisations.

#### PostNL Gender diversity Percentages

2021-2022

Year ended at 31 December	2021	2022
Share of female PostNL employees	48%	47%
Share of females in operational management positions	23%	25%
Share of females in middle management positions	33%	35%
Share of females in senior management positions	29%	31%
<b>Share of females in management positions</b>	<b>30%</b>	<b>32%</b>

Although the total share of female employees decreased slightly by 1 percentage point to 47% in 2022, during the year we made progress on the balance between men and women in management positions at operational, middle and senior management levels. In 2022, the share of females in management positions increased by 2 percentage points to 32%.

## Gender diversity at the top

In the Netherlands, a law requiring a mandatory gender diversity quota on the supervisory boards of Dutch listed companies, with new appointments contributing to a composition of at least one-third women and one-third men, came into effect on 1 January 2022. Simultaneously, companies such as PostNL were required to set gender diversity targets for the composition of their management board, supervisory board and senior management. In line with this, we updated our policy on diversity at the top of the organisation.

For the Board of Management, we have set a target of at least one-third women and one-third men. At the end of 2022, our Board of Management had a 50/50 split, exceeding compliance with our target. Our Supervisory Board was composed of 42.9% women.

For senior management with an individual labour contract, we strive for at least one-third women and one-third men by 2025. To achieve this, we are focusing on coaching and succession planning aimed at talented women within PostNL.

In the coming years, this will also involve filling a larger proportion of vacancies with women. For the purpose of this law, we have defined senior management as employees who have individual labour contracts. This population represents a subset of employees covered by the indicator 'share of females in senior management positions' presented in the table above.

## Transferring diversity and inclusion research to Ipsos

In recent years other organisations have shown an interest in our Diversity Index, partly because its strict confidentiality and data storage and disposal rules enable it to ask about individual personality characteristics, such as ethnicity or sexual orientation, without breaching privacy legislation.

During the year we partnered with market research firm Ipsos to market the Index and make it available to other organisations, so that they could benefit from insights into the issues surrounding this important theme. Using our benchmark research, participating organisations can then compare themselves and look into how they can improve.

## Continuing to support the fight against loneliness

In 2022 we further expanded our cooperation with municipalities across the Netherlands to tackle loneliness, following the success of a pilot project in Rotterdam in which a number of our parcel deliverers and delivery partners have been participating since 2020. As part of the pilot, deliverers have been reporting cases of possible loneliness they encounter during their delivery rounds, which were then looked into by the professional welfare organisation DOCK and the municipality of Rotterdam. The project has now been expanded across 10 municipalities in the Netherlands, including Baarn and Soest, and the aim is to build on a broader national roll-out with several external partners.

## Employing people with a distance from the labour market

At PostNL, we aim to reflect the society we operate in and actively pursue a diversity and inclusion policy, which includes offering opportunities to people facing challenges in the labour market. In 2022 we were proud to earn PSO certification, an independent assessment by a certifying institution in the Netherlands, to recognise employers who make a sustainable contribution to the job market. We were placed on level two of the PSO social entrepreneurship performance ladder, which indicates that as an employer we are well above average in offering employment to those with a distance from the labour market. In 2022 we employed around 1850 people with a distance from the labour market across the entire company, either directly or indirectly.



## Collaborating with social enterprises

PostNL works with social enterprises across Parcels and Mail in the Netherlands to help give people with a distance from the labour market a fulfilling job. Sipke Plat, who is set to retire after 32 years service at PostNL, is convinced that people with a distance from the labour market can work as deliverers or sorters if they get the right support. "I work closely with social work enterprises in the Netherlands, offering people with a distance from the labour market a suitable workplace that provides them with the right guidance. At PostNL, we offer the target group work as mail deliverers and in our parcel sorting centres, which means that a supervisor from the social work company always supervises the execution of the work. It is clear that if they receive the right guidance, they can work well independently. It is important that people with a distance from the labour market have a safety net, something to fall back on. And that the workplace is adapted to their disability or individual circumstances if necessary."

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## Strengthening employee engagement

The engagement and passion people have with and for their work is an important indicator of how people experience the company's labour practices. This is why we measure employee engagement, and how we gain insights into areas we can improve upon. We then tailor our improvement measures to the different work dynamic between business units, operational locations and (head) office functions. Relevant improvement areas include providing the right tools for our people to carry out their job and increase collaboration between departments.

### Steering on people engagement

#### PostNL Employee engagement Share of engaged employees

2021 - 2022

Year ended at 31 December	2021	2022
Average score	84%	81%

In 2022, employee engagement fell slightly to 81%, measured by our independent service provider. To help address this, management are implementing engagement score discussions at team level, making it easier to implement improvements. In the survey, employees mentioned they are proud of their work, teamwork within PostNL, and the contribution their department makes to the company.

Improvement areas relate to available systems and tools, collaboration between departments, and internal communication. Feedback is followed up departmentally, and falls under the responsibility of (senior) management. Management discuss scores per team. The following three initiatives are examples of how we are responding to the outcomes of the survey.

### Engaging through online channels

We are working to strengthen engagement through our internal communications. One initiative we have successfully launched is regular 'live events' for office staff, where our board of management gives updates on different developments from across the company in an interactive online setting. Another is 'Studio PostNL', a weekly online news programme presented by people from across the business, who provide updates on major company news.

### Updated app for postal deliverers

In 2022 we renewed the My Work app that mail deliverers use, introducing a range of new features. For example, deliverers can now provide feedback on delays to their delivery rounds. We also made it easier to report disruptions by sending photos, and we made information searches more intuitive. This is an example of how we are using the latest data-driven digital technologies and methods in our operations to better serve customers and consumers quickly, flexibly and efficiently.

### Sending aid to Ukraine

After the outbreak of war in Ukraine, a number of employees from PostNL began organising aid for the country. By March, customers, partners and colleagues had donated enough food, personal hygiene and baby products to fill eight PostNL trucks, which set off in convoy to the Ukraine border. The goods were delivered to a number of Red Cross locations, before being distributed to Ukrainian refugees. We are extremely proud of the many colleagues who worked so hard on making this support a reality. During the year PostNL also donated €500,000 to Dutch charity 'Giro555 Together in Action for Ukraine'. The charity was supported by a joint television broadcast at the beginning of March, which aimed to raise as much money as possible for the humanitarian emergency. PostNL's check was handed over to the programme's presenter by Mila Pokhyla, a Ukrainian colleague who works at PostNL's mail sorting centre in Amsterdam.

### Monitoring satisfaction of delivery partners

#### PostNL Collaboration barometer percentage

2021 - 2022

Year ended at 31 December	2021	2022
<b>NL</b>		
Percentage of (highly) satisfied delivery partners	69%	63%
Percentage of (highly) satisfied deliverers	73%	73%
<b>BE</b>		
Percentage of (highly) satisfied delivery partners	71%	67%
Percentage of (highly) satisfied deliverers	69%	69%

Within Parcels, we work with delivery partners across more than 70% of our routes, and in 2022 more than 95% of delivery partners in the Netherlands and around 80% in Belgium employed their deliverers via a labour contract. As these deliverers represent PostNL in their daily work, it is important that we also understand their engagement levels and motivation. Through our annual collaboration barometer we measure the satisfaction of both delivery partners and their deliverers.

In the Netherlands, 63% of delivery partners said they were (highly) satisfied with their collaboration with PostNL (2021: 69%). In Belgium, we were pleased to see an increase in the number of delivery partners and parcel deliverers completing the annual survey than in 2021. Of the delivery partners who took part, 67% said they were (highly) satisfied with PostNL as a client (2021: 71%), while 72% said they were satisfied with the cooperation they had with their depot, a 5% increase on 2021.

## Realising change while creating agility

We operate in a dynamic environment. This means that in addition to employee attraction, retention supported by diversity and inclusion, labour practices, and health and safety, we also focus on the adaptability of our workforce in order to be fit for the future.

### Launch of Agile Academy

In 2022 we started an Agile Academy, which is aimed at both developing learning journeys for agile roles and promoting awareness sessions for the entire HR community, enabling HR to support the agile transformation and development of an agile mindset. Moving to an agile way of working helps us work together in a standardised way within multidisciplinary teams. This enables us to change the way of working across the organisation as we focus on outcomes and results rather than hierarchy or input.

### Building futures

During the year around 100 participants from across the business took part in a Building Futures programme, where they were challenged to step out of their comfort zone and work on their personal leadership skills, while increasing their learning agility. The programme helped participants learn how to apply innovation and improvements that would directly benefit customers, by collaborating with different levels and disciplines from across the organisation.

Building Futures included a Transformation Day, which aimed to inspire people to start thinking differently and apply themes such as the Orange Compass, digitalisation, sustainability and working in an agile way during the programme and in their daily work.

## Talent management

Discussing our learning agility is an integral part of the annual talent and performance management cycle, helping create a working environment where there is space for constructive conversations about potential, development, movement and promotion. This is carried out in two parts:

**Objective:** By means of Learning Agility assessments for management

**Subjective:** Helping managers develop constructive conversations with their people on learning ability, for example through webinars, training or workshops.

Taken together, this helps us identify where there are talent gaps and where development is needed.

## PostNL Special Moments Fund

Our purpose is to deliver special moments, and in 2022 we launched the PostNL Special Moments Fund with the aim of contributing to greater connection, contact, and consideration for one another across society. The Fund plans to launch new social activities and continue existing ones, and will tap into PostNL's unique delivery network, where our mail and parcel deliverers visit every street every day, to support projects that help reduce social differences. The Fund is fully independent with an unpaid board, the majority of whom are external directors. And in 2022 it obtained ANBI status, which means it is recognised as a "Public Benefit Organisation".

### How we work

The fund works together with social organisations to deliver special moments. In doing so, it helps create a more connected society. And PostNL employees who volunteer at social organisations can apply to the Fund for donations to their chosen organisation.

### Projects with impact

Although the fund was only established in 2022, it is already doing a great deal. It continued to partner with Stichting Jarige Job, a foundation that provides very poor children in the Netherlands with a gift box on their birthday. PostNL collects gifts and donations, making sure they are delivered to children who need them. Each year, more than 100,000 children celebrate their birthday with the help of Stichting Jarige Job.



The Christmas season is a particularly difficult period for many elderly people, which is why the Fund works with the National Foundation for the Elderly and Kidsweek to deliver Christmas cards to the elderly. In 2022 we once again released children's stamps, which we have issued for the Children's Postage Stamp Foundation since 1924. The stamps collect money for projects aimed at the well-being of vulnerable children.

Finally, we also started a collaboration with the Salvation Army, placing parcel lockers at the charity's community centres around the Netherlands. The aim is to raise the profile of the community centres among local residents. We will also provide the centres with a fee for each parcel delivered or sent from the parcel lockers.

#### SDGs



# Environmental value

8





## Environmental value

Key performance indicators and trend compared to prior year

Climate change

**CO<sub>2</sub> efficiency in g/km**  
(base year 2017)

152

2021: 203



Climate change

**Emission-free last-mile delivery**

22%

2021: 20%



## Improve environmental impact

At PostNL, we are aware of the impact we have on the environment and have been taking action to reduce this by integrating environmental objectives into our overall strategy. In 2022 we continued to focus on combatting climate change by steering on greenhouse gas (GHG) emission reduction initiatives, enabling us to further progress towards our long-term, science-based reduction targets. At the same time, through our Zero 2030 programme we continued to develop and implement initiatives that help us improve our broader environmental impact, while contributing to our reputation as a sustainable company.

We were again proud to be ranked as one of the most sustainable companies in the transport and logistics sector worldwide by the Dow Jones Sustainability Index (DJSI). This benchmark evaluates listed companies on economic, social and environmental transparency and performance. We also achieved an 'A' score in the CDP benchmark, a global environmental disclosure system, for the third year in a row. This is the best score a company can get, and highlights the continuing progress we are making in environmental management. We continue to be at the forefront of our sector in terms of our sustainability benchmarks, based on the strong ratings and scores we receive from independent analysts. And we published our third Green Bond Report in 2022, an overview of which can be found in the 'Capital markets' chapter.

We are strengthening our efforts to combat climate change in other areas. For example, in 2022 we began updating our science-based targets to align our scope 1, 2 and 3 emissions with the 1.5°C approach of the Paris agreement. The update, which we aim to finalise in the first quarter of 2023, will include a significant step up in the reduction of absolute scope 3 emissions.

Alongside our material topic 'climate change', we also take a more holistic view on our environmental impact, in line with the broader societal discussion taking place on this topic. The interdependencies between climate change and biodiversity led us to analyse the impact our business activities have on biodiversity, and looked at mitigating actions that are already in place.

We have identified pollution and over exploitation as relevant biodiversity pressures related to our activities. To reinforce our drive for sustainable development, we have formulated a biodiversity ambition for the company, which is to operate in harmony with nature. This means that we commit to conserve, and where needed restore, biodiversity and ecosystems in relation to our own operations.

One example is the investments we are making in cleaner vehicles to reduce air pollution. Another is stimulating waste treatment through higher levels of reuse, repair, refurbish and remanufacture, in addition to recycling and the recovery of materials.

For our new buildings, we implement measures that contribute to biodiversity based on ecological impact assessments, such as providing for birds, insects and sustainable planting. We are also committed to zero net-deforestation through our own operations and to engaging with our supply chain to make similar commitments.

## Performance summary

### Climate change

#### PostNL CO<sub>2</sub> efficiency as indicated

2021 - 2023, Target 2030

Year ended at 31 December	Target		2022	Target	
	2021	2022		2023	2030
CO <sub>2</sub> efficiency (g/km)	203	186	152	143	45

Our CO<sub>2</sub> efficiency in grammes per kilometre improved by 25% compared to 2021 and was 18% ahead of our 2022 target. Our improved environmental performance was driven by a greater use of renewable fuels combined with fewer diesel kilometres driven. We have successfully implemented both renewable diesel (HVO100) and Bio-LNG for large trucks at scale, with these renewable fuels used in 54% of the kilometres we drove in 2022 (2021: 33%).

In line with our mid- to long-term strategic action plan, we continue to invest in decarbonising our operations and look for ways to accelerate this, not only to expand the initiatives we apply to our own fleet, but also through collaboration with our logistics partners on both electrification and renewable fuels. For example, to stimulate logistics partners to switch to electric vehicles we pay for the difference in leasing costs between diesel vehicles and e-vehicles. They are also able to make use of charging infrastructure at parcel sorting centres (see story later in the chapter for more information). This is an important step on our journey to delivering emission-free in the last mile across the Benelux by 2030.

#### PostNL Share of emission-free last-mile delivery of parcels and mail in the Benelux

2021 - 2023, Target 2030

Year ended at 31 December	Target		2022	Target	
	2021	2022		2023	2030
Emission-free delivery by PostNL and delivery partners	20%	22%	22%	24%	100%

We continued the transition to an electric fleet, which helped contribute to the share of emission-free last-mile kilometres increasing to 22% in 2022 (2021: 20%). Across Mail in the Netherlands, last-mile delivery is carried out in almost all cases by a combination of foot and bike, or by e-bike. This means that our mail deliverers make the largest contribution to our emission-free delivery, and in 2022 78% of deliveries carried out by Mail in the Netherlands were emission-free over the last mile.

Despite this progress, we continued to be impacted by delays in the automotive supply chain, with Mail in the Netherlands not receiving the number of electric vehicles they expected during the year, negatively impacting our percentage of emission-free last-mile delivery kilometres.

#### PostNL Carbon footprint In Gross CO<sub>2</sub>e

2017, 2021 - 2022, Target 2030

Year ended at	Target		2022	Target
31 December	2017 <sup>1</sup>	2021		
Scope 1 GHG emissions <sup>2</sup>	30	34	26	12
Scope 2 GHG emissions	0	0	0	0
<b>Subtotal scope 1 and 2 GHG emissions</b>	<b>30</b>	<b>34</b>	<b>26</b>	<b>12</b>
Scope 3 GHG emissions	200	196	175	186
<b>Total GHG emissions</b>	<b>230</b>	<b>230</b>	<b>201</b>	<b>198</b>

1 Base year

2 2017 includes carbon offsets for buildings

In line with our CO<sub>2</sub> efficiency, we reduced absolute gross scope 1 carbon emissions by 25% compared to 2021. The performance was positively influenced by a number of factors, including delivery partners at Parcels driving fewer delivery kilometres because of lower than expected volumes, the significant increase in the use of renewable diesel and Bio-LNG, and the roll-out of additional e-vehicles.

The electricity we source is also sustainably generated, through solar and wind energy (including guarantees of origin), resulting in our scope 2 emissions being reported as zero.

For outsourced transport, our scope 3 emissions relate to networks within Parcels, Mail and CBS (international), as well as employee commuting, business travel and company cars for employees. In total, our scope 3 emissions decreased by 11% compared to 2021.

#### Four focus areas in our approach

To achieve our objectives, we continue to use our four-pillar approach to make our operations more sustainable and engage with business partners to stimulate environmental progress in our value chain. Our focus areas are network efficiency, clean kilometres, sustainable buildings and facilities, and green products and services. While our primary focus has been on climate change, within the four focus areas we are also broadening our strategic attention to make progress on other environmental topics, such as pollution, circularity and biodiversity. Below, we outline how we are working with our employees, our customers, and our partners on these areas.



## Network efficiency

Running an efficient network is a business necessity and helps reduce our environmental impact. Optimising our collecting, sorting and delivering capacity becomes even more important during periods of volatility. In 2022 we focused on the flexibility of our e-commerce network to adapt to changing volumes, working to optimise planning to ensure suitable work packages and avoid over- or under-capacity in our network. Minimising overcapacity helps reduce the number of routes we operate, thereby cutting the number of kilometres we drive, reducing our missions.

We work continually to optimise our networks, for example by increasing the number of parcels delivered at the first attempt. Another way is by working with customers to reduce air in parcels. The smaller the parcel, the more we can fit in our vehicles, which improves transport efficiency and sustainability.

Continuous development, testing and implementation of options for customers result in incremental but important gains in optimising network efficiency. Examples include:

- Optimised collection planning for e-commerce customers
- Ship-from-store concepts for fashion customers
- Expansion of delivery options, such as parcel lockers and delivery preferences for consumers
- Making smart use of the strength of different networks to service our customers efficiently

## Clean kilometres

While the majority of our last-mile mail delivery is done on bike and by foot, inter-sorting-centre transport is carried out by large trucks, while for last-mile parcel delivery we use medium-sized delivery vans. And given that, on an average day, we transport mail, parcels and goods over 1.1 million kilometres across the Benelux, we are focusing on increasing the share of renewable fuels we use and expanding the electrification of our owned and leased fleet across our networks. As both initiatives contribute to lowering greenhouse gas emissions, this helps reduce air pollution, which is an increasing problem in urban areas.

### Emission-free last-mile mail delivery to over 95% of Dutch addresses

In 2022 we received the last of 600 three-wheel electric scooters that are replacing petrol scooters in our mail delivery network, a significant milestone. By year end this helped us deliver 78% of everything that fits through the letterbox emission-free in the last mile, based on kilometres travelled. In terms of the percentage of households we deliver to emission-free across the Netherlands, we reached 96% by the end of the year. This is because the 22% of deliveries that are not yet emission-free take place by car predominantly in rural areas, where we have to travel much further between addresses.

We are working hard to increase emission-free delivery in rural areas to further increase the percentage of households we deliver to emission-free across the Netherlands, and in 2023 expect to take ownership of over 180 electric cars to help achieve this. In total, switching from petrol to e-scooters saves us more than 300,000 litres of fuel per year, cutting our annual CO<sub>2</sub> emissions by around 725 tons. As well as cutting our carbon emissions, this switch also contributes to better air quality.



## Understanding CO<sub>2</sub> data per parcel

As we work towards our goal of providing emission-free last-mile delivery in the Benelux by 2030, we are replacing all our petrol and diesel vehicles for emission-free or low-emission vehicles. Suzanne Debrichy, programme manager sustainable e-commerce, explains how this helps our customers. "Our customers want to know exactly how sustainable our delivery is, preferably at the level of each parcel. This provides them with important insights and allows them to offer sustainable choices to consumers." But providing these insights means collecting an array of relevant information, which can be challenging. "We first needed to develop a method that allows us to see where we deliver with emission-free or low emission vehicles," says Suzanne, "even at a level of individual parcels. We had to collect data about number plate registration and all of the routes we operate, which is a lot of work. Next, our IT colleagues needed to adjust the software that enables webshops to show consumers if a delivery is 'green' when they place an order. We will also incorporate these green delivery routes into our own PostNL app and e-mail notifications. Ideally, we will be able to advise customers which delivery option is the most sustainable."

### SDGs



## Making partners more sustainable

One of our priorities to help cut our carbon footprint is reducing our scope 3 emissions, which involves cooperating with our partners along the supply chain. One way to achieve this is by helping delivery partners switch from diesel to electric vans. By the end of 2022, 13 electric vans were being used by delivery partners, while a further 64 were on order. This is an important first step to understand how we can help our delivery partners best accelerate their transition to e-vehicles in the upcoming years.

During the year we also introduced a pilot in which four large truck delivery partners switched to renewable (HVO100) diesel from fossil diesel. HVO100 produces 90% less CO<sub>2</sub> emissions during its life cycle compared to fossil diesel. The pilot was a success, and we aim to have 45 large truck delivery partners using HVO100 in 2023.

## Sustainable delivery

We began delivering parcels in the Dutch city of The Hague using light electric freight vehicles (LEFVs). As well as being emission-free and quiet, LEFVs are also narrow and manoeuvrable, resulting in reduced congestion compared to vans. The vehicles use less electricity than electric vans. LEFVs can also carry up to three roll containers, which can be smart-packed at the sorting centre and loaded directly onto the vehicle at the city hub. This means the parcels are unloaded efficiently during the delivery run.

## Transporting parcels and letters by rail after 25 years

We were proud to announce in 2022 that after a 25-year break we have started transporting parcels and letters by rail, sending a weekly container from the Netherlands to Oslo, Norway. We expect the route to cut CO<sub>2</sub> emissions by 70% annually versus transport by plane or truck, which equates to around 30 tons of CO<sub>2</sub>.

## PostNL partnered with Chargetrip in Econnections programme

Econnections is a sustainable innovation programme for the e-commerce sector, which PostNL joined in 2021 alongside companies such as bol.com, Ikea and Google Cloud. The programme was established to support fledgling innovative companies develop and scale-up sustainable online shopping solutions.

In 2022, Econnections selected seven scale-ups, each of which has a proven solution that meets the challenges of one of the programme partners. While a number of the pilots are still ongoing, we saw some great results during the year. PostNL partnered with Chargetrip, a company that is creating simulation tools aimed at helping PostNL and our delivery partners increase the number of electric vans on the road. The tools will provide insights on improving fleet management, while helping to reduce range anxiety for delivery partners.

## Sustainable buildings and facilities

Our buildings and facilities are an important part of our ongoing focus on reducing our environmental footprint. We have significantly reduced the environmental impact of our buildings and facilities in recent years, and have achieved the satisfying position of only using zero-emission energy in our buildings. This was attained by installing solar panels on the roofs of our buildings, making a series of energy-efficiency improvements and sourcing only renewable energy.

## The most sustainable parcel sorting centres

In 2022, 25 of our parcel sorting centres in the Netherlands had achieved BREEAM certification, the highest number of sorting centres BREEAM certified in the country. Of these, seven of our newest centres achieved an 'Outstanding' rating and one 'Excellent'. Since 2017, all of our parcel sorting

centres have been built in accordance with the BREEAM-NL New Construction guidelines, and by the end of 2022 we had almost 33,000 solar panels on the centres' roofs. The 26,069 solar panels on the roofs of the parcel sorting centres in the Netherlands generated around 52% of the centres' electricity needs.

One example is our new parcel sorting centre in Hoogeveen, Drenthe, where building work began in 2022. The centre has sustainability at the heart of its design and construction. Our aim is to achieve BREEAM certification "Excellent", meaning the building employs proven modern technologies and concepts to increase sustainability performance.

We have invested in a range of sustainable materials and installations in the centre, including heat recovery installations and LED lighting. We also plan to add almost 1,000 solar panels on the roof and charging infrastructure for electric parcel buses. The centre is scheduled to open in 2023. A second example is our first high-tech parcels sorting centre in Belgium which, just like our sorting centres in the Netherlands, is working towards being awarded a BREEAM certificate. The centre has around 1,000 solar panels on the roof that generate up to 50% of the centre's electricity needs, and includes a charging plaza for e-vehicles.

## Rolling out charging infrastructure

While we continue to grow the charging infrastructure across our sorting centres and locations, in 2022 we had to postpone the construction of a number of charging plazas (a charging plaza has approximately 20 charging stations) because of the limitation of the electricity grid in some parts of the Netherlands. By the end of the year, we had a total of 482 charging stations, 146 for regular vehicles and 336 for vans.

### Contributing to other environmental topics

In addition to our core strategic actions on climate change mitigation, we have also made sustainability related progress in other areas as we develop and enhance buildings and facilities. Supported by regulatory requirements, BREEAM criteria and ISO14001, PostNL has a variety of measures in place in its environmental management system, for example in relation to waste management, noise reduction and protecting local biodiversity and ecosystems. Examples include waste separation, environmental incident prevention and remediation, and provisions for bird and insects in close proximity of our locations.

### Awarded 'Platinum' for sustainability by EcoVadis

During the year we were awarded Platinum rating by EcoVadis, placing the company in the top 1% of 75,000 companies surveyed globally in terms of sustainability performance. This is the second year in a row we have been awarded this level. EcoVadis is an international organisation that assesses companies on their sustainability performance and corporate social responsibility with a focus on sustainable procurement.

## Green products and services

Successfully transitioning towards a decarbonised business means being reliant on the market and third parties for products that are cleaner, more efficient, and more sustainable. Examples include the speed with which electric trucks and vans are widely available, the implementation of a stable, Benelux-wide electric charging network, and the impact that air freight has on our scope 3 CO<sub>2</sub> emissions. To solve these issues, we need to work with our customers and partners along the supply chain, looking for ways to reduce social and environmental costs while improving efficiencies.

At the same time, we need to invest in developing technologies to help accelerate the rate of change.

### Helping consumers choose sustainable delivery options

Sustainable delivery is not just our ambition, it's also increasingly expected by customers and consumers. To make it clear to consumers that their order is delivered sustainably, we have now created a smart link that e-tailers can add to their checkout process highlighting when a sustainable delivery option is available.

The new service will help e-tailers be more transparent about the forms of sustainable delivery being used, from electric vehicles to those that run on sustainable fuel. PostNL collection points and automated parcel lockers will also be included as sustainable delivery options (if consumers collect them by foot or bike) as they result in deliverers making fewer stops, and guarantee a package is delivered first time. Consumers can also see in the PostNL app if their package has been delivered sustainably.

### Providing customers with a sustainable shipping bag

In 2022 we developed a paper mailing bag for a customer that wants to improve its sustainability credentials and move away from sending small orders in plastic bags. As well as cutting the use of plastic, the bag is also durable and reduces the amount of air in each sending, improving efficiency. Our aim is to continually innovate to create more sustainable shipping alternatives for customers, such as smaller, more sustainable packaging.



## Working with delivery partners on sustainability

To achieve our target to become emission-free in the last mile, we are helping the more than 450 delivery partners that work for us make the transition to an electric fleet. Because an electric van is currently more expensive than a diesel van, we're offering to give delivery partners who choose to go electric the difference in price. And for delivery partners who don't have their own charging station, we're helping to subsidise one.

Delivery partner Yasin Yasadi of Royal Class Logistics has 30 vans, six of which are electric. And that works well for him and his drivers. "PostNL is helpful with the transition to driving sustainably, both in terms of finance and with the process. Charging facilities are an issue, because charging currently takes more time than refuelling. Hopefully there will be more fast charging facilities available in the future. Overall, we are happy to make the change. We also receive many compliments from customers. As an entrepreneur, I think it is important to look ahead. Thanks to PostNL, we can do our bit for the environment."

#### SDGs



## Reusable packaging regulations

As part of its drive to reduce waste across Europe, the EU is aiming to introduce new regulations that will require a certain percentage of e-commerce packaging to be reusable in the coming years. Currently, the EU says that 10% of e-commerce packaging for transport will have to be reusable by 2030, rising to 50% by 2040. As a company with a strong sustainability focus, PostNL takes this seriously and has already been working on the topic for a number of years. We believe that cooperation with industry associations and European reusable packaging producers will lead to further development and use of this packaging. As well as lowering our carbon footprint, these solutions also positively contribute to the transition towards a circular economy.

## EU taxonomy on sustainable activities

Since 2021, the EU Taxonomy on Sustainable Economic Activities applies to PostNL, which includes mandatory disclosures in the Report of the Board of Management. The EU Taxonomy is the EU's dictionary of sustainable economic activities designed to promote transparency, counters greenwashing, and drives the shift of capital towards a future sustainable economy.

An economic activity is considered Taxonomy eligible if it is described in the Taxonomy Delegated Acts, irrespective of whether that activity meets any or all of the technical screening criteria laid down in the Delegated Acts. An economic activity is considered Taxonomy aligned if it additionally meets technical screening criteria for the activity, provided that companies operate in compliance with a set of minimum social safeguards.

To date, technical screening criteria have been developed for only two environmental objectives set by the EU. These criteria relate to how an economic activity can contribute substantially to one or more of the environmental objectives, in combination with criteria for doing no significantly harm to the other environmental objectives.

So far, the technical screening criteria for substantial contribution has been specified by the EU for environmental objectives: climate change mitigation (CCM) and climate change adaptation (CCA). For 2021 the requirements applied to Taxonomy Eligibility only, and this was expanded from 2022 to assess both eligibility and alignment on the two above mentioned objectives.

The content and timing of the implementation of screening criteria for the other four environmental objectives, as well as the objectives and criteria for social and governance objectives, is currently uncertain.

The applicable conditions for the assessment of EU Taxonomy-aligned economic activities and the six environmental objectives in scope of the current requirements are summarised below.

### Conditions

- Substantially contribute to one or more of the environmental objectives of the EU Taxonomy
- Do no significant harm (DNSH) to any of the other environmental objectives
- Comply with minimum social safeguards (MSS).

### Environmental objectives

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The EU Taxonomy prescribes quantitative and qualitative reporting on predefined key performance indicators (KPIs). In this section we present the share of PostNL's consolidated total operating revenue and capital expenditure (capex) for the reporting period 2022. The disclosures are associated with Taxonomy-eligible economic activities related to the environmental objectives in accordance with the Regulation (EU) 2020/852 as supplemented with Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2021/2178 (EU Taxonomy).

### Basis of preparation

The alignment with relevant financial statement line items is the starting point of our Taxonomy allocation methodology. The reported figures have been determined based on the allocation of activities to the Taxonomy, derived bottom-up for all reporting units of PostNL.

For the two KPIs in PostNL's reporting scope, turnover and capex, the figures are based on the actual amounts represented in the general ledger accounts as included in PostNL's consolidated financial statements. In addition, the split between transport by road and air in our international business is based on expected transport modes between countries for our trade lanes.

To avoid double-counting, we eliminated inter-company transactions, which are separately specified in our general ledger accounts and consolidated financial statements. We did not identify any other risk of overlapping activities that could lead to double-counting for our 2022 reporting.

“ The EU Taxonomy prescribes reporting on predefined key performance indicators ”

The Taxonomy requirements prescribe use of a predefined reporting template in tabular form for the quantitative disclosures. Within the predefined template, not all information elements are applicable for 2022 or for PostNL. For the purpose of readability of our quantitative disclosure, PostNL slightly simplified the table by removing:

- The four environmental objective columns from the substantial contribution section as no criteria are yet available
- The columns with comparative figures, as this is not yet required for 2022
- Columns related to enabling and transitional activities as these do not apply for PostNL eligible activities

PostNL has implemented the Taxonomy-related requirements based on the detailed regulatory documents, frequently asked questions (FAQs) from the European Commission and, where needed, our own interpretation of the criteria. Although the requirements are detailed, on specific areas they leave room for interpretation. On relevant elements where interpretation is needed, PostNL applied due care in its approach by focusing on maximum transparency and through engagement with dedicated professional consultants and peers, for example a PostEurope working group. We are aware that views on the interpretation by the European Commission may change over time and that this may lead to different conclusions on the reported eligibility and alignment in the future.

Our assessment on compliance with the relevant EU Taxonomy criteria included the following key steps:

- Evaluation of PostNL's activities in relation to the EU Taxonomy classification of economic activities
- Assessment and preparation of appropriate interpretation of the requirements in the context of PostNL for the

areas where the EU Taxonomy criteria are not clear or specific enough

- Evaluation of technical specifications of activities and related assets in relation to substantial contribution criteria
- Evaluation of meeting the DNSH and MSS criteria based on existing policies and business practices
- Performing a specific climate risk assessment for the DNSH criteria on climate adaptation

### EU Taxonomy KPIs

For 2022, PostNL reported on the KPIs total operating revenue (turnover) and capital expenditures. In the following tables the amounts which are in scope and the percentage of eligibility and alignment are presented per KPI for the EU Taxonomy activities PostNL has recognised.

### Operating expenditures

For operating expenses (opex), where the operational expenditure is not material for the business model, the EU Taxonomy allows for an exemption (Article 8 Delegated Act Annex I section 1.1.3.2). PostNL is a people driven and asset-light company. The denominator of the total opex in scope for the EU Taxonomy amounts to €50 million, which represents around 1.6% of the total operating expenses of PostNL of €3,085 million of 2022 (excluding the settlement expense related to the change in pension accounting classification). As PostNL applies a materiality threshold of 5%, the relative share of opex in scope of the EU Taxonomy compared to the total operating expenditures of PostNL is deemed not material for PostNL's business model. As a consequence, the amount of eligible opex is exempted from the calculation of the numerator of the opex kpi for the EU Taxonomy and is therefore reported as being equal to zero.

**PostNL Turnover taxonomy aligned activities**

2022, as indicated

Economic activities	Codes	Absolute turnover (in € million)	Proportion of turnover	Substantial contribution				Do not significantly harm			Safeguards	
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social safeguards
Transport by personal mobility devices	6.4	234	7%	7%	0%	Y	Y	Y	Y	Y	Y	Y
Transport by light commercial vehicles	6.5	105	3%	3%	0%	Y	Y	Y	Y	Y	Y	Y
Freight transport	6.6	0	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y
Sorting activities	6.15	645	21%	21%	0%	Y	Y	Y	Y	Y	Y	Y
Real estate activities	7.7	0	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y
<b>Total Taxonomy aligned activities</b>		<b>985</b>	<b>31%</b>									

**PostNL Turnover taxonomy eligible but not aligned activities**

2022, as indicated

Economic activities	Codes	Absolute turnover (in € million)	Proportion of turnover
Transport by personal mobility devices	6.4	0	0%
Transport by light commercial vehicles	6.5	1,012	32%
Freight transport	6.6	751	24%
Sorting activities	6.15	0	0%
Real estate activities	7.7	1	0%
<b>Total eligible but not aligned activities</b>		<b>1,764</b>	<b>56%</b>

**PostNL Turnover taxonomy total eligible and non-eligible activities**

2022, as indicated

Economic activities	Codes	Absolute turnover (in € million)	Proportion of turnover
Transport by personal mobility devices	6.4	234	7%
Transport by light commercial vehicles	6.5	1,117	36%
Freight transport	6.6	751	24%
Sorting activities	6.15	645	21%
Real estate activities	7.7	1	0%
<b>Total taxonomy eligible activities</b>		<b>2,749</b>	<b>87%</b>
<b>Taxonomy non-eligible activities</b>		<b>395</b>	<b>13%</b>
<b>Total turnover</b>		<b>3,144</b>	<b>100%</b>

**Turnover**

This KPI covers the external revenue recognised in line with IAS 1 par. 82(a) and therefore reconciles to the 'Total operating revenue' as included in the consolidated income statement and note '2.5 Cash flow performance'. To determine which part of the net turnover was earned by Taxonomy-eligible activities per revenue-generating activity, we assessed to which extent this activity is included in the EU Taxonomy. The turnover considered to be eligible under the EU Taxonomy almost entirely consists of revenue streams primarily related to collecting, sorting and delivering mail and parcel items. Therefore, the eligible and aligned turnover under the EU Taxonomy is entirely related to these logistic activities. The non-eligible revenue under EU Taxonomy consist of revenue related to the transportation of mail and parcels by air, service provider activities, and the organisation of logistic activities. The allocation of revenue over the different EU Taxonomy economic activities is based on the relative operational costs of the individual activities.

**PostNL Capex taxonomy aligned activities**

2022, as indicated

Economic activities	Codes	Absolute capex (in € million)	Proportion of capex	Substantial contribution				Do not significantly harm			Safeguards	
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social safeguards
Transport by personal mobility devices	6.4	2	1%	1%	0%	Y	Y	Y	Y	Y	Y	Y
Transport by light commercial vehicles	6.5	2	1%	1%	0%	Y	Y	Y	Y	Y	Y	Y
Freight transport	6.6	0	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y
Sorting activities	6.15	104	47%	47%	0%	Y	Y	Y	Y	Y	Y	Y
Real estate activities	7.7	0	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y
<b>Total Taxonomy aligned activities</b>		<b>108</b>	<b>49%</b>									

**PostNL Capex taxonomy eligible but not aligned activities**

2022, as indicated

Economic activities	Codes	Absolute capex (in € million)	Proportion of capex
Transport by personal mobility devices	6.4	0	0%
Transport by light commercial vehicles	6.5	24	11%
Freight transport	6.6	3	1%
Sorting activities	6.15	0	0%
Real estate activities	7.7	1	0%
<b>Total eligible but not aligned activities</b>		<b>28</b>	<b>13%</b>

**PostNL Capex total eligible and non-eligible activities**

2022, as indicated

Economic activities	Codes	Absolute capex (in € million)	Proportion of capex
Transport by personal mobility devices	6.4	2	1%
Transport by light commercial vehicles	6.5	26	12%
Freight transport	6.6	3	1%
Sorting activities	6.15	104	47%
Real estate activities	7.7	1	0%
<b>Total taxonomy eligible activities</b>		<b>136</b>	<b>62%</b>
<b>Taxonomy non-eligible activities</b>		<b>84</b>	<b>38%</b>
<b>Total capex</b>		<b>221</b>	<b>100%</b>

**Capital expenditures**

This KPI covers the additions to Property, plant and equipment under IAS 16, Intangible assets under IAS 38, as well as additions (including reassessments) to Right-of-use assets under IFRS 16 (see notes 3.2-3.4 to the Consolidated financial statements for more information). From the total capital expenditures, it is assessed which portion is Taxonomy eligible by assessing per asset category to which economic activity this asset category relates and to what extent this activity is included in the EU Taxonomy. The capital expenditures that are considered to be eligible under the EU Taxonomy include transport, infrastructure for transshipments (sorting activities) and real estate activities. The non-eligible capex under EU Taxonomy mainly relate to software and other equipment.

The aligned capex for activity 6.4 is broken down to €1 million for Property, plant and equipment (PPE) and to €1 million for Right-of-use (RoU) assets. The aligned capex for activity 6.5 relates entirely to RoU assets. The breakdown of the aligned capex for activity 6.15 shows expenditures for PPE of €65 million and for RoU assets of €39 million.



## EU Taxonomy Activities and key interpretation elements

PostNL has identified the following EU Taxonomy economic activities applicable for its 2022 reporting.

### 6.4 Operation of personal mobility devices, cycle logistics

All transport devices where the propulsion comes from the physical activity of the user, from a zero-emissions motor and combined with physical activity (i.e. bicycles, electric bicycles, or cargo bikes) are categorised under activity 6.4. This means that the kilometres of the delivery process, using a personal mobility device like a (e-)bike and/or (electric) cargo bikes, in combination with physical activities are categorised under activity 6.4.

For the calculation of the share of aligned activities, PostNL allocated the proportion of turnover based on the kilometres driven by the Taxonomy-aligned activities relative to the total kilometres driven by vehicles attributed to this economic activity.

### 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

The purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, or L (2- and 3-wheel vehicles and quadricycles). In PostNL terminology, all activities with small trucks are attributed to this category, as well as with motorised scooters and light electric freight vehicles.

For the calculation of the share of aligned activities, PostNL allocated the proportion of turnover based on the kilometres driven by the Taxonomy-aligned activities relative to the total kilometres driven by vehicles attributed to this economic activity.

The share of Taxonomy-aligned activities for 6.5 is currently built up from electric scooters. For the electric small trucks in our fleet (13% of the total vehicles in our fleet), we concluded that these cannot yet be reported as Taxonomy aligned, because PostNL has not yet been able to substantiate the DNSH criteria for the environmental objective Pollution. All other technical screening criteria are being met for the activities with these vehicles.

### 6.6 Freight transport services by road

This activity concerns power-driven vehicles having at least four wheels and which are used for the carriage of goods. In PostNL terminology the activities with large trucks are attributed to this economic activity.

### 6.15 Infrastructure enabling low-carbon road transport and public transport

PostNL links its sorting activities PostNL to a specific sub-activity described in the EU Taxonomy, infrastructure dedicated to transshipment. Our interpretation of this activity is that infrastructure and related activities in the sorting centres of PostNL are related to transshipment of freight between the modes (Delegated act Annex 1 art. 6.15: 1.b of the technical screening criteria). This infrastructure is fundamental to enable efficient transport of letters and parcels and is therefore indispensable to minimise the required transport activities in our business. Other alternatives would imply a significant expansion of transport movements and related environmental impact, resulting in increased GHG emissions.

### 7.7 Acquisition and ownership of buildings

Buying and owning real estate. PostNL considers rent and leasing buildings as 'exercising ownership of that real estate', which is a specific part of this economic activity. PostNL has renting and leasing activities of its own buildings on a small scale.

## Minimum social safeguards

PostNL has assessed its compliance on the minimum social safeguards the EU Taxonomy requires in relation to human rights, anti-bribery, fair competition and taxation matters. PostNL's has included relevant aspects of business conduct in relation to these topics in formal policies and procedures as part of our business conduct and integrity programme. The assessment provided PostNL a sufficient basis to conclude that the Company met the minimum social safeguards criteria. More details about business conduct and integrity in general can be found in the chapter Risk and opportunity management.

# Financial value

9





## Financial value

Key performance indicators and trend compared to prior year

### Financial results and position

#### Revenue

in € million

3,144 ↓

2021: 3,466

### Financial results and position

#### Normalised EBIT and margin

in € million and %

84<sup>2.7%</sup> ↓

2021: 308 / 8.9%

### Financial results and position

#### Free cash flow

in € million

40 ↓

2021: 288

### Financial results and position

#### Adjusted net debt

in € million

467 ↓

2021: 203

### Financial results and position

#### Dividend per share

in €

0.16 ↓

2021: 0.42

## Generate profitable growth and sustainable cash flow

In 2022 PostNL saw a strong reduction in volume growth within Parcels, which was to some degree an expected post-Covid impact. We also experienced a sharp increase in organic costs. Both outcomes are strongly connected to the ongoing geopolitical turbulence, which is creating macroeconomic uncertainty, depressed consumer trust and spending, and high levels of inflation.

At the beginning of the year we prepared ourselves for further growth, which was the expectation for 2022. However, as a result of unexpected external factors, this growth did not materialise, leading to an overcapacity in the delivery market. We also had to absorb strong cost increases, as a result of price agreements that had already been agreed with our customers for 2022.

In response to these developments, we implemented a number of measures to reduce operational costs within Parcels, improving the operational efficiency of the business compared to 2021. Across the rest of the company, we undertook additional cost reduction measures and introduced price surcharges where possible. Despite our best efforts, we were unable to counter the impact of lower volumes and higher organic costs.

The labour market in the Netherlands further tightened in 2022, illustrated by low unemployment rates and a record number of open vacancies. This made it more difficult for PostNL to recruit in some regions, with Mail in the Netherlands particularly badly affected. This added to the pressure on wages, which were also affected by rising inflation, and impacted delivery quality levels.

Turbulent market circumstances saw volumes at Parcels come under pressure, due in part to overcapacity in the market leading to price pressure and some market share loss, and well below expectations. Underlying domestic parcel volumes in 2022 increased by 2.3% compared to 2021.

Volumes at Mail in the Netherlands developed in line with expectations. We continued to deliver millions of parcels, letters and special moments during the peak season, once again demonstrating the strength of our execution capabilities and operational processes.

The turbulent economic environment contributed to lower revenue of €3,144 million and a step-down in normalised EBIT at €84 million, which was also impacted by a sharp increase in labour and fuel costs. The resulting free cash flow of €40 million reflected the drop in normalised EBIT and negative working capital phasing.

Our adjusted net debt amounted to €467 million at year end. The increase of €264 million was largely influenced by the cash flow related to the share buyback programme we announced at the beginning of 2022, and the dividend payments, totalling €329 million, for the year. With reference to a later section on pensions, our adjusted net debt benefited by €20 million from the pension agreement made in 2022.

The combination of reduced profitability and a less strong financial position brought our leverage ratio, adjusted net debt divided by adjusted EBITDA, to 1.9 in 2022, below our target to not exceed 2.0. Based on our dividend policy, we propose a full year 2022 dividend of €0.16 per share.

## Performance summary

While PostNL is taking all necessary adaptive measures and focusing on strict cost control in the short term, its strategic aims remain unchanged. This includes remaining focused on generating profitable growth and sustainable cash flow.

We aim to capture value through smart yield management, for example by driving value through smart services and delivery options, enhancing pricing strategies based on data and insights, and balance volumes and value for effective margin management. And we continue to invest in the performance of our operations, both in terms of network capacity, synergies and digitalisation, while enhancing cost efficiency and delivering high-quality services.

We continue to aim to provide short- and long-term financial value for our financial stakeholders, enabling them to obtain an attractive return. In this section we present and explain the 2022 performance of the Group, and thereafter of our operating segments Parcels and Mail in the Netherlands.

### Key performance indicators

PostNL applies the key performance indicators (KPIs) of revenue, normalised EBIT and free cash flow in its management analyses and reports on profitability performance. Normalised EBIT gives a reflection of the operating income performance, adjusted for the impact of project costs and incidentals. Free cash flow gives a reflection of the Group's ability to generate cash available for acquisitions, dividend distributions and/or debt repayments.

Normalised EBIT and free cash flow represent non-GAAP financial measures and should not be viewed in isolation as alternatives to the equivalent IFRS measures, which are presented in the consolidated financial statements, but should be used in conjunction with the most directly comparable IFRS measures. Non-GAAP financial measures do not have a

standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

### Group

In 2022, revenue decreased by 9.3% to €3,144 million (2021: €3,466 million), showing the negative impact of the global macroeconomic and geopolitical environment at Parcels, the impact of the ongoing volume decline within Mail in the Netherlands and the absence of the positive impact from non-recurring Covid-19-related items in 2021. In 2022, 61% of our revenue was generated from e-commerce-related activities (2021: 61%).

### PostNL Business performance in € million

2021 - 2022

Year ended at 31 December	Revenue		Normalised EBIT <sup>1</sup>	
	2021	2022	2021	2022
Parcels	2,361	2,165	230	56
Mail in the Netherlands	1,683	1,495	160	107
PostNL Other	200	215	(81)	(80)
Intercompany	(777)	(731)		
<b>PostNL</b>	<b>3,466</b>	<b>3,144</b>	<b>308</b>	<b>84</b>

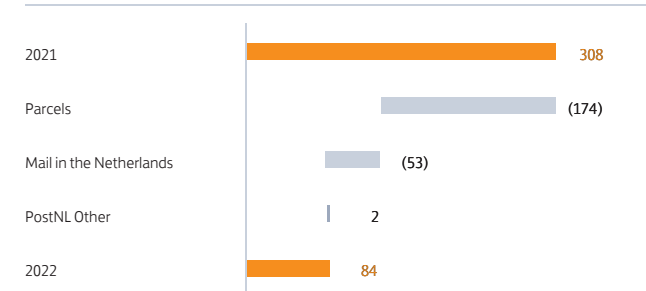
<sup>1</sup> Note: Normalised figures exclude one-offs in 2022 €1,375 million and in 2021 €(15) million.

In 2022, normalised EBIT amounted to €84 million (2021: €308 million). The resulting margin, being normalised EBIT divided by total operating revenue, was 2.7% in 2022 (2021: 8.9%).

Compared to 2021, normalised EBIT decreased by €225 million in 2022. Of this, around €80 million was related to a lower non-recurring Covid-19 result, where we estimate a benefit of only €2 million in 2022 (€(2) million at Parcels and €5 million at Mail in the Netherlands) versus €82 million in 2021 (€40 million at Parcels and €42 million at Mail in the Netherlands). The remaining decrease of €145 million was mainly caused by a strong reduction in parcel volume growth and a high

increase in organic costs, only partly compensated by positive developments in operational costs and pricing measures.

### Normalised EBIT development in € million



Normalised EBIT excludes exceptional items, which amounted to €(1,375) million in 2022 (2021: €15 million). The main part of this normalisation is caused by the accounting impact of the amended pension plan of €(1,357) million, which we explain in more detail in a later section of this chapter. Further information on the bridge from operating income to normalised EBIT can be found in 'Note 2.7 Segment information' to the Consolidated financial statements.

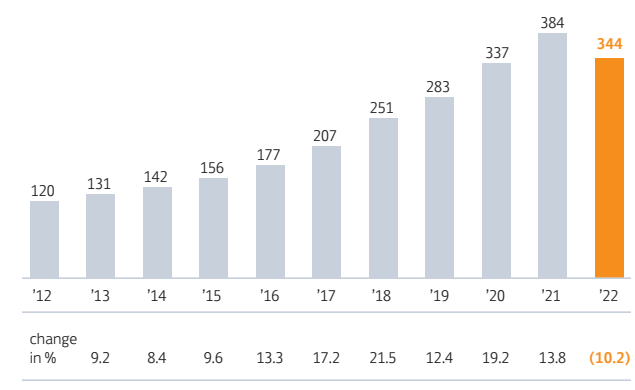
### Parcels

Our Parcels services range from delivering standard parcels to more tailored solutions, such as health logistics, and from time-critical delivery to installation services. E-commerce is shaping the future of retail, and we help drive this vital sector through IT, network and infrastructure investments, such as processing small parcels. At the same time, our digital platforms enable us to offer e-tailers and consumers greater control over sending and delivery. Together, these factors enable us to focus on optimising our revenues while creating greater customer value through better insights.

Within logistics, we have chosen to develop a strong position in the health sector while broadening and strengthening the e-commerce logistics chain. For example, we help e-tailers grow online by supplying fulfilment solutions and we offer customers time-critical services. We provide customers with international delivery solutions through Spring, a provider of global e-commerce solutions. Spring is also providing customers with more options in logistics solutions.

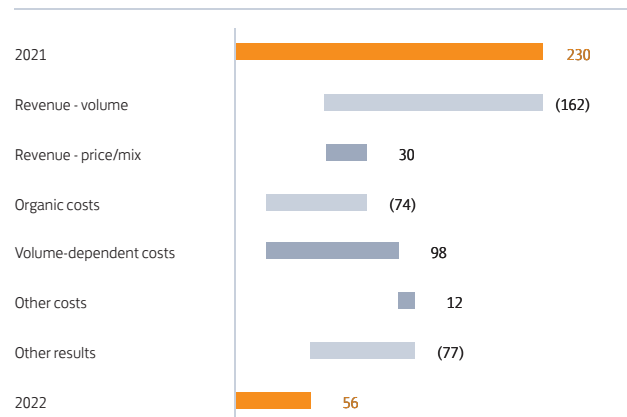
In 2022, we delivered 344 million parcels, of which we estimate around 2 million to be non-recurring and related to Covid-19 (2021: 38 million). This resulted in a reported volume decline of (10.2)% compared to 2021. The impact from non-recurring volumes related to Covid-19 was (9.5)%. The drop in international volumes following the change in VAT regulation, global supply chain disruptions, and zero Covid-19 policy in China contributed (3.0)% negatively. Excluding these effects, the underlying domestic volumes in 2022 increased by 2.3% compared to 2021.

#### PostNL Volume development Parcels in million



Revenue at Parcels decreased to €2,165 million (2021: €2,361 million). The impact of the strong volume decline clearly showed in our domestic and international parcel delivery, but was also visible in our Spring and Logistics business lines.

#### Normalised EBIT Parcels in € million



Normalised EBIT decreased by €174 million, from €230 million in 2021 to €56 million in 2022, driven by a (10.2)% volume decrease. The volume decline resulted in €(162) million less revenue, partly offset by a positive price/mix effect of €30 million and lower volume dependent costs of €98 million, and impacted normalised EBIT negatively by €35 million.

Organic costs increased by €74 million due to collective labour agreement increases, indexation of delivery partners, and higher fuel costs. Other costs decreased by €12 million, mainly caused by lower operational costs due to higher efficiency and lower stop costs, partially offset by higher network costs and sick leave.

The other results were down €(77) million, mainly caused by lower results at Spring and Logistics, including a lower non-

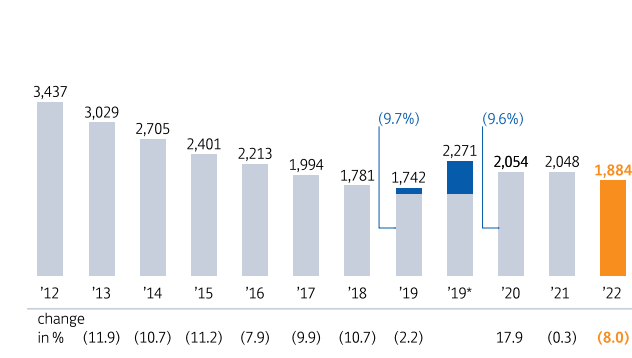
recurring Covid-19 impact, higher (international) transport costs, and lower results in Belgium.

#### Mail in the Netherlands

In the Netherlands, we offer senders and receivers a range of postal services. We focus on strengthening the value of mail and enhancing the customer experience. We are managing the ongoing volume decline through price adjustments and reducing costs in the organisation by optimising and digitalising our processes, enabling us to deliver stable and predictable normalised EBIT and cash flow.

In 2022, we delivered 1,884 million items of mail, of which we estimate around 30 million to be non-recurring and related to Covid-19 (2021: 67 million). This resulted in a reported volume decline of (8.0)% compared to 2021. The underlying domestic and international volumes in 2022, excluding the impact from non-recurring volumes related to Covid-19 of (1.6)%, decreased by 6.4% compared to 2021.

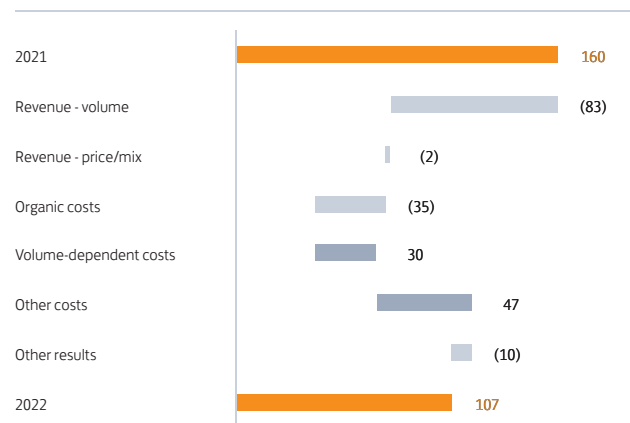
#### PostNL Volume development Mail in the Netherlands in million



\* 2019 pro forma, including full year of Sandd volumes, adding around 30% to volume.

Revenue at Mail in the Netherlands decreased to €1,495 million (2021: €1,683 million), mainly showing the impact of the ongoing volume decline and less non-recurring and Covid-19-related volumes in 2022 compared to 2021. The negative volume and price/mix impact on the result of Mail in the Netherlands amounted to €(85) million.

#### Normalised EBIT Mail in the Netherlands in € million



Normalised EBIT decreased by €53 million to €107 million (2021: €160 million). The net volume price/mix effect of €(85) million was partly offset by lower volume-dependent costs of €30 million. Organic costs increased by €35 million mainly due to collective labour agreement increases and inflation.

Other costs decreased by €47 million, which for a large part is explained by additional cost savings and efficiency improvements of €27 million, release of provisions, and higher bilateral results. Other results were down €10 million, mainly influenced by a lower result from services and lower export volumes.

We are continually adapting our Mail in the Netherlands organisation and business model to the ongoing market decline, such as adjustments to the sorting and delivery process, streamlining of staff and centralising of locations, to realising the necessary cost savings to keep mail affordable while generating sustainable cash flows.

#### PostNL Other

Revenue at PostNL Other in 2022 amounted to €215 million (2021: €200 million). This revenue is mainly inter-company revenue related to IT. Normalised EBIT of €(80) million was more or less in line (2021: €(81) million).

#### Pensions

Based on a joint decision by PostNL, the pension fund and the trade unions, taken on 23 December 2022, PostNL's pension plan was amended from 31 December 2022. One particularly relevant amendment saw the removal of the former annual indexation cap of 4%, meaning that, combined with the solid financial position of the pension fund, it was possible to increase pensions by 10% from 1 January 2023. This amendment directly benefited the (future) purchasing power of all pension fund participants.

As part of the adjustment, the pension plan is now based on a collective defined contribution plan. This means that, among other impacts, PostNL will only be required to pay the regular pension contribution, as the agreement for top-up payments and restitution has been cancelled. This means that if the financial position of the pension fund deteriorates, PostNL is no longer obliged to make top-up payments. At the same time, PostNL is also no longer entitled to restitutions, even if the financial position of the pension fund would allow for that.

The parties involved also agreed on the implementation of the new pension law regulation, which is expected to come into effect in the course of 2023 and will mandate the transition to

a new pension contract by 1 January 2027 at the latest. They agreed on a preferred contract that includes a contribution plan based on solidarity, and intend to transfer the accrued pensions into the new system. The transition will be accomplished entirely from the pension fund assets, with no financial contribution or compensation from PostNL.

Finally, as part of the agreement, the unconditional funding obligation has also been adjusted. The adjustment concerns a reduction of €20 million and an amended payment schedule (2022: €28 million; 2023: €16 million). On balance, this has resulted in an improvement in PostNL's adjusted net debt position of €20 million at year-end 2022.

#### Change in pension accounting classification

The accounting consequence of the amended pension plan is a change from defined benefit accounting to defined contribution accounting per 31 December 2022. The settlement result as recorded in the statement of profit or loss comprises the release of the positive funded status and the reduction of the unconditional funding obligation. As a

“ The amended pension plan made it possible to increase pensions by 10%, directly benefiting all participants ”

separate sequential step, the recorded asset ceiling adjustment is reversed within other comprehensive income.

The financial impact of the change in pension accounting classification is material, being a loss of €1,357 million (net loss: €1,007 million) recorded in the statement of profit or loss, comprising a defined benefit pension expense of €1,354 million and an addition to other provisions of €3 million, and a net defined benefit pension income of €1,020 million recorded in other comprehensive income. Both impacts were normalised in our key financial indicators, normalised EBIT and normalised comprehensive income, in 2022.

In 2022, excluding the impact from the change in pension accounting classification, total employer pension costs amounted to €172 million (2021: €161 million). Total employer cash contributions in 2022, excluding the instalment of the unconditional funding obligation of €28 million (2021: €16 million), were €97 million (2021: €92 million).

“ The current and future financial impact of the change from defined benefit to defined contribution pension accounting is material ”

Following the change towards a collective defined contribution plan, according to IFRS pension expenses will equal the contribution paid by PostNL to the pension fund as of 31 December 2022. In 2022 regular pension expenses were substantially higher than the paid contributions. Following the adjustment of the pension plan, this gap will disappear as of 2023. As a consequence, pension expenses will be substantially lower.

In respect of the collective defined contribution plan, a fixed premium calculation methodology (including assumptions used) applies for fixed periods of 5 years. Only in the case of obligatory adjustments, for example on the regulated maximum allowed expected return on equities, might the assumptions used need to change. On the basis of current facts and circumstances, the ex-ante expected total pension cash contribution rate will equal 29.2% for the upcoming fixed period (until the transition to the anticipated new pension contract).

#### Coverage ratio development

On 31 December 2022, the pension fund's actual coverage ratio was 130.6% (2021: 126.2%). The fund's 12-month average coverage ratio was 134.8% (2021: 121.4%). The increase in coverage ratio is mainly explained by the positive effect on plan liabilities resulting from an increase of the interest rate, partly offset by a negative return on plan assets and the impact of the decision to increase pensions by 10% per 1 January 2023.

See note '3.5 Provisions for pension liabilities' to the Consolidated financial statements for further details on pensions.

#### Financial income and expense

In 2022, the net financial expense amounted to €19 million (2021: €21 million). The net decrease was caused by €2 million higher interest income (2022: €3 million; 2021: €1 million). Within expenses, the increase in interest on the net defined

benefit pension liabilities and leases of €3 million in total was fully offset by lower financial expenses on various others.

#### Income taxes

In 2022, the income tax expense (excluding the tax effect on the change in pension accounting classification) amounted to €21 million (2021: €74 million). The €53 million decrease was due mainly to the material reduction in business performance and the impact of the de-recognition of previously recognised tax losses in various countries.

#### PostNL Key figures in € million

2021 - 2022

Year ended at 31 December	2021	2022
Revenue	3,466	3,144
Operating income <sup>1</sup>	324	66
Profit for the period <sup>1</sup>	258	14
Profit from continuing operations <sup>1</sup>	228	26
Total comprehensive income <sup>1</sup>	325	66
Free cash flow	288	40
Return on invested capital <sup>1</sup>	16.4%	4.1%
Adjusted net debt	203	467
Consolidated equity	426	177

<sup>1</sup> 2022 excluding change in pension accounting classification

#### Profit from continuing operations

In 2022, the profit from continuing operations (excluding the impact of the change in pension accounting classification) amounted to €26 million (2021: €228 million). The material decline of €202 million in net bottom-line performance highlights the severe impact the ongoing turbulent geopolitical and macroeconomic circumstances, which led to reduced consumer spending and high levels of labour and fuel inflation, have had on our net business performance.

## Discontinued operations

In 2022, the result from discontinued operations was €(11) million (2021: €29 million). This result mainly reflected the financial impact related to a settlement reached between PostNL and the Italian tax authorities. The settlement resolved an ongoing VAT dispute. The financial impact includes a payment due to the Italian tax authorities of €30 million partially offset by management's best estimate of the collectability of the related imputed VAT receivables from former customers of €16 million and a positive income tax effect of €3 million. No cash impact was yet visible in 2022. For further details on discontinued operations see note '2.4.3 Profit/(loss) from discontinued operations' to the Consolidated financial statements.

## Free cash flow

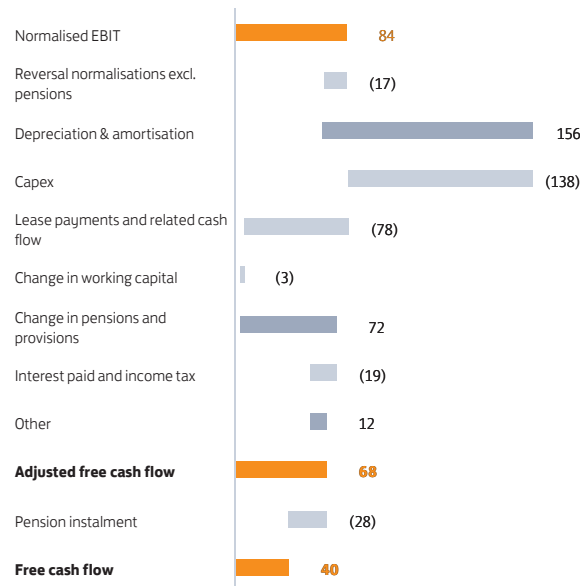
We aim to prioritise capital allocation based on a sound financial framework, taking into account developments in our results, return on invested capital and cash conversion, to fund further growth and provide sustainable shareholder returns. Throughout the year we continued to invest in our business and digital transformation to strengthen our competitive position.

Free cash flow is defined as cash flow before dividend, acquisitions, redemptions of bonds and other financing activities, and after payment of leases. The repayment of leases and related cash flows, reported as cash used in financing activities following the adoption of IFRS 16, are as such included in our calculation of free cash flow.

Our free cash flow decreased by €248 million to €40 million in 2022 (2021: €288 million). This decline is mainly caused by the materially lower business performance, less favourable working capital development, a higher pension instalment and the non-recurring proceeds from the sale of Cendris in 2021, only partly compensated by substantially lower income tax payments in 2022 compared to 2021.

## Free cash flow in € million

2022



## Share buyback

In 2022, PostNL executed the first tranche of the share buyback programme, which was announced at the beginning of 2022 with a total value of maximum €250 million to neutralise the assumed dilutive impact of shares issued in relation to dividends over 2021-2023. The company has repurchased the maximum number of 51 million ordinary shares for a total consideration of €164 million.

A second tranche of the programme, scheduled to be executed during 2023, will be delayed until further recovery of business performance and in accordance with PostNL's capital allocation framework. The company aims at a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0.

## Return on invested capital

Our aim is to generate a positive spread of the return on invested capital (ROIC) over the post-tax WACC (8.0% for the Group). PostNL defines ROIC as net operating profit less adjusted tax (NOPLAT) divided by invested capital. At the end of 2022, the ROIC for the Group was 4.1% (2021: 16.4%). The negative spread over the WACC in 2022 was (390) basis points. The ROIC was negatively impacted by a lower business performance, partly compensated by the positive impact of the share buyback program.

### PostNL Return on invested capital in € million, unless indicated otherwise

2021 - 2022

Year ended at 31 December	2021	2022
Operating income <sup>1</sup>	324	66
Less adjusted tax	(81)	(17)
<b>Net operating profit less adjusted tax (NOPLAT)</b>	<b>243</b>	<b>49</b>
Total equity	429	179
Adjusted net debt	203	467
Add back cash and cash equivalents	848	556
<b>Invested capital</b>	<b>1,480</b>	<b>1,202</b>
<b>Return on invested capital (ROIC)</b>	<b>16.4%</b>	<b>4.1%</b>

1. 2022 excluding change in pension accounting classification

The favourable effect of the non-recurring impact of Covid-19 in 2021 largely explains the exceptional ROIC in that year. However, if adjusted for large incidental and non-recurring effects, we would have seen a positive spread over the WACC in 2021.



## Adjusted net debt

At the end of 2022, our adjusted net debt position amounted to €467 million (2021: €203 million). The increase of €264 million mainly resulted from the cash flow related to the first tranche of the share buyback of €164 million and dividend payments of €165 million. See note '4.1 Adjusted net debt' to the Consolidated financial statements for more information.

### PostNL Adjusted net debt in € million

2021 - 2022

At 31 December	2021	2022
Short- and long-term debt	732	745
Long-term interest bearing assets	(20)	(17)
Cash and cash equivalents	(848)	(556)
<b>Net debt</b>	<b>(136)</b>	<b>172</b>
Pension liabilities	67	18
Lease liabilities (on balance)	333	331
Lease liabilities (off balance) <sup>1</sup>	17	29
Deferred tax assets on lease liabilities <sup>2</sup>	(79)	(83)
<b>Adjusted net debt</b>	<b>203</b>	<b>467</b>

1 The lease liabilities (off balance) are the net present value of the Off balance sheet commitments relating to leases from note 3.10 of €34 million (2021: €18 million).

2 The deferred tax assets relate for €75 million (2021: €74 million) to on balance lease liabilities, see note 3.8 Deferred income taxes and for €8 million (2021: €5 million) to off balance lease liabilities.

## Leverage ratio

The combination of our fall in profitability and reduced financial position negatively impacted our leverage ratio, being adjusted net debt divided by adjusted EBITDA, which increased from 0.4 in 2021 to 1.9 in 2022, below our target to not exceed 2.0.

### PostNL Leverage ratio in € million, unless indicated otherwise

2021 - 2022

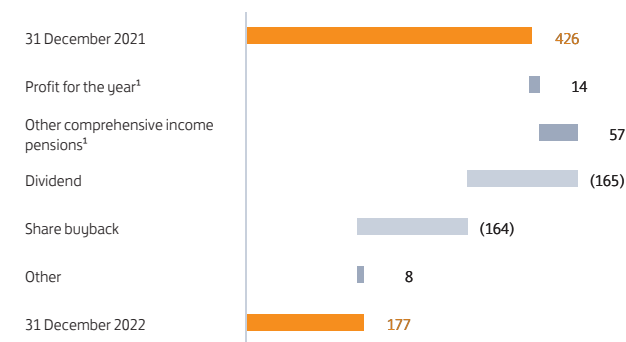
Year ended at 31 December	2021	2022
<b>Adjusted net debt</b>	<b>203</b>	<b>467</b>
Operating income <sup>1</sup>	324	66
Depreciation, amortisation and impairments	149	156
Proxy for short-term leases and leases of low-value assets	4	4
Normalisations on EBIT <sup>1</sup>	(15)	17
Reversal of normalised depreciation, amortisation and impairments	(0)	(0)
<b>Adjusted EBITDA</b>	<b>461</b>	<b>243</b>
<b>Leverage ratio</b>	<b>0.4</b>	<b>1.9</b>

1 2022 excluding change in pension accounting classification

## Consolidated equity

Total equity attributable to equity holders of the parent company declined to €177 million at 31 December 2022 (2021: €426 million).

### Consolidated equity development in € million



1 2022 excluding change in pension accounting classification

The decrease of €249 million in 2022 is mainly explained by the first tranche of the share buyback of €164 million and dividend payments of €165 million, partly offset by the positive impact from pensions (excluding the impact of the change in pension accounting classification) recorded within other comprehensive income.

## Liquidity and solvency

At year-end 2022, PostNL's cash and cash equivalents amounted to €556 million (2021: €848 million) with current assets exceeding current liabilities.

PostNL has a €200 million revolving credit facility in place. With the facility, PostNL secures the availability of future financing at updated terms and lower costs, in line with its financial policy. PostNL wants to be the driver of sustainable logistics in the Benelux. Therefore, the margin PostNL pays is partly dependent on the successful execution of its emission-reduction strategy.

PostNL has no material refinancing of short-term credit facilities or other debt. There are no financial covenants. Our current S&P Global Ratings credit rating is BBB with negative outlook.

## Subsequent events

On 19 January 2023, PostNL announced that an agreement had been reached with the trade unions BVPP and CNV on a new collective labour agreement (CLA) for PostNL and one for Saturday deliverers. The agreements specify a total wage increase of up to 9.5% over two years. All payment components related to 2022 have been expensed in 2022. In addition, in February 2023, PostNL will make a one-time payment of 1.5% of annual salary. Both CLAs are effective as of 1 April 2022 and end on 31 March 2024.

## Dividend proposal 2022

In accordance with our dividend policy, PostNL aims to pay a dividend that develops substantially in line with operational performance. The dividend pay-out ratio will be around 70% to 90% of normalised comprehensive income. PostNL defines normalised comprehensive income as comprehensive income normalised for incidentals in operating income/EBIT, net of statutory tax, as well as the net result from discontinued operations. In 2022, PostNL's normalised comprehensive income amounted to €90 million (2021: €285 million).

### PostNL Normalised comprehensive income in € million

2021, 2022

Year ended at 31 December	2021	2022
<b>Profit for the year<sup>1</sup></b>	<b>258</b>	<b>14</b>
Other comprehensive income <sup>1</sup>	68	52
<b>Comprehensive income</b>	<b>325</b>	<b>66</b>
Normalisations on EBIT (less statutory tax) <sup>1</sup>	(12)	13
Normalise result from discontinued operations	(29)	11
<b>Normalised comprehensive income</b>	<b>285</b>	<b>90</b>

<sup>1</sup> 2022 excluding change in pension accounting classification

Our dividend policy states that dividend distribution is conditional on being properly financed in accordance with our financial framework. PostNL is steering for a solid balance sheet with a positive consolidated equity, aiming at a leverage ratio not exceeding 2.0 and applying strict cash flow management. This condition was met at the end of 2022. As a result, PostNL will recommend to the Annual General Meeting of Shareholders a pay-out of 85% of normalised comprehensive income for 2022, being a dividend of €0.16 per ordinary share (2021: €0.42). €0.14 was paid as an interim dividend, so the final dividend to be paid in May 2022 will be €0.02 per share. This will be proposed to the Annual General Meeting of Shareholders.

## Dividend

### PostNL Dividend in € million

	2022
Result attributable to the shareholders	(2,383)
Appropriation in accordance with the articles of association: Reserves withdrawn by the Board of Management and approved by the Supervisory Board (article 31, paragraph 2)	2,443
<b>Dividend on ordinary shares</b>	<b>60</b>
(Interim) dividend paid in cash	(50)
<b>Final dividend</b>	<b>10</b>

# Outlook 2023

10



## External developments, strategy and outlook

As the challenging conditions are expected to continue into 2023, it is critical to invest in further strengthening of our fundamentals and to secure our position in a dynamic and very competitive market. In 2023, we will further innovate our services, and improve customer value. And in addition to a number of initiatives to improve efficiency, mainly in Parcels, we are today announcing a reduction of 200-300 FTEs in overhead and other measures to reduce indirect costs.

Based on a longer-term upward trend in e-commerce, underpinned by fundamental growth drivers, we have full confidence in our strategy. Our pro-active approach ensures that PostNL is well-positioned to resume the growth trajectory in e-commerce, while maintaining a solid performance at Mail in the Netherlands. Taking into account the benefits from all measures, including the additional plans presented today, a step-up in performance will be visible as of 2024, that will be further supported once the economic environment starts to improve.

### Executing on our strategy

Over the last couple of years, PostNL successfully transformed into an e-commerce logistics player. The e-commerce market has strong potential going forward, with unchanged fundamental growth drivers. While PostNL is taking all necessary adaptive measures and focusing on strict cost and cash control in the shorter term, its strategic aims for the longer term remain unchanged.

At Parcels, the aim is to capture further e-commerce growth by balancing volume, value and capacity. The related investment programme is flexible and ensures an efficient and future-proof infrastructure. At Mail in the Netherlands, PostNL aims for mitigating volume decline through a moderate pricing policy

and cost savings initiatives, by further improving its sorting and delivery processes. The company aims to further strengthen its competitive position by building on its platform, integrating customers, consumers and solutions through simple and smart digital journeys. The impact of its business activities on the environment and society at large are important for PostNL. Clear and ambitious ESG objectives are fully embedded in its strategy.

### Financial outlook 2023 and beyond

2023 is expected to be a challenging year with continued macro-economic uncertainty. Parcel volume projections remain uncertain for the short term. PostNL now assumes a low single digit volume decline for the year, also taking into account some potential loss in market share. Organic costs will increase again, and will not be fully offset by price adjustments in a competitive market characterised by overcapacity. In this operating environment, PostNL today announced a reduction of 200-300 FTEs in overhead and other measures to further reduce indirect costs and improve efficiency, mainly at Parcels. This results in €20 million restructuring provision and related costs in 2023. At Mail in the Netherlands, volume decline is expected to continue at between 8% and 10%.

PostNL is well-positioned to resume its growth trajectory. In 2024, a margin improvement for PostNL of at least 200 basis points is expected. This results from additional cost savings mainly at Parcels, which are expected to be around €25 million in 2024 and reach a run-rate of around €30 million as of 2025. This margin improvement also assumes an upward trend in the development of e-commerce. Further upside is dependent on economic conditions. The company aims to pay dividend that develops substantially in line with operational performance.

For 2023, PostNL assumes:

#### PostNL Financial performance in € million

2022 - 2023

Year ended at 31 December	2022	2023 outlook
Normalised EBIT	84	70 - 100
Normalised comprehensive income	90	40 - 70
Free cash flow	40	10 - 40

Below we disclose our non-financial targets for 2023 per value domain.

### Outlook on customer value

Providing customer value is a key driver within the company, and we believe that in recent years we have demonstrated the many ways we achieve this. We will strengthen our competitive position by further connecting customers and consumers through simple and smart digital journeys, developing logistic solutions that support e-tailers with their e-commerce business, and will continue to steer on customer satisfaction.

In 2023 we continue to focus on our two customer value-related key material topics. The first is 'customer experience and digital solutions' where we took steps in 2022 to make the transition to NPS, and for 2023 we will report on our NPS performance. Our 2023 target is to maintain our average number one position in our relevant markets. The second is 'accessible, reliable and affordable services' where we have set a delivery quality target for Parcels of 98% and for Mail in the Netherlands of 95%. These targets contribute to our ambition to be everyone's favourite deliverer.

## Outlook on social value

We will further develop our labour model, taking the next steps to recruit additional parcel deliverers onto our payroll. We do expect the tight labour market to continue during the year, making it challenging to hire sufficient people in certain parts of the company. It remains crucial to attract, develop and retain the people working with and for us. Our people's engagement will remain a crucial focus area in this respect.

In 2023 we continue to focus on strengthening engagement with our people across the company, making our people feel enthusiastic about the vital role they play at PostNL, and remain committed to making a difference. We have set our targeted employee engagement score at 78% for 2023, in line with our adjusted 2022 score. For 2023, we also aim to visibly improve our absenteeism rate compared to 2022.

## Outlook on environmental value

Climate change will remain the key topic that we aim to make strategic progress on towards our long-term targets. We plan to take a further step in cutting our carbon emissions, by continuing the deployment of bio- and renewable fuels in our large and small trucks, steadily growing the electrification of our own fleet, and intensified engagement with our delivery partners on the transition to electrify their fleets.

For 2023, our plans translate to a targeted CO<sub>2</sub> efficiency (for our own operations) of 143 g/km and a share of emission-free delivery of parcels and mail in the last-mile in the Benelux at 24%. We will extend the pilots on effective electrification established in 2022, as the transition depends on important pre-conditions, such as charging infrastructure, sufficient battery range and work comfort, all of which require careful preparation and testing.

The following table summarises our non-financial key performance indicators' actual results for 2022 and targets for 2023.

### PostNL Non-financial performance as indicated

2022 - 2023

Year ended at 31 December	2022	2023 target
		Average No. 1 position in relevant markets
Net Promotor Score		
Delivery quality Parcels in the Netherlands	98%	98%
Delivery quality Mail in the Netherlands	91% <sup>1</sup>	95%
Share of engaged employees	78% <sup>2</sup>	78%
Absenteeism	7.4%	6.3%
CO <sub>2</sub> efficiency (g/km)	152	143
Emission-free delivery by PostNL and delivery partners	22%	24%

<sup>1</sup> Preliminary

<sup>2</sup> Result reflecting the adjusted methodology

# Risk and opportunity management

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Doing business is an act of balancing business opportunities with risks and control activities. We have formal and standardised processes in place to support our strategy execution. Based on our risk appetite we evaluate our risk profile. For all relevant risks and opportunities we develop and implement appropriate action plans and measures.

## Risk and opportunity management approach

This section provides an overview of our approach to risk and opportunity management, internal control, integrity, asset protection and loss prevention privacy and cyber security. For the disclosures required by the Dutch Corporate Governance Code and chapter 5.1a of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) we refer to the 'Statements of the Board of Management' chapter.

### Introduction to risk and opportunity management

Our enterprise risk management framework has been designed to identify and prioritise our main risks and related opportunities and develop appropriate responses. This framework is based on COSO ERM 2017 and is in line with the principles of the Dutch Corporate Governance Code 2016. During 2022, we invested in further extending the compliance dimension of the ERM framework.

Understanding strategic, operational, compliance, and financial risk is a vital element of our management decision-making process. Risks and opportunities are identified by means of both a bottom-up (line management) and top-down

(executive management) approach. The risk workshops cover the entire business, and include dedicated risk workshops on significant subjects, such as climate change and human rights. For those risks deemed material, management develops and reviews comprehensive risk-response plans. For the related opportunities we have developed comprehensive action plans.

Risk management and internal control is considered a line responsibility. All business segments and head office departments are engaged in this company-wide risk management process, which includes:

- Mandatory participation in risk management workshops by relevant management team members
- Assessing risks on impact, likelihood of occurrence and control effort
- Mandatory e-learning on integrity for management

We have built a comprehensive portfolio of Group policies and controls, ensuring discipline in our business processes. These support the Board of Management in its statutory and fiduciary obligations to stakeholders in developing and achieving its strategic, operational, compliance and financial objectives. In 2022 we introduced a new policy and risk management approach on digital ethics, to safeguard against ethical risks that may originate in the application of artificial intelligence, robotics and machine learning.

The Board of Management and the Supervisory Board monitor the effectiveness and efficiency of the enterprise risk management framework. They are supported by Internal Audit. Our risk management and control systems are designed to reduce the likelihood of errors, incorrect decisions and unforeseen circumstances as much as possible. It provides reasonable, but not absolute, internal assurance against material misstatement or loss. We are making improvements to our risk management and control systems on a continuous



basis, such as the improved internal control on compliance risks, IT risks and digital ethics risks implemented during 2022. For the coming year, these improvements are related to the implementation of the EU Taxonomy and the CSRD standards, where a focus is being placed on how companies manage their sustainability risks.

## Risk appetite

Risk appetite is the level of residual risk we deem acceptable to achieve our objectives. The risk appetite is set by the Board of Management in close cooperation with the Executive Committee, based on our strategic goals, our business principles, our policies and procedures, and taking into

consideration the highly regulated markets we operate in. The risk profile is compared with PostNL's established risk appetite after each risk management workshop. Where there is a difference between the risk level and risk appetite bandwidth, management initiates an action plan. The risk appetite is discussed with and endorsed by the Audit Committee. Overall,

PostNL's risk appetite in 2022 did not materially change compared to 2021 and will be maintained for 2023. Our risk appetite differs per risk type. In 'Main risks and opportunities' the risk level and the future trend as assessed in 2022 are included.

Risk appetite	Behaviour towards risk				
	← Low Averse	Prudent	Balanced	Considerable	High → Seeking
<b>Strategic risks</b> We aim to deliver on our strategic ambitions and priorities and are willing to accept balanced to considerable risks to achieve this.	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
<b>Operational risks</b> We face operational challenges which require an appropriate level of management attention. The overall objective is to avoid risks that could negatively impact our aim to achieve operational effectiveness and efficiencies.	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
<b>Regulatory risks</b> We strive to be fully compliant with our business principles as well as national and international laws and regulations in relation to the markets in which we operate and we do not accept deviations.	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
<b>Financial risks</b> Our financial strategy is focused on a strong financial position and creating long-term value for our shareholders. Our aim is to have a leverage ratio of adjusted net debt / EBITDA not exceeding 2.0 and only accept risks that do not threaten this.	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○

## Sensitivity analysis

We have analysed the sensitivity of our normalised EBIT for changes in our revenue and different cost items.

We prepared a sensitivity analysis to illustrate the impact a single percentage point change would have on normalised EBIT.

### PostNL Sensitivity analysis

Driver	Change	Impact on	Amount (in € million)
Revenue PostNL	+/- 1%	Normalised EBIT	31
Revenue Parcels	+/- 1%	Normalised EBIT	19
Revenue Mail in NL	+/- 1%	Normalised EBIT	12
Cost of materials	+/- 1%	Normalised EBIT	1
Work contracted out and other external expenses	+/- 1%	Normalised EBIT	16
Salaries, pensions and social security contributions	+/- 1%	Normalised EBIT	11
Depreciation, amortisation and impairments	+/- 1%	Normalised EBIT	2



## Internal control framework

In 2022, we continued to invest in improving the design and effectiveness of our internal controls related to both financial and non-financial reporting, aiming for a good balance between preventive and detective controls. We are satisfied that the number of IT-related controls we can rely on has increased in 2022. These relate to application controls, interface controls, and IT-dependent manual controls. In 2023, we will extend the use of IT-related controls to other risk processes for a more robust and mature internal control framework. Additionally, we will continue to optimise and implement controls related to non-financial reporting. We also continued to test operational effectiveness of these internal controls using our monthly internal control management self-assessment and testing process. As part of this process, management is required to follow up on risks deemed to be inadequately mitigated by internal controls. In some cases, this may require additional actions, including performing and evaluating compensating controls and activities, to reduce the risks of a misstatement in the financial and non-financial reporting.

Management is required to perform self-assessments on the design and operating effectiveness of our internal control environment. This is regularly measured and monitored by the Risk Management and Internal Control department, and the results are discussed in the Internal Control Committee (ICC) meetings. The ICC is composed of the CFO, the director Audit & Security, the director Group Finance, and the director Accounting & Reporting. The external auditor also attends the ICC meetings. The ICC met five times in 2022.

Risk management and internal control reports are also discussed with the Board of Management and the Audit Committee of the Supervisory Board.

## Business conduct and integrity

We are committed to sound business conduct. We therefore manage our business according to applicable laws and regulations and according to the PostNL Business Principles, which provide guidance on interaction with colleagues, customers, business partners and society in general. A company-wide integrity programme ensures that the Business Principles are applied consistently throughout the organisation.

### Integrity Committee

The Integrity Committee advises and assists the Board of Management in developing, implementing, and monitoring Group policies and procedures aimed at enhancing integrity and ethical behaviour as well as preventing fraud, corruption and bribery. The Integrity Committee is composed of the director Audit & Security, the manager Integrity Office, the Corporate Security Officer, the director Legal, the manager People Development, the director Communication & Investor Relations, the director Strategy Mail in the Netherlands, and the director E-commerce Operations.

The Integrity Committee oversees investigations based on reports of possible breaches filed under the PostNL Business Principles, the PostNL Group procedure on whistleblowing and the PostNL Group procedure on fraud prevention, anti-bribery, and anti-corruption.

### Business conduct and integrity approach 2022

The focus of our integrity approach is to regularly ensure our employees are familiar with and are working in accordance with the PostNL Business Principles.

Our Business Principles inform how we act and make our decisions. As early as 2012, PostNL signed up to the ten principles of the United Nations Global Compact on such issues

as human rights, labour, climate and anticorruption. We further endorse the OECD guidelines for multinational enterprises on responsible business conduct, while our sustainability strategy aligns us with the United Nations' Sustainable Development Goals (SDGs).

In accordance with the requirements of the Corporate Governance Code, we performed an assessment connected to the organisational awareness with our business principles. The 'Employee engagement monitor 2022' addressed employees' familiarity with the PostNL Business Principles, and their perception as to whether we work according to the PostNL Business Principles.

The main outcome of this assessment in 2022 showed that 98% of the responders are (partly) familiar with the PostNL Business Principles. Of this 98%, in total 57.6% perceive that PostNL mostly works according to the PostNL Business Principles and 17.2% perceive this as continuously. In terms of familiarity this outcome represents a strong improvement compared to 2021. The other outcomes are comparable to prior years.

We use the outcome of the monitor as input for continuous improvement of our integrity approach and our activities at the PostNL Group companies.

Through our e-learning module on integrity we aim to educate management and employees about our Business Principles, and the desired behaviour based on these principles. This mandatory module is part of our regular onboarding programme and will be updated in the first quarter of 2023.

During the year we started 660 investigations in response to integrity-related issues. These investigations covered issues such as theft of mail or parcels, bribery and corruption, or failure to follow workplace practices. The investigations resulted in

181 discontinued work relationships. At year-end 2022, 60 investigations were ongoing.

The integrity-related investigations include cases of alleged (sexual) harassment and discrimination, and in 2022 we investigated 279 reported incidents connected to (sexual) harassment and discrimination allegations. Triggered by the attention across society on the issue of sexual harassment, we have seen an increase in the number of reported sexual offense and harassment incidents.

We are continuously working to improve awareness on these issues, such as by supporting employee communication on the issue of inappropriate conduct, dialogue with line management and HR representatives, and following upon reported integrity related incidents. In 2022, we made it clearer in our Business Principles that (sexual) harassment is part of inappropriate conduct. We work continually to create an environment across the company where people feel safe and empowered to speak up.

In addition to case-specific investigations, we apply trend analysis on all reported incidents to identify structural issues that require further preventive actions. To the best of our knowledge, in 2022 we had no cases of bribery or corruption that had a significant impact on our business.

The Integrity Office has developed a digital ethics framework and risk management process to assess that the logic in artificial intelligence and machine learning leads to ethical results. A section has been added to the Business Principles to incorporate our digital ethics principles. As of 2022 we are a member of the Business Integrity Forum of Transparency International. Furthermore, in 2022 we joined the stakeholder initiative 'De week van de Integriteit'. These initiatives aim to stimulate the exchange of knowledge on the subject of integrity.

### Asset protection and loss prevention

In order to prevent any threat which could adversely affect the business of PostNL and its stakeholders, PostNL is committed to ensuring its operations are secure. The Group Policy on Security outlines the mandate of the Security function within PostNL and to define the responsibilities relating to security matters. In other words, to ensure that adequate measures, procedures, checks and balances are in place, regarding asset protection, loss prevention and security information management.

### Protecting data and privacy

PostNL believes that it is vital to handle the personal data of its customers and consumers with due care and adheres to all applicable laws and regulations. The most notable of these is the General Data Protection Regulation (GDPR), which is further elaborated on in the General Data Protection Regulation Implementation Act.

We have established a Group Policy on Privacy which outlines the fundamental principles we adhere to as a company regarding the use of personal data. These principles are in line with PostNL's Business Principles. We strive to provide high quality services, in which reliability is an important factor. We therefore view the protection and careful handling of personal data as an important precondition for further innovation and development of our services. To help achieve this, we have set up governance, processes and procedures to adequately implement 'accountability' in the field of the protection of personal data. This includes a processing register, a reporting process for data breaches, process for handling the rights of the person concerned, implementation of data privacy impact assessments, and the application of the Privacy by Design principle in development of new processes and systems. PostNL also established a data governance board to provide oversight on how we use and protect data. The Board discussed different data-related topics, including, for example,

digital ethics. To the best of our knowledge, there were no substantiated complaints received from customers in relation to breaches of their privacy.

### Prevention of fraud, bribery and corruption

PostNL recognises the need to have detailed fraud prevention and anti-bribery and anti-corruption policies, procedures and reporting mechanisms in place to protect our business integrity and to comply with all applicable laws and regulations. Antibribery and anti-corruption legislation, both in our home country and the countries we operate in, is very important for PostNL to conduct its business globally. All reported incidents of actual or suspected corruption or bribery will be promptly and thoroughly investigated and dealt with appropriately.

The Integrity Committee advises the Board of Management and line management on the mitigation of fraud risks and on ethical, anti-bribery and anti-corruption matters. The Integrity Committee reports quarterly to the Board of Management and every six months to the Supervisory Board.

## Cyber security

As we become more dependent on systems and data, cyber security is becoming increasingly important. We manage our digital information and processes across the organisation by ensuring that we secure the data, systems and applications that PostNL uses within its business processes. We have a Cyber Security policy in place to guide the business on how to effectively implement cyber security. To help manage our cyber security risks, we first acquire a complete understanding of the systems, data and capabilities we operate across the business. We then develop and implement appropriate protective measures, such as controlling access to digital and physical assets, providing awareness, implementing processes to secure data, maintaining baseline network configurations and operations to repair components quickly and deploy technology to ensure cyber resilience.

We regularly perform internal control testing of IT general controls including identity & access management, change management and incident management and we have centralised processes in place to mitigate cyber security threats such as single sign-on and multi-factor authentication, patch management, firewall management and back-up and recovery management.

In 2022, we continued to explicitly address cyber security in our review of internal controls performed by our suppliers since most of our critical applications are implemented based on SaaS and Cloud principles. This assessment will be continued in 2023.

Improvements were made to our Detection and Response capabilities by adding endpoint detection for our critical endpoints and OT environments, while we added controls and monitoring to our critical DevSecOps environments. In 2022, a total of eight incidents were classified as high, three of which

involved a data breach. One of those three which involved a data breach proved false positive and the other had a low impact.

Security awareness remains an important aspect of our security strategy, with the aim of moving towards a continually growing and commonly understood security norm across the organisation. In 2022 we added a third, more advanced training level to our online training programme. We have also intensified our Phishing simulations with direct feedback leading to lower click rates and a growing percentage of reporting by employees.

## Main risks and opportunities

### PostNL Strategic risks and opportunities

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
<b>Competition</b>	Financial performance and position			Pressure on market share, volumes and pricing impacting revenues and profitability	Outperforming market with high delivery quality and network coverage  Investments in Digital and initiatives to increase our customer satisfaction
<b>Substitution</b>	Accessible and reliable postal services			Acceleration of decline in physical mail impacting revenues and profitability	Demonstrating the value of physical mail as relevant communication channel for customers; Stimulate growth in letterbox packages
<b>Implementation of strategic change projects</b>	Digitalisation and data			Delay in digital transformation and achieving our business objectives due to challenges with executing a broad range of large change projects at the same time. This may impact our medium-term targets on customer experience and operational efficiency	Strengthening our governance, capabilities and investments in digital domain as foundation for acceleration of our digitalisation  Solid prioritising initiatives to shorten time to market of relevant changes through our agile operating model and customer journey factory
<b>Climate change</b>	Climate change			Failure to achieve our long-term carbon emission reduction targets can have adverse impact on our licence to operate, reputation and financial performance	Providing innovative solutions to help logistic partners (outsourced transport) accelerate towards low carbon operations through value chain collaboration  Influence policy makers to develop new regulatory requirements that align with the climate-related strategy of the company and is therefore less difficult and more cost efficient to adopt  The acceleration of emission-free city logistics creates potential to help other, less well prepared parties, with logistic services in zero-emission zones in cities
<b>Network capacity and flexibility</b>	Customer experience; Accessible and reliable services			Network not flexible to scale up or down swiftly in response to increase/decrease in volumes, which imposes higher risk of operational failures, inefficiency, higher costs and a decrease in customer satisfaction which may have an impact on our competitive position.	Creating flexibility in our network capacity enabling us to scale up or down swiftly in response to market volatility to safeguard customer and consumer service levels.

## Strategic risks and opportunities

### Competition

Competition continues to put pressure on our market share, volumes, and prices in the e-commerce related activities, which could have an adverse effect on revenues and profitability. Three main areas in the competitive landscape relate to developments by established logistics players, new entrants with new business models, and the rise of platform business. New entrants with significant funding are disrupting the traditional market with innovative, digital and data driven business models, to attract both smaller and larger customers. Large platform businesses are becoming more dominant leading to concentration of volumes and increased purchasing power. In addition, value chain integration is developing fast, enabling parties to offer distinctive customer experiences.

#### Mitigation:

- Margin management, efficiency improvements, leveraging from economies of scale
- Accelerating digitalisation, redesign of our customer journeys with a standardised methodology and furthering sustainability across the company in order to improve NPS
- Multiple commercial initiatives, including service level differentiation, (new) products and pricing, and quality improvements in relation to network coverage and operational excellence
- Be even more customer centric in improving our business by ensuring flexibility during the peak season, thereby safeguarding customer and consumer service levels.

Further information regarding competition can be found in the chapter 'Our strategy'.

### Substitution

The ongoing trend of increased digital communication in society is leading to continuing decline in the physical mail market. Faster than anticipated volume decrease could impact the ability to deliver accessible, reliable and affordable postal services. Volume decline could impact our revenue and profitability. And it could require PostNL to adapt our organisation faster than anticipated, leading to higher cost of change and challenges in our quality levels.

The sensitivity of our normalised EBIT for changes in addressed mail volumes amount to approximately €7 million based on a market decline by one percent. This mail volume amount is based on addressed mail sales less variable costs to arrive at a gross margin.

#### Mitigation:

- Taking commercial initiatives to slow down or adapt to substitution, for example by introducing a range of new services and solutions, and the rationalisation of existing services and solutions
- Marketing the value of physical mail, for example helping e-commerce players discover the power of physical direct mail
- Adapting our operational business model to become more flexible in our response to future volume decline.

More information can be found in the chapter 'Customer value'.

### Implementation of strategic change projects

To make progress on the three elements of our strategic foundation (manage Parcels for growth, manage Mail in the Netherlands for value, and accelerate digitalisation), we are implementing different strategic changes simultaneously. Not making sufficient progress on any of our pillars will negatively impact our growth, profitability, operational efficiency, cash conversion, and required cost savings.

Implementing strategic changes requires focus on effective stakeholder and project management in order to adequately prioritise the allocation of resources. Organisational agility is also key to foresee short term developments and changes in business needs. Due to a tight labour market, hiring sufficient people to implement change projects is challenging and placed our capacity to change at the desired pace at risk. Delays in planned improvements in line with our ambitious digitalisation programme will negatively impact our competitive position as PostNL may not be able to keep up with the pace of technological development in the logistics sector. Implementing strategic change projects inherently increases the risk of temporary ineffective internal controls.

#### Mitigation:

- Generating stable and sufficient cash flow to allow for acceleration of our digitalisation through significant investments
- Strengthening our governance, capabilities and organisation through formalising and expanding our digitalisation activities in a new business unit
- Reorganisation that leads to a clear and effective structure that allows us to better anticipate and respond to developments in the market and technology. We will achieve this through clear division of tasks and responsibilities, fewer discrepancies in decision-making, and fewer layers within the organisation. Additionally, we will ensure there are no duplication of roles and actionable and manageable management responsibilities and tasks.

Further information regarding competition can be found in the chapter 'Our strategy'.

## Climate change

The growth of our business not only means we require more energy for our buildings and transport, it also places greater urgency on reducing our greenhouse gas emissions. We have set ambitious targets towards 2030 to significantly decarbonise our business, and have identified three key risk factors that could impair our ability to meet these targets. 1. Our dependency on reducing the emissions of outsourced transport, which accounts for a significant percentage of our transport activities. 2. Our dependency on technological innovations, such as the availability of zero emission or low-carbon vehicles, and the availability of the correct loading infrastructure and energy. 3. The agility of our logistics business model, particularly at Parcels. Not being able to adapt our business and operational model in a commercially viable way in time to meet the increasing expectations of customers and society in general will negatively impair our reputation and financial performance. This could lead to a loss of revenue based on customer decisions, and increase costs due to expensive investments or carbon taxes.

### Mitigation:

- Executing and refining our concrete action plan in the short-, medium-, and long term towards our target year 2030, focusing primarily on the transition towards an electric fleet and renewable fuels and energy as a transitional measure to cut carbon emissions
- Realise network efficiencies through innovative solutions to cut the number of kilometres we transport, and become less carbon intensive in our operations
- Collaborate with customers on reducing greenhouse gas emissions in the value chain, for example by developing green products and services, and more detailed information on carbon emissions and data per customer/delivery routes/parcels

- Engagement with delivery partners on awareness, strategy on mutual objectives, financial incentives to help transition to electric fleet, and ensure sufficient charging infrastructure
- Use sustainable finance to stimulate our environmental investments
- Continue to enhance the sustainability and energy efficiency of our buildings and facilities.

More information on our climate change performance can be found in the 'Environmental value' chapter.

## Network capacity and flexibility

Increased volatility in the market and stabilising volume growth at Parcels may put pressure on the required flexibility of our network capacity to scale up or down. Investments in our logistical infrastructure are typically fixed in the short term. Not being able to scale up as required may impose a higher risk of operational failures, for example due to disruptions in logistic processes and a decrease in customer satisfaction. Not being able to scale down as required may also increase the risk of operational inefficiencies and higher costs, which may impact our competitive position. Uncertainties due to macroeconomic events requires us to have a more flexible network.

### Mitigation:

- PostNL is constantly adjusting its network capacity to the projected and – where possible – actual volume developments within the limits of a tight labour market. The necessary flexibility for peak season will be maintained to safeguard customer and consumer service levels
- Collaborating with partners in the e-commerce value chain to manage volume expectations and to manage the peak moments in our operational volumes
- A new approach to the utilisation of our network, in which we can turn off specific sorting capacity if it is not necessary.

### PostNL Operational risks and opportunities

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
<b>Execution of cost saving initiatives</b>	Engaged people; Accessible and reliable postal services	● ● ●	==	Unsuccessful or delayed cost saving initiatives, impairing cost savings and employee engagement	Use our experience in realising cost savings as example for implementing other similar initiatives.  Job mobility opportunities from Mail to Parcels
<b>Information technology</b>	Customer experience; Digitalisation and data	● ● ○	==	Ineffective IT management systems leading to issues in e.g., availability, integrity, and confidentiality may impair the quality of our business processes, cost effectiveness and/or reputation	Phasing out legacy systems and becoming more data driven to enhance insights for PostNL and customers in a faster, more accurate and more meaningful way.
<b>Employee attraction, development and retention</b>	Engaged people; Health and safety	● ● ●	↑	Lack of motivated employees due to a tight labour market and/or not being an attractive employer	Strengthen employee branding of PostNL to promote the company as attractive employer and as a diverse global company, for example on digitalisation and a diverse (IT) talent pool.
<b>Availability of energy resources</b>	Customer experience; Accessible and reliable services	● ● ○	==	High prices and scarcity of energy resources leading to unavailability may impact the quality and continuity of our business processes, our cost effectiveness and our reputation	Price advantage by buying energy on the futures market  PostNL contributes to a social goal when becoming more sustainable  Less consumption and more self-generation lead to less dependence on the volatile energy market and energy infrastructure.

### Operational risks and opportunities

#### Execution of cost saving initiatives

Due to market decline in our mail business, realising cost savings is one of the key elements for a sustainable mail business. Examples include streamlining of our workforce, enhancing the efficiency of our infrastructure, and reducing overhead costs. Delays in or ineffective execution of cost saving initiatives could lead to inefficiencies, negatively impact the quality of our services, including our required delivery quality levels, as well as impacting the employee motivation levels. These may result in lower profitability and cash flow, and damage our reputation.

#### Mitigation:

- Cost savings projects are executed via enhanced programmes and are monitored continuously by a transformation office
- Mechanisms to adjust to changing circumstances have been implemented and are reviewed periodically. Execution via pilots and in close collaboration with the Works Council enables smooth implementation on a larger scale
- Acceleration of the digitalisation of our core logistics processes and systems as well as commercial engine to increase the pace of changes with limited temporary impact on our business.

Additional information on these initiatives can be found in the 'Customer value' chapter.

### Information technology

Information technology (IT) is vitally important to our business and we are increasingly depending on it. Threats to the availability, confidentiality or integrity of our IT networks, systems or (customer) data caused by IT disturbances, cyberattacks or lack of appropriate security and infrastructure measures may disrupt our business activities. Given our more connected IT ecosystem, weaknesses in the IT and cyber security of our partners may also harm PostNL. IT or cyber-related issues may disrupt operational processes and systems and therefore negatively impact our ability to provide our services as required and with sufficiently high quality. It may also result in loss or theft of customer data, material cost increase, penalties, as well as damage our reputation.

#### Mitigation:

- Professional and dedicated IT and cyber security management at Group level supported by decentral cyber security coordinators on all relevant IT systems used by PostNL including continuous improvement based on issues identified and IT and cyber related developments
- Management of cloud suppliers through robust assessments based on a strict control framework
- Improvements in our data management based on monitoring and steering by our Data governance board
- Evaluating and improving the resilience of critical applications based on frequent measurements and testing against stringent criteria, and implementation of action plans to keep our applications up to date
- Continuing to phase out legacy systems to improve the overall IT application and infrastructure stability.

### Employee attraction, development and retention

People are at the heart of the services we provide to our customers. The labour market has become extremely tight, especially for operational and IT-related positions. Inherent to PostNL's business, the employee turnover rates are relatively high compared to other sectors. The reports of alleged human rights breaches despite mutual agreements (e.g., a lack of fair remuneration for employees in the chain) may also negatively impact the reputation of PostNL as an attractive employer. These factors impose risks for PostNL in attracting, developing and retaining qualified personnel. In a big battle for talent in our markets it is important to be distinctive and attractive as an employer.

#### Mitigation:

- Innovation through online recruitment techniques and continuously improving the employee experience, for example by investing more in employer branding in addition to recruiting for individual jobs
- Prioritising the safety and well-being of people more effectively in challenging times to demonstrate the care for our people, by continuing to invest in training and health and safety measures
- Scarcity in the labour market related to high profile IT functions remains challenging. To increase PostNL's attractiveness as an employer, we are investing in branding for potential employees as well as retraining, retention, and development of our current staff.

### Availability of energy resources

The risk of disruption due to high prices and/or scarcity of energy resources may impact the quality of our business processes, cost effectiveness and/or reputation. Fuel and energy represent a substantial expense for our company and is an important aspect of our logistical operating model. Increased complexity and uncertainty associated with the environmental changes and the geopolitical situation may affect our operational and financial performance through higher than anticipated autonomous cost and/or scarcity of energy resources.

#### Mitigation:

- Purchase energy on the futures market so that the company's energy requirements are as secure as is possible. At the same time, secure the necessary contract/delivery capabilities per location, and spread risk by using multiple suppliers (back up). We will also engage external energy advisers to monitor the risk regularly, and further manage energy data so that we are sure that we are purchasing the energy we require
- Generate as much energy as we can to reduce our dependency on external sources (e.g., working towards self-sufficient buildings) and look for alternative forms of (temporary) energy generation/self-sufficiency
- Reduce energy consumption by making assets more sustainable and identify energy storage areas in the event of grid congestion.



**PostNL Regulatory risks and opportunities**

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
<b>Regulatory developments and compliance</b>	Accessible and reliable postal services			Non-compliance with current or inadequate adaptation with future laws and regulation adversely impacting business operations, our reputation and on our financial performance.	Continuing management focus on understanding and implementing new and revised regulatory requirements and anticipating on potential impacts.  Continuous dialogue with governmental and non-governmental stakeholders about compliance requirements to manage our compliance effectively.

**Regulatory risk and opportunities****Regulatory developments and compliance**

Regulatory requirements are increasing and becoming more complex in the markets we are operating in. These regulations relate to a broad range of topics, such as (but not limited to) tariff regulation, transport and safety law, competition law, regulation related to dangerous and prohibited goods, customs regulations, labour practices, data protection and privacy as well as environmental. Changes in regulatory requirements could materially impact our business activities.

In relation to our responsibilities as designated operator under the Universal Service Obligation (USO) for mail in the Netherlands, changes in the postal law (which are in development), ruling on the Sandd take-over and Article 47 Competition Act may lead to additional operational costs. It may also impose additional legal and administrative costs.

Compliance with laws and regulation is essential and important to demonstrate our commitment to sound business conduct and maintaining our license to operate. Misinterpretation of new or changed regulations or ineffective internal controls could lead to non-compliance. This may lead to sanctions such as fines and business restrictions which could materially negatively impact our financial performance, continuation of services to customers and our reputation.

**Mitigation:**

- Continuous implementation and improvement of appropriate policies, processes and internal control procedures to limit exposure to complex legal and regulatory requirements, such as competition law, labour-related laws and regulations, USO requirements and anti-bribery acts
- Operating a robust integrity programme that includes business principles and creating awareness
- Have dialogues with governmental and non-governmental stakeholders on continuous basis about interpretation of, and compliance with regulations, for example in relation to the USO regulations on national and EU levels
- Ensure we adapt our operations in time to changes in the legal and regulatory requirements.

**PostNL Financial risks and opportunities**

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
<b>Total cost of labour</b>	Financial performance and position			Higher than anticipated total cost of labour and opportunity costs due to operational disruptions	Realising agreements with trade unions on mutually beneficial conditions based on good relationships  Timely and effective updating of collective labour agreements for our people
<b>Financial risk management</b>	Financial performance and position			Adverse effects of financial risks on financial position and results	Improving our financial position to increase credit ratings
<b>Liability for loss or damage</b>	Financial performance and position			Exposure to claims for loss or damage adversely impacting our financial performance	Using data and analysis to identify the most impactful improvement areas in our loss prevention and quality levels

**Financial risks and opportunities****Total cost of labour**

Being a good employer is vitally important to us. One aspect of this is the terms and conditions under which we hire our personnel and employ outsourced labour. These terms and conditions, including salaries and other secondary benefits, represent a substantial expense for our company and are an important component of our operating model. Our financial performance could be affected by higher than anticipated total cost of labour and/or other related expenses. In addition, opportunity costs due to operational disruptions as a result of action from trade unions and/or actions triggered by media attention may impact our financial performance. Employee expectations regarding salary increases may be higher than we can offer financially in order to achieve our strategic objectives while taking into account the highly competitive market.

**Mitigation:**

- Maintaining good relations with trade unions and social partners based on mutual recognition of shared interests. In addition, we are evaluating the sustainability and financial feasibility of our labour model and are researching alternative solutions, as an attractive employer, to make it future-proof.

**Financial risk management**

We are exposed to a variety of financial risks, such as currency risk, interest rate fluctuations, credit risk, liquidity risk, price risk and cash flow risk. These risks can have an adverse effect on our financial position and results.

**Mitigation:**

- Using various techniques and financial derivatives to mitigate financial risks, which arise in the normal course of business. Examples include hedging both currency and interest rate risks in accordance with the relevant Group policies
- Adherence to our Group policy on financial risk management enables us to fund the acceleration of digitalisation across our key activities
- Focusing on being able to pay dividend, underscoring our significantly improved financial position.

For more information, see the financial statements.

**Liability for loss or damage**

We are exposed to claims for loss or damage. Some of these exposures are covered under conventions such as the United Postal Union, the Warsaw Convention or the Convention on the Contract for the international Carriage of Goods by Road, as well as PostNL's general terms and conditions. PostNL also has limited liability under the Postal Act. Claims for loss or damage not covered under these conventions or PostNL's general terms and conditions may negatively affect our financial performance. Our exposure to this risk is increasing as a result of the growing volume of e-commerce parcel deliveries in our portfolio, which on average are higher in value.

**Mitigation:**

- Maintaining insurance policies in relation to our business and assets with reputable underwriters and/or insurance companies against claims for loss or damage to the extent not covered by conventions, and to the extent that is usual for companies like ours
- Strengthening physical security management through a dedicated steering committee 'loss prevention'.

## Main risk events

### Main risk events that occurred in 2022

We have identified six main risk events impacting PostNL in 2022.

#### Labour inspections at PostNL Belgium

The labour inspectorate in Belgium filed a case against PostNL Belgium regarding alleged breaches of applicable social laws and regulations. After several inspections in 2021, new inspections took place in 2022 and PostNL became subject to a criminal investigation by the Belgian investigative judge into alleged breaches of labour law in Belgium in respect to delivery partners of PostNL. More information regarding the Belgium labour inspectorate can be found in the 'Regulatory Compliance Management' chapter.

#### Ruling by the court on the combination of postal networks

Following the previous ruling by the lower court in Rotterdam on the combination of the postal networks of PostNL and Sandd, the Dutch Trade and Industry Appeals Tribunal has upheld the ruling of the court of Rotterdam regarding the first decision and annulled the second decision of the Minister of Economic Affairs and Climate Policy. Although the decision and corresponding conditions are no longer valid, PostNL will continue to adhere to the conditions imposed in relation to the acquisition. The legality of the transaction is not at stake. As we obtained control as of the acquisition date of 22 October 2019, we have fully consolidated Sandd in our financial statements from that date going forward. Further information regarding the ruling by the court on the combination of postal networks can be found in the 'Regulatory Compliance Management' chapter.

#### Financial risk management

In 2022, the top-up payment obligation was terminated, combined with a reduction of the unconditional funding obligation amounting to €20 million. As of 31 December 2022, the pension expenses will equal the cash contributions. These combined effects will lead to a lower risk on pensions.

#### Organic cost increases depressing margins

In 2022, the devastating war in Ukraine had major consequences globally, impacting agricultural production and energy prices, leading to severe macroeconomic repercussions. High inflation, rising interest rates, rapidly rising energy costs, and more costly goods affected consumer confidence, leading to consumers cutting back on their spending.

For PostNL, this negatively impacted parcel volumes for much of the year. Rising inflation led to increased costs, including salary expenses, which we were not fully able to absorb through regular price increases. These issues also affected our customers, partners and suppliers. Rising energy and other costs made the transportation of goods more expensive, while global supply chain issues led to delays in the availability of products. For example, we were unable to introduce as many e-vehicles as planned, impacting the progress we made towards our Zero 2030 programme goals.

#### Delivery quality of service mail

Our quality levels were strongly affected by the tight labour market across the country in 2022. A shortage of labour impacted our operations, mostly within mail delivery. This added to the pressure on wages, which were also affected by rising inflation, and impacted delivery quality levels. There was also an impact from extreme weather conditions.

Despite the challenges, the 95% target for funeral announcements and medical mail was met. For more information please refer to the 'Customer value' chapter.

#### Loss to competitor

Large e-tailers have begun to spread their volumes through dual or multi-vendorship models. Going forward, we aim to maintain our market-leading position in the Netherlands in the B2C segment by enhancing the customer experience through digital innovations, our sustainability profile, competitive pricing, investing in and expanding our network, and focusing on further improving quality and customer satisfaction.

The international e-commerce arena is also becoming more competitive. Traditional players are seeking to strengthen their position, while different types of start-ups, for example those focusing on value-chain orchestration, end-to-end logistics or digital support, are entering the market. Large e-commerce and/or platform businesses are also expanding their geographical coverage and role in the logistics value chain, selecting the best logistic partnerships or, if needed, setting up their own logistics networks.

## Emerging risks

Emerging risks are risks we do not expect to materially impact the company in the short term, but which do require prompt mitigation actions to prevent them from exceeding our risk appetite in the mid to long term. In 2022 we identified two emerging risks: market disruptors and climate change adaptation. We have already identified competition and climate change as main strategic risks.

### Market disruptors

We may not be able to keep up with the pace of technological development in the logistics and transportation industry and may find it difficult to compete in our core markets if one of the 'tech giants' decides to enter the Benelux market with a new product/service offering based on disruptive new technology and engages in direct competition with PostNL/decides to integrate PostNL's network into its operations. Our financial performance and position may be materially impacted should this risk occur.

We serve our customers with three core activities: collection, sorting, and delivery. Digitalisation helps us sharpen and improve these activities. In this way, our customers can count on smart logistics solutions and stronger customer experiences. Investing in further digitalisation, data analysis, and innovation of our products and processes helps increase our overall economic productivity. This enables us to remain a relevant and competitive player in the postal market in the future. For more information see the 'Customer value' chapter.

### Climate change adaptation

Climate change is an increasingly important topic on the agenda of society and of PostNL's stakeholders. While the focus of many has been on mitigating climate change, the effects of climate change on society are becoming more apparent. Acute and chronic extreme weather events are increasingly affecting society, for example the destruction caused by storm Eunice in the northern half of the Netherlands.

An increase in unexpected extreme weather events, such as heat waves, snowfall, storms or floods, may lead to business disruption and recovery of more than two days, resulting in cost increases and loss in revenue. While there is continuing uncertainty about how climate change will evolve, we do consider physical climate risks in location planning and perform climate-related assessments in business continuity plans. Based on extensive studies by the Dutch meteorological institute (KNMI) and internal evaluation of climate change-related weather events, PostNL concluded that chronic climate change-related effects will likely not pose material financial risks in the scenarios envisaged for the locations PostNL has its direct operations. Acute climate-related events could temporarily affect PostNL, which is why mitigating actions are designed for and included in the company's business continuity plans.

# Regulatory compliance management

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As laws and regulations are meant to protect vulnerable elements of our society, compliance is important to take our responsibility as large company. Due to the nature of our business and size of our company, we operate in an environment that is relatively heavily regulated. These regulatory requirements are constantly developing, just as our business is. In this section we explain our approach, our focus in 2022 and the developments in the most relevant regulatory areas.

## Our approach

### Introduction

We view compliance with all relevant laws and regulations as an integral part of doing business. Business management is responsible for ensuring adherence to regulatory requirements as well as monitoring performance, and is supported by staff functions. Compliance forms part of our internal control and governance frameworks.

At PostNL we have identified more than 30 relevant compliance areas requiring our management's attention. Depending on the business activities of our entities, different compliance areas need to be managed, including but not limited to Dutch postal law, competition law, transport regulations, tax regulations, data protection and privacy regulations, and labour and social laws.

In relation to sustainable development, stakeholders increasingly expect large companies such as PostNL to lead by example through their influence on value chains. This means that beyond compliance in relation to direct activities, we are expected to stimulate and in some cases assume responsibility for the compliance of our business partners.

This applies to areas such as transport and handling of dangerous goods, environmental compliance, responsible (international) procurement, Foreign Nationals Employment Act (Wet Arbeid Vreemdelingen), and the Labour Market Fraud Act (Wet Aanpak Schijnconstructies).

### Our framework

#### Applying a compliance management cycle

We manage compliance in a management process based on a compliance framework and continuous improvement. Dedicated compliance officers facilitate and challenge management on a regular basis on different elements in the cycle. First, relevant compliance areas are updated in collaboration with the business. For each area, the required maturity level of our compliance management is determined based on a maturity model. The level of compliance management may vary depending on the size, exposure and risks for different entities. We then evaluate, based on the COSO ERM 2017 framework, how compliance can be demonstrated for each relevant area per reporting entity through our risk management, internal control and internal audit processes. Management is required to confirm its responsibility for the compliance with laws and regulations by its legal entities. And as a final step we assess and report the status of compliance to both line management and our formal governance bodies.

### Status and summary of main developments in 2022

Based on our internal control assessments and internal audit findings, for the vast majority of laws and regulations we did not identify relevant deficiencies relating to compliance-mitigating activities that require follow-up. We identified the following two areas for improvement: compliance in our value chain and implementation of the Three Lines Model. Connected to this, we remain focussed on the underlying soft controls, or 'cultural drivers'.

#### Compliance in our value chain

Responsibility along the value chain has become an increasingly relevant topic in the public arena. As a large company, we want to proactively contribute to improvements in our value chain across a broad range of topics, even when this goes beyond our own responsibility under applicable laws and regulations.

Based on a number of events that took place during 2021, we concluded that some domains require additional investigation and adaptations. This related in particular to the Foreign Nationals Employment Act (Wet Arbeid Vreemdelingen), the Labour Market Fraud Act (Wet Aanpak Schijnconstructies) and the situation in Belgium relating to labour and social laws in respect to delivery partners of PostNL. Improvements include more stringent compliance checks at the delivery partners we do business with in the Netherlands and Belgium.

#### Three Lines Model

There are a variety of different ways in which a company can ensure compliance, including the division of roles and responsibilities, their setup and how they are carried out. Because we view compliance as an integral part of our business, in 2021 we took the decision to begin moving to the Three Lines Model to improve our compliance risk management.

The model is based on explicit divisions of responsibility between the first line (the provision of services to customers and managing risk), the second line (expertise, support, monitoring and challenging) and the third line (internal audit).

Line management is responsible for both the first and second line. We started to implement this model in 2022, which helps build management awareness on how to manage compliance, aimed at the Foreign Nationals Employment Act, transport regulations, GDPR, digital ethics, and environmental laws and regulations. During the intermediate period we have performed additional periodic compliance assessments and internal audits to safeguard compliance with these subjects.

## Regulatory developments

Compliance with laws and regulations is an important precondition when executing our strategy. Due to the nature of our business and size of our company, we operate in an environment with many laws and regulations to comply with. These regulatory requirements are constantly developing, just as our business is. In this section we explain the most relevant regulatory requirements, the developments and potential impact thereof on PostNL.

### Regulatory developments in the Netherlands

The Dutch postal market has undergone fundamental changes in recent years. Since 2005, mail volumes have decreased by more than half, and the decline is set to continue. At the same time, over the last few years e-commerce has grown. Below we discuss the impact regulation is having on the sector, on labour and on PostNL.

### Consolidation

After the state secretary of Economic Affairs and Climate Policy cleared the acquisition of Sandd by PostNL in 2019 based on Article 47 Competition Act, this decision was annulled by the court of Rotterdam based on litigations from several postal parties in 2020, after which the state announced it would appeal the court ruling. In April 2021 the state secretary took a new, more substantive decision with additional conditions for PostNL. In June 2022 the decision was annulled on appeal by the CBb. PostNL continues to respect the licensing conditions which have been laid down by the state secretary. In the CBb ruling, the CBb remarked that this ruling does not in any way imply an opinion on the lawfulness of ACM's decision. PostNL has filed a pro forma appeal against ACM's decision in October 2019. During the Article 47 procedure, this appeal had been suspended. The appeal has now been continued after the Ruling of the CBb in June 2022.

### Dutch postal regulation

On 30 March 2020 the then state secretary of Economic Affairs and Climate published its proposed amendments on the Postal Law to the Dutch Parliament. The discussion in the parliament was put on hold due to the legal proceedings on the concentration of PostNL with Sandd. Despite the ruling of the CBb on the procedure in June, the debate is still on hold. The Minister wishes to reassess certain aspects of the proposed amendments after talks with stakeholders, mainly access conditions, before proceedings will continue. The possible changes of the Minister are expected during 2023.

The evaluation of the universal service was published in May 2022. Some recommendations from the study have already been addressed in the proposed amendments for the Postal Act. On two topics, the Minister announced a follow-up: organising a more active dialogue with stakeholders and exploring options for a future-proof and less complex tariff regulation.

### Ministerial Decree 2009 change

The increase in volumes due to the concentration of PostNL with Sandd and the one-off volume increases in consumer post due to the Covid-19 pandemic have a lasting positive impact on stamp prices. However, the formulas in the Ministerial Decree do not allow PostNL to take into account these exceptional circumstances and (using these volumes for forecasts) would lead to fluctuating prices. Therefore, in 2021 and 2022, the Minister of Economic Affairs and Climate changed the Ministerial Decree 2009, to facilitate moderate price trends in subsequent years.

### Minimum wage

On 1 January 2023 the minimum wage was increased by 10 percent. This increase has a significant impact on PostNL's labour costs. Furthermore, a legislative initiative to harmonise the hourly basis on which the minimum wage is calculated on a 36-hour work week was adopted in February 2023. This legislation, which will cause an additional rise of our labour costs, is expected to be implemented in 2024.

### Delivery quality of service Mail

The Postal Decree 2009 prescribes a next-day delivery level of 95% for consumer mail, funeral announcements and medical mail. PostNL is required to report these scores yearly to the ACM. Not being able to meet the 95% quality requirement results in a potential financial exposure to an ACM fine.

For the years 2019 and 2021 procedures were ongoing in 2022. Over 2019, PostNL realised a score of 94% for consumer mail and ACM imposed a fine of €2 million (paid in 2022). PostNL appealed the decision at the court of law Rotterdam. In December 2022 the court ruled to dismiss the appeal. PostNL will appeal the decision at the CBb.

For the year 2021 PostNL realised a score of 94% for consumer mail. Extreme weather conditions in February and the Covid-19 pandemic during the year impacted our service. PostNL proposed a correction for these factors to ACM. ACM did not conclude its assessment in 2022.

For the year 2022, the quality score for consumer mail was 91%. Our quality levels were strongly affected by the tight labour market across the country throughout the year. A shortage of labour impacted our operations, mostly within mail delivery. There was also an impact from extreme weather conditions. The 95% target for medical mail and for funeral announcements was met.

### Dutch labour inspectorate

PostNL is in regular dialogue and collaboration with the Dutch labour inspectorate throughout the year, discussing developments in labour regulations and inspections both within PostNL and among its delivery partners, to which we outsource some operational activities.

The Dutch labour inspectorate has found several breaches of the Foreign Nationals Employments Act (Wet Arbeid Vreemdelingen) at a few of PostNL's delivery partners. Despite the fact that PostNL is not the legal employer of the employees concerned, the Dutch labour inspectorate also holds PostNL accountable as a result of the chain of responsibility. During the course of 2021 and 2022, PostNL implemented further improvements in the check-in process of new employees of delivery partners and started entry checks at several large locations. Additionally, PostNL implemented digital log-in steps for all drivers and will continue and improve developments in this area.

## Regulatory developments in Belgium

### Postal Law

PostNL has taken notice of an agreement within the Belgian government regarding changes to the Postal Law. Further details are not yet available, but we will closely monitor the implementation of these changes.

### Belgium labour inspectorate

The labour inspectorate in Belgium filed several criminal cases against (among others) PostNL Belgium regarding alleged breaches of applicable social laws and regulations. Meanwhile, the investigative judge has initiated a criminal investigation into PostNL. The first court session took place in September 2022 where the court decided to postpone the case until April 2023. PostNL has filed an appeal against this postponement. We regularly review the compliance of delivery partners on several relevant social laws.

## EU regulations

### Postal regulation

In 2022, the European Commission undertook a market development study of the postal services sector, covering sector developments between 2017-2021. The study was published in January 2023, and will be used as input for a forward-looking prospective study of the sector, building on previous reports and considering the latest developments.

This new study will provide a forward-looking assessment of the challenges to the postal sector and will look at the sector from a wider perspective and consider numerous aspects, such as users' needs, financial and environmental sustainability, employment in the sector, new market players and business models. It will also further analyse the impact of the Covid-19 pandemic and the war in Ukraine in areas of great relevance for postal operations. Results of the forward-looking study are expected in 2024.

## EU minimum wage

In 2022, the EU agreed upon a Directive that sets a regulatory framework with minimum norms which should be used by Member States when setting their minimum wages, aimed at stimulating collective bargaining. The goal is to create more social ascendancy within the EU.

## New EU rules on corporate sustainability reporting

In 2022, the EU adopted the Corporate Sustainability Reporting Directive. This legislation puts new reporting obligations on companies from 2025 onwards. The new rules include more detailed reporting requirements and ensures that large corporations and listed small- and medium-sized enterprises (SMEs) must report on sustainability issues, such as environmental, social, human rights and governance factors.

## Corporate due diligence

In February 2022, the European Commission presented a proposal for legislation regarding corporate due diligence. This directive will impose a duty of care on companies with regard to the impact of their activities, those of their subsidiaries and those of their business relations within their value chain (suppliers and customers) on fundamental human rights and on the environment. The proposal for a directive will most likely impose an obligation on the board of management to take this impact into account in their actions and specifically to ensure that their business model is in line with the Paris Agreement target (1.5°C). This legislation will most likely be finalised in 2023.



## EU taxonomy

EU Taxonomy is a classification system established to clarify which investments are environmentally sustainable, established in 2020. In this way, it should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments where they are most needed.

The European Commission is now in the process of drafting the second delegated act. On 9 March 2022, the Commission adopted a Complementary Climate Delegated Act including translations of the preceding, including, under strict conditions, specific nuclear and gas energy activities in the list of economic activities covered by the EU taxonomy.

## ICS2.0 (Import Control System)

The European Union is implementing a new customs pre-loading and pre-arrival security and safety programme, ICS2.0. The new ICS version will increase the capability of safety and security risk assessments for shipments from non-EU countries to EU countries and shipments from non-EU countries transiting through the EU.

ICS2.0's first release date became effective on 15 March 2021, where Postal Operators were obliged to submit an Entry Summary Declaration. Release II is scheduled on 1 March 2023, with air-carriers required to fulfil the obligations of ICS2.0. On 1 March 2024 the other transport modes need to follow.

## International UPU

During the last UPU Congress it was decided that an Extraordinary Congress would be organised in 2023 to specifically focus on proposals regarding the opening of the UPU to wider postal sector players. Preparations for these proposals are currently taking place.

Discussions on how far such an opening should go are contentious. They range from mere access, to supporting IT and other UPU products and services, to access to USO elements such as delivery and remuneration systems and/or decision-making powers in the governance structure of the UPU. Proposals will have to be finalised by the second quarter of 2023. The Extraordinary Congress will be held in Saudi Arabia in October 2023.

## Summary of instances of non-compliance

In an operating context with great variety of compliance areas PostNL is operating in and the number and complexity of laws and regulations increased, a robust approach towards compliance is essential for PostNL, as explained earlier in this chapter. Despite all our efforts to be compliant, we unfortunately sometimes are confronted with instances of non-compliance. This section provides an overview of the limited number of instances of non-compliance PostNL incurred. All instances relate to specific developments described in the section above.

### PostNL Number of significant instances of non-compliance

2021,2022

	2021	2022
Fines	2	0
Non-monetary sanctions	1	1
<b>Total</b>	<b>3</b>	<b>1</b>

This instance of non-compliance relates to temporarily sealing two PostNL depots in Belgium based on alleged breaches with social laws and regulations. As the court case has been postponed until 2023, there is no evidence concluding PostNL has breached laws and regulations in relation to this case.

### PostNL Total number of fines incurred

2021,2022

	2021	2022
Instances occurred during reporting period	2	0
Instances occurred in previous reporting periods	1	0
<b>Total</b>	<b>3</b>	<b>0</b>

During 2022, PostNL did not occur any reportable fines related to non-compliance with laws and regulations. For the purpose of this report, we did not take the number of small traffic related fines into account.

The instances in 2021 relate to two breaches with the Foreign Nationals Act in 2021 and the ACM fine in relation to the delivery quality of mail over 2019.

### PostNL Total monetary value of fines incurred, in € million

2021,2022

	2021	2022
Instances occurred during reporting period	0	0
Instances occurred in previous reporting periods	2	0
<b>Total</b>	<b>2</b>	<b>0</b>

The monetary amount of fines incurred in 2022 almost entirely relates to small traffic related fines and does not exceed €100,000 in total. The total amount for 2021 is mainly related to the ACM fine in relation to the delivery quality of mail over 2019.

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# Report of the Supervisory Board

# 13

This Report of the Supervisory Board sets out the manner in which the Supervisory Board fulfilled its duties and responsibilities in 2022. PostNL's organisational structure

and remuneration report forms part of the Report of the Supervisory Board and is disclosed in the 'Corporate governance' and 'Remuneration report' chapters.

At the same time, however, there were opportunities and things to be proud of. PostNL has made further progress in areas such as ESG (environmental, social, and corporate governance), while the acceleration of PostNL's digital transformation is progressing steadily. Consumers and customers are increasingly digitally connected to the company's platform. Also in 2022 PostNL completed the company's first-ever buyback of 51 million shares. And PostNL's pension plan was adjusted with an agreement benefitting both the employees, the participants of the pension funds and PostNL. These were among the topics the Supervisory Board focused on in 2022 and which have an influence on PostNL's strategic direction and the long-term value it creates for stakeholders. And as a Supervisory Board, we were particularly proud of our people and our partners, working day and night to ensure we can deliver mail and parcels responsibly.

## And what is your view on the situation at PostNL in Belgium?

The situation at PostNL in Belgium has been a recurring discussion topic in the Supervisory Board, both in the presence of the Board of Management and during Supervisory Board-only sessions. The Supervisory Board was shocked by the arrest of a number of our people. We stand firmly behind our people and support our delivery partners where we can. At the same time, we will continue to cooperate fully, as we have done throughout, with the authorities' questions and investigations, and look forward with confidence to any legal proceedings.

## In conversation with our chairman

Supervisory Board chairman Jan Nooitgedagt reflects on a challenging year for PostNL.

### Looking back on 2022, how do you feel about the year and PostNL's performance?

It was a very challenging year. The macroeconomic and geopolitical environment led to high inflation and put pressure on labour costs, leading to low consumer confidence which impacted consumer spending. While this led to higher costs and lower than expected performance at Parcels, Mail in the Netherlands performed in line with expectations. The challenging and turbulent macroeconomic environment and prolonged uncertainty resulted in the company adjusting its outlook, then suspending its concrete outlook for 2022. And PostNL was subject to a criminal investigation by the Belgian judicial authorities into alleged breaches of labour law in Belgium.



### Could you elaborate further on the topic of ESG and the involvement of the Supervisory Board?

ESG is an important topic with many different dimensions covering the environment, the responsibility companies have for their employees and their impact on the society in which they operate, and governance. The Supervisory Board believes ESG is our license to operate.

When it comes to environmental progress during 2022, PostNL improved the carbon efficiency of its own fleet by increasing the use of renewable fuels and further electrification. The company also offset the remaining carbon emissions from its own transport and that of delivery partners, cutting its carbon footprint to net zero. The Supervisory Board discussed the importance of tackling climate change and the sustainability goals set by the company with the Board of Management and senior management, including the underlying plans in reaching those goals. We were also informed by the Board of Management on the Econnections programme (more information about this programme can be found in the 'Clean kilometres' section of the 'Environmental value' chapter).

And through the Audit Committee, the Supervisory Board is continuously informed on the progress the company is making in relation to the reporting obligation of the EU Taxonomy and future reporting obligations, for example of CSRD. We are proud that PostNL has once again been ranked as one of the top three most sustainable companies in the transport and logistics sector worldwide in the Dow Jones Sustainability Index (DJSI), and that PostNL has again been placed on CDP's A List. Sustainability as a whole was a topic of regular discussion in the Supervisory Board, and will continue to be an important topic for discussion in 2023.

The social dimension of ESG is of clear importance to the Supervisory Board, with PostNL being one of the largest employers in the Netherlands, offering thousands of people the certainty of having a job, a stable income, security and opportunities for personal development and growth. The Supervisory Board was closely involved in developments connected to the employment model, which led to the announcement in August that the company will be taking thousands of additional parcel deliverers onto its own payroll over the next few years, while encouraging delivery partners to grow and facilitate further professionalisation and sustainable development. Additionally, an interactive deep dive was held on the social policy of PostNL at the company's Waddinxveen sorting centre, in the presence of both employees and delivery partners. Further items discussed with the Supervisory Board were the labour market and the impact on the organisation, compliance as a whole, delivery quality, employee engagement and diversity and inclusion, PostNL's culture, and negotiations on the PostNL collective labour agreement and collective labour agreement for Saturday deliverers.

The Supervisory Board also discussed the ambitious and appropriate targets for the Board of Management and senior management to promote gender diversity. Changes in the Executive Committee were also discussed, and constructive discussions were held with the departing EC-members Marcel Krom and Resi Becker, and in 2023 also Liesbeth Kaashoek, but also with all newly appointed and existing EC-members. Furthermore, several members of the Supervisory Board met with the daily management of the Central Works Council, and regular informal sessions were held between members of the Supervisory Board and PostNL employees and senior management, to get their view on the company. And of course performance reviews were held with Herna and Pim.

Finally, on the governance side, we remained focused on being transparent, responsible and accountable. PostNL has clear business principles and acknowledges the importance of stakeholder dialogue. The growing prominence of ESG signals a broader societal development in which companies are accountable, directly or indirectly, for more than just their financial performance or only to their shareholders. They are accountable to society itself. This means engaging with stakeholders to find the right balance. This is a process that will take time and will not always be easy.

### How is the Supervisory Board involved in initiatives to provide value to customers and consumers?

As can be read throughout this annual report, and which is underlined by the Supervisory Board, working together with customers to understand their needs, and how PostNL can improve its services to meet these needs, is essential in realising the ambition to be everyone's favourite deliverer. The change in customer and consumer demands and expectations is a regular topic of discussion in the Supervisory Board. The Supervisory Board was kept up to date and had regular discussions on initiatives initiated by PostNL to further develop customer value, such as the roll-out of fully-automated parcel lockers. The Supervisory Board was provided with updates on the development of the digital KPIs and investments in digitalisation. An important aspect of this is the Net Promoter Score (NPS), which is used as a key client satisfaction indicator. The Supervisory Board was updated on NPS and the NPS measurements within PostNL, and will be kept informed on the outcome of the NPS measurements. And finally, the Supervisory Board organised a vision session with an external facilitator, to get an outside perspective on the rapidly changing world, customer and consumer needs, the role of PostNL, and how the Supervisory Board's role is connected.

### Can you reflect on the company's financial situation?

Given the challenging environment, the Supervisory Board fully supports the Board of Management in securing the company's robust financial position, the measures taken to mitigate the impact from cost increases and a softer than anticipated volume development, and the adjustment to investments to align with volumes and manage working capital strictly. Throughout the year we had in-depth and thorough discussions with the Board of Management, in particular on the business and financial performance. The need to issue trading updates during the year was extensively discussed with the Board of Management. In this light the balance sheet as a whole was a recurring discussion topic, in conjunction with the company's credit rating. Naturally, the finalisation of the buyback of 51 million shares was discussed with the Supervisory Board, as well as the adjustment of PostNL's pension plan which the Supervisory Board considered a good agreement for all parties involved but has some accounting implications as can be seen in this annual report.

### What about discussions on the company's strategy?

As a Supervisory Board we fully support the company's strategy, and the continuation of the current strategy in these challenging times. At the same time the Supervisory Board recognises that as a result of the circumstances the pace in executing the strategy needed adjusting, for instance by adjusting investments. Despite such adjustment, important elements, such as the digital transformation and sustainability goals, are still making good progress. The Supervisory Board fully supports the execution of the strategy while adhering to the company's financial policy.

The company's competitive position, competition and market share were regular discussion points with the Board of Management. And in June we have held the regular strategic plan update together with the Board of Management and the members of the Executive Committee. The role of the Supervisory Board as such is to challenge the establishment of the strategy in a constructive and critical manner. In light of our digital transformation, accelerating digitalisation across the company will enable us to strengthen our competitive position and further develop customer satisfaction, as well as reducing our cost base and attracting new customers. In this regard, PostNL's IT strategy, the speed of digitalisation, and cyber security were discussed regularly between the Supervisory Board, the Board of Management, the Executive Committee and management, and were the topics of deep-dive sessions, whereby we acknowledge the importance of compliance with the GDPR and digital ethics.

### How do you see the future?

The year 2022 was a turbulent year for society as a whole, and for PostNL. The company has adjusted as well as possible to the difficult circumstances, making the most of the challenging situation. While also 2023 is expected to be a challenging year, we are convinced that the proper actions have been taken and will be taken by the Board of Management and we have the right people, who are motivated, and good management teams to tackle any challenges that come our way. This gives us the confidence that when macroeconomic circumstances improve, resulting in a positive effect on consumer spending and growing parcel volumes, PostNL will be ready to deliver. In this regard we are very pleased that Herna is available for a new term at this important stage for PostNL.

In closing, I would like to again thank our people for their hard work and commitment over 2022, and to compliment them for the way they are working together to overcome the new challenges we are facing. I also want to thank our other stakeholders for their trust in PostNL and for their constructive feedback. It helps us to continuously improve the way we deliver on our purpose and our strategy.

## Meetings of the Supervisory Board

In addition to the topics mentioned in the conversation with the chairman, the Supervisory Board discussed a wide range of other topics during the year. These included business, financial, market, and regulatory developments in PostNL's business segments, and the Strategic Plan. The 2021 annual results, the 2022 quarterly and half-yearly results, and the 2023 budget were also discussed. Deep dives were held with internal and external experts present on the social policy of PostNL, pensions and cyber security.

Other topics discussed include PostNL's financial position, IT developments, business continuity, (interim) dividend and PostNL's dividend policy, growth, the company's culture and investor feedback after management roadshows, as well as an adjustment to the remuneration policy for the Board of Management. In relation to our shareholders, the Supervisory Board also discussed the stake VESA Equity Investment acquired in PostNL, and the nomination of Martin Plavec as member of the Supervisory Board, which nomination was made in consultation with VESA Equity Investment.

The reappointment of Herna Verhagen as CEO was discussed, as were the appointments of Jeroen Veldstra and Jennifer Crites as members of the Executive Committee. Several discussions were held between the Board of Management and the Supervisory Board on adapting the organisation to reflect the shift in the company's commercial and operational focus towards e-commerce, including to the structure, way of working and the Executive Committee as of 1 January 2023. Iris van Wees has become responsible for the new business unit E-commerce Operations, working closely together with Stephan van den Eijnden, the new EC-member responsible for E-commerce Commerce. Tijs Reumerman, who was already responsible for our international activities at CBS, will continue with that responsibility as member of the EC.

Furthermore, the Supervisory Board discussed potential acquisitions and divestments, the preparation of the AGM and compliance with the Code. Twice a year, the Supervisory Board discusses a litigation overview, describing claims (including tax) against PostNL and litigation concerning PostNL (with a threshold of €250,000).

The Supervisory Board also receives an update on integrity, including the fraud & whistle-blower report, twice a year. The outcome of the risk management process, the main risks identified, and the mitigation plans in place to manage these risks were shared with the Audit Committee and with the Supervisory Board. The implementation of the Three Lines Model was also discussed in the Audit Committee and Supervisory Board. A description of PostNL's major risks and its risk management can be found in the 'Risk and opportunity management' chapter.

The Supervisory Board performs an oversight role with respect to non-financial issues, supported by PostNL's internal audit department, which monitors the non-financial governance structure and reporting. Next to this responsibility, the Supervisory Board discussed various non-financial related issues besides the topics addressed in the focus items listed above, including pensions, career and management development, the reputation of PostNL, customer satisfaction and NPS, and relations between the Supervisory Board and the Board of Management with the works councils and trade unions.

Additionally, the 2021 auditor's report by PostNL's external auditor EY and the 2021 Annual Report (including Financial Statements and Non-Financial Performance Statements) were discussed. For 2022 KPMG performed its first audit and reported on their overall view on internal control and their views on culture and behaviour based on their soft control model. In relation to internal control KPMG concluded that

PostNL has a mature internal control framework with a good balance between preventive and detective controls, where there is room for further automation. Also KPMG provided recommendations for further improvement of the internal control, provided their observations on non-financial reporting and on the design of the Data Governance Board of PostNL. The Data Governance Board promotes and governs effective and efficient use of high-quality data throughout the entire PostNL organization, in line with regulation and PostNL as a trusted brand. The audit work of KPMG was carried out on site, with conversations and discussions taking place in a cooperative and constructive way.

The Supervisory Board discussed its composition and that of its committees and the profile of the Supervisory Board. More details about the Supervisory Board can be found in the 'Corporate governance' chapter.

During 2022, all regular meetings between the Supervisory Board and the Board of Management were once again held face-to-face, and additional meetings were mostly held digitally. Overall, the quality of the meetings was good and constructive. Building on earlier evaluations, the Supervisory Board ensures that it plans in sufficient time for Supervisory Board-only discussions by having this as a recurring item on the agenda of each meeting. Further information on the 2022 evaluation of the Supervisory Board can be found in the 'Evaluation of the Supervisory Board' paragraph.

## Number of meetings and attendance rate

The Supervisory Board met nine times in person and had five digital meetings in 2022, which included a vision session with an external facilitator. Thirteen meetings were also attended by the full Board of Management, apart from the agenda item Supervisory Board only. One meeting was held by the Supervisory Board only at the offices of Stibbe Amsterdam in relation to the situation in Belgium. The deep dive in June on the social policy of PostNL was held at the NLI in Waddinxveen, and the deep dive on cyber security was held at the small parcels sorting centre in Nieuwegein. The individual attendance and overall attendance percentages per meeting are presented in the table below.

## Meetings of the committees of the Supervisory Board

### Audit Committee

The Audit Committee met five times in 2022. In general, all meetings are attended by the CFO, director Audit & Security, director group Finance, director Accounting & Reporting and the external auditor, KPMG. The CEO attends the Audit Committee meetings when the half-year and full-year results are being discussed. The chairman of the Audit Committee regularly meets the external auditor without management present. Additionally, the director Audit & Security regularly meets the chairman of the Audit Committee without management, and meets the chairman of the Supervisory Board at least once a year.

At each meeting, the Audit Committee discusses the results of and developments in PostNL's business segments. In 2022, the Audit Committee discussed PostNL's full-year 2021 results, the outlook for 2022, the 2022 first-quarter, half-year and third-

### PostNL Attendance Supervisory Board members

2022

Name	Supervisory Board (incl. calls and digital meetings)	Audit Committee	Nomination Committee	Remuneration Committee
Jan Nooitgedagt	14/14	5/5	4/4	-
Marike van Lier Lels	13/14	5/5	4/4	-
Ad Melkert	14/14	5/5	-	4/4
Jeroen Hoencamp	12/14	-	4/4	-
Nienke Meijer	12/14	-	-	3/4
Koos Timmermans	13/14	5/5	-	4/4
Hannie Vlug <sup>1</sup>	8/10	2/3	-	2/3
Overall attendance rate	91%	96%	100%	87%

<sup>1</sup> Hannie Vlug was appointed as member of the Supervisory Board as per 19 April 2022, only meetings during her tenure are taken into account.

quarter results and the related press releases, as well as the trading updates issued during 2022, and the preliminary 2023 budget, in conjunction with the uncertainty as a result of macroeconomic circumstances going forward. Furthermore, the Audit Committee discussed the Eumedion, VEB and VBDO focus letters, the risk paragraph and the quantity and quality of the explanatory notes in the financial reports of the 2021 Annual Report and the preparation of PostNL's 2022 Annual Report.

The main financial factors influencing the strategic plan and PostNL's financial performance, including volume developments, pricing, cost savings, competition and market share, regulatory developments, economic developments, pensions, and employee conditions, were discussed. The Audit Committee also discussed the development of working capital, the strategy of Parcels, development of cost savings at Mail in the Netherlands, (interim) dividend and dividend policy, the adjustment to the pension plan, the capital allocation framework, and the relevant 2022 tax matters, including matters such as transparency, tax planning, and tax risk management. Cyber security and IT, including digital

ethics, were also recurring items on the agenda of the Audit Committee. The Audit Committee discussed reports on internal control and risk management (reports which are, if necessary, also discussed in the Supervisory Board). Reports from the internal audit function and the external auditor, including the internal audit and KPMG's audit plan and KPMG's board reports, were discussed regularly. The Audit Committee receives and discusses half-yearly updates on integrity issues (including the fraud & whistle-blower report), claims and litigation, compliance and any actions taken by management, if applicable. Fortunately, no material fraud-related incidents were reported in 2022.

The external audit fees were discussed and approved, and the evaluation of the performance of EY over the financial year 2021 was discussed. Furthermore, contemplated changes in the laws and regulations governing financial reporting, the quality assessment and performance of PostNL's internal audit function, and the development of the actions to mitigate the deficiencies reported by the external auditor and internal auditor function over 2021, were also discussed. In relation to changes in laws and regulations governing financial reporting,

the reporting obligations of the EU Taxonomy and the future reporting obligations of the CSRD, as well as the role of the Audit Committee, were addressed and discussed regularly.

### Nomination Committee

The Nomination Committee had four meetings in 2022. The Nomination Committee discussed the overall composition of the Supervisory Board and its committees, and discussed the reappointment of Herna Verhagen as CEO and the appointments of Jeroen Veldstra and Jennifer Crites as members of the Executive Committee. Furthermore, the Nomination Committee was closely involved in adaptations to the organisation to reflect the shift in the company's commercial and operational focus towards e-commerce, including the changes made to the structure, way of working and the Executive Committee as of 1 January 2023. Also the nomination of Martin Plavec as member of the Supervisory Board, which nomination was made in consultation with VESA Equity Investment, was discussed.

The Nomination Committee furthermore discussed succession planning and talent management covering the Supervisory Board, the Board of Management and senior management, and diversity and inclusion within the company. Linked to this, the Nomination Committee discussed the ambitious and appropriate target numbers for the Board of Management and senior management to promote gender diversity.

### Remuneration Committee

In 2022, the Remuneration Committee had four meetings. It discussed the remuneration of the members of the Board of Management and the Executive Committee and of senior management, PostNL's remuneration policy and the preparation of the discussion of the remuneration policy at the 2022 AGM. Feedback was again requested from investors in relation to their view on the Remuneration Report as included in the 2021 Annual Report. Further details on the discussions in the Remuneration Committee and the remuneration for the Board of Management and the Supervisory Board can be found in the 'Remuneration report' chapter, which includes a further explanation of the remuneration policy and the actual remuneration and relationship between remuneration and performance of members of the Board of Management for 2022, and provides further insight into the remuneration policies as adopted at the AGM in 2022.

### Evaluation of the Supervisory Board

The Supervisory Board is responsible for the quality of its own performance. As such, the Supervisory Board evaluates and discusses its functioning and that of its committees and members annually, and at least every four years with the help of an external evaluator. For 2022, the Supervisory Board performed a self-evaluation. The evaluation process consisted of an open and constructive reflection-session during a dinner based on questions asked beforehand by the chair and vice-chair of the Supervisory Board. The questions asked were on the role of the members of the Supervisory Board, the composition of the Supervisory Board as a whole and a reflection on 2022 and expectations for 2023. The session was held with the Supervisory Board members only with the company secretary present.

In general the Supervisory Board concluded that the composition of the Supervisory Board, but also the committees of the Supervisory Board, is balanced, professional and complementary, making the way of working, its judgement and decision making powers adequate. The feedback from the committees of the Supervisory Board to the Supervisory Board as a whole is considered thorough and good. Discussions are conducted in a way that ensures open communication and feedback, meaningful participation allowing for civil disagreement and critical thinking. Not only within the Supervisory Board itself, but also in the discussions with the Board of Management.

The Supervisory Board feels the relationship between the Board of Management and Supervisory Board is healthy, open and with mutual trust. In this regard it was discussed how to further develop on the way the Supervisory Board members can support the Board of Management in using the available competences and knowledge available within the Supervisory Board and act as sounding board and sparring partner even more. It was also discussed that it would be good to establish upfront what the role of the Supervisory Board and its members is when discussing specific topics with the Board of Management, for instance in relation to the deep dives held, i.e. whether it is an open discussion and is input or advice requested, whether a decision is required, whether it is for information purposes only, etc.

The Supervisory Board is positive about the professionalism and quality of the management reports and the information provided by - and transparency of - the Board of Management which are engaging in the advice provided by the Supervisory Board. And points for further development to allow for even more constructive discussions between the Supervisory Board and Board of Management were noted. For instance on requesting further insight from the Board of Management in the underlying considerations of the Board of Management in



presenting documentation and information to the Supervisory Board. Furthermore important subjects for 2023 were discussed, among which are the implementation of the strategy, developments at Parcels and Mail in the Netherlands, cyber security, ESG, and digital. Given the expected challenging year ahead of us the role of the Supervisory Board will be even more important.

The Supervisory Board established that it takes due consideration of the interests of all stakeholders of the company. Building on earlier evaluations, the Supervisory Board has taken its time for discussion with the Supervisory Board only by making this a recurring item on the agenda at the end of each meeting, and in addition now also intends to do so prior to the meeting. The Supervisory Board members themselves are comfortable in exercising their role, and feel that everything can be said. All members feel and have demonstrated that they have enough time to fulfil their duties as members of the Supervisory Board in an adequate manner.

The outcome of the evaluation will be followed up in the coming year.

## Concluding remarks

2022 was a tough year for society as a whole, as well as for PostNL. While 2023 is expected to be a challenging year, we are convinced our motivated people and strong management teams are well equipped to tackle the challenges ahead. We want to take this opportunity to reiterate our appreciation for the contributions made by former Executive Committee members Resi Becker, Marcel Krom, Liesbeth Kaashoek and Arno van Bijnen. We also want to thank the Board of Management, Executive Committee, and all other PostNL employees worldwide for their continued drive throughout the year. We look forward to 2023.

## Additional information

More information can be found in 'Corporate governance' and the 'Remuneration report', which are deemed to be incorporated by reference here.

The Hague, the Netherlands, 27 February 2023

# Corporate governance

PostNL N.V. is a limited liability company listed on Euronext Amsterdam and governed by Dutch corporate law. PostNL has a two-tier governance structure with a Board of Management entrusted with executive management under the supervision of an independent Supervisory Board. Each Board is accountable to the general meeting of shareholders for the performance of its duties. PostNL is a so-called large company (structuurvennootschap). The large company regime provides for a legal framework, which determines the corporate management structure as well as the powers and duties of the Boards.

## Board of Management

### The Board of Management and its duties

The Board of Management manages PostNL. It is collectively responsible for setting and implementing – and the continuous evaluation and, where necessary, adjustment of – our mission, vision, strategy, objectives and culture, the risk profile laid down in our strategy, the company's financing, the non-financial policy, external communication and compliance with all relevant legislation. It is also responsible for the continuity and

management of the company as a whole and for all decisions taken in this respect.

The Board of Management acts in accordance with the interests of the company and looks after the long-term value creation of the company as a whole. To that end, it considers all relevant interests associated with the company and is committed to managing the company transparently.

The Board of Management performs its activities under the supervision of the Supervisory Board. It informs the Supervisory Board of significant developments and discusses, inter alia, risk management, internal control, integrity and compliance systems with the Supervisory Board and its Audit Committee.

PostNL's Supervisory Board evaluates the functioning of the Board of Management and that of its individual members annually. It discusses the conclusions following such evaluation, also in light of the succession of the members of the Board of Management. Furthermore, the Board of Management itself evaluates its own functioning and that of its individual members.

Specific staff departments – Audit & Security, Legal, Tax, Procurement & Services, Human Resources, Investor Relations, Treasury, Public Affairs, Communication and Finance – support the Board of Management and the business segments in the performance of their duties and ensure compliance with applicable laws and regulations.

The Board of Management incorporated the following bodies to ensure compliance with applicable corporate governance requirements: a Disclosure Committee and an Integrity Committee.

The Disclosure Committee advises and assists the Board of Management in ensuring compliance with regulations relating to the publication of price-sensitive information. The Disclosure Committee is composed of the CFO, director Legal, director Communications and Investor Relations, and the corporate secretary. The Disclosure Committee reports directly to the Board of Management. The terms of reference of the Disclosure Committee can be found on our website.

The Integrity Committee advises and assists the Board of Management in developing, implementing and monitoring Group policies aimed at enhancing integrity and ethical behaviour and at preventing irregularities, misconduct and fraud. The Integrity Committee oversees investigations based on reports of possible breaches under our Business Principles and related policies. More information on integrity and the Integrity Committee can be found in the 'Risk and opportunity management' chapter.

Members of the Board of Management are appointed and can be suspended or dismissed by the Supervisory Board. A decision by the Supervisory Board to dismiss a member of the Board of Management can only be taken after the General Meeting of Shareholders has been consulted on the intended dismissal.

Further details on the appointment and dismissal of members of the Board of Management can be found in our articles of association, which are available on our website. The by-laws of the Board of Management can be found on our website.

### Composition and biographies Board of Management

At year-end 2022, the Board of Management consisted of two members: the chairman and chief executive officer (CEO) Herna Verhagen and the chief financial officer (CFO) Pim Berendsen.



#### Herna Verhagen (1966, Dutch, female) – Chief Executive Officer

Herna Verhagen became chief executive officer on 24 April 2012. She was appointed member of the Board of Management per 31 May 2011, reappointed per 14 April 2015 for a period of four years and reappointed per 16 April 2019 for another four years. She started working for one of the legal predecessors of PostNL in 1991 as sales manager. Subsequent roles included marketing & sales director, coordinating managing director Mail NL in the Mail division and managing director Group HR of TNT.

Herna Verhagen is responsible for Mail in the Netherlands, E-Commerce Commerce, E-Commerce Operations, Logistics Solutions, CBS and Digital. Furthermore, her portfolio includes corporate strategy, public affairs, communication, corporate responsibility, human resources, IT and internal audit. She is a member of the Supervisory Board of ING Group and Philips. And she is a member of the executive committee and general board of the Confederation of Netherlands Industry and Employers (VNO-NCW) as well as a member of the Supervisory Board of the Concertgebouw (Amsterdam concert hall).

Herna Verhagen holds two positions as referred to in article 2:132a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

#### Pim Berendsen (1973, Dutch, male) – Chief Financial Officer

Pim Berendsen was appointed chief financial officer and member of the Board of Management per 18 April 2018, and reappointed for a period of four years per 19 April 2022. Pim Berendsen joined PostNL and its legal predecessors in 2000 and held various positions, including financial director and managing director Data and Document Management Unit, financial director Euromail and manager strategy and M&A of Cendris. Between 2013 and 2015 he was director corporate development of Van Gansewinkel Group, returning to PostNL in 2015 to become member of the Executive Committee, responsible for International, M&A and Growth. He started his career as international tax advisor at Arthur Andersen.

Pim Berendsen is responsible for finance, legal, procurement & services, investor relations, M&A, tax and the integrator proposition. He is chairman of the board of advice of Endeit Investment Fund, chairman of the Johan Cruijff Foundation, member of the Supervisory Board of Majorel and non-executive member of the board of Whistl.

Pim Berendsen holds one position as referred to in article 2:132a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

## The Executive Committee, composition and duties

PostNL has an Executive Committee which has been installed to advise and support the Board of Management in its duties and responsibilities. The Executive Committee assists the Board of Management in achieving the company's business objectives and implementing the strategic goals, and provides support and expertise in pursuit of the company's strategic goals. The Executive Committee is also responsible for managing PostNL's senior leadership talent and to manage talent consistently at all business segments of PostNL.

In the performance of its responsibilities, the Executive Committee shall act in accordance with the interests of PostNL and the business connected with it, taking into consideration the interests of PostNL's stakeholders. The members of the Executive Committee have regular contact with the Supervisory Board, both formally (in meetings of the Supervisory Board) and informally (at the initiative of a member of the Executive Committee or of a member of the Supervisory Board). The CEO acts as the first contact between the Executive Committee and the Supervisory Board and its Chairman.

At year-end 2022, the composition of the Executive Committee was Herna Verhagen (CEO and chairman), Pim Berendsen (CFO), Liesbeth Kaashoek, responsible for Parcels and Logistics, Arno van Bijnen, responsible for Customer Excellence and Cross Border Solutions, Bob van Ierland, responsible for Mail Netherlands, Jeroen Veldstra, responsible for HR, Jennifer Crites, Chief Information Officer and Bart Delmulle, Chief Digital Officer.

The composition of the Executive Committee changed as of 1 January 2023 to reflect the shift of PostNL's commercial and operational focus towards e-commerce, and is now composed of the following nine members:

- Herna Verhagen (CEO and chairman)
- Pim Berendsen (CFO)
- Iris van Wees, responsible for E-commerce Operations
- Stephan van den Eijnden, responsible for E-commerce Commerce
- Tijs Reuerman, responsible for Cross Border Solutions
- Bob van Ierland, responsible for Mail Netherlands
- Jeroen Veldstra, responsible for HR
- Jennifer Crites, Chief Information Officer, responsible for IT
- Bart Delmulle, Chief Digital Officer

As a result, as per 1 January 2023 Liesbeth Kaashoek and Arno van Bijnen are no longer members of the Executive Committee.

Each Executive Committee member bears responsibility for the operations and management in their business unit or staff function, in line with PostNL's policies, values and principles and compliance standards. The Board of Management reviews and assesses the performance of the Executive Committee, as well as the effectiveness of the governance structure of the Executive Committee, at least once a year. In doing so, the Board of Management shall take account of the checks and balances that are part of PostNL's two-tier system, such as whether the Supervisory Board is informed adequately.

With the exception of the members of the Board of Management, Executive Committee members are appointed, suspended and dismissed by the Board of Management.

The by-laws of the Executive Committee can be found on our website.

## Supervisory Board

### The Supervisory Board and its duties

The Supervisory Board is charged with supervising the Board of Management and the general course of affairs of PostNL, as well as assisting the Board of Management with advice. The Supervisory Board evaluates the main organisational structure and the risk management, internal control, integrity and compliance systems established by the Board of Management, as well as the general and financial risks.

In performing its duties, the Supervisory Board acts in accordance with the interests of PostNL and considers the relevant interests of the company's stakeholders. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole. Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the company's business. Members of the Supervisory Board may take views that differ from those of the Board of Management. PostNL's Supervisory Board is responsible for the quality of its own performance, which is reviewed annually.

The Supervisory Board performs an oversight role with respect to corporate responsibility issues supported by PostNL's internal audit function and the company's external auditors who provide assurance on the non-financial reporting.

The Board of Management provides the Supervisory Board with the information necessary for the proper performance of its duties in a timely manner. In addition, the Board of Management is required to provide the means to allow the Supervisory Board and its individual members to obtain all information necessary to be able to function as the supervisory body of PostNL. The Board of Management seeks full transparency in its communication with the Supervisory Board.

The by-laws of the Supervisory Board can be found on our website.

### Appointment and dismissal

Members of the Supervisory Board are appointed by the General Meeting of Shareholders following nomination by the Supervisory Board. The General Meeting of Shareholders can dismiss the Supervisory Board in its entirety by an absolute majority of the votes cast representing at least one-third of the issued share capital. According to the by-laws and the profile of the Supervisory Board, a person may be appointed to the Supervisory Board for a maximum period of four years and may then be reappointed once for another four-year period.

The Supervisory Board member may subsequently be reappointed again for a period of two years, and this appointment may be extended by at most two years. PostNL's articles of association provide that members of the Supervisory Board shall resign periodically in accordance with a rotation plan drawn up by the Supervisory Board in order to limit the number of simultaneous appointments or reappointments. The rotation plan is available on our website. Further details on the appointment and dismissal of members of the Supervisory Board can be found in our articles of association.

### Composition

Pursuant to our articles of association, the Supervisory Board has at least three members. Taking this requirement into account, the Supervisory Board decides on the number of its members. At the date of this report, the Supervisory Board consisted of seven members. The Supervisory Board prepared a profile of its size and composition, taking into account the nature of PostNL's business and activities and the desired expertise, competences, diversity and background of the members of the Supervisory Board. The Supervisory Board also adopted a diversity policy for PostNL addressing the composition of the Supervisory Board, Board of Management

and Executive Committee. This policy can be found on our website.

The Supervisory Board ensures that its composition meets the required profile and is as independent and diverse as possible, assuring sufficient knowledge of mail and communication, logistics, corporate responsibility, digitalisation, sustainability, management, public affairs, IT, finance, corporate governance and the capital markets. A Supervisory Board member must be capable of assessing the broad outline of the company's overall policy and should have the specific expertise required to fulfil the duties assigned to their designated role within the framework of the profile. Each member should have sufficient time available for the proper performance of their duties.

The Supervisory Board evaluates its profile regularly and discusses the profile at the Annual General Meeting of Shareholders and with PostNL's central works council when it amends the profile. The profile of the Supervisory Board is available on our website.

### Chair

The chair of the Supervisory Board determines the agenda and presides over meetings of the Supervisory Board. The chair is responsible for the proper functioning of the Supervisory Board and its committees. In addition, the chair arranges an introduction and training programme for new members of the Supervisory Board and initiates the evaluation of the performance of the members of the Supervisory Board and the Board of Management. The chair of the Supervisory Board may not be a former member of PostNL's Board of Management.

### Composition and biographies of the Supervisory Board

At the Annual General Meeting of Shareholders held on 19 April 2022, the shareholders appointed Hannie Vlug, and reappointed Jan Nooitgedagt, as member of the Supervisory

Board for a period of four years. For the Annual General Meeting of Shareholders in April 2023, the Supervisory Board has nominated Marike van Lier Lels for reappointment as Supervisory Board member for a period of four years. Also the Supervisory Board has nominated Martin Plavec as Supervisory Board member for a period of four years, which nomination was made in consultation with VESA Equity Investment.

At year-end 2022, the Supervisory Board consisted of seven members. All members of the Supervisory Board are independent within the meaning of the by-laws of the Supervisory Board and the applicable corporate governance rules.

### Jan Nooitgedagt (1953, Dutch, male) – Chair Supervisory Board

Jan Nooitgedagt was appointed member of the Supervisory Board on 17 April 2018 and chair of the Supervisory Board on 19 June 2018, and reappointed as member of the Supervisory Board per 19 April 2022 for a period of four years. His current term expires in 2026. He is chair of the Supervisory Board of Invest-NL.

Jan Nooitgedagt was formerly chair of the Supervisory Board of TMG and SNS Reaal, member of the Supervisory Board of Rabobank, Robeco and Bank Nederlandse Gemeenten, chair of the board of VEUO (Association of listed AEX companies), chair of the Nyenrode Foundation board, member of the executive board and CFO of AEGON and held different positions at EY, ultimately as managing partner for the Netherlands and Belgium.

Jan Nooitgedagt holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

### **Marike van Lier Lels (1959, Dutch, female) – Vice chairwoman Supervisory Board**

Marike van Lier Lels was appointed member of the Supervisory Board on 16 April 2019. Her current term expires in 2023. She is a member of the Supervisory Board of NS, RELX and Dura Vermeer, and chairwoman of the Supervisory Board of Innovation Quarter.

Marike van Lier Lels was amongst others a member of the Supervisory Board of Eneco, Imtech, KPN, USG People and Connexion, Vice-chairwoman of the Supervisory Board of TKH Group, Executive vice president and Chief Operating Officer of Amsterdam Airport Schiphol, member of the executive board Deutsche Post Euro Express and Director Van Gend & Loos Benelux.

Marike van Lier Lels holds three positions as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

### **Jeroen Hoencamp (1966, Dutch, male)**

Jeroen Hoencamp was appointed member of the Supervisory Board on 14 April 2020. His current term expires in 2024. He is CEO of VodafoneZiggo, the Dutch joint venture of Vodafone the Netherlands and Ziggo.

For over 20 years Jeroen Hoencamp fulfilled various senior management positions within Vodafone, such as CEO of Vodafone Netherlands, Ireland and Great Britain.

Jeroen Hoencamp holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

### **Nienke Meijer (1965, Dutch, female)**

Nienke Meijer was appointed member of the Supervisory Board on 20 April 2021. Her current term expires in 2025. Nienke is co-founder and partner of Foundation De Buitenboordmotor, member of the supervisory board of Deloitte, chair of the board of Foundation De Volkskrant, member of the Advisory council for science, technology and innovation and member of the supervisory board of Leiden University Medical Center.

Nienke previously was Chair of the board of Fontys Hogescholen and held several commercial and managerial roles within Wegener and VNU.

Nienke Meijer holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

### **Ad Melkert (1956, Dutch, male)**

Ad Melkert was appointed member of the Supervisory Board on 14 April 2020. His current term expires in 2024. His positions include chairman of the Dutch Association of Hospitals and Extraordinary Councillor at the Council of State.

Previously Ad Melkert served as Dutch Member of Parliament, Minister of Social Affairs and Employment, Executive Director at the World Bank and Under-Secretary-General of the United Nations.

Ad Melkert holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

### **Koos Timmermans (1960, Dutch, male)**

Koos Timmermans was appointed member of the Supervisory Board on 20 April 2021. His current term expires in 2025. He is a member of the supervisory board of FMO, member of the supervisory board of Port of Rotterdam Authority, chair of the supervisory board of Stadsherstel Amsterdam and external advisor Bain & Company.

Previously Koos held various senior management positions within ING, ultimately as CFO, he was member of the board of Association VNO/NCW, member of the supervisory board of the Duisenberg School of Finance and the Amsterdam Institute of Finance.

Koos Timmermans holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

### **Hannie Vlug (1964, Dutch, female)**

Hannie Vlug was appointed member of the Supervisory Board on 19 April 2022. Her current term expires in 2026. She is chairwoman of the Samenwerkingsorganisatie Beroepsopdracht Bedrijfsleven.

Previously Hannie was a member of the supervisory board of health insurer Zorg en Zekerheid, a member of the supervisory board of housing cooperative Woonzorg Nederland, and she held several managerial functions within the Dutch government, including as director employment relations and director sustainability.

Hannie Vlug holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

## Committees of the Supervisory Board

PostNL's Supervisory Board has an Audit Committee, Nomination Committee and Remuneration Committee. The committees have an advisory role based on a mandate from the Supervisory Board. Only the Supervisory Board has decision-making powers. Each committee reports its deliberations, findings and recommendations after each meeting to the full Supervisory Board. The committees operate pursuant to terms of reference set by the Supervisory Board in accordance with the law and the Code. The terms of reference are available on our website.

The following table provides an overview of the composition of the Supervisory Board committees per year-end 2022.

### PostNL Composition of Supervisory Board committees

2022

Committee	Audit	Remuneration	Nomination
Chair	Koos Timmermans	Ad Melkert	Jan Nooitgedagt
Member	Jan Nooitgedagt	Nienke Meijer	Marika van Lier Lels
Member	Marika van Lier Lels	Koos Timmermans	Jeroen Hoencamp
Member	Ad Melkert	Hannie Vlug	

### Audit Committee

The Audit Committee assists and advises the Supervisory Board and prepares the decision-making of the Supervisory Board on the monitoring of the integrity and quality of the financial reporting by the company and on the effectiveness of the internal risk management and control systems of the company. The Audit Committee focuses inter alia on the supervision of the Board of Management concerning (i) the integrity of the company's financial and corporate responsibility reporting (including but not limited to the choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements and forecasts); (ii) the external auditor's qualifications and independence,

remuneration and non-audit services for the company; (iii) the relationship with the external auditor and the compliance by PostNL with the recommendations from the external auditor and the internal audit function; (iv) the company's financing; (v) the company's tax strategy; (vi) the application of information and communication technology by the company, including the risks related to cyber security, and; (vii) compliance with relevant legislation and codes of conduct.

The Audit Committee consists of at least three members. All members of the Audit Committee are members of the Supervisory Board who are independent within the meaning of the by-laws of the Supervisory Board and the applicable corporate governance rules. A member of the Audit Committee shall not simultaneously serve on the Audit Committee of more than two other companies unless the Supervisory Board determines that this simultaneous service would not impair the ability of such a member to serve effectively on the Audit Committee.

Each member of the Audit Committee must be financially literate and at least one member of the Audit Committee shall be a financial expert, with relevant knowledge and expertise of financial accounting and reporting for listed companies or other large companies.

### Nomination Committee

The Nomination Committee assists the Supervisory Board on matters relating to the appointment procedures for members of the Supervisory Board and the Board of Management and procedures to secure adequate succession of members of the Board of Management and the assessment of such candidates, and with assessing the size and composition of the Supervisory Board and the Board of Management. The Nomination Committee prepares proposals for nominations, appointments and reappointments. At least once a year, the size and composition of the Supervisory Board and the Board

of Management and the functioning of the individual members are assessed by the Nomination Committee and discussed by the Supervisory Board.

The Nomination Committee consists of at least three members, including the chairman (or vice chairman) of the Supervisory Board. All members of the Nomination Committee are members of the Supervisory Board and are independent within the meaning of the by-laws of the Supervisory Board and the applicable corporate governance rules.

### Remuneration Committee

The Remuneration Committee proposes at least once every four years a clear and understandable remuneration policy for the Board of Management and Supervisory Board to be pursued (such policies to be adopted by the General Meeting of Shareholders). It proposes the remuneration of the individual members of the Board of Management, which proposal shall be prepared in accordance with the remuneration policy, proposes common targets for members of the Board of Management for the three coming years, prepares the remuneration report, reviews the granting of company shares or options for company shares to other senior management of the company pursuant to its share plans, and prepares a clear and understandable proposal for the remuneration of Supervisory Board in accordance with the remuneration policy.

The Remuneration Committee consists of at least three members. The chairman of the Remuneration Committee shall not simultaneously be the chairman of the Supervisory Board. All members of the Remuneration Committee are members of the Supervisory Board and are independent within the meaning of the by-laws of the Supervisory Board and the applicable corporate governance rules. Members of the Supervisory Board which are appointed pursuant to the enhanced right of recommendation of the Central Works

Council shall by operation of law immediately become a member of the Remuneration Committee. The other members of the Remuneration Committee shall be appointed and may be replaced at any time by the Supervisory Board.

### Information by external parties

The Supervisory Board and its committees may hire independent advisors as it deems appropriate. There is an agreed procedure for members of the Supervisory Board to obtain independent professional advice paid for by the company, if so required.

## Conflict of interest

Each member of the Board of Management and the Supervisory Board must immediately report and provide all relevant information to the chairman of the Supervisory Board about any conflict of interest or potential conflict of interest, material or not to the company and/or to the relevant member. A member of the Board of Management also informs the other members of the Board of Management (as applicable).

If the chairman of the Supervisory Board has a conflict of interest or potential conflict of interest that is material to the company and/or to them, they are required to report this immediately to the vice chairman of the Supervisory Board and to provide all relevant information. In all situations, this includes information concerning a spouse, registered partner or other life companion, (foster) child or other relatives by blood or marriage up to the second degree.

The Supervisory Board is responsible for deciding how to resolve a conflict of interest between members of the Board of Management, members of the Supervisory Board and/or the external auditor on the one hand and the company on the other.

In the event of a conflict of interest between PostNL and a member of the Board of Management, the company will be represented by another member of the Board of Management or a member of the Supervisory Board appointed by the Supervisory Board for this purpose.

A decision to enter into a transaction involving a conflict of interest with a member of the Board of Management or the Supervisory Board, material or not, to the company or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2022 so best practice provisions 2.7.3 and 2.7.4 of the Code did not apply.

The by-laws of the Board of Management and the Supervisory Board also include a provision that a member of the Board of Management or the Supervisory Board does not participate in any discussion or decision-making that involves a subject or transaction in relation to which the member has a conflict of interest with the company. In 2022, there were no cases whereby conflicts of interest occurred.

## Insider trading – share ownership

Members of the Supervisory Board, the Board of Management and PostNL's senior management are subject to the PostNL Group Policy on Prevention of Insider Trading, which sets rules to prevent insider trading in our financial instruments and in securities other than PostNL's financial instruments.

Under the current remuneration policies share ownership is mandatory for the Board of Management, and not for members of the Supervisory Board. This is further detailed in the Remuneration report, where you can also find the total number of PostNL shares held by each member of the Board of Management. None of the Supervisory Board members holds any PostNL shares at the date of this Annual Report.

## Diversity & inclusion

As described elsewhere in this Annual Report, PostNL believes in the strength of diversity and inclusion. We respect and value differences between people, as they make our organisation stronger, more innovative and more appealing. This also translates into our aim for diversity in the composition of the Executive Committee, Board of Management and Supervisory Board. The Supervisory Board seeks to promote diversity among the members of the Executive Committee, Board of Management and Supervisory Board with regard to age, sex, level of expertise and experience, and nationality. We aim to create a balance, to the extent possible, in which the diversity referred to above is expressed and where the objective is to comply, at the very least, with the statutory requirements. For more information please refer to our Diversity and Inclusion policy which can be found on the website.

At year-end 2022 PostNL's Board of Management had two members, of which one was female, i.e. 50% of the seats filled by women. The Executive Committee had eight members, of which three were female, i.e. 37.5% of the seats filled by women. The Supervisory Board has seven members, of which three are women, i.e. 42.9% of the seats filled by women. Consequently, as per year-end 2022, the Board of Management, the Executive Committee and Supervisory Board had a balanced representation of men and women.

As follows from PostNL's diversity policy and the profile of the Supervisory Board, diversity is taken into account when selecting candidates in case of a vacancy in the Executive Committee, Board of Management and Supervisory Board. Ultimately, the capacities of the selected candidates are assessed irrespective of the candidate's gender and the most qualified candidates will be nominated for appointment.



Per 1 January 2022, new legislation in the Netherlands came into force in relation to a balanced representation of men and women in Supervisory Boards, Boards of Management and senior management. The legislation introduced a binding diversity quota for the Supervisory Board, whereby at least one third of the members of the Supervisory Board should be male, and at least one third of the members should be female. Also, large companies such as PostNL should determine an ambitious and appropriate target (in the form of a target number) to promote gender diversity in the Board of Management and senior management. As mentioned above, PostNL complies with the binding diversity quota for the Supervisory Board. Also, PostNL has determined ambitious and appropriate target numbers for the Board of Management and senior management. More information on the implementation of the diversity policy can be found in chapter 'Social value'.

## Corporate secretary

The Executive Committee, Board of Management and Supervisory Board are assisted by PostNL's corporate secretary. All members of the Executive Committee, Board of Management and Supervisory Board have access to the advice and services of the corporate secretary, who is responsible for ensuring that the Executive Committee, Board of Management and Supervisory Board procedures are followed and that each of these bodies acts in accordance with the law, the articles of association and the relevant by-laws.

## Shareholders and their rights

### General Meeting of Shareholders

PostNL is required to hold an Annual General Meeting of Shareholders within six months of the end of the financial year. The agenda for this meeting includes the adoption of the financial statements, a proposal on dividend and the release from liability of the members of the Board of Management and the Supervisory Board for the performance of their respective duties during the financial year. This release only covers liability for matters reflected in the relevant financial statements or otherwise disclosed to the General Meeting of Shareholders prior to the adoption of the relevant financial statements.

General Meetings of Shareholders are held as often as the Board of Management or the Supervisory Board deem necessary, and shall be convened in case of a decision entailing a significant change in the identity or character of PostNL or its business.

Furthermore, the Supervisory Board and the Board of Management are in principle required to convene a shareholders meeting in case one or more shareholders representing at least 10% of PostNL's issued share capital so request in writing, stating the proposed agenda in detail.

General Meetings of Shareholders may be held in Amsterdam, The Hague, Hoofddorp or in the municipality of Haarlemmermeer (Schiphol).

One or more shareholders representing at least 1% of PostNL's issued share capital are entitled to request that the Board of Management or the Supervisory Board place items on the agenda of a General Meeting of Shareholders. Such a request must be honoured by the Board of Management or the Supervisory Board, provided that the request is received in writing at least 60 days before the date of such a meeting. In

the event a request is made by one or more shareholders to either convene a meeting or to place an item on the agenda of a General Meeting of Shareholders that may result in a change of the company's strategy, the Board of Management is entitled to a reasonable period in which to respond, which shall not exceed 180 days.

The Central Works Council of PostNL has the right to form an opinion on proposals to determine or modify the policy on the remuneration of the Board of Management, proposals that entail a significant change in the identity or character of the company or its business and proposals to appoint a member of the Supervisory Board. The Central Works Council has the right to explain its position during the General Meeting of Shareholders.

General Meetings of Shareholders are convened at least 42 days in advance by a notice published on the company's website.

Each shareholder is entitled to attend a General Meeting of Shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of PostNL's articles of association. An eligible shareholder has the aforementioned rights if registered as a shareholder on the applicable record date to the extent described by Dutch law.

Each PostNL share carries the right to cast one vote. Unless Dutch law or PostNL's articles of association stipulate otherwise, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting. Pursuant to PostNL's articles of association, there are no limitations to the rights of Dutch, non-resident or foreign shareholders to hold or exercise voting rights in respect of PostNL's securities.

## General Meeting of Shareholders 2022

On 19 April 2022, PostNL held its Annual General Meeting of Shareholders in The Hague, the Netherlands. The attendance rate was 49.97% of the total outstanding share capital. The agenda, resolutions and voting results for each resolution, the presentations given during the meeting and a webcast of the meeting are available on our website in Dutch and English. Minutes of the meeting are available in Dutch only.

## Liquidation rights

In the event of PostNL's dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses are to be distributed in the following order of preference: firstly, to the holders of all outstanding preference shares B (if any), the nominal amount paid up on these shares plus accumulated dividends for preceding years that have not yet been paid; and secondly, to holders of ordinary shares in proportion to their shareholdings.

## Changes to the rights of shareholders

Rights of shareholders may change by way of an amendment to the articles of association, a statutory merger or demerger within the meaning of book 2 of the Dutch Civil Code, or dissolution of the company. A resolution of the General Meeting of Shareholders is required to effect these changes. Under PostNL's articles of association, such a resolution may only be adopted upon a proposal by the Board of Management that has been approved by the Supervisory Board.

## Major shareholders

To PostNL's knowledge, it is not directly or indirectly owned or controlled by another company or by any government. PostNL does not know of any arrangements of which the operation might, at a subsequent date, result in a change of control, except as described under 'Foundation Continuity PostNL and preference shares B' below.

The Financial Markets Supervision Act (Wet op het financieel toezicht) imposes a duty to disclose percentage holdings in the capital and/or underlying financial instruments and/or voting rights in the company when such holding reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such a disclosure must be made to the Dutch Financial Markets Authority (AFM) without delay. The AFM then notifies the company.

## Articles of association, share acquisition, reduction and increase of issued share capital

### Amendment of the articles of association

The company's articles of association can be amended upon a proposal by the Board of Management, approved by the Supervisory Board and adopted by the General Meeting of Shareholders. A proposal to amend the articles of association must be stated in a notice convening a General Meeting of Shareholders and announced in such a manner as permitted by law at the time. The proposal shall be passed upon an absolute majority of the votes cast in the General Meeting of Shareholders. PostNL's articles of association are available on our website.

### Ability of the company to acquire its own shares

Under its articles of association, PostNL may acquire its own shares, provided that they are fully paid up. If such shares are acquired for consideration, the following conditions apply:

- PostNL's shareholders' equity less the purchase price may not fall below the sum of the paid-up capital and any reserves required to be maintained by Dutch law or pursuant to the articles of association.

- Following the share acquisition, PostNL may not hold shares with an aggregate nominal value exceeding half of its issued share capital.

The Board of Management is authorised to decide to acquire PostNL shares. Such a resolution requires the approval of the Supervisory Board. In addition, the Board of Management requires prior authorisation by the General Meeting of Shareholders. This authorisation may be valid for a period not exceeding 18 months and must specify:

- The number of shares that may be acquired;
- The manner in which shares may be acquired;
- The price limits within which shares may be acquired.

Authorisation by the General Meeting of Shareholders is not required if the PostNL shares are acquired for the purpose of transferring those shares to PostNL employees pursuant to any arrangements applicable to such employees.

### Reduction of issued share capital in general

The issued share capital may be reduced by the cancellation of shares following a repurchase. PostNL's issued share capital may also be reduced if the nominal value of its shares is reduced by amendment of PostNL's articles of association. The resolution to reduce PostNL's issued share capital requires the approval of the General Meeting of Shareholders. Pursuant to PostNL's articles of association, such a resolution may be adopted pursuant to a proposal of the Board of Management that has been approved by the Supervisory Board. The latter requirement is more stringent than Dutch law.

### Increase of issued share capital by issuance of shares/pre-emptive rights

PostNL's Board of Management has been designated as the body authorised to resolve on the issuance of shares and to grant rights to subscribe for shares, including options and

warrants. Such a resolution is subject to the approval of the Supervisory Board. The scope and duration of this authority of the Board of Management are determined by the General Meeting of Shareholders. The Board of Management cannot be authorised to issue more shares than the number of authorised shares that have not been issued (i.e. the number of authorised shares minus the number of issued shares). The authority may not be granted for a period longer than five years.

The term of designation of the Board of Management as the body authorised to resolve on the issuance of shares may also be extended by amendment of PostNL's articles of association.

If no extension is given, the issue of shares or granting of rights to subscribe for shares requires a resolution of the General Meeting of Shareholders. Such a resolution may only be adopted pursuant to a proposal by the Board of Management that has been approved by the Supervisory Board.

In principle, each holder of ordinary shares has a pre-emptive right in case of any issue of ordinary shares or the granting of rights to subscribe for these shares.

Pursuant to PostNL's articles of association, shareholders' pre-emptive rights may be restricted or excluded by a resolution of the Board of Management, provided and as long as the Board of Management has been designated as the body authorised to resolve on the issuance of shares. Such a resolution is subject to the approval of the Supervisory Board. Pursuant to PostNL's articles of association, the provisions relating to the scope and duration of the authority to issue shares and grant rights to subscribe for ordinary shares are also applicable to the scope and duration of the authority to exclude or restrict pre-emptive rights.

## Dividend

The Board of Management may determine, subject to approval by the Supervisory Board, that any dividend on ordinary shares will be paid wholly or partly in PostNL ordinary shares instead of cash, or that any dividend will be paid by giving shareholders the option to choose between PostNL ordinary shares or cash (optional dividends).

If and when dividends are declared, PostNL pays dividends out of its profits, or by exception out of the distributable part of its shareholders' equity as shown in PostNL's financial statements. PostNL is not allowed to pay dividends if the payment would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch law or the company's articles of association.

The Board of Management may, subject to approval by the Supervisory Board and to provisions of Dutch law, distribute interim dividend. No dividend shall be paid on shares held by PostNL. Such shares shall not be included for the calculation of the profit distribution, unless the Board of Management resolves otherwise. Such a resolution is subject to the approval of the Supervisory Board.

Under PostNL's articles of association, if preference shares B have been issued, PostNL must pay dividends on the paid-up portion of the nominal value of the preference shares B. Payment is made at a rate of the average 12-month EURIBOR (Euro Interbank Offered Rate), weighted to reflect the number of days for which the payment is made, plus a premium to be determined by the Board of Management, subject to approval by the Supervisory Board, of at least one percentage point and at most three percentage points. The Board of Management then determines, subject to the approval of the Supervisory Board, the part of the remaining profits to be appropriated to reserves. The profit that remains after appropriation is at the disposal of the General Meeting of Shareholders.

More information about PostNL's dividend policy can be found in the 'PostNL on the capital markets' chapter, and on our website. Any changes to these guidelines shall be explained in a separate agenda item at the Annual General Meeting of Shareholders.

## Foundation Continuity PostNL and preference shares B

Stichting Continuïteit PostNL (Foundation Continuity PostNL) was formed to safeguard the interests of PostNL, the undertaking connected with PostNL and all parties involved. It does this by, among other things, preventing any influences that could threaten PostNL's continuity, independence and identity, as far as possible. Foundation Continuity PostNL is an independent legal entity and is not owned or controlled by PostNL or any other legal person.

PostNL's articles of association provide for protective preference shares B that can be issued to Foundation Continuity PostNL. The preference shares B have a nominal value of €0.08 and have the same voting rights as PostNL's ordinary shares.

PostNL and Foundation Continuity PostNL have entered into a call option agreement, which enables Foundation Continuity PostNL to acquire a number of preference shares B not exceeding the total issued number of ordinary shares minus one and minus any shares already issued to Foundation Continuity PostNL. The call option agreement is meant as a preventive measure against influences that might threaten the continuity, independence and identity of the company. Preference shares B will be outstanding no longer than strictly necessary. As at 31 December 2022 and at the date of this Annual Report, there were no preference shares B issued. The exercise price with respect to the call option is the nominal

value of €0.08 per preference share B, although upon exercise only €0.02 per preference share B is required to be paid. The additional €0.06 is due when the Board of Management, subject to the approval of the Supervisory Board, requests payment. Foundation Continuity PostNL has a credit facility in place to enable it to exercise the call option.

Six months after the issuance of preference shares B, Foundation Continuity PostNL may require PostNL to convene a General Meeting of Shareholders to discuss cancellation of these shares. However, if within these six months Foundation Continuity PostNL should receive a demand for repayment under the credit facilities referred to above, it may also require PostNL to convene a General Meeting of Shareholders. In accordance with PostNL's articles of association, a General Meeting of Shareholders must be convened no later than 12 months after the first date of issuance of any preference shares B to Foundation Continuity PostNL. The agenda for that meeting shall include a resolution regarding the repurchase and/or cancellation of the preference shares B.

PostNL has granted Foundation Continuity PostNL the right to file an application for an inquiry into the policy and conduct of PostNL's business with the Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer). Should such an inquiry be granted, the Enterprise Chamber may impose immediate provisions.

At 31 December 2022, the members of the Board of Foundation Continuity PostNL were Mr M.P. Nieuwe Weme (chair), Ms Y.C.M.T. van Rooy, Ms C.M.C. Mahieu and Mr P.S. Overmars. All members of the Board of Foundation Continuity PostNL are independent from PostNL. This means that Foundation Continuity PostNL is an independent legal entity as referred to in section 5:71 paragraph 1 sub c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

## Shareholder and stakeholder dialogue

PostNL endeavours to stay in regular contact with its shareholders. The CEO, CFO and the investor relations team meet with shareholders during roadshows and conduct individual meetings and calls during the year.

Communication takes place with governance institutions representing shareholder groups before the Annual General Meeting of Shareholders and also during the year. PostNL does not have a specific policy to introduce members of the Supervisory Board to PostNL shareholders. The company has a policy on bilateral contacts with the shareholders which is included in the investor relations policy and published on PostNL's website. More information about PostNL's investor relations can be found in the 'PostNL on the capital markets' chapter.

Furthermore, PostNL organises an annual dialogue with its stakeholders, in addition to the daily, ongoing contacts with customers, regulators, interest groups, et cetera. More information about PostNL's stakeholder dialogue can be found in the 'Non-financial statements, section Basis of preparation' chapter.

## External auditor

PostNL's external auditor, KPMG Accountants NV, is appointed by the General Meeting of Shareholders. The lead partner rotates after a maximum period of five years and the key assurance partners rotate after a maximum period of seven years. Mr Roland Smeets is the lead audit partner since the financial year 2022.

The Supervisory Board recommends to the General Meeting of Shareholders the appointment or replacement of the external auditor. In doing so, it considers the Audit Committee's advice regarding the external auditor's nomination for appointment/reappointment or dismissal. The Audit Committee prepares the selection of the external auditor. The Audit Committee reports annually to the Supervisory Board on the functioning of, and relevant developments in the relationship with the external auditor. The Audit Committee gives due consideration to the Board of Management's observations in this respect. At the Annual General Meeting of Shareholders held on 20 April 2021, KPMG Accountants NV was appointed as the external auditor for PostNL for the financial years 2022, 2023 and 2024.

The Audit Committee, supported by the internal audit function, is required to pre-approve all services the external auditor provides to ensure these do not impair the auditor's independence from PostNL. The Audit Committee grants a general pre-approval for certain routine services every year. By Dutch law, the external auditor is in principle prohibited to render non-audit services.

Conflicts and potential conflicts of interest between the external auditor and PostNL are settled in accordance with the terms of reference of the Audit Committee and Dutch law. See note '2.3.4 Other operating expenses' to the Consolidated financial statements for more information.

The Audit Committee requires a formal written statement from the external auditor confirming its independence.

## Internal audit

PostNL's internal audit function provides independent and objective assurance to the Board of Management and the Supervisory Board on the effectiveness of the internal control framework, and performs financial, IT and non-financial management systems and operational audits for the various units within the PostNL Group. Audits are scheduled in close cooperation with the business concerned and organised in such a way that the external auditor can use the internal audit activities optimally. Each audit is followed by a formal audit report to the management responsible. Adequate follow-up on audit findings is assured. A summary report of audit-related topics (findings, follow-up, and so on) is issued every quarter to the Board of Management and the Audit Committee. Audit planning, the quality and professionalism of the audit team and the effectiveness and efficiency of the execution of the audits are supervised by the Board of Management and approved by the Audit Committee. The internal audit function reports to the CEO, with open communication to the CFO and the Audit Committee.

# Remuneration report

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The Supervisory Board is responsible for the remuneration policy of the Board of Management and its implementation. The Remuneration Committee oversees and continues to ensure the implementation of the remuneration policies as approved by the shareholders at the AGM and continues to ensure that decision-making is in line with those policies, PostNL's performance and strategic priorities.

## Remuneration Committee

The Remuneration Committee consists of:

- Chairman: Ad Melkert
- Member: Nienke Meijer
- Member: Koos Timmermans
- Member: Hannie Vlug (as per 19 April 2022)

The main responsibilities of the Remuneration Committee are:

- Make a proposal for a clear and understandable remuneration policy for the Board of Management and the Supervisory Board

- Make a proposal for the remuneration of the individual members of the Board of Management
- Prepare the remuneration report
- Make a proposal for targets on performance measures included in the remuneration policy and measure achievements against those targets for variable remuneration components
- Make a proposal for the grant of (conditional) company shares.

## Remuneration report 2022

### Message from the chairman



Dear reader,

On behalf of the Supervisory Board, I am pleased to present our 2022 remuneration report. This report includes an overview of the implementation of the remuneration policies in 2022. Since a final set of EU guidelines on the standardised presentation of the remuneration report is not yet available, the 2022 remuneration report has again been drafted in the spirit of the latest draft guidelines, in line with the 2019, 2020 and 2021

remuneration reports. We intend to update our report where necessary once the final EU guidelines have been published.

The 2022 remuneration report will be subject to an advisory vote at our AGM on 18 April 2023. During last year's AGM, 99.54% of the shareholders voted for the 2021 remuneration report. In preparation for the 2022 report, we consulted (representing bodies of) several external stakeholders. Their feedback has been taken into account and did not lead to any material changes to the remuneration report.

#### Highlights of 2022

The current geopolitical situation has major consequences globally. The unprecedentedly high level of inflation puts further pressure on costs. In combination with low consumer confidence it has clearly impacted consumer spending. PostNL has continuously adjusted its network capacity to safeguard customer and consumer service levels. At the same time, PostNL initiated steps towards a future-proof organisation in order to respond even better and faster to developments in digitalisation, innovation and sustainability. Despite aforementioned challenging market circumstances and the further tightened labour market, PostNL concluded new CLAs for all employees of PostNL and agreed upon an adjusted pension scheme with the unions in anticipation of the new pension law, leading to higher indexation.

#### Financial performance

Full year normalised EBIT and free cash flow came in significantly lower than last year and ended up below target level, which is mainly explained for by Covid related effects in 2021, a fierce step down of volume growth within Parcels and high increases of organic costs. Although PostNL maximally implemented cost measures to scale down operational costs, these measures could not counter the full impact of the shortfall of volumes and higher organic costs.

For more information on the Board of Management's performance against targets, we refer to the section '2022 actual remuneration'.

#### Non-financial performance

Despite challenging and changing market circumstances, PostNL continued to demonstrate the strength of its core business by continued focus on its strategic objectives.

Providing customer value is a key driver in the execution of PostNL's strategy. And although we believe that during 2022 PostNL continued demonstrating many achievements, customer satisfaction, measured by the share of highly satisfied customers, slightly decreased. We are however pleased that the share of highly satisfied customers increased at Parcels and the share of satisfied customers increased in 2022 throughout PostNL. The tight labour market clearly impacted quality levels throughout the company, especially at Mail in the Netherlands. We are glad that quality at Parcels remained very high and only slightly decreased compared to last year. Attracting and retaining motivated people is key to PostNL's social value and crucial to the company's success. The employee engagement score remained relatively high in 2022.

Because PostNL believes that sustainability is a license to operate, we included the performance measure climate impact in the Board of Management remuneration policy in 2020 as part of PostNL's strategic objective to improve environmental impact. We have now evaluated climate impact for the first time since its introduction and are pleased to demonstrate the progress made in this regard.

For more information on the Board of Management's performance against targets, we refer to the section '2022 actual remuneration'.

### Decisions made in 2022

In the beginning of 2022 it was decided to index the base salary of the Board of Management in line with the 2021 salary indexation and the framework as defined in the remuneration policy. Furthermore in 2022, after positive feedback from both internal and external stakeholders, the slightly revised remuneration policy of the Board of Management was put forward for a binding shareholder vote at the 2022 AGM. 98.21% of the shareholders voted for the revised remuneration policy.

These unprecedented times and future uncertainties, lead to intensive discussions within the Remuneration Committee regarding the long-term incentive (hereafter: LTI) target-setting, since targets should be both challenging and realistic, taking into account their multi-year character. Consequently, the current variable remuneration (short-term incentive (hereafter: STI) and LTI) structure will be an integral part of the 2023 evaluation of the remuneration policy of the Board of Management. Furthermore, the Remuneration Committee evaluated the annual committee cycle process, including the meeting frequency and standard decision framework topics. This did not lead to any material changes in the annual process.

At the beginning of the performance period, the Supervisory Board, following the advice of the Remuneration Committee, set challenging and realistic targets regarding both STI and LTI. Despite a challenging and rapidly changing environment, these targets have not been altered since. The Remuneration Committee conducted an assessment on the remuneration outcomes for the Board of Management, but given the current remuneration policy such assessment did not result in any adjustment to the variable remuneration outcomes of the Board of Management.

### Looking forward to 2023

2023 will be marked by the re-evaluation of the total remuneration policies of both the Board of Management and Supervisory Board, whereby amongst others, the following topics will be discussed: remuneration profile and levels, external- and internal alignment, strategy alignment (incl. ESG) and structure of the variable remuneration. Both policies will be put forward for a binding shareholder vote at the 2024 AGM.

Furthermore, the Remuneration Committee will gauge if, and to what extent, the New Corporate Governance Code, the final EU guidelines on the standardised presentation of the remuneration report or any other (European) legislation will impact one or both policies and/or remuneration reporting.

The Hague, the Netherlands, 27 February 2023

On behalf of the Remuneration Committee,  
Ad Melkert, Chairman



## Policy Framework

The following section provides a high-level overview of the remuneration policy of the Board of Management as adopted by the 2022 AGM and the remuneration policy of the Supervisory Board as adopted by the 2020 AGM.

### Board of Management

The purpose of PostNL is to deliver special moments and our ambition is to be the favourite deliverer. Our strategy is to become the leading logistics and postal service provider in, to and from the Benelux. This translates into strategic objectives that can be found in the chapter Our strategy, which are incorporated in the remuneration policy.

Content element	Description
Guiding principles	<p>The objective of the Policy is to attract, reward and retain qualified Board of Management members to set and implement our purpose, ambition, strategy, objectives and culture. The Policy is built on the following principles:</p> <ul style="list-style-type: none"> <li>• Alignment</li> <li>• Transparent</li> <li>• Compliant</li> <li>• Simple</li> <li>• Sustainable</li> </ul>

Content element	Description
External- and internal perspective	<p>The Supervisory Board applies a holistic view towards remuneration whereby both internal- and external perspective are taken into account:</p> <ul style="list-style-type: none"> <li>• Market perspective is one of the factors that the Supervisory Board takes into account when determining adequate remuneration levels to attract and retain qualified leaders. The Supervisory Board reviews a peer group to ensure a balanced representation of the relevant labour market. The main criteria applied to determine the peer group are Dutch listing and comparability to PostNL in terms of size (revenue, employees, market capitalisation, assets), board structure and geographical focus. PostNL will benchmark its remuneration against a reassessed peer group at least every four years. We refer to our <a href="#">website</a> for the 2020 peer group.</li> <li>• The remuneration for the Executive Committee, other senior management and employees who fall under a Collective Labour Agreement, is intended to be aligned with the principles underlying the Policy for the Board of Management. Such in order to establish internal consistency within salary structure, design of incentive plans and guidelines for salary increases. In this regard, the Supervisory Board continuously monitors the development of the pay ratios.</li> </ul>
Base salary	<p><b>Purpose and link to strategy:</b></p> <ul style="list-style-type: none"> <li>• Provides a fixed level of earnings to attract and retain the Board of Management to execute PostNL's strategy.</li> </ul> <p><b>Operation:</b></p> <ul style="list-style-type: none"> <li>• The Supervisory Board sets base salaries in line with the opportunity and takes multiple factors into account, such as environment and societal context where PostNL operates in, the nature and responsibility of the role, individual and business performance, the pay conditions of PostNL's broader employee population and market positioning.</li> <li>• A possible regular annual increase is capped at the salary increase of the broader PostNL workforce, as agreed upon in the PostNL Collective Labour Agreement.</li> </ul> <p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>• Base salary levels are set at around the median market level of the peer group.</li> </ul>

Content

element Description

Short-term incentive	<b>Purpose and link to strategy:</b>		
	<ul style="list-style-type: none"> <li>Rewards the delivery of short-term performance and takes into account the interests of multiple stakeholders.</li> </ul>		
	<b>Performance framework and operation:</b>		
	<ul style="list-style-type: none"> <li>The Supervisory Board sets challenging and realistic targets for each performance measure.</li> <li>Performance period: one year.</li> <li>At the end of the performance period, the Supervisory Board determines which targets on each of the performance measures have been achieved. A performance measure can only contribute to pay-out if it is fully met, which means there is no stretch and no threshold.</li> <li>The STI is paid on an annual basis in cash.</li> <li>The quantifiable performance measures are defined, weighted and linked to the strategy as shown below:</li> </ul>		
	<b>Performance measure</b>	<b>Definition</b>	<b>Weight</b>
	Profitability	Earnings before interest and taxes adjusted for the impact of project costs and incidentals (normalised EBIT)	30%
	Cash generation	Cash flow available for dividend payments to shareholders, acquisition of group companies and bond repayments (free cash flow)	30%
	<b>Total financial performance measures</b>		<b>60%</b>
	Employee engagement	The share of engaged employees	10%
	Customer satisfaction	The share of customers who are at least very satisfied	10%
	Quality Mail	Mail sent by consumers and delivered the next day to all Dutch households	10%
			<b>Link to strategic objectives</b>
			Generate profitable growth and sustainable cash flow
			Attract and retain motivated people
			Help customers to grow their business
			Secure a sustainable mail business

Content

element Description

Short-term incentive	Quality Parcels	The share of parcels with an on-time, first-time delivery attempt	10%	Help customers to grow their business
	<b>Total non-financial performance measures</b>		<b>40%</b>	
	<b>Opportunity:</b>			
	<ul style="list-style-type: none"> <li>Set with a reference to the 25th percentile of the peer group.</li> <li>The maximum value is set at 37.5% of annual base salary for all Board of Management members.</li> </ul>			

Content

element Description

Long-term incentive	<b>Purpose and link to strategy:</b>			
	<ul style="list-style-type: none"> <li>Rewards long-term value creation to PostNL's strategy and reinforces alignment with shareholder interests by granting share.</li> </ul>			
	<b>Performance framework and operation:</b>			
	<ul style="list-style-type: none"> <li>The Supervisory Board sets challenging and realistic target levels for each performance measure.</li> <li>Performance period: three years.</li> <li>Ordinary PostNL shares will be conditionally granted.</li> <li>At the end of the performance period, the Supervisory Board determines the extent to which targets on each of the performance measures have been achieved and consequently to which extent the conditional shares and their dividend equivalent will vest. There is no vesting below threshold.</li> <li>Upon vesting, performance shares and their conditional dividend equivalent are subject to a holding period of two years. Therefore, the performance shares are blocked for a total period of 5 years.</li> <li>The quantifiable performance measures are defined, weighted and linked to the strategy as shown on the next page:</li> </ul>			

Content element	Description			
Long-term incentive	<b>Performance measure<sup>1</sup></b>	<b>Definition</b>	<b>Weight</b>	<b>Link to strategic objectives</b>
	Earnings attributable to shareholders	Cumulative net earnings attributable to the shareholders, adjusted for the impact of project costs and incidentals (cumulative normalised comprehensive income)	33.33%	Generate profitable growth and sustainable
	Cash generation	Cumulative cash flow available for dividend payments to shareholders, acquisition of group companies and bond repayments (free cash flow)	33.33%	cash flow
<b>Total Financial performance measures</b>			<b>66.67%</b>	
Climate impact	CO <sub>2</sub> efficiency of our own operations	33.33%	Improve environmental impact	
<b>Total non-financial performance measures</b>			<b>33.33%</b>	
<b>Opportunity:</b>				
<ul style="list-style-type: none"> <li>Set with a reference to the 25th percentile of the peer group.</li> <li>The maximum value is set at 37.5% of annual base salary for all Board of Management members.</li> </ul>				

Content element	Description
Pension and benefits	<p><b>Purpose and link to strategy:</b></p> <ul style="list-style-type: none"> <li>Remain competitive with the market.</li> </ul> <p><b>Operation:</b></p> <ul style="list-style-type: none"> <li>Board of Management members are entitled to benefits such as pension benefits, risk insurances, company car, tax and social security, a fixed expense allowance and possible service costs.</li> <li>Participation in the basic pension plan provided by the Dutch pension fund (Stichting Pensioenfond PostNL) is mandatory under conditions that apply to the participating PostNL employees.</li> <li>For the pensionable salary that is not covered by the basic pension plan, a company paid pension allowance of 19% applies. This contribution can be used to participate in the so-called Net Pension Plan. Dependents pension and waiver of premium in the event of disability are insured on a risk basis as part of the Net Pension Plan, the premium of which is paid by PostNL.</li> </ul> <p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>Pension and benefits are in line with market practice and are aligned with the elements applicable to the wider workforce. We refer to the website of Stichting Pensioenfond PostNL (<a href="https://www.pensioenpostnl.nl">https://www.pensioenpostnl.nl</a>) for the latest applicable pension agreement</li> </ul>
Miscellaneous	Ultimate remedy, claw-back, share ownership guidelines, contractual, derogation and procedural provisions apply.

<sup>1</sup>In 2020 and 2021 two segment-based free cash flow performance measures were in place (each weighing 25%), next to earnings attributable to shareholders (25%) and climate impact (25%).

For more details regarding the remuneration policy of the Board of Management as adopted by the 2022 AGM, we refer to our website.

## Supervisory Board

Content element	Description
Guiding principles	<p>The objective of the Policy is to attract and retain qualified talent to perform the Supervisory Board's duties and act in accordance with the interests of PostNL and its stakeholders. The Policy is built on the following principles:</p> <ul style="list-style-type: none"> <li>• Alignment</li> <li>• Independence</li> <li>• Transparent</li> <li>• Compliant</li> <li>• Simple</li> </ul>
Framework	<p>The framework:</p> <ul style="list-style-type: none"> <li>• reflects time spent and the responsibilities of the role;</li> <li>• supports deployment of specific skills and competences; and</li> <li>• is fixed and cash-based with no variable or share-based element and therefore not related to company performance</li> </ul> <p>The Remuneration Committee takes multiple factors into account when determining compensation levels, including the type of role, the pay conditions of PostNL's employees and relevant market developments. Compensation levels will be benchmarked at least every four years against the same peer group that is used for the Board of Management benchmark. PostNL aims to position compensation between the lower quartile and median levels of the peer group for all compensation elements of the Policy.</p>

Content element	Description																
Free structure	<p>The Policy contains the following compensation elements:</p> <ul style="list-style-type: none"> <li>• Board fees for chairman and members;</li> <li>• Committee fees for chairman and members;</li> <li>• Other benefits;</li> <li>• Expenses</li> </ul> <p>The fee structure is as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Annual Board fees (excl. VAT)</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>€55,000</td> </tr> <tr> <td>Member</td> <td>€40,000</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2">Annual Committee fees (excl. VAT)</th> </tr> </thead> <tbody> <tr> <td>Chairman Audit Committee</td> <td>€10,000</td> </tr> <tr> <td>Chairman Remuneration / Nomination Committee</td> <td>€7,500</td> </tr> <tr> <td>Member Audit Committee</td> <td>€7,500</td> </tr> <tr> <td>Member Remuneration / Nomination Committee</td> <td>€5,000</td> </tr> </tbody> </table>	Annual Board fees (excl. VAT)		Chairman	€55,000	Member	€40,000	Annual Committee fees (excl. VAT)		Chairman Audit Committee	€10,000	Chairman Remuneration / Nomination Committee	€7,500	Member Audit Committee	€7,500	Member Remuneration / Nomination Committee	€5,000
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Chairman Remuneration / Nomination Committee	€7,500																
Member Audit Committee	€7,500																
Member Remuneration / Nomination Committee	€5,000																
Miscellaneous	Contractual, derogation and procedural provisions apply.																

For more details regarding the remuneration policy of the Supervisory Board as adopted by the 2020 AGM, we refer to our website .

## 2022 actual remuneration

The following section provides insight into how our remuneration policy was implemented in 2022 for both our Board of Management and Supervisory Board. The presented figures are at market value, unless stated otherwise. For IFRS-based figures on the remuneration, see note '5.1 Remuneration of Supervisory Board, Board of Management and senior management' to the consolidated financial statements for more information.

### Implementation of the remuneration policies

In 2022, we have overseen that all decisions made on Board of Management and Supervisory Board remuneration are in line with the remuneration policies and decision-making process (no deviations took place) as approved by the AGM in 2020 and 2022. All remuneration is paid directly to the Board of Management and the Supervisory Board by PostNL N.V. As such, no remuneration has been granted and allocated by subsidiaries or other companies whose financials are consolidated by PostNL N.V.

Furthermore, PostNL did not grant any severance payments to the Board of Management or the Supervisory Board in 2022. Lastly, the Supervisory Board did not claw-back any variable remuneration from the Board of Management.

### Total remuneration Board of Management Scenario analysis

In conformity with the Corporate Governance Code (hereafter: the Code), scenario analyses have been performed regarding the possible results of the variable remuneration elements and the impact thereof on the remuneration of the Board of Management members. Based on the analyses, the Supervisory Board deems the remuneration levels to be appropriate in view of the performance, respecting contractual agreements. Hence, no further measures are required in this

regard. The analyses, amongst others include a minimum performance scenario (0%) and a maximum performance scenario (100%) and share price variations (between 50% and 300%).

### External perspective

In line with our remuneration policy, we benchmark our remuneration against a reassessed peer group at least every four years. The 2020 peer group, as defined in our remuneration policy, has not been altered since.

### Internal perspective

We take the internal perspective into account in the implementation of the remuneration policy in order to ensure internal alignment with the remuneration of the Executive Committee, other senior management and employees who fall under a collective labour agreement. In 2022, we continued to monitor the development of our internal pay ratios. The ratio between the annual total remuneration for the CEO and the average annual total remuneration of an employee was 21.5 for 2022.

The ratio between the annual total remuneration of the CFO and the average annual total remuneration of an employee was 16.1 for 2022. The Supervisory Board is committed to the guiding principles as laid down in the remuneration policy and deems the alignment with the broader workforce important, as demonstrated by the relatively consistent development of the internal pay ratios over the years. In the 'Performance/remuneration/internal pay ratio' table, we provide more detailed information on the calculation method and the development of the Board of Management remuneration versus the wider workforce.

### Base salary

The base salaries for both members of the Board of Management were indexed in 2022 in line with the 2021 CLA increase of the wider workforce and as further laid-down in the remuneration policy. The total remuneration of the Board of Management in 2022 (and 2021) is outlined in the following table:

**PostNL Remuneration Board of Management** in €  
2021, 2022

Name of Director - position	Reported Year	Fixed remuneration			Variable remuneration		Total remuneration	Fixed-variable remuneration
		Base salary <sup>1</sup>	Other benefits <sup>2</sup>	Pension costs <sup>3</sup>	One year variable	Multi-year variable		
Herna Verhagen - CEO	2022	679,639	188,717	76,414		146,916	1,091,686	87%-13%
	2021	659,844	183,551	387,985	173,209	227,161	1,631,749	75%-25%
Pim Berendsen - CFO	2022	516,526	118,078	35,987		111,659	782,249	86%-14%
	2021	501,481	112,874	33,824	131,639	172,642	952,460	68%-32%

1 Base salaries 2022 were indexed with 3.0%.

2 Other benefits include company costs related to tax and social security, pension allowances, company car and other compensation.

3 Pension costs represent the cash out for defined benefit scheme (net of employee contributions), and risk premium for a net pension plan and the unconditional indexation for pension benefits accrued before 1 January 2001. Against the backdrop of the pension plan adjustment as per 31 December 2022 and in line with the wider workforce, Herna Verhagen received a one-off compensation (€ 31,514) in 2022 for the termination of the unconditional indexation for pension benefits accrued before 1 January 2001. As reported in the 2021 remuneration report, the elevated pension costs in 2021 of Herna Verhagen result from a settlement payment towards Stichting Pensioenfonds PostNL for a conditional pension plan based on transitional rules.

## Short-term Incentive (STI) 2022

### PostNL Short-term Incentive

2022

Name of Director - position	Performance measure <sup>1</sup>	Link to strategic objective	Relative weight	Target level	Actual remuneration (% of base salary)	
					Actual performance	
Herna Verhagen - CEO	Profitability	Deliver profitable growth and generate	30%	€218m	€84m	0%
Pim Berendsen - CFO	Cash generation	sustainable cash flow	30%	€123m	€40m	0%
<b>Total Financial performance measures</b>					<b>0.00%</b>	
	Customer satisfaction <sup>2</sup>	Help customers grow their business	10%	35.0%	33.0%	0%
	Employee engagement	Attract and retain motivated people	10%	81.5%	80.8%	0%
	Quality Mail	Secure a sustainable mail business	10%	95.0%	91.4%	0%
	Quality Parcels	Help customers grow their business	10%	98.0%	97.7%	0%
<b>Total Non-financial performance measures</b>					<b>0.00%</b>	
<b>Total</b>					<b>0.00%</b>	

<sup>1</sup> Reference is made to the section Policy Framework.

<sup>2</sup> In line with our strategic objectives, PostNL intends to measure this performance measure through Net Promoter Score (NPS) as from 2023 onwards. More information in this regard can be found in chapter 6 Customer value.

The STI, which rewards the delivery of short-term performance taking into account the interests of multiple stakeholders, is based on annual financial and non-financial performance measures. Only fully achieved targets on these performance measures contribute to the STI pay-out, which means there is no threshold and no stretch.

STI pay-out is based on actual performance as assessed by the Remuneration Committee and summarised in the table above. The 2022 STI realisation amounts to 0% out of a maximum of 37.50%, which equals a pay-out ratio of 0%.

Full year profitability (normalised EBIT) came in at €84 million, significantly lower than target level, which is mainly explained for by Covid related effects in 2021, lower volume growth within Parcels and increased organic costs. Aforementioned is strongly related to the current geopolitical situation causing

economic uncertainty, low consumer spending and high levels of inflation.

Although PostNL maximally implemented cost measures to scale down costs, these measures could not counter the full impact of the shortfall of volumes and higher organic costs.

Cash generation (free cash flow) this year came in at €40 million, which is significantly lower than target level. This decline is mainly caused by a lower normalised EBIT.

Following the 2020 step up in customer satisfaction across the board, related in part to the continuation of service during the pandemic, we observe customer satisfaction tending towards, but substantially above, pre-COVID levels. 2022 customer score of 33% highly satisfied customers was slightly below target level. Higher inflation and a decrease in spending power could have negatively impacted the view of customers on companies.

Furthermore, the tight labour market lead to longer waiting times for customers.

The employee engagement score remained relatively high in 2022, with more than 80.8% engaged employees, in line with the benchmark figure in the Netherlands. However, we scored slightly under target level 81.5%, amongst others, caused by work pressure as result of the challenging labour market. Improvement areas relate to available systems and tools, collaboration between departments and internal communication.

PostNL failed to reach the 95% target level for Mail in NL. For Parcels, delivery quality remained very high during the year, with a score of 97.7% just below target level. Quality levels at Mail in the Netherlands and Parcels were mainly affected by a very tight labour market.

By introducing a new employment model for parcels (i.e. offerings thousands of parcel deliverers an employment contract with PostNL over the next few years and actively encourage delivery partners to grow, further professionalise and to green their services), permanent contracts for all mail deliverers, granting surcharges to mail deliverers in specific areas and mail delivers extending their contracts, PostNL combatted the tight labour market throughout 2022. Despite these numerous tailored interventions, both quality levels were not reached. As performance on quality is key to our strategic objectives, quality improvement has continuous attention going forward.

### Long-term Incentive (LTI) 2020-2022

The LTI rewards long-term value creation to PostNL's strategy and reinforces alignment with shareholder interests by granting shares. The plan is based on financial and non-financial performance measures on which targets are set for a 3-year performance period. Since vesting schemes are being applied, a non-fully met target can still contribute to the LTI pay-out although overperformance against target does not lead to an upside (no stretch).

### PostNL Long-term Incentive

2020-2022

Year-end 2022, the LTI 2020-2022 performance period ended. The Remuneration Committee assessed the achievements of the Board of Management over the three-year performance period. Relative weight, threshold level, target level and actual performance per performance measure are summarised in the table above. The LTI 2020-2022 was granted in 2020 and as such, originates from the previous remuneration policy as adopted by the AGM in 2020, with renewed financial performance measures as part of the adjusted financial framework and by introducing climate impact as non-financial performance measure linked to our strategic objective to improve environmental impact.

Earnings attributable to shareholders (cumulative normalised comprehensive income) of €575 million exceeded target level, resulting in a pay-out ratio (% of annual base salary) of 9.375%. Furthermore, both cash generation Parcels and cash generation Mail in NL (free cash flow) exceeded target levels, resulting in a pay-out ratio of 9.375% each. The aforementioned results were, given the multi-year character of the LTI, mainly caused by a considerable outperformance throughout the business in 2020 and 2021.

Since 2020, the remuneration policy of the Board of Management includes climate impact as a performance measure under the LTI plan, to strengthen alignment with PostNL's sustainability goals. The climate impact performance measure was evaluated for the first time in 2022. Climate impact is defined as CO<sub>2</sub> efficiency of our own operations and measures the relative reduction in grams per kilometre compared to base year 2017. Besides a threshold level and a target level, the climate impact performance measure also contains a qualifier. The qualifier for the LTI 2020-2022 was defined as 'absolute CO<sub>2</sub> 2022 is lower than 2019'. With lower absolute CO<sub>2</sub> emissions in 2022 than in 2019 and a 32.7% CO<sub>2</sub> reduction compared to 2017 (= base year), both qualifier and target level were significantly exceeded. The significantly improved performance is the consequence of two developments reinforcing each other and PostNL's demonstrated commitment to embrace climate awareness throughout its operations. Firstly, accelerated by the strong improvement of our data insights on sustainability in our operational chain, we increasingly refuelled with bio and renewable fuels, such as HVO100. Secondly, where feasible, we replaced our means of transport that run on fossil fuels with a suitable electric alternative.

Name of Director - position	Performance measure <sup>1</sup>	Link to strategic objective	Relative weight	Threshold level	Target level	Actual remuneration (% of base salary)	
						Actual performance	Actual performance
Herna Verhagen - CEO	Earnings attributable to shareholders	Deliver profitable growth and generate sustainable cash flow	25%	€320m	€413m	€575m	9.375%
Pim Berendsen - CFO	Cash generation Parcels		25%	€85m	€134m	€219m	9.375%
	Cash generation Mail in NL		25%	€(215)m	€(137)m	€215m	9.375%
<b>Total Financial performance measures</b>							<b>28.125%</b>
	Climate impact	Improve environmental impact	25%	11.6	15.0	32.7	9.375%
<b>Total Non-financial performance measures</b>							<b>9.375%</b>
<b>Total</b>							<b>37.50%</b>

<sup>1</sup> Reference is made to the section Policy Framework.

The interplay of these two developments lead to an acceleration of our transition. This resulted in a pay-out of 9.375%. Although all performance measures significantly exceeded target levels, this did not result in a higher pay-out (capped at 37.5% of annual base salary), since no stretch is in place. The applicable number of performance shares will vest in 2023 and are subject to a two-year holding period.

This holding period (together with the minimum shareholding requirement as described in section 'Share ownership') aligns the long-term interest of the members of the Board of Management with our shareholders. Furthermore, the holding period ensures that the performance shares are held for a period of at least 5 years, in conformity with the Code.

The market value of the shares is determined by multiplying the number of shares by the five-day volume weighted average share price of PostNL prior to 1 January 2023 at €1.7183 (2022: €3.8307). See note '5.1 Remuneration of Supervisory Board, Board of Management and senior management' to the Consolidated financial statements for more information.

The market value of shares granted, vested and those shares subject to a holding period are presented in the table below.

#### PostNL Shares (market value) in €

Name of Director - position	Specification of plan	Value of shares held at 1 Jan 2022	Value of shares granted during 2022 <sup>1</sup>	Value of dividend shares <sup>2</sup>	Value of shares settled during 2022	Value of shares forfeited during 2022	Value of net shares under a holding period at 31 Dec 2022	Value of shares subject to a performance condition at 31 Dec 2022
Herna Verhagen - CEO	PSP 2022		135,469	8,739				144,208
	PSP 2021	94,226		17,551				111,777
	PSP 2020	302,771		56,389				359,161
	PSP 2019	197,759		22,615	(146,916)	(73,457)	76,028	
	PSP 2018	52,729					52,729	
	PSP 2017	18,264						
	<b>Total shares</b>	<b>665,750</b>	<b>135,469</b>	<b>105,294</b>	<b>(146,916)</b>	<b>(73,457)</b>	<b>128,757</b>	<b>615,146</b>
Pim Berendsen - CFO	PSP 2022		102,955	6,643				109,598
	PSP 2021	71,614		13,339				84,953
	PSP 2020	230,106		42,856				272,962
	PSP 2019	150,300		17,188	(111,659)	(55,829)	57,783	
	PSP 2018	40,074					40,074	
		<b>Total shares</b>	<b>492,094</b>	<b>102,955</b>	<b>80,026</b>	<b>(111,659)</b>	<b>(55,829)</b>	<b>97,857</b>
<b>Total market value</b>		<b>1,157,844</b>	<b>238,424</b>	<b>185,320</b>	<b>(258,575)</b>	<b>(129,287)</b>	<b>226,615</b>	<b>1,082,660</b>

1 The number of conditional shares granted is based on 37.5% of the annual base salary divided by the five-day average Euronext Amsterdam share price of PostNL prior to the date of publication of the Q1 2022 results (€3.139). Vesting takes place at the end of the 3 year performance period, is subject to the long-term incentive plan's performance measures as described under 'Policy framework' and is determined by the Supervisory Board. Performance will be disclosed in the 2024 remuneration report.

2 Conditional dividend shares were granted following the final dividend 2021 and interim dividend 2022.



## Shares held by the Board of Management Share ownership

### PostNL Share ownership as percentage of the minimum shareholding in %

2021-2022

	31 Dec 2021	31 Dec 2022
<b>Board of Management</b>		
Herna Verhagen - CEO <sup>1</sup>	261	190
Pim Berendsen - CFO	84	77

<sup>1</sup> 'Once achieved always achieved' principle applies for the CEO as from 2020 onwards.

The table provides an overview of the shares held as a percentage of the minimal shareholding (75% of annual base salary) at year-end 2022 (and 2022) by the CEO and CFO.

All members of the Board of Management are required to hold a specified value of PostNL shares. This minimum shareholding requirement fosters the identification of Board of Management members with PostNL's strategy and its shareholders and aims to ensure a sustainable link to the performance of the company. The minimum shareholding requirement for the CEO and CFO is equivalent to 75% of annual base salary. These minimum shareholdings can be built up over 7 years (effective date share ownership as part of the 2020 remuneration policy), for the current Board of Management members.

The CEO has exceeded the minimum share ownership level since 2020, while the CFO has not yet reached the minimum level yet, although expects to do so within the requisite period. The decreased ownership level partially results from the decreased average share price compared to last year.

### PostNL Shares held by Board of Management in shares

2021, 2022

Board of Management		31 Dec 2021	31 Dec 2022
Herna Verhagen - CEO	Conditional shares	346,131	357,997
	Unconditional shares under a holding period	41,316	74,933
	Unconditional shares not subject to a holding period	273,565	284,194
		<b>661,012</b>	<b>717,124</b>
Pim Berendsen - CFO	Conditional shares	263,062	272,079
	Unconditional shares under a holding period	23,322	56,950
	Unconditional shares not subject to a holding period	53,574	53,574
		<b>339,958</b>	<b>382,603</b>

### Information on the change of remuneration and company performance

The table provides an overview on the change of remuneration, company performance, average remuneration per FTE and internal pay ratios over the last 5 financial years (IFRS based). In line with the Code, the remuneration of the Supervisory Board is not related to the company performance and paid in cash only. Therefore, the Supervisory Board is excluded from this table. For an overview of the total remuneration of the Supervisory Board over the last five years, we refer to table 'Five-year overview total remuneration Supervisory Board'.

## Internal pay ratios

The ratios between the annual total remuneration for the CEO and CFO and the average annual total remuneration for an employee was 21.5 for the CEO in 2022 and 16.1 for the CFO in 2022. The decrease in pay ratios compared to 2021 is mainly caused by lower variable remuneration costs for the Board of Management and higher average remuneration costs per FTE.

As from 2021 onwards, external temporary staff has been taken into account in the internal pay ratio calculation. This means that all FTEs of external staff hired has been taken into account when calculating the average number of FTEs. The related costs (see note '2.3.1 Work contracted out and other external expenses' to the Consolidated financial statements for more information ) are included in the calculation of the average remuneration per FTE. For administrative reasons, it is not feasible to make a distinction between external staff who have worked shorter/longer than 3 months for PostNL during the calendar year. As a result, no distinction is made in the duration of the activities performed by external staff for PostNL. The pay ratios 2022 excluding external temporary staff would have been 22.0 for the CEO and 16.4 for the CFO.

## PostNL Performance/remuneration/internal pay ratio

2018-2022 (IFRS based)

		2018	2019	2020	2021	2022
Profitability <sup>1</sup>	in € million	206	135	250	308	84
	Delta in %		(34%)	85%	23%	(73%)
Earnings attributable to shareholders <sup>2</sup>	in € million	182	83	200	285	90
	Delta in %		(54%)	141%	43%	(68%)
Revenue PostNL	in € million	2,772	2,844	3,255	3,466	3,144
	Delta in %	2%	3%	14%	6%	(9%)
Total remuneration CEO	in €	1,204,669	1,095,078	1,236,376	1,237,076	1,177,485
	Delta in %	7%	(9%)	13%	0%	(5%)
Total remuneration CFO	in €	1,020,581 <sup>3</sup>	831,273	926,719	927,541	880,509
	Delta in %	24%	(19%)	11%	0%	(5%)
Average remuneration per FTE <sup>4</sup>	in €	48,998	44,108	51,861	51,905	54,753
	Delta in %	7%	(10%)	18%	0%	5%
<b>Internal pay ratio</b>						
CEO <sup>5</sup>		24.6	24.8	23.8	23.8	21.5
	Delta in %		1%	(4%)	(0%)	(10%)
CFO <sup>3</sup>		20.8	18.8	17.9	17.9	16.1
	Delta in %		(10%)	(5%)	0%	(10%)

1 Profitability is equal to normalised EBIT (see the 'Financial value' chapter for more information).

2 Earnings attributable to shareholders is equal to normalised comprehensive income (see the 'Financial value' chapter for more information).

3 Jan Bos stepped down as CFO on 17 April 2018 and acted as advisor to the Board of Management until 1 June 2018; Pim Berendsen was appointed as CFO on 18 April 2018.

4 Based on the total salaries, pensions and social security contributions (excluding the CEO and CFO) increased with the external temporary staff cost (from 2021 onwards) divided by the average number of FTE's (total of own personnel and external temporary staff) minus two as reported in the 'Financial Statements' of the relevant years. Specifically for 2022, the expense related to the change in pension accounting classification has been excluded.

5 Henna Verhagen was CEO over the presented years.

## Total remuneration of the Supervisory Board

The total remuneration of the Supervisory Board in 2022 (per individual member) and 2021 (as a total) is presented in the table on the right.

In line with the remuneration policy as adopted by the AGM in 2020, the Supervisory Board members are entitled to a Board fee and one or more fixed Committee fee(s). The members of the Supervisory Board receive no compensation related to performance and accrue no pension rights with the company.

As such, their remuneration is 100% fixed. The members of the Supervisory Board receive no severance payments in the event of termination. PostNL does not grant loans, including mortgage loans, advance payments, guarantees and options or shares to any member of the Supervisory Board.

A five-year overview of the total remuneration of the Supervisory Board is presented in the table on the right.

### PostNL Total remuneration Supervisory Board in €, 2021, 2022

Supervisory Board member	Board fee	Committee fees			Total fees
		Nomination	Remuneration	Audit	
Jan Nooitgedagt	55,000	7,500		7,500	70,000
Marike van Lier Lels	40,000	5,000		7,500	52,500
Ad Melkert	40,000		7,500	7,500	55,000
Jeroen Hoencamp	40,000	5,000			45,000
Nienke Meijer	40,000		5,000		45,000
Koos Timmermans	40,000		5,000	10,000	55,000
Hannie Vlug <sup>1</sup>	27,889		3,486	4,062	35,437
<b>Total 2022</b>	<b>282,889</b>	<b>17,500</b>	<b>20,986</b>	<b>36,562</b>	<b>357,937</b>
Total 2021	267,222	19,028	19,028	36,562	341,840

<sup>1</sup> Hannie Vlug was appointed as member of the Supervisory Board as per 19 April 2022

### PostNL Five-year overview total remuneration Supervisory Board in €, 2018-2022

Supervisory Board member	2018	2019	2020	2021	2022
Jan Nooitgedagt	43,736	68,500	67,500	69,236	70,000
Marike van Lier Lels		34,242	51,056	52,500	52,500
Ad Melkert			39,110	55,000	55,000
Jeroen Hoencamp			36,090	45,000	45,000
Nienke Meijer				35,312	45,000
Koos Timmermans				38,194	55,000
Hannie Vlug					35,437
<b>Total current members</b>	<b>43,736</b>	<b>102,742</b>	<b>193,756</b>	<b>295,242</b>	<b>357,937</b>
Marc Engel	54,000	40,500			
Jacques Wallage	57,547	55,000	17,042		
Frank Rövekamp	44,500	46,000	13,000		
Agnes Jongerius	45,500	46,000	46,444	13,750	
Thessa Menssen	49,500	58,500	55,000	16,806	
Eelco Blok	53,000	55,000	50,625	16,042	
<b>Total former members</b>	<b>304,047</b>	<b>301,000</b>	<b>182,111</b>	<b>46,598</b>	
<b>Total remuneration</b>	<b>347,783</b>	<b>403,742</b>	<b>375,867</b>	<b>341,840</b>	<b>357,937</b>

# Our tax strategy and policy provisions

# 16

In this chapter we provide an overview of our tax strategy, its underlying policy provisions, and their application.

## Introduction

PostNL's tax strategy and policy is the mandate given by the Board of Management of PostNL to the head office department Group Tax and purports to set the strategy and policy provisions applicable for the PostNL Group, and to define and allocate the roles and responsibilities in the area of taxation within the PostNL Group.

The objective of this tax strategy and policy, which is updated compared to our 2021 policy and is based on the tax governance code developed under the umbrella of VNO-NCW, is to ensure a coherent, responsible and compliant approach towards matters of taxation in the broadest sense. Our behavior and attitude towards matters of taxation, the principles and procedures in connection with such matters should always be in line with this objective.

### Tax strategy and risk management

PostNL's overall strategy is the ambition to be the leading logistics and postal service provider in, to and from the Benelux. Underpinning this ambition, we have defined strategic objectives aimed at creating value for customers, our people, the environment, and our investors whereby we view environmental, social and government (ESG) topics

as a license to operate. Our approach to tax is acting fully in line with our overall strategy whereby we view tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity. As such, a coherent, responsible and compliant approach towards tax is considered an integral part of doing business (fair taxation being included in our Materiality matrix), whereby we aim to maintain a moderate tax risk appetite.

Group Tax is mandated by the Board of Management to oversee this approach towards tax. In that role, Group Tax, inter alia, advises and supports the Board of Management on tax and acts as the central business partner on tax towards all stakeholders. Group Tax consist of specialists in direct and indirect taxes, payroll taxes, government grants, tax compliance and reporting. Our approach to tax risk management has been built on a tax control framework, which is, in its turn, part of PostNL's internal control framework. Key ingredients of our tax risk management process are periodical tax reports that Group Tax is providing for the CFO, an at least quarterly review of our tax position and the executing of quarterly tax risk management cycle, including (key) control execution and testing. In addition, Group Tax ensures adhering to its tax strategy and policies within the team and within the group increasing tax awareness throughout PostNL. To maintain our approach to tax we also have dialogues with governmental and non-governmental stakeholders, with industry groups and employer organizations on a continuous basis about interpretation of, and compliance with tax laws and regulations.

## Policy provisions

### Approach to tax: tax strategy & tax policy provisions

We see tax not as a cost factor alone, but as a means for socio-economic cohesion, sustainable growth and long-term prosperity.

- Our approach to tax is based on a tax strategy and a set of policy provisions approved by our Board of Management
- Group Tax reports at least semi-annually to the Board of Management and at least annually to the Audit Committee on tax risks, adherence to the tax strategy and its underlying policy provisions
- Our tax strategy and its underlying policy provisions apply to all PostNL group entities
- Our tax policy provisions apply to how we operate in our relationships with employees, customers, contractors and suppliers.

### Accountability & tax governance

Tax is a core part of corporate social responsibility and governance and is overseen by our Board of Management.

- Our Board of Management is accountable for the tax strategy, the underlying policy provisions and tax risk management
- We have a tax control framework that sets out our tax controls and risk management
- Internal and external auditors regularly review tax controls as part of the audit of our financial results.

## Tax compliance

We are committed to comply with the letter, the intent and the spirit of tax legislation in the countries in which we operate and to pay the right amount of tax at the right time.

- We prepare and file all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities
- Our responsible tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of our business
- We will not undertake transactions or engage in arrangements of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules
- We will only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available
- If we seek certainty in advance from tax authorities to confirm an applicable tax treatment, we do so based on full disclosure of all relevant facts and circumstances.

“Group Tax is mandated by the Board of Management to oversee this approach to tax”

## Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activities, and have genuine substance.

- We do not use so-called tax havens for tax avoidance. All entities in tax havens exist for substantive and commercial reasons
- We pay tax on profits according to where value is created within the normal course of commercial activity
- We use the arm's length principle, in line with guidelines issued by the OECD, and apply this consistently across our businesses, contingent on local laws.

## Relationships with tax authorities and other external stakeholders

Mutual respect, transparency and trust drive our relationships with tax authorities and other relevant external stakeholders.

- We seek to develop cooperative relationships with tax authorities, and relevant other authorities, based on mutual respect, transparency and trust
- We seek to engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration
- We will work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible. Where there is controversy, we will strive to resolve the controversy by applying these principles.

## Tax transparency & reporting

We regularly provide information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid. We therefore publish the following information:

- A tax strategy or policy and our approach to tax risk management
- A list of group entities, with ownership information and a brief explanation of the type and geographic scope of activities
- Annual information on the corporate income tax we accrue and pay on a cash basis at a country level
- The total tax borne and collected by us, globally or per country, including corporate income taxes, property taxes, (non-creditable) VAT and other sales taxes, employer/employee-related taxes, and other taxes that constitute costs to us or are remitted by us on behalf of customers or employees, by category of taxes
- Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires
- An outline of the advocacy approach we take on tax issues, the channels through which we engage in regard to policy development, and the overall purpose of its engagement.

**Total revenue including interest** by country

2022: €3,148 million (2021: €3,467 million)

**Taxes paid** by country

2022: €480 million (2021: €547 million)

**Taxes paid** by type

2022: €480 million (2021: €547 million)



## Taxes in more detail

We monitor (inter)national developments in the context of tax transparency. Complying with the legislation in the countries in which we operate our activities, we have filed a country-by-country report in the Netherlands and our notifications in other countries to the extent required. Also in 2022, these (inter)national developments were discussed to assess whether our stance towards these developments should be adjusted. We hereby continue to strive for optimal tax transparency. As a result of this continuous assessment, the following details of our tax position are provided.

**PostNL General information** in € million, unless indicated otherwise

Year ended at 31 December	2021	2022
Number of employees (average FTE)	22,181	21,715
Total revenue including interest	3,467	3,148
Profit before income taxes	302	(1,311)
Total income tax expense	74	(330)
Effective income tax rate	24.4%	25.1%

Given the different activities we operate across our business segments, we pay a number of different types of tax. In addition to corporate income tax, VAT and sales tax (borne and collected) and wage tax & social security contributions (borne and collected) are the most material ones. In 2022, we paid €480 million (2021: €547 million) in tax.

**PostNL Taxes paid by type** in € million

Year ended at 31 December	2021	2022
Corporate income tax	76	(1)
Wage tax and social security contributions	291	299
VAT and sales tax	158	147
Dividend withholding tax	17	14
Other taxes	6	21
<b>Total</b>	<b>547</b>	<b>480</b>

The comparison between 2021 and 2022 shows some general changes in our tax metrics. Both Corporate income tax and sales tax decreased substantially compared to 2021, due to timing and the material lower business performance. Wage tax and social security contributions increased due to higher salaries as an outcome of the negotiations for a new collective labour agreement. The Other taxes increased mainly due to higher custom duties (including VAT impact) as a result of the abolition of the low value exemption on VAT.

## Tax information per country

The vast majority of our business is concentrated in the Benelux. To provide transparency on the locations of our business, results and corresponding taxes, we provide a breakdown with general information and total tax contribution (borne and collected) as well as a list of group entities in appendix 6.

**PostNL General information** by country, in € million, unless indicated otherwise

Country	Number of employees (average FTE)	Total revenue including interest	Profit/(loss) before income taxes	Total income tax expense	Effective income tax rate (in %)
Netherlands	20,772	2,751	(1,301)	(331)	25.5%
Belgium	576	78	(6)	(0)	4.9%
France	15	10	(0)	1	-273.2%
Germany	75	50	(0)	1	-205.2%
Italy	26	18	(0)	(0)	31.8%
Great Britain	77	33	(0)	0	-22.2%
Switzerland	9	10	3	1	19.9%
Spain	83	50	(0)	0	-31.1%
Hungary	7	1	(0)	0	-6.3%
Czech Republic	12	11	(3)	(1)	19.0%
Poland	4	3	(0)	(0)	19.0%
Russian Federation	2	0	(0)	(0)	19.4%
United States	5	(0)	(0)	(0)	27.9%
Canada	22	19	(0)	1	-316.8%
Hong Kong	29	113	(1)	0	-10.5%
Singapore	1	0	(0)	(0)	34.6%
<b>Total 2022</b>	<b>21,715</b>	<b>3,148</b>	<b>(1,311)</b>	<b>(330)</b>	<b>25.1%</b>

## PostNL Total tax contribution (borne &amp; collected) in € million

Country	Corporate income tax		Wage tax and social security contributions		VAT and sales tax		Dividend withholding tax		Other taxes		Total tax contribution <sup>1</sup>	
	borne	collected	borne	collected	borne	collected	borne	collected	borne	collected	borne <sup>2</sup>	collected <sup>3</sup>
Netherlands	35	1	119	(280)	19	(151)	0	(14)	7	(20)	181	(464)
Belgium	1	(0)	8	(14)	0	12	0	0	1	(1)	9	(4)
France	0	0	0	(0)	0	(1)	0	0	0	0	0	(1)
Germany	0	1	1	(2)	0	(5)	0	0	0	0	1	(6)
Italy	(0)	(0)	0	(0)	0	1	0	0	0	0	0	1
Great Britain	0	0	0	(1)	0	1	0	0	0	0	1	(0)
Switzerland	0	(0)	0	(0)	0	0	0	0	0	0	0	(0)
Spain	(0)	(0)	1	(1)	2	(4)	0	0	0	0	3	(5)
Hungary	0	(0)	0	(0)	0	(0)	0	0	0	(0)	1	(0)
Czech Republic	0	0	0	(0)	0	0	0	0	0	(0)	0	(0)
Poland	0	0	0	(0)	0	0	0	0	0	(0)	0	(0)
Russian Federation	0	(0)	0	(0)	0	(0)	0	0	(0)	0	0	(0)
United States	0	0	0	0	0	0	0	0	0	0	0	0
Canada	0	(0)	0	(0)	0	0	0	0	(0)	0	0	(0)
Hong Kong	0	(0)	0	0	0	0	0	0	0	0	0	(0)
Singapore	(0)	(0)	0	0	0	0	0	0	0	0	(0)	(0)
<b>Total 2022</b>	<b>36<sup>4</sup></b>	<b>1</b>	<b>130</b>	<b>(299)</b>	<b>22</b>	<b>(147)</b>	<b>0</b>	<b>(14)</b>	<b>8</b>	<b>(21)</b>	<b>196</b>	<b>(480)<sup>5</sup></b>

1 Zero amounts in this table are mainly the result of rounding in € million and therefore representing smaller amounts.

2 Taxes borne represent the taxes that are an expense/(income) item as included in the income statement.

3 Taxes collected represent the taxes (paid)/received included in our cash flow, also representing payments made on behalf of other parties.

4 The difference between the corporate income tax borne (€36 million) and the total income tax expense (€(330) million) is due to changes in deferred taxes. This substantial difference in 2022 is mainly the result of the change in pension accounting classification, see note 2.4.2 to the consolidated financial statements.

5 In 2022, as in 2021, we did not benefit from material tax incentives. We did deduct several small tax allowances provided by law (e.g., the energy- and environmental investment allowance in the Netherlands), but these were not material. Therefore, tax incentives are not separately included in the table above.



# PostNL on the capital markets

# 17

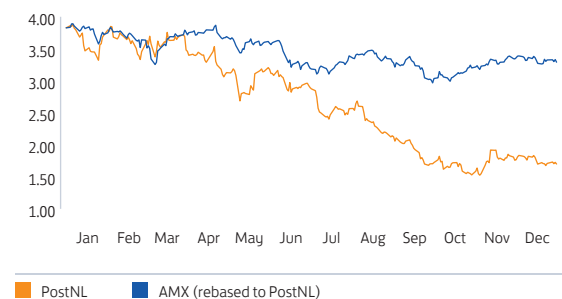
This chapter provides information on a range of topics about the company's capital structure, our investor relations department and their role in building our financial brand, our dividend and share buyback programme, and our financial calendar for the year ahead.

## Shares and share ownership

Ordinary shares in PostNL N.V. (ticker: PNL, ISIN code 0009739416) are listed on Euronext Amsterdam and included in the AMX index. Options on PostNL shares are traded on Euronext Derivatives Amsterdam and on the European Options Exchange in Amsterdam.

### Relative performance PostNL compared to AMX-index

2022



In 2022, 1,010 million PostNL shares were traded on Euronext Amsterdam (2021: 1,247 million). The average daily number of shares traded was 3.9 million (2021: 4.8 million). The market capitalisation of PostNL was €829 million at the end of 2022 (2021: €1,964 million).

PostNL's authorised share capital is divided into 1,500,000,000 shares of €0.08 each and consists of 750,000,000 ordinary shares and 750,000,000 preference shares B. The number of issued and outstanding ordinary shares was 487,530,628 on 31 December 2022 (2021: 513,252,013 shares). During the year, 25,721,385 shares have been cancelled after completion of the first tranche of the share buyback programme, payment of the final dividend 2021, interim dividend 2022 and execution of its bonus share plans (2021: 17,513,098 shares were issued as stock dividend and 747,526 shares for the share plan for employees). All shares in issue are fully paid. No preference shares B were issued and outstanding. See note '4.6 Equity' to the Consolidated financial statements for more information on PostNL's equity.

## Major shareholders

Pursuant to the Financial Markets Supervision Act (Wet op het financieel toezicht), shareholders must disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such disclosure must be made to the Dutch Financial Markets Authority (AFM) without delay.

Investors also have to disclose net short positions in the company that equal or exceed 0.5% of outstanding shares. At the end of 2022, investors had filed an accumulated net short position of 3.7% in PostNL (2021: 4.3%).

Our substantial shareholders are listed in the table below.

### PostNL Overview of substantial shareholders and their relative ownership (>3%)

31 December 2022

Date of AFM notification	Company	(In)direct voting rights	
		Real	Potential
22 November 2022	Vesa/EP <sup>1</sup>	29.90%	1.5%
14 May 2021	Talpa Beheer BV	4.91%	

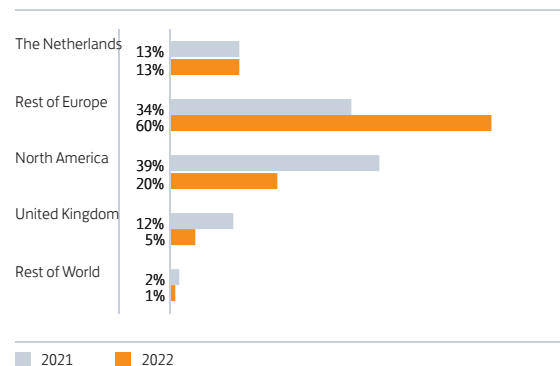
<sup>1</sup> Vesa Equity Investment Sarl/EP Investment Sarl

## Shareholder base

The estimated distribution of our shares between retail (20%) and institutional shareholders (80%) has slightly changed compared to 2021. PostNL has a broad base of international institutional shareholders.

### Institutional shareholders by region

2021, 2022 (in %)



## PostNL included in Euronext's most sustainable stock exchange funds

In 2022 PostNL has been included in Euronext Amsterdam's stock market index for companies that score highest in terms of environmental, social and governance (ESG) practices. The AEX ESG index lists the 25 most sustainable companies from the AEX and Midkap indices, based on an ESG assessment carried out by a global sustainability research analytics company. We are working to make the logistics sector more sustainable, and believe this is recognition of the strong progress we are making in this direction.

## Bonds and credit rating

PostNL currently has two Eurobonds outstanding, both listed on Euronext Amsterdam:

- POSTNL 1.0% 2024 (ISIN XS1709433509), nominal value outstanding €400 million
- POSTNL 0.625% 2026 (ISIN XS2047619064), nominal value outstanding €300 million

In November 2017 PostNL issued an ordinary Bond with an outstanding amount of €400 million and a coupon of 1.000%, maturing November 2024 (ISIN XS1709433509). The net proceeds were used for general corporate purposes.

In September 2019, PostNL issued a Green Bond with an outstanding amount of €300 million and a coupon of 0.625%, maturing September 2026. The net proceeds are being used to finance and/or refinance new and/or existing eligible green projects. The transaction highlights the company's commitment towards becoming a truly sustainable e-commerce logistics provider. This enables the company to contribute meaningfully to the United Nations Sustainable Development Goals 'Decent work and economic growth' and 'Climate action'. The eligible green projects focus on green kilometres, sustainable buildings and innovation and efficiency.

PostNL has published a Green Bond Framework. During the tenor of the Green Bond, PostNL will report periodically in line with this framework until an amount equal to the net proceeds of the Green Bond has been allocated to the eligible green projects. PostNL published its third Green Bond Report on 22 April 2022. More information on the Green Bond can be found on our website.

In accordance with PostNL's financial framework, the company is aiming for a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0. Currently, PostNL is rated by Standard & Poor's (S&P) at BBB with negative outlook.

## Investor relations

PostNL endeavours to stay in regular contact with our shareholders. The main goal of our investor relations' activities is to build our financial brand. To achieve that, we strive to inform the financial community about relevant developments in our company in a transparent, consistent and timely way. The Board of Management and the investor relations team maintain an active dialogue with the financial community, and we comply with applicable laws and rules and regulations of Euronext Amsterdam and the AFM and other relevant bodies.

Our investor relations' programme consists of meetings with analysts and (potential) investors, conference calls, roadshows, investor conferences and other events. In addition, PostNL communicates with the financial community through press releases, the publication of the Annual Report, General Meetings of Shareholders and the company's website. In 2022, PostNL had contact with many (potential) investors in major financial cities in Europe and North America, for the majority by means of video calls. We meet with (potential) investors regularly to ensure they receive a balanced and complete view of the company's strategy, performance and the issues faced by the business, and to listen to their feedback, while always observing applicable rules concerning selective disclosure, equal treatment of (potential) shareholders and insider trading. In the period preceding the publication of quarterly results, PostNL will be in a 'closed period'.

Explanation by the Board of Management of quarterly results is given either at group meetings and/or conference calls which are accessible by phone and via the website (audiocast). Additionally, General Meetings of Shareholders are broadcast via audiocast. Our website provides all relevant information with regard to publication dates and procedures to attend or listen in to presentations.

Contact between the Board of Management, the financial community and the press is carefully handled and structured. The company will not compromise the independence of analysts in relation to the company and vice versa. Analysts' reports and valuations are not assessed, commented upon or corrected, other than factually, by the company. PostNL does not pay any fees to parties for carrying out research for analysts' reports or for the production or publication of analysts' reports, with the exception of credit rating agencies. Contact with our financial stakeholders is taken care of by the members of the Board of Management and PostNL's investor relations' professionals.

The Board of Management has adopted investor relations and media guidelines that PostNL employees abide by.

For the latest and archived press releases, presentations, share price information and other company information, such as our online Annual Reports and interim reports, please visit PostNL's website.

## Share buyback programme 2022-23

On 25 January 2022, PostNL announced a share buyback programme to neutralise the assumed dilutive impact of shares issued in relation to expected dividends over 2021-23. Through the programme ordinary shares of PostNL N.V. are being repurchased to a value of maximum €250 million, spread over 2022 and 2023. Based on PostNL's strong financial position per the end of 2021 and in line with its capital allocation framework, the company was well positioned to launch a share buyback programme. The programme intends to further optimise PostNL's capital structure while adhering to its financial framework. It will be executed within the limitations of the existing authority granted by the Annual General Meeting, and will be carried out in compliance with the Market Abuse Regulation. PostNL intends to use any repurchased shares under the programme to cover its obligations under share-based remuneration arrangements and to deliver future dividend that may be partly paid in stock, at the choice of the shareholder. Remaining bought-back shares are cancelled.

The first tranche is part of PostNL's share buyback programme of between €160 million and €170 million was executed in 2022. The company has repurchased the maximum number of 51 million ordinary shares for a total consideration of €164 million, using cash on balance sheet. After completion of the first tranche of the share buyback programme, payment of the final dividend 2021, interim dividend 2022 and execution of its bonus share plans, PostNL held 25,721,385 shares on its custodian account. These have been cancelled per 22 November 2022.

[A second tranche of the programme, scheduled to be executed during 2023, will be delayed until we see a recovery in our business performance and in accordance with PostNL's capital allocation framework. The company aims at a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0.]

## Dividend 2022

In accordance with the dividend policy, adopted on 21 February 2020, PostNL aims to pay a dividend that develops substantially in line with operational performance. Dividend distribution is conditional on being properly financed in accordance with PostNL's financial framework. PostNL is steering for a solid balance sheet with a positive consolidated equity, aiming at a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0 and applying strict cash flow management. The dividend pay-out ratio will be around 70% - 90% of normalised comprehensive income. Shareholders are offered a choice to opt for cash or shares. Dividend will be distributed twice a year, with interim dividend set at ~1/3 of dividend over the prior year.

Due to the financial performance in 2022, the leverage ratio at the end of 2022 amounted to 1.9. This allows PostNL to propose a dividend of €0.16 per ordinary share for 2022 (2021: €0.42), based on normalised comprehensive income of €90 million for 2022 and a pay-out ratio of 85%. €0.14 was paid as an interim dividend, so the final dividend to be paid in May 2023 will be €0.02 per share. This will be proposed to the Annual General Meeting of Shareholders to be held on 18 April 2023.

The current dividend policy is to be applied on any profits over the financial year 2020 and subsequent years thereafter (until adjusted). This policy is available on PostNL's corporate website.

## Important dates in 2023

### PostNL Financial calendar

#### 2023

27 February	Results fourth quarter and full year 2022
18 April	Annual General Meeting of Shareholders
8 May	Results first quarter 2023
7 August	Results second quarter and half year 2023
6 November	Results third quarter 2023

### PostNL Dividend calendar

#### 2023

##### Final dividend 2022

20 April	Ex-dividend date
21 April	Record date
24 April	Start election period
9 May	End election period
11 May	Payment date

##### Interim dividend 2023

9 August	Ex-dividend date
10 August	Record date
11 August	Start election period
24 August	End election period
28 August	Payment date

## Contact details

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# Statements of the Board of Management

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## Dutch Corporate Governance Code

PostNL applies the principles and best practices of the Dutch Corporate Governance Code (the Code), as referred to in article 391, paragraph 5, book 2 of the Dutch Civil Code (DCC), except for the best practice provisions below, where we also explain why we do not comply with them. Future developments might justify further deviations from the Code at the moment of occurrence. Each substantial change in the corporate governance structure of the company and in the compliance of the company with the Code shall be discussed with the General Meeting of Shareholders. The full text of the Code can be found on [www.postnl.nl](http://www.postnl.nl).

The best practice provision 3.2.3 of the Code states that remuneration in the event of dismissal of members of the Board of Management may not exceed one year's salary (the fixed remuneration component), and that severance payments will not be awarded if the agreement is terminated early at the initiative of a member of the Board of Management. The severance payment of Herna Verhagen in case of a change of control equals the sum of the last annual base salary and pension contribution plus the average variable remuneration received over the last three years, multiplied by two.

Furthermore, in case of a change of control, Herna Verhagen may, under certain circumstances, receive a severance payment if the agreement is terminated at her own initiative. Herna Verhagen was employed by PostNL before the Code became first effective. PostNL is of the opinion that the agreed severance payment in case of a change of control is proportionate, considering that PostNL wishes to respect the agreement made in the past. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.

## Tax Governance Code

PostNL voluntarily applies the principles of the Dutch tax governance code developed under the umbrella of VNO-NCW. More information can be found in the chapter 'Our tax strategy and policy provisions'.

## Responsibility statement under the Code

The Code requires the Board of Management to provide a description of PostNL's main risks in relation to its risk appetite. Such risks may include strategic, operational, compliance, and financial reporting risks. These risks and the relation to PostNL's risk appetite are included in the chapter 'Risk and opportunity management'. The Board of Management confirms that it is responsible for PostNL's risk management, internal control, integrity, and compliance systems and has reviewed the design and the operational effectiveness of these systems for the year ended 31 December 2022.

The outcome of these reviews and the analysis has been shared with the Audit Committee and the Supervisory Board and has been discussed with PostNL's external auditor.

The same would apply in respect of material failings in PostNL's risk management, internal control, integrity and compliance systems and of material changes or improvement implemented in such systems, each if applicable. In 2022, PostNL continued to implement significant organisational and compliance management changes and improvements.

No material failings in PostNL's risk management internal control, integrity and compliance systems were reported, other than those described in the chapters 'Risk and opportunity management' and 'Regulatory compliance management' and provided for external conditions that can reasonably be expected to have an impact on a company's results. The results of PostNL are generally not sensitive to material changes in external conditions.

Based on the outcome of the PostNL-specific approach to risk management, internal control, integrity and compliance systems as outlined in the chapters 'Risk and opportunity management' and 'Regulatory compliance management', the Board of Management believes, to the best of its knowledge, that PostNL's internal control over financial reporting worked effectively over the year ended 31 December 2022 and provides reasonable assurance that the financial reporting is free from material inaccuracies or misstatements.

Additionally, the Board of Management is of the view that considering the annually updated strategic plan and forecasts, in the current situation, it is justified that PostNL's financial reporting has been prepared on a going concern basis and that it states those material risks and uncertainties that are relevant for the expectation of PostNL's continuity for the period of twelve months after the preparation of the report. The above, however, does not imply that PostNL can provide certainty as to the realisation of strategic business and financial objectives. Nor can PostNL's approach to internal control over financial reporting be expected to prevent or detect all misstatements, errors, fraud or violation of laws or regulations.

In view of the above and based on the outline of the main risks and risk responses described in the chapter 'Risk and opportunity management', the Board of Management believes it complies with provisions 1.4.2 and 1.4.3 of the Code.

## Responsibility statement under the Dutch Financial Markets Supervision Act

With reference to section 5:25c paragraph 2 under c of the Dutch Financial Markets Supervision Act, the Board of Management confirms to the best of its knowledge that:

- The annual financial statements for the year ended 31 December 2022 give a true and fair view of the assets, liabilities, financial position, and profit or loss of PostNL and its consolidated companies.
- The Report of the Board of Management gives a true and fair view of the situation on the balance sheet date and of developments during the financial year of PostNL and its consolidated companies, together with a description of the main risks facing PostNL.

The members of the Supervisory Board and the Board of Management have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the DCC.

The Hague, the Netherlands, 27 February 2023

The Board of Management

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## Consolidated primary statements

### PostNL Consolidated statement of profit or loss in € million

2021, 2022

Year ended at 31 December	Notes	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
Revenue from contracts with customers	2.1	3,447	3,132		3,132
Other operating revenue		19	13		13
<b>Total operating revenue</b>		<b>3,466</b>	<b>3,144</b>	<b>0</b>	<b>3,144</b>
<b>Other income</b>	2.2	<b>25</b>	<b>7</b>		<b>7</b>
Cost of materials		(69)	(85)		(85)
Work contracted out and other external expenses	2.3.1	(1,708)	(1,570)		(1,570)
Salaries, pensions and social security contributions	2.3.2	(1,129)	(1,147)	(1,357)	(2,504)
Depreciation, amortisation and impairments	2.3.3	(149)	(156)		(156)
Other operating expenses	2.3.4	(113)	(128)		(128)
<b>Total operating expenses</b>		<b>(3,168)</b>	<b>(3,085)</b>	<b>(1,357)</b>	<b>(4,442)</b>
<b>Operating income</b>		<b>324</b>	<b>66</b>	<b>(1,357)</b>	<b>(1,291)</b>
Interest and similar income		1	3		3
Interest and similar expenses		(22)	(22)		(22)
<b>Net financial income/(expense)</b>	2.4.1	<b>(21)</b>	<b>(19)</b>		<b>(19)</b>
<b>Results from investments in JVs/associates</b>	3.7	<b>(0)</b>	<b>(1)</b>		<b>(1)</b>
<b>Profit/(loss) before income taxes</b>		<b>302</b>	<b>46</b>	<b>(1,357)</b>	<b>(1,311)</b>
<b>Income taxes</b>	2.4.2	<b>(74)</b>	<b>(21)</b>	<b>350</b>	<b>330</b>
<b>Profit/(loss) from continuing operations</b>		<b>228</b>	<b>26</b>	<b>(1,007)</b>	<b>(981)</b>
<b>Profit/(loss) from discontinued operations</b>	2.4.3	<b>29</b>	<b>(11)</b>		<b>(11)</b>
<b>Profit/(loss) for the year</b>		<b>258</b>	<b>14</b>	<b>(1,007)</b>	<b>(993)</b>
Attributable to:					
Non-controlling interests		1	0		0
Equity holders of the parent		257	14	(1,007)	(993)

**PostNL Earnings per share** in € cents

2021, 2022

	Notes	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
Earnings per ordinary share <sup>1</sup>	2.4.4	50.9	2.8	(204.4)	(201.6)
Earnings per diluted ordinary share <sup>2</sup>	2.4.4	50.8	2.8	(204.0)	(201.2)
Earnings from continuing operations per ordinary share <sup>1</sup>		45.1	5.2	(204.4)	(199.3)
Earnings from continuing operations per diluted ordinary share <sup>2</sup>		45.0	5.2	(204.0)	(198.8)
Earnings from discontinued operations per ordinary share <sup>1</sup>		5.8	(2.3)	0.0	(2.3)
Earnings from discontinued operations per diluted ordinary share <sup>2</sup>		5.8	(2.3)	0.0	(2.3)

1 Earnings per ordinary share are in 2022 based on an average of 492,519,772 outstanding ordinary shares (2021: 505,163,452).

2 Earnings per diluted ordinary share are in 2022 based on an average of 493,642,384 ordinary shares on a fully diluted basis in the year (2021: 505,981,123).

**PostNL Consolidated statement of comprehensive income** in € million

2021, 2022

Year ended at 31 December	Notes	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
<b>Profit/(loss) for the year</b>		<b>258</b>	<b>14</b>	<b>(1,007)</b>	<b>(993)</b>
Actuarial gains/(losses) pensions, net of tax	3.5	606	492		492
Pension asset ceiling/minimum funding requirement, net of tax	3.5	(551)	(435)	1,020	585
Change in value of financial assets at fair value through OCI	4.2	12	(8)		(8)
<b>Other comprehensive income that will not be reclassified to the income statement</b>		<b>67</b>	<b>49</b>	<b>1,020</b>	<b>1,069</b>
Currency translation adjustment, net of tax		1	0		0
Gains/(losses) on cashflow hedges, net of tax		0	2		2
<b>Other comprehensive income that may be reclassified to the income statement</b>		<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>
<b>Total other comprehensive income for the year</b>		<b>68</b>	<b>52</b>	<b>1,020</b>	<b>1,071</b>
<b>Total comprehensive income for the year</b>		<b>325</b>	<b>66</b>	<b>13</b>	<b>79</b>
Attributable to:					
Non-controlling interests		1	0		0
Equity holders of the parent		325	66	13	78

**PostNL Consolidated statement of cash flows** in € million

2021, 2022

Year ended at 31 December	Notes	2021	2022
<b>Profit/(loss) before income taxes</b>		<b>302</b>	<b>(1,311)</b>
Change in pension accounting classification			1,357
<b>Profit/(loss) before income taxes, excluding change in pension accounting classification</b>		<b>302</b>	<b>46</b>
Adjustments for:			
Depreciation, amortisation and impairments		149	156
Share-based payments		3	2
(Profit)/loss on disposal of assets		(4)	(5)
(Profit)/loss on sale of Group companies		(16)	0
Interest and similar income		(1)	(3)
Interest and similar expenses		22	22
Results from investments in JVs/associates		0	1
<b>Investment income</b>		<b>2</b>	<b>15</b>
Pension liabilities		53	47
Other provisions		(2)	(3)
<b>Changes in provisions</b>		<b>51</b>	<b>44</b>
Inventory		(2)	(2)
Trade accounts receivable		(23)	30
Other accounts receivable		5	(2)
Other current assets		11	(11)
Trade accounts payable		26	18
Other current liabilities excluding short-term financing and taxes		25	(36)
<b>Changes in working capital</b>		<b>41</b>	<b>(3)</b>
<b>Cash generated from operations</b>		<b>547</b>	<b>259</b>

Year ended at 31 December	Notes	2021	2022
Interest paid		(21)	(20)
Income taxes received/(paid)		(76)	1
<b>Net cash (used in)/from operating activities</b>	<b>2.5.1</b>	<b>450</b>	<b>240</b>
Interest received		1	3
Disposal of subsidiaries		44	0
Investments in JVs/associates		(3)	(2)
Capital expenditure on intangible assets		(56)	(80)
Capital expenditure on property, plant and equipment		(85)	(58)
Proceeds from sale of property, plant and equipment		10	12
Changes in other loans receivable		(3)	3
Other changes in (financial) fixed assets		(1)	0
<b>Net cash (used in)/from investing activities</b>	<b>2.5.2</b>	<b>(92)</b>	<b>(122)</b>
Dividends paid		(113)	(165)
Share buyback			(164)
Changes related to non-controlling interests		0	(1)
Repayments of short-term borrowings		(5)	(4)
Repayments of leases/incentives		(69)	(74)
<b>Net cash (used in)/from financing activities</b>	<b>2.5.3</b>	<b>(186)</b>	<b>(408)</b>
<b>Total change in cash from continuing operations</b>		<b>172</b>	<b>(290)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>651</b>	<b>848</b>
Cash transfers relating to discontinued operations		25	(1)
Total change in cash from continuing operations		172	(290)
<b>Cash and cash equivalents at the end of the year</b>		<b>848</b>	<b>556</b>

**PostNL Consolidated statement of financial position** in € million

2021, 2022

At 31 December	Notes	2021	2022
<b>Assets</b>			
Goodwill		207	207
Other intangible assets		147	182
<b>Intangible fixed assets</b>	3.3	<b>354</b>	<b>389</b>
Land and buildings		254	255
Plant and equipment		141	146
Other equipment		13	13
Construction in progress		25	44
<b>Property, plant and equipment</b>	3.2	<b>433</b>	<b>457</b>
<b>Right-of-use assets</b>	3.4	<b>289</b>	<b>295</b>
Investments in joint ventures/associates	3.7	6	7
Loans receivable	4.1	20	17
Deferred tax assets	3.8	11	9
Financial assets at fair value through OCI	4.2	28	20
<b>Financial fixed assets</b>		<b>65</b>	<b>53</b>
<b>Total non-current assets</b>		<b>1,141</b>	<b>1,194</b>
Inventory		5	7
Trade accounts receivable	3.1.1	400 <sup>1</sup>	370
Accounts receivable	3.1.1	11	12
Income tax receivable		25	1
Prepayments and accrued income		43 <sup>1</sup>	76
Cash and cash equivalents	4.1	848	556
<b>Total current assets</b>		<b>1,332</b>	<b>1,022</b>
<b>Assets classified as held for sale</b>	3.9	<b>11</b>	<b>6</b>
<b>Total assets</b>		<b>2,484</b>	<b>2,221</b>

At 31 December	Notes	2021	2022
<b>Equity and liabilities</b>			
Equity attributable to the equity holders of the parent		426	177
Non-controlling interests		3	2
<b>Total equity</b>	2.6	<b>429</b>	<b>179</b>
Deferred tax liabilities	3.8	37	40
Provisions for pension liabilities	3.5	67	2
Other provisions	3.6	29	35
Long-term debt	4.1	697	697
Long-term lease liabilities	3.4	269	255
Other long-term liabilities	4.1	31	27
<b>Total non-current liabilities</b>		<b>1,129</b>	<b>1,057</b>
Trade accounts payable		168	182
Other provisions	3.6	21	15
Short-term debt	4.1	4	21
Short-term lease liabilities	3.4	65	75
Other current liabilities	3.1.2	111	168
Income tax payable		1	13
Contract liabilities	3.1.3	70	70
Accrued current liabilities	3.1.4	487	441
<b>Total current liabilities</b>		<b>927</b>	<b>984</b>
<b>Total equity and liabilities</b>		<b>2,484</b>	<b>2,221</b>

1 Reclassified for comparative reasons. Reference is made to note 3.1.1 for more information.

**PostNL Consolidated statement of changes in equity** in € million

2021, 2022

	Issued share capital	Additional paid-in capital	Other reserves <sup>1</sup>	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>Balance at 1 January 2021</b>	<b>40</b>	<b>161</b>	<b>(520)</b>	<b>531</b>	<b>211</b>	<b>2</b>	<b>213</b>
Total comprehensive income			68	257	325	1	325
Appropriation of net income			305	(305)	0		0
Final dividend previous year	1	(1)		(84)	(84)		(84)
Interim dividend current year	0	(0)		(29)	(29)		(29)
Share-based compensation	0	3	(0)		3		3
<b>Balance at 31 December 2021</b>	<b>41</b>	<b>163</b>	<b>(148)</b>	<b>370</b>	<b>426</b>	<b>3</b>	<b>429</b>
Total comprehensive income			1,071	(993)	78	0	79
Appropriation of net income			518	(518)	0		0
Final dividend previous year				(114)	(114)		(114)
Interim dividend current year				(50)	(50)		(50)
Share buyback	(2)		(162)		(164)		(164)
Share-based compensation			2		2		2
Other				0	0	(1)	(1)
<b>Balance at 31 December 2022</b>	<b>39</b>	<b>163</b>	<b>1,281</b>	<b>(1,306)</b>	<b>177</b>	<b>2</b>	<b>179</b>

<sup>1</sup> The other reserves include the currency translation reserve, the hedge reserve and the reserve relating to financial assets at fair value through OCI. Reference is made to note 2.6.

## Section 1: Basis of preparation

### 1.1 General information

PostNL N.V. is a public limited liability company with its registered seat and head office in The Hague, the Netherlands. PostNL provides businesses and consumers in the Benelux with an extensive range of services for their mail and parcels needs. Through our international sales network Spring, we connect local businesses around the world to consumers globally. PostNL's services involve collecting, sorting, transporting and delivering letters and parcels for the company's customers within specific timeframes. The company also provides services in the area of data management, direct marketing and fulfilment.

The consolidated financial statements include the financial statements of PostNL N.V. and its consolidated subsidiaries (hereafter referred to as 'PostNL', 'Group' or 'the company'). The consolidated financial statements were authorised for issue by PostNL's Board of Management and Supervisory Board on 27 February 2023 and are subject to adoption at the Annual General Meeting of Shareholders on 18 April 2023.

### 1.2 Accounting principles applied

The consolidated financial statements of PostNL:

- have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), including International Accounting Standards (IAS) and related interpretations of the IFRS Interpretations Committee (IFRICs), and Dutch law,
- have been prepared under the historical cost convention, except for financial instruments, and
- have been prepared assuming a going concern.

The significant accounting policies applied in the preparation of these consolidated financial statements are included at the relevant notes to the consolidated financial statements or, in case of more general policies, see note '5.4 Summary of all other accounting policies' to the Consolidated financial statements for more information. These policies have been consistently applied to all the years presented, unless stated otherwise. All amounts included in the consolidated financial statements are presented in euros, unless stated otherwise. Note that the numbers presented in the financial statements and disclosures thereto may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

### Going concern

Based on the cash flow-generating capability of the company, the current finance structure and the company's ability to realise its assets and discharge its liabilities in the normal course of business, PostNL's financial statements have been prepared assuming a going concern. As at 31 December 2022, the balance of cash and cash equivalents amounted to €556 million and the company has an undrawn multi-currency revolving credit facility of €200 million. Its financing arrangements do not include financial covenants. Bond repayments are not due until 2024.

### 1.3 Developments during 2022

#### Impact assessment of geopolitical and economic developments

In 2022, the war in Ukraine and macro-economic developments had a profound impact across society. High inflation and rapidly rising energy costs affected consumer confidence and spending, negatively impacting parcel volumes for much of the year. Rising inflation also led to increased costs for PostNL, which could not be absorbed through regular price increases. These issues also affected our customers, partners and suppliers. Globally, supply chain issues led to delays in the availability of products, while rising energy and other costs made the transportation of goods more expensive.

Management assessed the impact of the current developments on all material assets and liabilities. We performed a review for impairment triggers on goodwill and other intangibles, PP&E and Right-of-use assets. We also analysed the trade accounts receivable position and customers' payment behaviour. And last we assessed the need to make adjustments to the fair value accounted financial assets and balance sheet positions related to our non-current assets held for sale. The assessment did not reveal any need for significant negative adjustments to the accounts mentioned in and per year end 2022.

#### Change in accounting classification of our main pension plan

Based on a joint decision by PostNL, the pension fund and the trade unions, taken on 23 December 2023, PostNL's main pension plan has been amended as per 31 December 2022. As part of the amendment, the pension plan is now based on a 'collective defined contribution' plan. Among others, this means that as of 31 December 2022 PostNL will be only required to pay the regular pension contribution, as the agreement for top-up payments and restitution has been cancelled. As a result, if the financial position of the pension fund would deteriorate, PostNL is no longer obliged to make top-up payments. At the same time, PostNL is also no longer entitled to restitutions, even if the financial position of the pension fund would allow for that.

With the amendments made, the accounting classification of the main plan changed from a defined benefit plan to a defined contribution plan at 31 December 2022. According to IFRS, this change in classification is accounted for as a settlement. As part of the agreement and therewith settlement, the unconditional funding obligation has also been adjusted. The adjustment concerns a reduction of €20 million and an amended payment schedule (2022: €28 million; 2023: €16 million). On balance, this resulted in an improvement in PostNL's adjusted net debt position of €20 million at 31 December 2022.

The material settlement impact on different line items, like operating income and total comprehensive income, has been presented in a separate column in the related financial statements. Within the cash flow statement, the material non-cash settlement impact is directly segregated at the profit before tax starting entry. Through this method of presentation, the 2022 pre-settlement results can be compared with the 2021 results, which results are both based on the previously applicable defined benefit pension plan. As of 31 December 2022, pension expenses will equal the contribution paid by PostNL to the pension fund.

See note 3.5: Provisions for pension liabilities' to the Consolidated financial statements for more information.

### Share buyback programme

On 1 March 2022, PostNL started a share buyback programme to neutralise the assumed dilutive impact of shares issued in relation to dividends over 2021-2023. The company targets to repurchase ordinary shares of PostNL N.V. to a value of maximum €250 million, spread over 2022 and 2023. In 2022, PostNL repurchased 51 million ordinary shares from the first tranche for a total amount of €164 million. Out of the 51 million shares, 16,358,973 shares were used for the payment of the 2021 final dividend in stock, 7,868,569 shares were used for the payment of the 2022 interim dividend in stock and 1,051,073 shares were used for the settlement of PostNL's equity-settled share plans. The remaining 25,721,385 shares were cancelled on 22 November 2022. A second tranche of the programme, scheduled to be executed during 2023, will be delayed until further recovery of business performance and in accordance with PostNL's capital allocation framework. The company aims at a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0.

### Acquisition of Sandd

On 27 September 2019, the State Secretary of Economic Affairs cleared the merger between PostNL and Sandd. Legal appeals have been filed by a number of parties against the approval. On 11 June 2020 the courts (Rechtbank Rotterdam) annulled the approval for consolidation in the Dutch postal market. The government appealed against the court decision. PostNL also

decided to appeal. On 9 April 2021, the earlier approval of the merger was confirmed by a new decision taken by the State Secretary. This new decision, which has retroactive effect, has been included in the appeal procedure. On 2 July 2022, the Dutch Trade and Industry Appeals Tribunal ruled that the Minister for Economic Affairs and Climate Policy had been wrong to approve the merger of PostNL and Sandd. Although the approval and corresponding conditions are no longer valid, PostNL will continue to adhere to the conditions imposed in relation to the acquisition. The legality of the transaction is not at stake. As we obtained control as of the acquisition date of 22 October 2019, we have fully consolidated Sandd in our financial statements from that date going forward.

### 1.4 Critical accounting estimates and judgements

The preparation of PostNL's consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. It also requires management to exercise its judgement in the process of applying PostNL's accounting policies.

Estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting positions will, by definition, seldom equal the related actual results. On a continuous basis, we evaluate our expectations with the actual results, and include the learnings going forward.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

#### Post-employment benefits

Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the company to make assumptions regarding variables such as the discount rate, the rate of benefit increases and future mortality rates. In relation to the plan assets, the valuation of level 3 investments is based on valuation techniques using inputs that are not based on observable market data. Changes in these key assumptions can have a significant impact on the defined benefit obligations, plan assets and pension costs incurred. Given the change in accounting classification of PostNL's main pension plan from defined benefit to defined contribution at 31 December 2022, this emphasis on

critical accounting estimates and judgments applies only to the 2022 and 2021 results. For details on pensions, see the consolidated financial statements.

### Other provisions

Other provisions mainly include expected costs related to jubilee, illness, long-term disability and termination employee benefit obligations and claims & indemnities. The provisions recorded reflect the present value of management's best estimate of the expenditure required to settle the obligation. Given the uncertain outcome, management must use a certain degree of judgement in this respect. This includes the thorough analysis and concluding view of our position and that of the third party. See note '3.5 Provisions for pension liabilities' to the Consolidated financial statements for more information on the other provisions.

### Impairment of non-current assets

In determining impairments of intangible assets including goodwill and software, tangible fixed assets and financial fixed assets, management must make significant judgements and estimates to determine whether the recoverable amount is less than the carrying value. The recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset-specific risks. Determining cash flows requires the use of judgements and estimates that have been included in PostNL's strategic plans and long-term forecasts. The data necessary for the execution of the impairment tests are based on management estimates of future cash flows, which make it necessary to estimate revenue growth rates and profit margins. See note '3.3 Intangible fixed assets' to the Consolidated financial statements for more information on the impairment test of goodwill.

### Deferred revenue and revenue related accruals

PostNL has to estimate the deferred revenues from stamps sold but not yet used by its customers. The company uses a seasonal model based on historical figures in order to account for the seasonal effects on sales from stamps (for example, stamp sales for Christmas greetings in November and December). Additionally, the company handles large quantities of international mail and parcel volumes to and from foreign postal operators. Although the net outstanding accrual positions reflect our best estimate, given the assumptions involved, final settlements might deviate from the outstanding positions. See note '3.1 Working capital' to the Consolidated financial statements for details on the current positions.

### Income taxes and deferred tax assets

The company is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision and liability for income taxes. PostNL recognises liabilities for potential tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws and rules. PostNL recognises deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. This is based on estimates of taxable income by jurisdiction in which the company operates and the period over which deferred tax assets are recoverable. See notes '2.2 Other income' and '3.8 Deferred income tax assets and liabilities' to the Consolidated financial statements for more information on income taxes and deferred tax assets.

### Contingent liabilities

Legal proceedings covering a range of matters are pending against the company in various jurisdictions. The cases and claims often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. PostNL consults with legal counsel and certain other experts on matters related to litigation. PostNL recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. See note '3.10 Commitments and contingencies' to the Consolidated financial statements for more information on commitments and contingencies.

### 1.5 Changes in accounting policies and disclosures

The following provides a brief description of recent issued International Financial Reporting Standards, amendments and/or interpretations, that could have a material impact on our financial statements.

#### Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

PostNL has adopted *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)* from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contract assessment. Previously, PostNL included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group identified no contracts as onerous applying the revised accounting policy. There is no impact on the opening equity balances as at 1 January 2022 as a result of the change.



There are no other IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2022 that would be expected to have a material impact on the 2022 accounts of the Group.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements have been reviewed by the Group. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. It is not expected that the Group's consolidated financial statements will be significantly impacted.

## Section 2: Result for the year

### 2.1 Operating revenue

#### Accounting policies

##### Revenue recognition

PostNL's revenue from contracts with customers consist of the provision of postal and logistics services. Revenue from contracts with customers is recognised when the goods are transferred or the services are rendered to the customer at an amount that reflects the consideration to which PostNL expects to be entitled in exchange for those goods or services. Revenue is the gross inflow of economic benefits during the current year that arise from ordinary activities and result in an increase in equity, other than increases relating to contributions from equity participants.

##### Variable consideration/volume discounts

If the consideration in a contract includes a variable amount, PostNL estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or rendering the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. PostNL provides volume discounts to certain customers once the quantity of goods transferred or services rendered during the period exceeds a threshold specified in the contract. Discounts are offset against amounts invoiced to the customer. To estimate the variable consideration for the expected future discounts, PostNL applies the expected value method. The variable consideration can be reasonably accurately determined from achieved volumes and contract agreements.

##### Contract liabilities

A contract liability is the obligation to transfer goods or render services to a customer for which PostNL has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before PostNL transfers goods or renders services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when PostNL performs under the contract and relate to amongst others deferred revenue from unused stamps, deferred revenue from franking machines and the rental of mailboxes. See note '3.1.3 Contract liabilities' to the Consolidated financial statements for more information.

##### Revenue from contracts with customers

Revenue from contracts with customers represent revenue from the transfer of goods and rendering of services to third parties less discounts, credit notes and taxes levied on sales. Accumulated experience is used to estimate and provide for the discounts.

##### Other operating revenue

Other operating revenue relates to the sale of goods and rendering of services not related to PostNL's ordinary postal and logistics services and mainly include rental income of temporarily leased-out property and custom clearance income.

The company's business involves the logistical service of delivering mail, parcels and other consignments. Nearly all of the company's revenues are represented by a single performance obligation being 'logistic services'. Revenue is being recognised at a point in time when the goods are transferred or services are rendered to the customer, generally on delivery of the mail, parcels or other consignments. Other performance obligations within the company's business comprise the rental of post-boxes (revenue recognition over time) and stamp collection services (revenue recognition at a point in time).

The following table presents PostNL's revenue from contracts with customers relating to the reported operating segments. See note '2.7 Segment information' to the Consolidated financial statements for the segment information of the other revenue and eliminations.

**PostNL Revenue from contracts with customers** in € million

2021, 2022

Year ended at 31 December	2021	2022
Parcels	2,353	2,160
Mail in the Netherlands	1,671	1,488
PostNL Other	199	214
Eliminations	(777)	(731)
<b>Total</b>	<b>3,447</b>	<b>3,132</b>

The decrease in revenue is mainly driven by the strong volume decline in our domestic and international parcel delivery at Parcels in 2022, clearly impacted by the global macroeconomic and geopolitical environment impacting consumer confidence and consumer spending, together with the continued volume decline in addressed mail and the absence of the positive impact from non-recurring Covid-19-related items.

The following table presents the geographical segmentation of revenue from contracts with customers. The basis of allocation of revenue by geographical area is the country or region in which the entity recording the sales is located. Revenue from the rest of the world was impacted by the change in VAT regulation, global supply chain disruptions and zero Covid-19 policy in China.

**PostNL Geographical segmentation** in € million

2021, 2022

Year ended at 31 December	2021	2022
The Netherlands	2,982	2,736
Rest of Europe	252	264
<b>Europe</b>	<b>3,235</b>	<b>3,000</b>
Rest of the World	212	132
<b>Total</b>	<b>3,447</b>	<b>3,132</b>

**2.2 Other income****Accounting policies**

Other income mainly relates to the profit or loss from the sale of group companies, the sale of assets held for sale and the sale or sale-and-leaseback of property, plant and equipment.

In 2022, other income of €7 million mainly relates to the sale of real estate in the Netherlands. In 2021, other income of €25 million mainly relates to the profit on the sale Cendris, a subsidiary of Mail in the Netherlands (€16 million), an amount received back from the purchase price of the acquisition of Sandd in 2019 and the profit on the sale of real estate in the Netherlands.

**Sale of Cendris**

On 23 February 2021, PostNL completed the sale of Cendris, a specialist in customer contact services in the Netherlands and part of the segment Mail in the Netherlands, to Yource, market leader in customer contact within the Benelux region. The transaction resulted in a book profit of €16 million recorded within other income and net cash proceeds of €44 million.

## 2.3 Operating expense

### 2.3.1 Work contracted out and other external expenses

#### Accounting policies

Operating expenses related to ordinary activities are recognised on an accrual basis. In case it is not possible to directly relate the operating expenses to a particular income earned or expected future income, these expenses are recognised in the period incurred.

#### Lease expenses

Lease expenses relate to short-term leases and leases of which the underlying assets are of low value. Payments made (net of any incentives received from the lessor) are charged to the income statement as incurred during the period of the lease.

#### PostNL Work contracted out and other external expenses in € million

2021, 2022

Year ended at 31 December	2021	2022
Parcels	1,017	983
Mail in the Netherlands	426	333
PostNL Other	78	71
<b>Work contracted out</b>	<b>1,522</b>	<b>1,388</b>
Rent & lease expenses	13	12
External temporary staff	174	170
<b>Total</b>	<b>1,708</b>	<b>1,570</b>

Costs of work contracted out and other external expenses decreased by €138 million in 2022 mainly due to decreased volumes within Parcels and Mail in the Netherlands.

### 2.3.2 Salaries, pensions and social security contributions

#### PostNL Salaries, pensions and social security contributions in € million

2021, 2022

Year ended at 31 December	2021	2022
Salaries	849	867
Social security charges	123	129
<b>Salaries and social security charges</b>	<b>972</b>	<b>997</b>
Defined benefit plans	149	160
Defined contribution plans	12	12
<b>Regular pension charges</b>	<b>161</b>	<b>172</b>
Impact change in accounting classification of main pension plan		1,354
<b>Total pension charges</b>	<b>161</b>	<b>1,526</b>
Net releases from restructuring provisions	(2)	(1)
Share-based payments	3	2
<b>Gross salaries, pensions and social security contributions</b>	<b>1,134</b>	<b>2,523</b>
Capitalised salaries, pensions and social security contributions	(5)	(19)
<b>Total</b>	<b>1,129</b>	<b>2,504</b>

In 2022, pension charges increased by €1,365 million, mainly resulting from the expenses related to the change in accounting classification of our main pension plan. See note '3.5 Provisions for pension liabilities' for more information on pensions; note '3.6 Other provisions' for the net releases from restructuring provisions; and note '3.5 Intangible fixed assets' for the capitalised salary costs, pensions and social security contributions related to IT investments.

**PostNL Labour force** as indicated

2021, 2022

	2021	2022
<sup>1</sup>		
<b>Headcount</b>		
Parcels	8,246	8,300
Mail in the Netherlands	27,611	25,725
PostNL Other	1,508	1,622
<b>Total at year end</b>	<b>37,365</b>	<b>35,647</b>
<b>Full-time equivalents (FTEs)</b>		
Parcels	6,862	7,146
Mail in the Netherlands	13,934	13,055
PostNL Other	1,385	1,514
<b>Total year average</b>	<b>22,181</b>	<b>21,715</b>
External temporary staff year average	2,978	2,647

<sup>1</sup> Including temporary personnel on our payroll; the external temporary staff are additional.

The total headcount of PostNL decreased by 1,718 employees, which mainly relates to the reduction within Mail in the Netherlands due to the impact of volume decline and cost savings initiatives. Additionally, labour market tightness impacted PostNL's ability to maintain adequate staffing levels during 2022. The increase of employees within Parcels was due to more use of own staff instead of delivery partners. The labour force is also measured in FTEs based on the hours worked divided by the local standard. In 2022, the average number of FTEs decreased by 466 FTEs compared to 2021. The average number of employees working in the Netherlands was 20,772 FTEs (2021: 21,332) and outside the Netherlands was 943 FTEs (2021: 848).

**2.3.3 Depreciation, amortisation and impairments****PostNL Depreciation, amortisation and impairments** in € million

2021, 2022

Year ended at 31 December	2021	2022
Amortisation of intangible assets	40	44
Impairment of intangible assets	1	
Depreciation property, plant and equipment	46	46
Depreciation right-of-use assets	62	66
<b>Total</b>	<b>149</b>	<b>156</b>

In 2022, amortisation of intangible assets related to software for €41 million (2021: €37 million) and other intangibles for €3 million (2021: €3 million). The increase in amortisation of software relates to increased investments in IT projects.

**2.3.4 Other operating expenses**

The other operating expenses of €128 million (2021: €113 million) consist of IT, communication, office, travel, consulting and training expenses and other shared services costs.

In 2022, total incurred KPMG audit fees amounted to €2.1 million (2021 EY audit fees: €2.3 million).

**PostNL Audit fees** in € million

2021, 2022

Year ended at 31 December	2021	2022
Audit fees	1.8	1.6
Audit-related fees	0.6	0.5
Tax advisory fees	0.0	0.0
Other non-audit services	0.0	0.0
<b>Total</b>	<b>2.3</b>	<b>2.1</b>

Audit fees include fees from the audit of the financial statements. Audit-related services include fees from assurance engagements related to the non-financial information, regulatory reporting obligations, employee benefit plan data and Green Bond report.

In accordance with Dutch legislation, article 2:382a of the Dutch Civil Code, the total audit and audit-related fees charged by the auditor KPMG based in the Netherlands amounted to €2.0 million (2021 charged by EY: €2.0 million), subdivided into audit services of €1.5 million and audit-related services of €0.5 million.

## 2.4 Net profit and earnings per share

### 2.4.1 Net financial expense/(income)

#### Accounting policies

Interest income and expense are recognised on a time-proportionate basis using the effective interest method. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they can be capitalised as cost of a qualifying asset.

#### PostNL Net financial expense/(income) in € million

2021, 2022

Year ended at 31 December	2021	2022
Interest expenses on long-term borrowings	7	7
Interest on net defined benefit pension liabilities	1	2
Interest on leases	7	9
Other	8	5
<b>Interest and similar expense</b>	<b>22</b>	<b>22</b>
<b>Other interest and similar income</b>	<b>(1)</b>	<b>(3)</b>
<b>Net financial expense/(income)</b>	<b>21</b>	<b>19</b>

### 2.4.2 Income taxes

#### Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. The amount of income tax included in the income statement is determined in accordance with the rules established by the tax authorities, based on which income taxes are payable or recoverable.

#### PostNL Income taxes in € million

2021, 2022

Year ended at 31 December	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
Current tax expense	83	36		36
Changes in deferred taxes	(10)	(16)	(350)	(366)
<b>Total income tax expense</b>	<b>74</b>	<b>21</b>	<b>(350)</b>	<b>(330)</b>
<b>Income taxes paid</b>	<b>76</b>	<b>(1)</b>		<b>(1)</b>

The difference between the total income taxes in the income statement and the current tax expense is due to temporary differences. These differences are recognised as deferred tax assets or deferred tax liabilities, except for the tax effect on the change in pension accounting classification. See note '3.8 Deferred income tax assets and liabilities' to the Consolidated financial statements for more information.

In 2022, the income taxes paid relates mainly to income taxes paid in the Netherlands and German withholding tax refunds related to prior years. The 2022 difference between the total income tax expense (€(330) million) and the income taxes paid (€(1) million) can mainly be explained by the changes in deferred taxes (€366 million) and the 2022 movements of the net income tax payable position (€36 million).

**PostNL Effective income tax rate** in %

2021, 2022

Year ended at 31 December	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
Dutch statutory income tax rate	25.0	25.8		25.8
Adjustment regarding statutory income tax rates other countries	0.0	0.3	(0.3)	0.0
<b>Weighted average statutory tax rate</b>	<b>25.0</b>	<b>26.1</b>	<b>(0.3)</b>	<b>25.8</b>
Tax effects of:				
Non and partly deductible costs	0.9	5.0	(5.2)	(0.2)
Exempt income	(1.5)	0.6	(0.6)	0.0
Other	(0.0)	12.8	(13.3)	(0.5)
<b>Effective income tax rate</b>	<b>24.4</b>	<b>44.5</b>	<b>(19.4)</b>	<b>25.1</b>

The effective income tax rate including the change in pension accounting classification is 25.1%. However, due to the material impact of the change in pension accounting classification on our figures, the effective income tax rate excluding the change in pension accounting classification has also been stated in the table above. The latter effective income tax rate is 44.5%. This effective income tax rate, being higher compared to the Dutch statutory tax rate (25.8%), can mainly be explained as follows.

The line 'Non and partly deductible costs' mainly relates to the so-called mixed expenses (e.g. meals, entertainment) and the non-deductible treatment of our share based payments. The line 'Exempt income' relates to the non-taxable treatment of our (negative) results from (former) participations. The line 'Other' consists in 2022 mainly of the impact of the derecognition of previously recognised tax losses in various countries (13.1%), updates of our prior year tax positions in the Netherlands (0.7%) and several smaller effects (-1.0%).

**2.4.3 Profit/(loss) from discontinued operations**

## Accounting policies

**Discontinued operations**

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

The following table presents the financial performance for the discontinued operations in the years 2021 and 2022.

**PostNL discontinued operations Financial performance** in € million

2021, 2022

Year ended at 31 December	2021	2022
Revenues		
Expenses	(3)	(15)
<b>Operating income</b>	<b>(3)</b>	<b>(15)</b>
Income taxes	8	3
<b>Profit/(loss) after taxes</b>	<b>4</b>	<b>(11)</b>
Net result related to the sales transaction with Poste Italiane	24	
<b>Profit/(loss) from discontinued operations</b>	<b>29</b>	<b>(11)</b>

In 2022, the net result of €(11) million mainly reflected the financial impact related to a settlement reached between PostNL and the Italian tax authorities. The settlement resolved an ongoing VAT

dispute, previously reported as a specific contingent tax liability. The financial impact includes a payment due to the Italian tax authorities of €30 million partially offset by management's best estimate of the collectability of the related imputed VAT receivables from former customers of €16 million and a positive income tax effect of €3 million. No cash impact was yet visible in 2022. The VAT payable is included in 'Other current liabilities' and the VAT receivables from former customers are included in 'Prepayments and accrued income' in the consolidated statement of financial position.

Income taxes of €8 million in 2021 related for €6 million to tax losses connected to the liquidation of our former German entities recorded as current tax receivables and for €2 million to the update of the deferred tax position connected to the anticipated liquidation losses of our Italian Nexive entities.

In 2021, the net result of €24 million related to the sales transaction with Poste Italiane on 29 January 2021 and included a negative income tax effect of €6 million. The related cash proceeds amounted to €27 million.

#### 2.4.4 Earnings per ordinary share: (201.6) eurocents (2021: 50.9 eurocents)

### Accounting policies

PostNL presents (diluted) earnings per share (EPS) for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding, including the effects for dilution of ordinary shares following the obligations to employees under existing share plans.

The following table summarises the outstanding shares for PostNL's calculation related to earnings per share.

#### PostNL (Average) number of outstanding ordinary shares in shares

2021, 2022

Year averages and numbers at 31 December	2021	2022
Number of issued and outstanding ordinary shares	513,252,013	487,530,628
Shares held by the company to cover share plans	0	0
Average number of ordinary shares per year	505,163,452	492,519,772
Diluted number of ordinary shares per year	817,671	1,122,612
<b>Average number of ordinary shares per year on a fully diluted basis</b>	<b>505,981,123</b>	<b>493,642,384</b>

At 31 December 2022, PostNL had potential obligations under share plans to deliver 1,122,612 shares (2021: 817,671 shares), calculated based on the share price of €1.7005 as at 31 December 2022 (31 December 2021: €3.827).

## 2.5 Cash flow performance

### Accounting policies

The consolidated statement of cash flows is prepared in accordance with IAS 7 using the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Receipts and payments with respect to taxation on profits and interest payments are included in the cash flow from operating activities. Interest receipts and the cost of acquisition of subsidiaries, associates and investments, insofar as it was paid for in cash, are included in cash flows from investing activities. Acquisitions of subsidiaries are presented net of cash balances acquired. Cash flows from derivatives are recognised in the statement of cash flows in the same category as those of the hedged item.

#### 2.5.1 Net cash (used in)/from operating activities

In 2022, net cash from operating activities of €240 million (2021: €450 million) resulted from €259 million of cash generated from operations (2021: €547 million) and €1 million income tax received (2021: €76 million income tax paid) reduced by €20 million interest paid (2021: €21 million).



## Cash generated from operations

The decrease in cash generated from operations of €288 million is explained by €238 million lower profit before income tax adjusted for non-cash items and investment income and a lower change in working capital of €44 million.

### PostNL Cash generated from operations in € million

2021, 2022

Year ended at 31 December	2021	2022
<b>Total profit before tax adjusted for non cash items and investment income</b>	<b>456</b>	<b>218</b>
Pension expense defined benefit plans	149	160
Cash contributions defined benefit plans	(80)	(85)
Payment unconditional funding obligation	(16)	(28)
<b>Change in pension liabilities</b>	<b>53</b>	<b>47</b>
Additions to/releases from provisions	7	10
Withdrawals	(9)	(12)
<b>Change in other provisions</b>	<b>(2)</b>	<b>(3)</b>
<b>Changes in working capital</b>	<b>41</b>	<b>(3)</b>
<b>Total cash generated from operations</b>	<b>547</b>	<b>259</b>

For the changes in provisions, reference is made to note 3.5 Provisions for pension liabilities and to note 3.6 Other provisions. The higher investments in working capital mainly related to a decrease in accruals for terminal dues and expenses to be paid, partly offset by lower trade receivables within Mail in the Netherlands.

## Interest paid

The interest paid is explained as follows:

### PostNL Interest paid in € million

2021, 2022

Year ended at 31 December	2021	2022
Interest on long-term borrowings	6	6
Interest on leases	7	9
Bank charges and other	9	5
<b>Total</b>	<b>21</b>	<b>20</b>

## Income taxes received/(paid)

The income taxes received of €1 million (2021: €76 million income taxes paid) mainly relates to income taxes paid in the Netherlands and German withholding tax refunds related to prior years.

## 2.5.2 Net cash (used in)/from investing activities

### PostNL Net cash investing activities in € million

2021, 2022

Year ended at 31 December	2021	2022
Disposal of subsidiaries	44	
Capital expenditure on intangible assets and property, plant and equipment	(140)	(138)
Proceeds from sale of property, plant and equipment	10	12
Changes in other loans receivable	(3)	3
Other	(2)	1
<b>Net cash (used in)/from investing activities</b>	<b>(92)</b>	<b>(122)</b>

## Disposal of subsidiaries

In 2021, disposal of subsidiaries of €44 million relates to the net cash received for the sale of Cendris, a subsidiary from Mail in the Netherlands. The book profit on the sale of Cendris of €16 million is included in other income in the consolidated statement of profit or loss.

## Capital expenditure on intangible assets and property, plant and equipment

In 2022, capital expenditures on intangible assets of €80 million (2021: €56 million) mostly related to software including prepayments for software. The capital expenditures on property, plant and equipment amounting to €58 million (2021: €85 million) mainly related to new sorting and delivery centres within Parcels and to various other equipment. Capital expenditures are funded primarily by cash generated from operations and are part of strict cash control and review.

### Proceeds from sale of property, plant and equipment

In 2022, proceeds from the sale of property, plant and equipment amounted to €12 million (2021: €10 million) and mainly related to the sale of real estate in the Netherlands.

### Changes in other loans receivable

In 2022, changes in other loans receivable included proceeds from a lessor loan relating to the lease of a sorting machine by Bol.com (2021: new lessor loan of €4 million).

### Other

In 2022, an amount of €(2) million is included for the acquisition of 50% of the shares of De Innovatie Studio, a joint venture and 5.3% of the shares in a shopping services app, an associated company (2021: €(2) million for the acquisition of 25% of the shares of VersTrade Nederland, an associated company).

## 2.5.3 Net cash (used in)/from financing activities

### PostNL Net cash financing activities in € million

2021, 2022

Year ended at 31 December	2021	2022
Dividends paid	(113)	(165)
Share buyback		(164)
Changes related to non-controlling interests		(1)
Net cash from debt financing activities	(5)	(4)
Repayments of leases/incentives	(69)	(74)
<b>Net cash (used in)/from financing activities</b>	<b>(186)</b>	<b>(408)</b>

In 2022, net cash from financing activities of €(408) million (2021: €(186) million) mainly related to the final 2021 and interim 2022 cash dividend paid of €165 million (2021: €113 million related to the final 2020 and interim 2021 cash dividend), the repurchase of shares of €164 million and the repayments of leases of €74 million (2021: €69 million). The net cash from debt financing activities includes an amount of €4 million (2021: €4 million) for the repayment of a (legal) lease loan relating to two Parcel sorting centres and sorting machines. Refer to note 3.4 for further information on leases. Reference is also made to note 4.1 Net debt and note 4.5 Financial instruments.

## 2.6 Other comprehensive income and equity development

The decrease of total equity from €429 million on 31 December 2021 to €179 million on 31 December 2022 is mainly explained by net loss for the year of €993 million, the payments of cash dividends of €165 million in total and the repurchase of shares of €164 million, partly offset by other comprehensive income of €1,071 million. Other comprehensive income mainly consisted of a positive impact from pensions of €1,077 million including the impact of the change in the accounting classification of our main pension plan of €1,020 million.

### Issued share capital and Additional paid-in-capital

As at 31 December 2022, issued share capital amounted to €39 million (2021: €41 million) and additional paid-in-capital amounted to €163 million (2021: €163 million). For details on Issued share capital and Additional paid-in capital, reference is made to note 4.6.

The following table presents the reserves included in the other reserves.

**PostNL Other reserves** in € million

2021, 2022

	Currency translation reserve	Hedge reserve	Financial assets at fair value OCI	Other reserves	Total other reserves
<b>Balance at 1 January 2021</b>	<b>0</b>	<b>(2)</b>	<b>7</b>	<b>(526)</b>	<b>(520)</b>
Total comprehensive income	1	0	12	54	68
Appropriation of net income				305	305
Share-based compensation				(0)	(0)
<b>Balance at 31 December 2021</b>	<b>1</b>	<b>(2)</b>	<b>20</b>	<b>(167)</b>	<b>(148)</b>
Total comprehensive income	0	2	(8)	1,077	1,071
Appropriation of net income				518	518
Share buyback				(162)	(162)
Share-based compensation				2	2
<b>Balance at 31 December 2022</b>	<b>2</b>	<b>0</b>	<b>11</b>	<b>1,267</b>	<b>1,281</b>

**Currency translation reserve**

As at 31 December 2022, the translation reserve amounted to €2 million (2021: €1 million), mainly reflecting the movement in exchange rate differences on converting subsidiaries of Spring within Parcels into euros.

**Hedge reserve**

As at 31 December 2022, the hedge reserve amounted to €0 million (2021: €(2) million). The tax impact on the cash flow hedges included in the hedge reserve as at 31 December 2022 is €0 million (2021: €0 million). For more information, see note 4.5 to the consolidated financial statements.

**Financial assets at fair value through OCI**

As at 31 December 2022, the reserve related to the financial assets at fair value through OCI amounted to €11 million (2021: €20 million). The decrease in 2022 of €8 million mainly related to the decrease in value of the investment in Whistl (2021: increase of €12 million mainly related to Whistl). For more information, see note 4.2 to the consolidated financial statements.

**Other reserves**

As at 31 December 2022, the other reserves amounted to €1,267 million (2021: €(167) million). In 2022, the other reserves increased by €1,434 million mainly resulting from the appropriation of net income from 2021 of €518 million and a positive pension effect within other comprehensive income (net of tax) of €1,077 million, partly offset by the repurchase of shares of €(162) million. For details on pensions, reference is made to note 3.5.

**Retained earnings**

As at 31 December 2022, retained earnings amounted to €(1,306) million (2021: €370 million). In 2022, retained earnings decreased by €1,676 million due to the total loss for the year attributable to the shareholders of the parent of €993 million in 2022, the appropriation of net income from 2021 of €(518) million and the payment of cash dividends of €165 million.

The Board of Management has proposed to make an amount of €60 million out of the distributable part of the shareholders' equity available for distribution of dividend. Refer to note 6.5 for more details of this proposal.

## 2.7 Segment information

### Accounting policies

PostNL reports two operating segments: Parcels and Mail in the Netherlands and one other segment: PostNL Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. These chief operating decision-makers, who are responsible for allocating resources and

assessing the performance of the operating segments, have been identified as the Board of Management of PostNL that makes strategic decisions. Transfer prices between operating segments are on an arm's length basis. PostNL Other represents head office entities, including the difference between the recorded IFRS pension expense for the defined benefit pension plans and the actual cash contributions.

The following table presents the reconciliation of the 2022 segment information relating to the income statement of the reportable segments. Segment information relating to the balance sheet is reported in note 3.11.

#### PostNL Segmentation in € million

2022

Year ended at 31 December 2022	Parcels	Mail in NL	PostNL Other	Eliminations	Total
Revenue from contracts with customers	1,918	1,211	2		3,132
Intercompany sales	242	277	212	(731)	0
Other operating revenue	5	7	1		13
<b>Total operating revenue</b>	<b>2,165</b>	<b>1,495</b>	<b>215</b>	<b>(731)</b>	<b>3,144</b>
Other income	0	7	0		7
Depreciation/impairment PP&E	(28)	(14)	(4)		(46)
Amortisation/impairment intangibles	(2)	(2)	(40)		(44)
Depreciation/impairment right-of-use assets	(43)	(12)	(11)		(66)
<b>Total operating income</b>	<b>54</b>	<b>98</b>	<b>(1,443)</b>		<b>(1,291)</b>
Net financial income/(expense)					(19)
Results from investments in JVs/associates					(1)
Income taxes					330
Profit/(loss) from discontinued operations					(11)
<b>Profit/(loss) for the year</b>					<b>(993)</b>
<b>Normalised EBIT</b>	<b>56</b>	<b>107</b>	<b>(80)</b>		<b>84</b>

The key financial performance indicator for management of the reportable segments is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals. Normalised EBIT is reported on a monthly basis to the chief operating decision-makers. The following table presents the reconciliation from reported operating income to normalised EBIT.

**PostNL From operating income to normalised EBIT** in € million

2022

Year ended at 31 December	Reported operating income	Change in pension accounting classification	Project costs and other	Normalised EBIT
Parcels	54		2	56
Mail in NL	98	2	7	107
PostNL Other	(1,443)	1,355	9	(80)
<b>Total 2022</b>	<b>(1,291)</b>	<b>1,357</b>	<b>17</b>	<b>84</b>

**From operating income to normalised EBIT**

In 2022, normalised EBIT totalled €84 million (2021: €308 million). Normalised EBIT excludes exceptional items, which amounted to €1,375 million in 2022 (2021: €(15) million). We refer

**PostNL Segmentation** in € million

2021

Year ended at 31 December 2021	Parcels	Mail in NL	PostNL Other	Eliminations	Total
Revenue from contracts with customers	2,104	1,338	5		3,447
Intercompany sales	250	333	194	(777)	0
Other operating revenue	7	11	1		19
<b>Total operating revenue</b>	<b>2,361</b>	<b>1,683</b>	<b>200</b>	<b>(777)</b>	<b>3,466</b>
Other income	0	25	0		25
Depreciation/impairment PP&E	(28)	(14)	(4)		(46)
Amortisation/impairment intangibles	(9)	(13)	(19)		(41)
Depreciation/impairment right-of-use assets	(39)	(12)	(12)		(62)
<b>Total operating income</b>	<b>230</b>	<b>176</b>	<b>(81)</b>		<b>324</b>
Net financial income/(expense)					(21)
Results from investments in JVs/associates					(0)
Income taxes					(74)
Profit/(loss) from discontinued operations					29
<b>Profit/(loss) for the year</b>					<b>258</b>
<b>Normalised EBIT</b>	<b>230</b>	<b>160</b>	<b>(81)</b>		<b>308</b>

to note 3.5 for further information on the normalised impact of the change in accounting classification of our main pension plan. In 2022, the normalisation for project costs and other included results related to legal advisory costs (€6 million), settlement costs (€9 million) and discontinuation costs of an in-house Food delivery network (€2 million). The decrease of €225 million in normalised EBIT comprised lower results in Parcels (€174 million) and Mail in the Netherlands (€53 million), partly offset by a higher result at PostNL Other (€2 million).

The following tables present the reconciliation of the 2021 segment information relating to the income statement of the reportable segments. Segment information relating to the balance sheet is reported in note 3.11.

**PostNL From operating income to normalised EBIT** in € million

2021

Year ended at 31 December	Reported operating income	Book profit from the sale of Cendris	Project costs and other	Normalised EBIT
Parcels	230			230
Mail in NL	176	(16)	0	160
PostNL Other	(81)			(81)
<b>Total 2021</b>	<b>324</b>	<b>(16)</b>	<b>0</b>	<b>308</b>

## Section 3: Operating assets and liabilities

### 3.1 Working capital

#### 3.1.1 Accounts receivable

##### Accounting policies

Trade receivables are recorded where PostNL has the unconditional rights to consideration from the customers. Trade receivables that do not contain a significant financing component or for which PostNL has applied the practical expedient are measured at the transaction price determined under IFRS 15.

PostNL recognises an allowance for expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that PostNL expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables, PostNL applies a simplified approach in calculating ECLs. Therefore, PostNL does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. PostNL has

established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount of the ECLs is recognised in the income statement. Any reversal of the ECLs is included in the income statement on the same line as where the original expense was recorded.

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors adjusted for forward-looking factors. Large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability.

##### PostNL Accounts receivable in € million

2021, 2022

At 31 December	2021	2022
Trade accounts receivable - total	407	377
Allowance for expected credit losses	(7)	(7)
<b>Trade accounts receivable</b>	<b>400</b>	<b>370</b>
VAT receivable	4	4
Other accounts receivable	7	8
<b>Accounts receivable</b>	<b>11</b>	<b>12</b>
<b>Total accounts receivable</b>	<b>411</b>	<b>382</b>

Trade accounts receivable are non-interest bearing and are generally on terms of 3 to 30 days.

Trade accounts receivable include an amount of €144 million (2021: €165 million) that was unbilled at 31 December 2022. In 2021, an amount of €47 million of these unbilled trade

receivables was reported as prepayments and accrued income. For comparison purposes, this amount has been reclassified to trade accounts receivable.

The main part of the allowance for expected credit losses related to a collective loss component established for groups of similar trade accounts receivable balances. This collective loss component is largely based on the ageing of the trade accounts receivable and is reviewed periodically. The fair value of the total (trade) accounts receivable approximated its carrying value.

The decrease of trade accounts receivable - total from €407 million on 31 December 2021 to €377 million on 31 December 2022 is mainly explained by higher revenue in 2021. The trade accounts receivable past due decreased from €125 million on 31 December 2021 to €122 million on 31 December 2022 (see table expected credit losses at the next page).

The top 10 trade accounts receivable accounted for 21% of the outstanding balance as at 31 December 2022 (2021: 19%). The concentration of the trade accounts receivable portfolio over the different regions can be summarised as follows:

- Netherlands €305 million (2021: €347 million),
- rest of Europe €45 million (2021: €42 million), and
- the rest of the world €20 million (2021: €11 million).

Set out below is the information about the credit risk exposure on the trade accounts receivable using a provision matrix.

The movements in the allowance for expected credit losses of trade accounts receivable were as follows:

#### PostNL Statement of changes in the allowance for expected credit losses of trade accounts

receivable in € million

2021, 2022

	2021	2022
<b>Balance at 1 January</b>	<b>10</b>	<b>7</b>
Provided for during financial year	1	3
Receivables written off during year as uncollectable	(3)	(3)
<b>Balance at 31 December</b>	<b>7</b>	<b>7</b>

#### PostNL Expected credit losses in € million

2021, 2022

At 31 December	Months due					Total
	Up to 1 month	1-2 months	2-3 months	3-4 months	over 4 months	
Expected credit loss rate	0%	1%	2%	7%	14%	
Gross amount of trade accounts receivable	326	19	12	4	47	407
Trade accounts receivable past due	49	17	12	3	44	125
<b>Expected credit loss 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>7</b>
Expected credit loss rate	1%	3%	7%	23%	5%	
Gross amount of trade accounts receivable	276	19	10	4	67	377
Trade accounts receivable past due	26	16	9	4	66	122
<b>Expected credit loss 2022</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>7</b>



### 3.1.2 Other current liabilities

#### PostNL Other current liabilities in € million

2021, 2022

At 31 December	2021	2022
VAT payable	32	67
Social security contributions payable	24	30
Payments from customers received in advance	49	48
Pension payable		16
Other	6	7
<b>Total</b>	<b>111</b>	<b>168</b>

The VAT payable increased by €35 million. This is mainly caused by an outstanding payment of €30 million related to a settlement reached between PostNL and the Italian tax authorities, reference is made to note 2.4.3: Profit/(loss) from discontinued operations. Pension payable in 2022 contains the last instalment of €16 million related to the unconditional funding obligation with the pension fund, reference is made to note 3.5: Provisions for pension liabilities.

### 3.1.3 Contract liabilities

#### PostNL Contract liabilities in € million

2021, 2022

At 31 December	2021	2022
Deferred revenue from unused stamps	42	47
Deferred revenue from franking machines	10	7
Rental of mailboxes	9	8
Other amounts received in advanced from customers	10	8
<b>Total</b>	<b>70</b>	<b>70</b>

We expect to perform almost all services related to the outstanding contract liabilities at 31 December 2022 within one year. However, note that within one year we expect outstanding contract liabilities more or less in line with the amounts currently reported.

### 3.1.4 Accrued current liabilities

#### PostNL Accrued current liabilities in € million

2021, 2022

At 31 December	2021	2022
To be paid to third parties	141	139
To be paid to personnel	44	21
Vacation days/vacation payments	97	98
Terminal dues	204	181
Interest payable	2	1
Other accrued current liabilities	0	0
<b>Total</b>	<b>487</b>	<b>441</b>

Main items within the expenses to be paid to third parties included payables to business partners of €20 million (2021: €24 million), claims of €4 million (2021: €6 million) and various other expenses to be paid.

Expenses to be paid to personnel included accrued wages and salaries of €17 million (2021: €24 million) and accruals for employee profit-sharing of €1 million (2021: €14 million).

The accrual for terminal dues relates to payables to foreign postal operators relating to the years 2022 and before, partly consisting of positions in SDR currency. The net payable position, including the receivable for terminal dues of €28 million (2021: €12 million) included in prepayments and accrued income, amounted to €153 million (2021: €192 million). The change reflects both the regular course of business as well as settlements of outstanding positions. The positions where there is no price multi- or bilateral agreement on price are based on our best estimate of the price for which we expect to settle.

## 3.2 Property, plant and equipment

### Accounting policies

Property, plant and equipment is valued at historical cost, less depreciation and impairment losses. The initial costs of an assets comprises its purchase price, costs of bringing the asset into working condition, handling and installation costs and non-refundable purchase taxes.

Land is not depreciated. System software is capitalised and amortised as a part of the tangible fixed asset for which it was acquired to operate.

Other property, plant and equipment is depreciated on a straight-line basis over its expected useful life, taking into account any residual value. The asset's residual value and useful life is reviewed on an annual basis and, if necessary, changes are accounted for prospectively.

For the accounting policy concerning impairments, reference is made to note 5.4.

#### PostNL Property, plant and equipment in € million

2021

	Land and buildings	Plant and equipment	Other equipment	Construction in progress	Total
Depreciation percentage	0%-10%	10%-33%	10%-33%	0%	
Historical cost	392	414	46	44	896
Accumulated depreciation and impairments	(182)	(309)	(36)		(526)
<b>Balance at 1 January 2021</b>	<b>210</b>	<b>106</b>	<b>10</b>	<b>44</b>	<b>370</b>
Transfers from right-of-use assets	16	3			19
Capital expenditure	16	37	7	34	93
Internal transfers and reclassifications	28	23	1	(52)	
Depreciation	(13)	(28)	(5)		(46)
Transfers to assets held for sale	(3)				(3)
<b>Total changes</b>	<b>44</b>	<b>35</b>	<b>3</b>	<b>(19)</b>	<b>63</b>
Historical cost	409	449	39	25	922
Accumulated depreciation and impairments	(155)	(308)	(26)		(489)
<b>Balance at 31 December 2021</b>	<b>254</b>	<b>141</b>	<b>13</b>	<b>25</b>	<b>433</b>

**PostNL Property, plant and equipment** in € million

2022

	Land and buildings	Plant and equipment	Other equipment	Construction in progress	Total
Depreciation percentage	0%-10%	6%-33%	10%-33%	0%	
Historical cost	409	449	39	25	922
Accumulated depreciation and impairments	(155)	(308)	(26)		(489)
<b>Balance at 1 January 2022</b>	<b>254</b>	<b>141</b>	<b>13</b>	<b>25</b>	<b>433</b>
Capital expenditure	12	23	4	32	70
Internal transfers and reclassifications	4	10		(13)	
Depreciation	(14)	(28)	(5)		(46)
Transfers to assets held for sale	(1)				(1)
<b>Total changes</b>	<b>1</b>	<b>5</b>	<b>(1)</b>	<b>18</b>	<b>24</b>
Historical cost	401	426	38	44	909
Accumulated depreciation and impairments	(147)	(280)	(25)		(452)
<b>Balance at 31 December 2022</b>	<b>255</b>	<b>146</b>	<b>13</b>	<b>44</b>	<b>457</b>

In 2021, the transfers from right-of-use assets relate to the revision of one Parcels sorting centre and sorting machine lease as property, plant and equipment, as the related sale-and-leaseback transaction did not represent a true sale according to IFRS 15.

Capital expenditures 2022 are below the level of 2021. Investments were made in the new sorting and delivery centres within Parcels, and in various other equipment. Both developments also impacted the internal transfers and reclassifications from construction in progress to land and buildings and plant and equipment.

In 2022, the transfers to assets held for sale of €1 million (2021: €3 million) related to buildings in the Netherlands.

The property, plant and equipment assets include a number of Parcel sorting centres and sorting machines financed and legally owned by an entity especially set up for this purpose by a third party. The term of the related lease contracts and liabilities is 10 years. Up to 31 December 2022, 5 sorting centres and sorting machines (2018: 1, 2019: 3, 2021: 1) have been finalised and leased from this special entity, for which the related property, plant and equipment assets (2 locations

with a total book value of €36 million at 31 December 2022) and corresponding (legal) lease loans, and right-of-use assets (3 locations) and corresponding lease liabilities have been recorded.

### 3.3 Intangible fixed assets

#### Accounting policies

##### Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of PostNL's share of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures/associates and is not separately recognised or tested for impairment. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Separately-recognised goodwill arising on acquisitions is capitalised and subject to an annual impairment review. Goodwill is carried at cost less accumulated impairment losses.

##### Other intangible fixed assets

Costs related to the development and installation of software for internal use are capitalised at historical cost and amortised over the estimated useful life. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

An asset under construction is transferred to its respective intangible asset category at the moment it is ready for use and is amortised using the straight-line method over its estimated useful life. Other intangible assets are valued at the lower of historical cost less amortisation and impairment. The asset's residual value and useful life is reviewed on an annual basis and, if necessary, changes are accounted for prospectively.

For the accounting policy concerning impairments of goodwill and other intangible fixed assets, reference is made to note 5.4.

#### PostNL Intangible fixed assets in € million

2021

	Goodwill	Software	Other	Total
Amortisation percentage		10%- 35%	0%- 35%	
Historical cost	244	222	65	532
Accumulated amortisation and impairments	(36)	(144)	(12)	(192)
<b>Balance at 1 January 2021</b>	<b>208</b>	<b>79</b>	<b>53</b>	<b>339</b>
Additions		40	17	56
Disposals	(1)			(1)
Internal transfers/reclassifications		18	(18)	
Amortisation		(37)	(3)	(40)
Impairments		(1)		(1)
<b>Total changes</b>	<b>(1)</b>	<b>20</b>	<b>(4)</b>	<b>15</b>
Historical cost	243	238	63	545
Accumulated amortisation and impairments	(36)	(139)	(14)	(190)
<b>Balance at 31 December 2021</b>	<b>207</b>	<b>98</b>	<b>49</b>	<b>354</b>

#### PostNL Intangible fixed assets in € million

2022

	Goodwill	Software	Other	Total
Amortisation percentage		10%- 35%	0%- 35%	
Historical cost	243	238	63	545
Accumulated amortisation and impairments	(36)	(139)	(14)	(190)
<b>Balance at 1 January 2022</b>	<b>207</b>	<b>98</b>	<b>49</b>	<b>354</b>
Additions		73	6	79
Internal transfers/reclassifications		17	(17)	
Amortisation		(41)	(3)	(44)
<b>Total changes</b>		<b>49</b>	<b>(14)</b>	<b>35</b>
Historical cost	243	297	52	593
Accumulated amortisation and impairments	(36)	(150)	(17)	(204)
<b>Balance at 31 December 2022</b>	<b>207</b>	<b>147</b>	<b>35</b>	<b>389</b>

## Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) and tested for impairment. The CGUs correspond to an operation in a particular country or region and the nature of the services provided. Compared to 2021, the CGU structure has not changed.

In 2021, the disposal of goodwill of €1 million related to the finalisation of the preliminary purchase price allocation of the acquisition of MyParcel.com in 2020 (CGU Spring).

### PostNL Goodwill per CGU in € million

2021, 2022

Year ended at 31 December	2021	2022
Parcels	32	32
Mail in the Netherlands	174	174
Spring	1	1
<b>Total</b>	<b>207</b>	<b>207</b>

Based on the 2022 financial performance, a detailed review has been performed of the recoverable value of each CGU. The recoverable value is the higher of the value in use and fair value less costs of disposal. Fair value less costs of disposal represents the best estimate of the amount PostNL would receive if it sold the CGU. The recoverable value is determined based on the fair value less costs of disposal. The fair value less costs of disposal has been estimated on the basis of the present value of future cash flows, taking into account costs of disposal.

For both mature markets and non-mature markets, the estimated future net cash flows are based on a five-year (2021: five-year) forecast and business plan, which forecast period has been assessed as adequate to reach a sustainable basis for the calculation of the continuing value. The cash flow projections have been approved by management.

PostNL has determined the budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports for the related operation and market and did not change materially compared to previous year. The weighted average pre-tax discount rate used in the CGU valuations was around 11.0% (2021: around 10.0%).

Key assumptions used to determine the recoverable values for each individual CGU are the following:

- maturity of the underlying market, market share and volume development in order to determine the revenue mix and (long-term) growth rate,
- level of operating income largely impacted by revenue and cost development, taking into account the nature of the underlying costs and potential economies of scale,
- level of capital expenditure in network-related assets, and
- discount rate to be applied following the nature of the underlying cash flows and foreign currency and inflation-related risks.

Management has carried out an impairment test for each individual CGU and concluded that the recoverable amount of the individual CGUs is significantly higher than the carrying amount.

## Software and other intangibles

The closing balance of software and other intangibles is build up as follows:

### PostNL Software and other intangibles in € million

2021, 2022

Year ended at 31 December	2021	2022
Internally-generated software	95	145
Purchased software	3	2
Software under construction	18	4
Customer lists	31	31
<b>Total</b>	<b>147</b>	<b>182</b>

The additions to software mainly concerned IT investments related to replacement and improvement of sorting and delivery processes within Mail in the Netherlands and Parcels, and software licenses and costs of internally-generated software for various IT projects including investments in our online landscape, logistic service platform and back office functionality. The reclassification from other intangibles was due to finalised IT projects.

The estimated amortisation expenses for software and other intangible assets are:

- 2023: €48 million,
- 2024: €42 million,
- 2025: €35 million, and
- thereafter: €57 million.

Software and other intangible assets include an amount of €2 million (2021: €1 million) of capitalised development costs.

### 3.4 Leases

#### Accounting policies

PostNL leases sorting centres, sorting machines, distribution centres, offices, warehouses, trucks, vans, cars, transport equipment and other equipment. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. At the commencement date of the lease, the lease liabilities are measured at the present value of lease payments to be made over the lease term. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate is used, being the rate that would have to be paid to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease payments include the exercise price of a purchase option reasonably certain to be exercised by PostNL and payments of penalties for terminating the lease, if the lease term reflects PostNL exercising the option to terminate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

PostNL elected to apply the practical expedient not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. PostNL elected also the practical expedient not to apply the requirements for short-term leases (with a lease term of 12 months or less and which do not contain a purchase option) and leases for which

the underlying asset is of low value (<€5 thousand). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

#### PostNL Right-of-use assets in € million

2021

	Land and buildings	Transport	Other	Total
Depreciation percentage	0%-10%	10%-33%	10%-33%	
Historical cost	215	122	31	368
Accumulated depreciation and impairments	(64)	(48)	(13)	(125)
<b>Balance at 1 January 2021</b>	<b>151</b>	<b>74</b>	<b>18</b>	<b>243</b>
Transfers to property, plant and equipment	(16)		(3)	(19)
New leases	89	27	1	117
Lease modifications/reassessments	13	(1)		12
Disposals	(3)			(3)
Depreciation	(32)	(27)	(3)	(62)
<b>Total changes</b>	<b>52</b>	<b>(1)</b>	<b>(6)</b>	<b>45</b>
Historical cost	274	137	23	435
Accumulated depreciation and impairments	(71)	(64)	(11)	(146)
<b>Balance at 31 December 2021</b>	<b>203</b>	<b>73</b>	<b>13</b>	<b>289</b>

**PostNL Right-of-use assets** in € million

2022

	Land and buildings	Transport	Other	Total
Depreciation percentage	0%-10%	10%-33%	10%-33%	
Historical cost	274	137	23	435
Accumulated depreciation and impairments	(71)	(64)	(11)	(146)
<b>Balance at 1 January 2022</b>	<b>203</b>	<b>73</b>	<b>13</b>	<b>289</b>
New leases	29	29	1	58
Lease modifications/reassessments	11	2		13
Depreciation	(35)	(29)	(2)	(66)
<b>Total changes</b>	<b>5</b>	<b>2</b>	<b>(1)</b>	<b>6</b>
Historical cost	298	153	24	474
Accumulated depreciation and impairments	(89)	(79)	(12)	(180)
<b>Balance at 31 December 2022</b>	<b>209</b>	<b>75</b>	<b>11</b>	<b>295</b>

In 2021, the transfers to property, plant and equipment assets relate to the revision of one Parcels sorting centre and sorting machine lease as property, plant and equipment, as the related sale-and-leaseback transaction did not represent a true sale according to IFRS 15.

In 2022, the new leases of €58 million mainly relate to the replacement and expansion of buildings, vans and trucks. The new leases of €117 million in 2021 mainly relate to a new sorting and delivery centre in Belgium within Parcels, the new head office and the replacement and expansion of buildings, vans and trucks. In 2022, the lease modifications/reassessments of €13 million (2021: €12 million) mainly reflect changes to the lease payments and lease terms.

In 2021, the disposals of €3 million related to disposed and subleased contracts from buildings from Sandd.

The right-of-use assets include a number of Parcel sorting centres and sorting machines financed and owned by an entity especially set up for this purpose by a third party. The term of the related lease contracts and liabilities is 10 years. Up to 31 December 2022, 5 sorting centres and sorting machines (2018: 1, 2019: 3, 2021: 1) have been finalised and leased from this special entity, for which the related property, plant and equipment assets (2 locations with a total book value of

€36 million at 31 December 2022) and corresponding (legal) lease loans, and right-of-use assets (3 locations) and corresponding lease liabilities have been recorded.

Further the right-of-use assets include four mail sorting centres and the international sorting centre with lease terms varying between 5 and 10 years (started in 2020) and the head office in The Hague with a lease term of 15 years (started in 2021).

**PostNL Lease liabilities** in € million

2021, 2022

At 31 December	2021	2022
Long-term lease liabilities	269	255
Short-term lease liabilities	65	75
<b>Total</b>	<b>333</b>	<b>331</b>

The total cash outflow from leases amounted to €86 million (2021: €82 million) and related for €74 million to repayments of lease liabilities (2021: €74 million, partly offset by €5 million of incentives received), and for €12 million to rent and lease expenses (2021: €13 million). Refer to note 4.1 for further information on the lease liabilities.

In 2022, rent and lease expenses of €12 million (2021: €13 million) relate for €10 million (2021: €11 million) to short-term leases and for €2 million (2021: €2 million) to leases for which the underlying asset is of low value. The interest expenses on lease liabilities amounted to €9 million (2021: €7 million).

### 3.5 Provisions for pension liabilities

#### Accounting policies

The net defined benefit liability/asset for all pension and other post-employment plans that qualify as defined benefit plans is determined by calculating the present value of the defined benefit obligation and deducting the fair value of the plan assets. The resulting deficit or surplus is adjusted for any effect of limiting a net defined benefit asset to the asset ceiling and for any effect of minimum funding requirements.

PostNL uses actuarial calculations (projected unit credit method) to measure the obligations and the costs. Assumptions are made about financial variables (such as the discount rate and the rate of benefit increases) and demographic variables (such as employee turnover and mortality). The discount rate is determined by reference to market rates using high-quality corporate bonds. The assumed return on plan assets equals the discount rate applied in the calculation of the pension obligations at the beginning of the year.

Service costs are recognised as operating expenses in the income statement. Gains or losses on the amendment or curtailment of a defined benefit plan (past service cost) and gains or

losses on a settlement are recognised as operating expenses in the income statement on the date of the amendment, curtailment or settlement.

The net interest expense/income on the net defined benefit liability/asset, asset ceiling and/or minimum funding requirements, is recognised as 'Interest and similar expenses/income' in the income statement (below operating income).

Deviations between the expected and actual development of the pension obligation and plan assets, resulting in actuarial gains and losses, are recognised immediately within Other Comprehensive Income (net of tax). The impact of the asset ceiling and/or minimum funding requirements is also recognised within Other Comprehensive Income (net of tax).

Pension costs for defined contribution plans are expensed in the income statement when incurred or due.

PostNL's main Dutch defined benefit average pay pension plan (main plan) covers the employees subject to PostNL's collective labour agreement and staff with a personal labour agreement in the Netherlands. The main plan is externally funded in 'Stichting Pensioenfonds PostNL' (main fund), an independent legal entity which is not owned or controlled by any other legal entity and which falls under the regulatory supervision of De Nederlandsche Bank.

#### Main developments during 2022

Based on a joint decision by PostNL, the pension fund and the trade unions, taken on 23 December 2022, PostNL's pension plan has been amended as per 31 December 2022. As a relevant amendment, the former annual indexation cap of 4% has been released, by which it was possible, combined with the solid financial position of the pension fund, to increase pensions by 10% as per 1 January 2023. This amendment directly benefitted the (future) purchasing power of all pension fund participants.

As part of the adjustment, the pension plan is now based on a collective defined contribution plan. Among others, this means that PostNL will be only required to pay the regular pension

contribution, as the agreement for top-up payments and restitution has been cancelled. As a result, if the financial position of the pension fund would deteriorate, PostNL is no longer obliged to do top-up payments. At the same time, PostNL is also no longer entitled to restitutions, even if the financial position of the pension fund would allow for that.

Parties also agreed on the implementation of the new pension law regulation, that is expected to become effective in the course of 2023 and will mandate the transition to a new pension contract by 1 January 2027 at the latest. They agreed on a preferred contract that includes a contribution plan based on solidarity. Parties intend to transfer the accrued pensions into the new system. The transition will be accomplished entirely from the pension fund assets, with no financial contribution or compensation from PostNL.

Last, as part of the agreement, the unconditional funding obligation has also been adjusted. The adjustment concerns a reduction of €20 million and an amended payment schedule (2022: €28 million; 2023: €16 million). On balance, this has resulted in an improvement in PostNL's adjusted net debt position of €20 million as per the end of 2022.



### Change in pension accounting classification

The accounting consequence of the amended pension plan is a change from defined benefit accounting to defined contribution accounting per 31 December 2022. The settlement result as recorded in the statement of profit or loss comprises the release of the positive funded status and the reduction of the unconditional funding obligation. As a separate sequential step, the recorded asset ceiling adjustment is reversed within other comprehensive income.

The financial impact of the change in pension accounting classification is material, being a loss of €1,357 million (net loss: €1,007 million) recorded in the statement of profit or loss, comprising a defined benefit pension expense of €1,354 million and an addition to other provisions of €3 million, and a net defined benefit pension income of €1,020 million recorded in other comprehensive income.

Following the change towards a collective defined contribution plan, according to IFRS pension expenses will equal the contribution paid by PostNL to the pension fund as of 31 December 2022. In 2022 regular pension expenses are substantially higher than the paid contributions. Following the adjustment of the pension plan, this gap disappears as of 2023. As a consequence, pension expenses will thus be substantially lower.

### Coverage ratio development

The coverage ratio of the main fund increased substantially in 2022. By the end of 2022, the month-end coverage ratio amounted 130.6% (2021: 126.2%). The increase in coverage ratio is mainly explained by the positive effect on plan liabilities resulting from an increase of the interest rate, partly offset by a negative return on plan assets and the impact of the decision to increase pensions by 10% per 1 January 2023. The fund's 12-month average coverage ratio amounted 134.8% per 31 December 2022 (2021: 121.4%).

### Further details of the main plan

Until 31 December 2022, the main plan was a defined benefit average pay scheme, with a basis accrual rate of 1.875% of the pensionable base and retirement age set at 68 years. The pensionable base is derived as the pensionable salary, with a statutory maximum of €114,866 (level 2022), minus a state pension offset. As of 31 December 2022, the main plan is a collective defined contribution plan.

Pension (cash) contributions are bounded by a minimum level of 21.7% and a maximum level of 29.2% of the pensionable salary base. The calculations are based on the main fund's expected return on plan assets. Based on the total maximum premium amount, the intended pension

accrual can be reduced in any year. Given the applicable financing arrangements and current low interest rates, it is expected that the accrual rate will be lower than the basis level of 1.875% for the coming years. The accrual rate for 2022 and 2023 has been set at 1.826% and 1.855% of the pensionable base.

In respect of the collective defined contribution plan, a fixed premium calculation methodology (including assumptions used) applies for fixed periods of 5 years. Only in case of obligatory adjustments, for example on the regulated maximum allowed expected return on equities, the assumptions used might need to change. On the basis of current facts and circumstances, the ex-ante expected total pension cash contribution rate will equal the maximum level of 29.2% for the upcoming fixed period (until the transition to the anticipated new pension contract).

The returns on plan assets are linked to the strategic investment policy of the main fund. The fund uses interest rate derivatives to reduce the net interest exposure on its assets and liabilities. The plan assets may from time to time include investments in PostNL's own financial instruments through indirect holdings by mutual funds. Around 66% of the fund's total plan assets have a quoted market price in an active market. The unquoted part relates to investments in investment funds which invest in non-listed assets (for example real estate investments) and non-listed derivatives.

### PostNL Asset mix/return of main pension plan in % 2021, 2022

	Actual mix 2021	Actual mix 2022
<b>At 31 December</b>		
Equities	34%	32%
Fixed interest and inflation linked bonds	55%	59%
Real estate and alternative investment	11%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Return</b>	<b>7.6%</b>	<b>(17.2%)</b>

### Statement of changes in provision for defined benefit plans

The following table presents an overview of the movement of the provision for post-employment benefit plans during 2022.

#### PostNL Statement of changes in provision for defined benefit plans in € million

2022

	Dutch main pension plan	Other plans	Total
<b>Balance at 1 January 2022</b>	<b>(64)</b>	<b>(3)</b>	<b>(67)</b>
Post-employment benefit income/(expenses)	(162)	(0)	(162)
Employer contributions	85	0	85
Instalment unconditional funding obligation	28		28
Actuarial gains/(losses)	663	1	663
Pension asset ceiling/minimum funding requirement	(586)		(586)
<b>Balance at 31 December 2022 before settlement</b>	<b>(36)</b>	<b>(2)</b>	<b>(38)</b>
Pension settlement costs within statement of profit or loss	(1,354)		(1,354)
Pension settlement gain within OCI	1,374		1,374
Transfer to current pension payable	16		16
<b>Balance at 31 December 2022</b>	<b>0</b>	<b>(2)</b>	<b>(2)</b>
Other provisions settlement costs within statement of profit or loss	(3)		(3)

The following table gives a break-down of total pension costs, pension cash contributions, actuarial gains and losses, and the impact of the asset ceiling and/or minimum funding requirement.

#### PostNL Details on cost, cash, gains and losses, and adjustments in € million

2021, 2022

	2021	2022
Regular defined benefit costs	(150)	(162)
Pension settlement costs within statement of profit or loss		(1,354)
Defined contribution costs	(12)	(12)
<b>Total employer pension costs</b>	<b>(162)</b>	<b>(1,528)</b>
Of which included within salaries, pensions and social security contributions refer to note 2.3.2	(161)	(1,526)
Of which included within interest and similar expenses refer to note 2.4.1	(1)	(2)
Defined benefit cash contributions	80	85
Defined benefit instalment unconditional funding obligation	16	28
Defined contribution cash contributions	12	12
<b>Total employer pension cash contributions</b>	<b>108</b>	<b>125</b>
Actuarial gain/(loss) due to:		
Change in discount rate from 1.0% to 3.4% (2021: from 0.3% to 1.0%)	1,495	3,703
Change in rate of benefit increases from 1.5% to 5.25% for 2023 and 1.7% thereafter (2021: from 0.8% to 1.5%)	(1,590)	(760)
Change in future benefit accrual rate	(3)	(106)
Changes in demographic assumptions	46	(147)
Experience adjustments	96	(45)
<b>Actuarial gain/(loss) on benefit obligations</b>	<b>45</b>	<b>2,646</b>
Actuarial gain/(loss) on plan assets	763	(1,983)
<b>Total actuarial gain/(loss)</b>	<b>807</b>	<b>663</b>
<i>Net charge within Other Comprehensive Income</i>	<i>606</i>	<i>492</i>
Adjustment for pension asset ceiling	(752)	(615)
Adjustment for minimum funding requirement	16	29
<b>Subtotal gross adjustment before settlement</b>	<b>(735)</b>	<b>(586)</b>
Pension settlement gain within OCI		1,374
<b>Total gross adjustment</b>	<b>(735)</b>	<b>788</b>
<i>Net charge within Other Comprehensive Income</i>	<i>(551)</i>	<i>585</i>

The actuarial loss of €106 million (2021: €3 million) resulting from a change in the rate of benefit accrual that follows from the maximum level of pension (cash) contributions of 29.2% for the year 2022. Based on the current interest rates and the applicable financing agreement, it is expected that the benefit accrual rate will be lower than the basis level of 1.875% for the coming years.

For 2023, we expect total employer cash contributions of around €94 million, excluding the last instalment of the unconditional funding obligation of €16 million (2022: €97 million, excluding the instalment of the unconditional funding obligation of €28 million).

For 2023, we expect total employer pension costs within operating income of around €94 million (2022: €172 million, excluding the impact of the change in pension accounting classification).

### **Detailed reconciliation of the opening and closing balances**

The following table reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets, the funded status and the netted pension provisions, and the employer pension expenses of PostNL's defined benefit post-employment plans.

**PostNL Detailed overview of changes in consolidated defined benefit plans** in € million

2021, 2022

	2021	2022
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	(10,235)	(10,133)
Service costs	(160)	(174)
Interest costs	(31)	(104)
Actuarial (losses)/gains	45	2,646
Benefits paid	248	261
Settlement benefit obligation		7,498
<b>Benefit obligation at end of year</b>	<b>(10,133)</b>	<b>(6)</b>
Of which funded benefit obligations	(10,131)	(5)
Of which unfunded benefit obligations	(2)	(2)
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	10,230	10,882
Assumed return on plan assets	30	111
Employee contributions	20	22
Employer contributions	80	85
Instalment unconditional funding obligation	16	28
Other costs	(10)	(8)
Actuarial (losses)/gains	763	(1,983)
Benefits paid	(248)	(261)
Settlement plan assets		(8,873)
<b>Fair value of plan assets at end of year</b>	<b>10,882</b>	<b>4</b>
<b>Change in funded status</b>		
Funded status at the beginning of year	(5)	749
Operating expenses	(149)	(160)
Interest (expenses)/income	(0)	7
Employer contributions	96	113
Actuarial (losses)/gains	807	663
Settlement of benefit obligation and plan assets		(1,374)
<b>Funded status at end of year</b>	<b>749</b>	<b>(2)</b>
Impact of pension asset ceiling	(752)	
Impact of minimum funding requirement	(64)	
<b>Netted pension liabilities</b>	<b>(67)</b>	<b>(2)</b>

	2021	2022
<b>Components of employer pension expenses</b>		
Service costs (net of employee contributions)	(140)	(152)
Interest (expenses)/income	(1)	(2)
Other costs	(10)	(8)
Pension settlement costs within statement of profit or loss		(1,354)
<b>Total post-employment benefit income/(expenses)</b>	<b>(150)</b>	<b>(1,516)</b>
<b>Weighted average assumptions as at 31 December</b>		
Discount rate	1.0%	3.4%
Rate of benefit increases	1.5%	1.7%
Life expectancy 65 year old men/women (in years)	21.1/23.4	21.4 / 23.7

**Key assumptions**

The discount rate is based on the long-term yield on high quality (AA-rated) corporate bonds, taking into account the duration of the projected pension liabilities of around 16 years. The corporate bond yield information is sourced from iBoxx, taking into account a minimum outstanding amount and other defined selection criteria. By applying curve-fitting procedures, a yield curve is generated. Using the full yield curve, the discounted value of the expected future benefit payments is matched with the comparable present value when using a single discount rate.

The conditional benefit increases are based on the (derived) Consumer Price Index. The assumed rate of benefit increases is based on advice, published statistics, the pension plan's ambition level and the actual financial status of the pension fund.

Assumptions regarding the longevity outlook are based on advice, published statistics and experience per country. The applied prospective longevity rates are derived from the Dutch mortality table 'AG prognosetafel 2022' taking into account experience rates based on postal areas, as applied by the main fund.

### 3.6 Other provisions

#### Accounting policies

Provisions are recognised when there is a present obligation as a result of a past event, making it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation on the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The gross-up of the provision following the discounting of the provision is recorded in the income statement as interest expense.

PostNL recognises termination benefits when the company has committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or provides termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Provisions for onerous contracts are recorded when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to arise from that contract, taking into account impairment of fixed assets first. The provision includes both incremental costs and an allocation of other direct costs.

The following table presents the changes in the short-term and long-term provisions.

#### PostNL Other long-term and short-term provisions in € million

2022

	Other employee benefit obligations	Restructuring	Claims and indemnities	Other	Total
Non-current other provisions	18		9	1	29
Current other provisions	7	5	8		21
<b>Balance at 1 January 2022</b>	<b>25</b>	<b>5</b>	<b>18</b>	<b>2</b>	<b>50</b>
Additions	15		4	1	20
Withdrawals	(2)	(2)	(7)	(1)	(12)
Releases		(2)	(6)		(7)
<b>Total changes</b>	<b>13</b>	<b>(4)</b>	<b>(9)</b>		
Non-current other provisions	26		7	2	35
Current other provisions	12	1	1		15
<b>Balance at 31 December 2022</b>	<b>38</b>	<b>1</b>	<b>9</b>	<b>2</b>	<b>50</b>

The estimated utilisation of the other provisions in 2023 is €15 million, in 2024 €5 million, in 2025 €2 million and in 2026 and thereafter €28 million.

#### Other employee benefit obligations

As at 31 December 2022, the other employee benefit obligations mainly related to a provision for jubilee benefits of €11 million (2021: €12 million), expected costs related to continued salary payments during illness of €7 million (2021: €6 million), expected disability costs for the WGA benefits, following the decision to become self-insured (in Dutch: "eigenrisicodrager") as from

1 January 2021, of €13 million (2021: €6 million) and termination benefits for early retirement of €6 million (2021: €0 million). The added provision for termination benefits resulted partly from the collective labour agreement negotiations and partly from the change in pension accounting classification (refer to note 3.5).

### Restructuring

The withdrawals in restructuring provision of €2 million concerned severance payments under the cost saving programmes. The release of €2 million mainly related to the restructuring programme within operations Mail Netherlands, resulting from reduced redundancies and periodical reassessments of the expected cash costs.

### Claims and indemnities

The provision for claims and indemnities includes provisions for claims from third parties with respect to PostNL's ordinary business activities, as well as indemnities and disputes related to business disposals. The withdrawals of €7 million are mainly related to a settlement of disputes within Sandd for €5 million and the ACM fine of €2 million related to Mail in the Netherlands' delivery quality of 2019. More detailed information relating to these provisions is not provided, as such information could prejudice the company's position with respect to these claims and indemnities.

## 3.7 Investments in joint ventures and associates

### Accounting policies

An associate is an entity over which PostNL has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint arrangement is an arrangement of which two or more parties have joint control. There are two types of joint arrangements: joint operations and joint ventures. PostNL only participates in entities that can be considered as a joint venture.

PostNL's share in the results of joint ventures and associates is included in the consolidated income statement using the equity method. The carrying value of PostNL's share in joint ventures and associates includes goodwill on acquisition and includes changes to reflect PostNL's share in net earnings of the respective companies, reduced by dividends received. When PostNL's share of accumulated losses in a joint venture or associate exceeds its interest in the company, the book value of the investment is reduced to zero and PostNL does not recognise further losses unless PostNL is bound by guarantees or other undertakings in relation to the joint venture or associate.

For the accounting policy concerning impairments, reference is made to note 5.4.

The following table presents the changes in the carrying value of the investments in joint ventures and associates.

#### PostNL Investments in joint ventures and associates in € million

2021, 2022

	2021	2022
<b>Balance at 1 January</b>	<b>3</b>	<b>6</b>
Share in net result	(0)	(1)
Additions	3	2
Transfer MyParcel.com to investments in group companies	1	
<b>Balance at 31 December</b>	<b>6</b>	<b>7</b>

As at 31 December 2022, the investments in associates mainly related to minority shareholdings in Roamler Care, CB Healthcare and VersTrade Nederland within Parcels. The joint ventures mainly related to the 50% interest in De Innovatie Studio within PostNL Other.

In 2022, the additions of €2 million related to the acquisition of 50% of the shares of De Innovatie Studio, 5.3% of the shares in a shopping services app (with the aim to expand our stake to 20% in the short-term) and an additional capital contribution in Roamler Care. De Innovatie Studio is a collaboration with Dasyim with the goal to create solutions to relevant consumer problems around Smart Living.

In 2021, the additions of €3 million related to the acquisition of 25% of the shares of VersTrade Nederland and an additional capital contribution in CB Healthcare. VersTrade Nederland is an online food marketplace, which connects food professionals, such as restaurateurs, caterers, specialty stores and online retailers, to food and beverage suppliers.

Management has assessed none of the investments in joint ventures and associates to be material to the company. On a 100% basis, the profit/(loss) of all immaterial investments in joint ventures amounted to €0 million (2021:€0 million). The profit/(loss) of all immaterial investments in associates amounted to €(4) million (2021:€1 million).

#### PostNL Statement of changes deferred taxes in € million

2022

	Net balance 1 January 2022	Changes via income statement	Changes via OCI	Other changes	Net balance 31 December 2022	Assets	Liabilities
Provisions	4	377	(374)		7	7	0
Intangible assets	(35)	(9)			(45)	4	48
Property, plant and equipment	(48)	2			(46)	3	49
Leases	9	(1)			8	75	67
Losses carried forward	10	(3)			7	7	0
Other	34	(0)	(1)	3	36	38	1
<b>Deferred tax assets/liabilities</b>	<b>(26)</b>	<b>365</b>	<b>(375)</b>	<b>3</b>	<b>(32)</b>	<b>134</b>	<b>166</b>
Offsetting						(125)	(125)
<b>Net deferred taxes</b>	<b>(26)</b>	<b>365</b>	<b>(375)</b>	<b>3</b>	<b>(32)</b>	<b>9</b>	<b>40</b>

Of the deferred tax assets at 31 December 2022, before offsetting, €57 million (2021:€53 million) is to be recovered within 12 months and €77 million (2021:€77 million) after 12 months. Of the deferred tax liabilities at 31 December 2022, before offsetting, an amount of €35 million (2021:

### 3.8 Deferred income tax assets and liabilities

#### Accounting policies

Deferred tax assets and liabilities arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. At the end of each reporting period the amounts of deferred tax assets and the amounts of unrecognised deferred tax assets are reassessed. Deferred tax assets and liabilities within the same tax group, where a legally enforceable right to offset exists, are presented net in the balance sheet.

The following table shows the movements in deferred taxes in 2022:

€37 million) is to be settled within 12 months and an amount of €131 million (2021:€119 million) after 12 months.

The changes via other comprehensive income of €(374) million mainly relate to taxes on OCI from the change in pension accounting classification.

The other changes of €3 million (2021: €(4) million) represent an adjustment of the Dutch deferred tax asset position in connection with the anticipated liquidation of the former Nexive entities.

The total accumulated losses available for carry forward at 31 December 2022 amounted to €110 million (2021: €97 million). With these losses carried forward, future tax benefits of €29 million could be recognised (2021: €25 million). Tax deductible losses give rise to deferred tax assets at the statutory tax rate in the relevant country. Deferred tax assets are recognised if it is probable that they will be realised. The probability of the realisation is impacted by uncertainties regarding the realisation of such benefits, for example as a result of the expiration of tax losses carried forward and projected future taxable income.

#### PostNL Statement of changes deferred taxes in € million

2021

	Net balance 1 January 2021	Changes via income statement	Changes via OCI	Other changes	Net balance 31 December 2021	Assets	Liabilities
Provisions	3	19	(18)		4	4	0
Intangible assets	(28)	(7)			(35)	4	40
Property, plant and equipment	(46)	(0)		(2)	(48)	3	51
Leases	8	(1)		2	9	74	65
Losses carried forward	9	1			10	10	0
Other	41	(3)		(4)	34	34	0
<b>Deferred tax assets/liabilities</b>	<b>(13)</b>	<b>10</b>	<b>(18)</b>	<b>(4)</b>	<b>(26)</b>	<b>131</b>	<b>156</b>
Offsetting						(120)	(120)
<b>Net deferred taxes</b>	<b>(13)</b>	<b>10</b>	<b>(18)</b>	<b>(4)</b>	<b>(26)</b>	<b>11</b>	<b>37</b>

As a result PostNL has not recognised €21 million (2021: €15 million) of the potential future tax benefits and has recorded deferred tax assets of €7 million at 31 December 2022 (2021: €10 million).

The expiration of total accumulated losses is as follows:

- 2023: €1 million,
- 2024: €1 million,
- 2025: €2 million,
- 2026: €0 million,
- 2027 and thereafter: €1 million, and
- Indefinite: €105 million.

The following table shows the movements in deferred taxes in 2021:



### 3.9 Assets classified as held for sale

#### Accounting policies

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs to sell. Assets held for sale are no longer amortised or depreciated from the date they are classified as such. Accounting for assets classified as held for sale requires the use of assumptions and estimates. In line with IFRS 5, management assessed compliance with these statements and the assumptions used in the fair value calculations as well as the estimated costs to sell.

For the accounting policy concerning impairments, reference is made to note 5.4.

As at 31 December 2022, assets classified as held for sale amounted to €6 million (2021: €11 million) and related to buildings held for sale in the Netherlands.

#### Property, plant and equipment

Property, plant and equipment included in assets held for sale relate to buildings in the Netherlands. The book profit from the sale of buildings is included in other income in the consolidated statement of profit or loss. The following table presents the movements of the balance sheet positions during 2022 and 2021.

##### PostNL Property, plant and equipment in € million

2021, 2022

	2021	2022
Balance at 1 January	14	11
Disposals	(5)	(6)
Transfers from property, plant and equipment	3	1
<b>Balance at 31 December</b>	<b>11</b>	<b>6</b>

### 3.10 Commitments and contingencies

#### Accounting policies

Commitments are probable obligations that arises from past events whose existence will only be confirmed by the occurrence (or non-occurrence) of one or more probable future events.

Contingencies are possible obligations (contingent liabilities) or possible assets (contingent assets) that arise from past events whose existence will only be confirmed by the occurrence (or non-occurrence) of one or more uncertain future events, not wholly within the control of the entity.

##### PostNL Off balance sheet commitments in € million

2021, 2022

At 31 December	2021	2022
Short-term leases and leases of low-value assets	6	5
Leases, not commenced	12	29
Capital expenditure	49	68
Purchase commitments	155	138
Other commitments	11	10

As at 31 December 2022, €154 million of the commitments indicated above are of a short-term nature (2021: €153 million).

#### Short-term leases and leases of low-value assets

In 2022, short-term leases mainly consists of leases of depots in Mail in the Netherlands. Leases of low-value assets are mainly related to the lease of scooters.

#### Leases, not commenced

As at 31 December 2022, commitments in connection with leases not commenced amounted to €29 million (2021: €12 million). These commitments related mainly to a new sorting centre within Parcels and to new leases of vans and cars.

### Capital expenditure

As at 31 December 2022, commitments in connection with capital expenditure amounted to €68 million (2021: €49 million) and are related to property, plant and equipment. These commitments primarily relate to the new sorting centres of Parcels.

### Purchase commitments

As at 31 December 2022, PostNL had unconditional purchase commitments of €138 million (2021: €155 million), primarily related to various service and maintenance contracts for information technology, security, salary registration and cleaning.

### Other commitments

As at 31 December 2022, other commitments related to parking lots for the new head office.

### Contingent tax assets and liabilities

Multinational groups of the size of PostNL are exposed to varying degrees of uncertainty related to their tax planning, their (changes in) transfer pricing models, regulatory reviews and tax audits, fuelled by tax regulations and relevant practices in the countries where PostNL operates being subject to change. PostNL accounts for its (income) taxes on the basis of its own internal analyses, if needed, supported by external advice. PostNL continually monitors its global tax position, and whenever uncertainties arise, assesses the potential consequences and either records the receivable, discloses a contingent asset, accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the company's position and the resulting chance of income or risk of loss.

### Guarantees

As at 31 December 2022, PostNL, on behalf of its subsidiaries, had various bank and insurance guarantees outstanding. However, none resulted in an off-balance sheet commitment for the Group as the relating obligations to external parties have already been recognised by these subsidiaries following their ordinary course of business.

### Contingent legal liabilities

The company is involved in several legal proceedings relating to the normal conduct of its business, such as claims for loss of goods, delays in delivery, trademark infringements, contracting and employment issues, and general liability. The majority of these claims are for amounts below €1 million and are insured and/or provided for. PostNL does not expect any liability arising from any of these legal proceedings to have a material impact.

As a specific contingent legal liability, the Belgian labour inspectorate in 2021 filed several cases against PostNL regarding breaches with applicable social laws and regulations in Belgium. PostNL has been subpoenaed for alleged false self-employment, illegal postings of employees and as an alleged accomplice for not paying the connected social contributions. The court hearing in these cases took place in September 2022. The court decided to postpone the case until April 2023. Subsequently, in 2022, PostNL became subject to a criminal investigation by the Belgian investigative judge into alleged breaches of labour law in Belgium in respect to delivery partners of PostNL. Pending this ongoing investigation by the investigative judge the aforementioned court case is postponed, against which PostNL has filed an appeal.

The company is also involved in other regulatory proceedings. While it is not feasible to predict or determine the ultimate outcome of these proceedings, the company is of the opinion that they may have an impact on the company's financial position, result of operations and cash flows going forward. The company has made provisions for probable liabilities where deemed necessary and to the extent a reliable estimate of the future cash outflows can be made.

### Separation agreement PostNL and TNT Express

Following the demerger of Express, PostNL and TNT Express entered into a separation agreement, which remained valid despite the sale of the shares in TNT Express under the public offer by FedEx in May 2016. The separation agreement creates certain rights and obligations for both PostNL and TNT Express after the demerger. Relevant aspects relate to litigation, such as claims and litigation handling, non-allocated and non-anticipated claims and release of provisions. As at 31 December 2022, no events had occurred that triggered disclosure of a significant contingent asset or liability following the aforementioned agreement with TNT Express.

### 3.11 Segment information

#### Accounting policies

PostNL reports two operating segments: Parcels and Mail in the Netherlands and one other segment: PostNL Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. These chief operating decision-makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Board of Management of PostNL that makes strategic decisions. Transfer prices between operating segments are on an arm's length basis.

#### Balance sheet information

A reconciliation of the segment information relating to the balance sheet of the reportable segments is presented below. Segment information relating to the income statement is reported in note 2.7.

#### PostNL Segmentation - balance sheet and capital expenditures in € million

2022

	Parcels	Mail in NL	PostNL Other	Total
<b>At 31 December 2022</b>				
Intangible assets	40	201	148	389
Property, plant and equipment	344	101	12	457
Right-of-use assets	187	42	65	295
Other non-current assets	32	1	20	53
Trade accounts receivable	219	150	1	370
Other current assets	39	60	553	652
Assets classified as held for sale	0	3	2	6
<b>Total assets</b>	<b>861</b>	<b>558</b>	<b>802</b>	<b>2,221</b>
Non-current liabilities	184	117	757	1,057
Trade accounts payable	68	81	33	182
Other current liabilities	243	507	51	802
<b>Total liabilities</b>	<b>495</b>	<b>706</b>	<b>841</b>	<b>2,042</b>
Cash out for capital expenditures	35	17	85	138

The increase in 2022 in intangible assets within PostNL Other relates to the centralisation and increase of IT assets. A reconciliation of the segment information relating to the balance sheet of the reportable segments as at 31 December 2021 is presented in the following table.

**PostNL Segmentation - balance sheet and capital expenditures** in € million

2021

	Parcels	Mail in NL	PostNL Other	Total
<b>At 31 December 2021</b>				
Intangible assets	49	225	80	354
Property, plant and equipment	324	99	10	433
Right-of-use assets	183	42	64	289
Other non-current assets	35	2	28	65
Trade accounts receivable <sup>1</sup>	216	180	3	400
Other current assets <sup>1</sup>	33	60	839	932
Assets classified as held for sale	0	9	2	11
<b>Total assets</b>	<b>840</b>	<b>617</b>	<b>1,027</b>	<b>2,484</b>
Non-current liabilities	187	132	809	1,129
Trade accounts payable	72	67	30	168
Other current liabilities	260	559	(61)	758
<b>Total liabilities</b>	<b>519</b>	<b>758</b>	<b>778</b>	<b>2,055</b>
Cash out for capital expenditures	54	36	50	140

<sup>1</sup> Reclassified for comparative reasons. Reference is made to note 3.1.1 for more information.

**PostNL Geographical segmentation - assets** in € million

2021, 2022

<b>At 31 December</b>	<b>The Netherlands</b>	<b>Other countries</b>	<b>Total</b>
Intangible assets	353	1	354
Property, plant and equipment	426	7	433
Right-of-use assets	254	35	289
Financial fixed assets	58	7	65
<b>Total non-current assets 2021</b>	<b>1,091</b>	<b>50</b>	<b>1,141</b>
Intangible assets	388	1	389
Property, plant and equipment	447	10	457
Right-of-use assets	259	35	295
Financial fixed assets	46	7	53
<b>Total non-current assets 2022</b>	<b>1,141</b>	<b>53</b>	<b>1,194</b>

The segment information from a geographical perspective is derived as follows: the basis of allocation of assets and investments by geographical area is the location of the assets.

## Section 4: Capital structure and financing costs

### Accounting policies

PostNL distinguishes the following categories of financial assets and liabilities:

- financial assets and liabilities at fair value through profit or loss,
- financial assets and liabilities measured at amortised costs,
- financial assets at fair value through other comprehensive income

Management determines the classification of PostNL's financial assets and liabilities at initial recognition.

#### Derivative financial instruments and hedge accounting

PostNL uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

#### Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as financial income or expense.

#### Cash flow hedges

Cash flow hedges (hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction).

At the inception of a hedge relationship, PostNL formally designates and documents the hedge relationship to which it wants to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. For all cash flow hedges PostNL wants to apply hedge accounting.

The effective portion of the change in the fair value of the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts accumulated in OCI are recycled in the income statement in the periods when the hedged item will affect profit and loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset or liability.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time remain in equity until the underlying transaction is ultimately recognised in the income statement. When an underlying transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the income statement.

#### Fair value measurement

Fair value measurement is based on the following fair value measurement hierarchy:

- 1) quoted prices (unadjusted) in active markets,
- 2) inputs other than quoted prices that are observable either directly (prices) or indirectly (derived from quoted prices), and
- 3) inputs not based on observable market data. Valuation techniques used include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, statutory/management reports and discounted cash flow analysis.

#### Financial assets and liabilities measured at amortised costs using the effective interest method

A financial asset is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Financial liabilities are recognised initially at fair value net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the

proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

#### Financial assets designated at fair value through other comprehensive income

PostNL's equity investments are classified as equity instruments designated at fair value through OCI. Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as financial income in the statement of profit or loss when the right of payment has been established, except when PostNL benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

## 4.1 Adjusted net debt

### PostNL Adjusted net debt in € million

2021, 2022

At 31 December	2021	2022
Short- and long-term debt	732	745
Long-term interest bearing assets	(20)	(17)
Cash and cash equivalents	(848)	(556)
<b>Net debt</b>	<b>(136)</b>	<b>172</b>
Pension liabilities	67	18
Lease liabilities (on balance)	333	331
Lease liabilities (off balance) <sup>1</sup>	17	29
Deferred tax assets on lease liabilities <sup>2</sup>	(79)	(83)
<b>Adjusted net debt</b>	<b>203</b>	<b>467</b>

1 The lease liabilities (off balance) are the net present value of the Off balance sheet commitments relating to leases from note 3.10 of €34 million (2021: €18 million).

2 The deferred tax assets relate for €75 million (2021: €74 million) to on balance lease liabilities, see note 3.8 Deferred income taxes and for €8 million (2021: €5 million) to off balance lease liabilities.

As at 31 December 2022, adjusted net debt amounted to €467 million (2021: €203 million). The increase of €264 million mainly resulted from the repurchase of shares of €164 million, dividend payments of €165 million and new leases of €70 million, partly offset by positive net cash from operating and investing activities of €118 million and a decrease in pension liabilities of €49 million.

Reference is made to note 3.4 Leases, note 3.5 Provisions for pension liabilities and note 3.10 Commitments and contingencies for more detailed information on leases (on and off balance) and pensions.

### Long-term interest bearing assets

As at 31 December 2022, long-term interest-bearing assets of €17 million (2021: €20 million) mainly include a lessor loan of €16 million (2021: €18 million) relating to the finance lease of a sorting machine by Bol.com. The expected credit loss amounts to €0 million.

### Cash and cash equivalents

#### PostNL Cash and cash equivalents in € million

2021, 2022

At 31 December	Nominal amount	Average amount	Effective interest rate
Cash at bank and in hand	411		
Bank deposits	65	114	(0.64%)
Money Market Funds	372	357	(0.56%)
<b>Total cash and cash equivalents 2021</b>	<b>848</b>		
Cash at bank and in hand	127		
Bank deposits	205	107	0.39%
Money Market Funds	224	281	(0.22%)
<b>Total cash and cash equivalents 2022</b>	<b>556</b>		

As at 31 December 2022, included in cash and cash equivalents was €0 million (2021: €0 million) of restricted cash. The fair value of cash and cash equivalents approximated the carrying value.

### Debt

As at 31 December 2022, the total of debt-related liabilities consists of long-term debt of €980 million (2021: €997 million) and short-term debt of €96 million (2021: €69 million).

**PostNL Total borrowings - maturity schedule** in € million

2022

	Eurobonds	Lease liabilities	Other loans	Total
2023	0	75	21	96
2024	398	65	4	467
2025	0	52	4	57
Thereafter	299	138	19	456
<b>Total borrowings</b>	<b>697</b>	<b>331</b>	<b>48</b>	<b>1,076</b>
Of which included in long-term debt	697	255	27	980
Of which included in short-term debt	0	75	21	96

In 2022, the other loans of €48 million include the long term liability of future (legal) lease payments for land, buildings and machinery of two Parcels sorting centres and sorting machines with an interest rate of 1.8% and a short-term pre-lease financing with an interest rate of Euribor +1.2%.

The following table presents the cash and the non-cash changes in debt during 2022.

**PostNL Reconciliation debt** in € million

2022

	Eurobonds	Lease liabilities	Other loans	Total
<b>Balance at 1 January 2022</b>	<b>697</b>	<b>333</b>	<b>36</b>	<b>1,066</b>
Proceeds			0	0
Repayments/lease-incentives		(74)	(4)	(78)
<b>Total cash movements</b>	<b>0</b>	<b>(74)</b>	<b>(4)</b>	<b>(78)</b>
New leases		58		58
Lease modifications/reassessments		13		13
New loan related to building of NLI			16	16
Amortisation	1			1
<b>Total non-cash movements</b>	<b>1</b>	<b>71</b>	<b>16</b>	<b>88</b>
<b>Balance at 31 December 2022</b>	<b>697</b>	<b>331</b>	<b>48</b>	<b>1,076</b>

Refer to note 4.5 for more details on the current outstanding eurobonds.

The following table presents the cash and the non-cash changes in debt during 2021.

**PostNL Reconciliation debt** in € million

2021

	Eurobonds	Lease liabilities	Other loans	Total
<b>Balance at 1 January 2021</b>	<b>696</b>	<b>294</b>	<b>12</b>	<b>1,002</b>
Proceeds			0	0
Repayments		(69)	(5)	(73)
<b>Total cash movements</b>	<b>0</b>	<b>(69)</b>	<b>(5)</b>	<b>(73)</b>
Lease liability transferred to other loans		(19)	19	0
New leases		117		117
Lease modifications/reassessments		12		12
Disposal of leases		(2)		(2)
New loan related to building of NLI			9	9
Amortisation	1			1
<b>Total non-cash movements</b>	<b>1</b>	<b>108</b>	<b>28</b>	<b>137</b>
<b>Balance at 31 December 2021</b>	<b>697</b>	<b>333</b>	<b>36</b>	<b>1,066</b>

## 4.2 Financial assets at fair value through OCI

The following table presents the changes in the carrying value of the financial assets at fair value through OCI.

### PostNL Financial assets at fair value through OCI in € million

2021, 2022

	2021	2022
<b>Balance at 1 January</b>	<b>15</b>	<b>28</b>
Additions	2	1
Remeasurement recognised in OCI	12	(8)
Repayment of our stake in Endeit	(1)	(2)
<b>Balance at 31 December</b>	<b>28</b>	<b>20</b>

As at 31 December 2022, the investments in financial assets at fair value through OCI relate to investments in equity shares of non-listed companies. PostNL holds non-controlling interests in Whistl Group Holdings Limited, Endeit Fund II Coöperatief U.A., Endeit Fund III Coöperatief U.A. and Clean Clothes B.V. The assessment of fair value is based on key performance indicators included in related management and statutory reports and derived from the expected development of business and financial performance and external valuation insights, if available. In 2022, the fair value remeasurement of €(8) million mainly related to our stake in Whistl.

## 4.3 Capital management

Capital management is focused on the following components of the current capital structure:

- targeting a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0 (outcome 2022: 1.9);
- structural availability of €100 million to €200 million of undrawn committed facilities out of our revolving credit facility (reference is made to note 4.4);
- structural funding via a combination of public and bank debt, with a risk-weighted mix of fixed and floating interest;
- cash pooling systems that ensure optimal cash requirements for the PostNL Group by facilitating centralised funding and surplus cash concentration at group level;
- tax-optimal internal and external funding focused on optimising the cost of capital for PostNL, within boundaries that are sustainable on a long-term basis.

## 4.4 Financial risk management

PostNL's activities expose the company to a variety of financial risks, such as interest rate risk, foreign currency exchange risk, credit risk and liquidity risk. All these risks arise in the normal course of business and PostNL therefore uses various techniques and financial derivatives to mitigate them.

The following analyses provides quantitative information regarding PostNL's exposure to the financial risks described above. There are certain limitations and simplifications inherent in the analyses presented, primarily due to the assumption that rates change in a parallel fashion and instantaneously. At the same time, for example, the impact of changes in interest on foreign exchange exposures and vice versa is ignored. In addition, the analyses are unable to reflect the complex market reactions that would normally arise from the market shifts assumed.

PostNL uses derivative financial instruments solely for the purpose of hedging currency and interest exposures. The company enters into contracts related to derivative financial instruments for periods commensurate with its underlying exposures and does not take positions independent of these exposures. None of these financial instruments are leveraged or used for trading purposes or to take speculative positions.

Financial risk management is carried out by Group Treasury under policies approved by the Board of Management. Group Treasury identifies, evaluates and hedges financial risks and exposures in close cooperation with operating units. The Board of Management provides written principles for overall risk management, as well as written policies covering the financial risks. Periodic reporting on financial risks is embedded in the overall risk framework and is provided to the Board of Management in a structural way.

Group Treasury matches and manages the intragroup and external financial exposures. Although the company generally enters into hedging arrangements and other contracts to reduce its exposures, these measures may be inadequate or may subject the company to increased operating or financing costs.

### Interest rate risk

PostNL identifies interest rate risk associated with its financial assets and borrowings. Virtually all debts are at fixed rates, a movement in the rate will therefore only affect the cost base per the moment of fixing the rate of the debt instrument. PostNL enters into hedging arrangements to mitigate the interest exposure, at the moment the execution of material lease and debt instruments becomes more certain. As at 31 December 2022, PostNL's gross interest-bearing



borrowings, including lease obligations, totalled €1,076 million (2021: €1,066 million), all at fixed interest rates. Financial assets are on average of a short-term nature.

At 31 December 2022, if interest rates on borrowings and financial assets had been 1% higher with other variables held constant, the profit before income tax would have been €6 million higher (2021: €8 million). The potential profit increase is entirely attributable to interest income on the cash and cash equivalents. Equity would be positively affected by €6 million (2021: €6 million), mainly due to the interest income on cash and cash equivalents and the cash flow hedge impact on equity of the outstanding interest rate swaps.

### Foreign currency exchange risk

PostNL has international operations that generate foreign currency exchange risks arising from future commercial transactions, recognised assets and liabilities, investments and divestments in foreign currencies other than functional currencies of the respective business units of PostNL, irrespective of whether it is the euro (PostNL's functional and reporting currency) or another functional currency. For accounting purposes the European Central Bank is used as the source.

The main currencies of PostNL's external hedges are the British Pound, Hong Kong Dollar and US Dollar.

The Board of Management has set a policy requiring Group companies to manage their foreign exchange risk against the functional currency. Group companies are required to hedge material exposures via the use of foreign exchange derivatives with Group Treasury, whereby a financing company operated by Group Treasury trades these foreign exchange derivatives with external banks. As at 31 December 2022, PostNL had no net investment hedges outstanding. Significant acquisitions and local debt are usually funded in the currency of the underlying assets.

As at 31 December 2022, if the euro had weakened 10% against the British Pound, the Hong Kong Dollar and the US Dollar with all other variables held constant, the profit before income taxes on the foreign exchange exposure on financial instruments would have been €0 million lower/higher (2021: €0 million). In 2022, the net income sensitivity to movements in euro/pound sterling, euro/HK dollar and euro/US dollar exchange rates is negligible and did not change compared to 2021. Equity would have been positively impacted by €2 million (2021: €2 million), all related to the move in the hedge reserve.

### Credit risk

Credit risk represents the potential losses that the company would incur if counterparties are unable to fulfil the terms of underlying agreements. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions as well as credit exposures relating to customers. The credit risk exposure is minimised by only transacting with financial institutions, ensuring established credit guidelines are met and by managing its customer portfolio.

The top 10 trade accounts receivable accounted for 21% of outstanding trade receivables as at 31 December 2022. In 2022, we noticed no material negative impact from Covid-19 on the payment behaviour of our customers.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, PostNL attempts to maintain flexibility in funding by keeping committed credit lines available. The terms and conditions of PostNL's material long-term and short-term debts, as well as its material drawn or undrawn committed credit facilities do not include any financial covenants. There are no obligations to accelerate repayments of these material debts and committed facilities in the event of a credit rating downgrade. A downgrade in PostNL's credit rating may negatively affect its ability to obtain funds from financial institutions and banks and increase its financing costs by increasing the interest rates on its outstanding debt or the interest rates at which the company is able to refinance existing debt or incur new debt.

At 31 December 2022, the €200 million committed credit facility (maturity date: December 2026) was undrawn (2021: undrawn).

The following table analyses PostNL's financial liabilities, categorising them into relevant maturity groupings based on the remaining period on the balance sheet to the contractual maturity date. The outgoing flows disclosed in the table are the contractual undiscounted cash flows that contain the redemptions and interest payments.

**PostNL Maturity liquidity risks** in € million

2021, 2022

	Less than 1 year	Between 1 and 3 years	Thereafter	Book value
<b>At 31 December</b>				
Eurobonds	6	412	304	697
Leases	71	125	164	333
Other loans	5	9	24	36
Foreign exchange contracts - outgoing	317			1
Trade accounts payable	168			168
Other current liabilities	54			54
<b>Total outgoing flows</b>	<b>621</b>	<b>546</b>	<b>492</b>	<b>1,289</b>
Foreign exchange contracts - incoming	317			
<b>Total mitigation via incoming flows</b>	<b>317</b>			
<b>Total liquidity risk 2021</b>	<b>304</b>	<b>546</b>	<b>492</b>	<b>1,289</b>
Eurobonds	6	408	302	697
Leases	83	128	151	331
Other loans	21	9	20	48
Foreign exchange contracts - outgoing	217			1
Trade accounts payable	182			182
Other current liabilities	54			54
<b>Total outgoing flows</b>	<b>563</b>	<b>545</b>	<b>473</b>	<b>1,313</b>
Foreign exchange contracts - incoming	217			
<b>Total mitigation via incoming flows</b>	<b>217</b>			
<b>Total liquidity risk 2022</b>	<b>346</b>	<b>545</b>	<b>473</b>	<b>1,313</b>

## 4.5 Financial instruments

In line with IFRS 9 and IFRS 13, the following categories of financial assets and financial liabilities can be distinguished.

### PostNL Financial instruments - assets in € million

2021, 2022

	Notes	Input information level (IFRS13)	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through OCI	Total
<b>At 31 December</b>						
Other loans receivable		level 2	20			20
Other financial fixed assets		level 3			28	28
Accounts receivable	3.1.1	level 2	411			411
Derivatives <sup>1</sup>		level 2		1		1
Cash and cash equivalents	4.1		848			848
<b>Total assets balance sheet 2021</b>			<b>1,279</b>	<b>1</b>	<b>28</b>	<b>1,308</b>
<b>At 31 December 2022</b>						
Other loans receivable		level 2	17			17
Other financial fixed assets		level 3			20	20
Accounts receivable	3.1.1	level 2	382			382
Derivatives <sup>1</sup>		level 2		5		5
Cash and cash equivalents	4.1		556			556
<b>Total assets balance sheet 2022</b>			<b>955</b>	<b>5</b>	<b>20</b>	<b>980</b>

<sup>1</sup> Derivatives are included in prepayments and accrued income in the statement of financial position.

Fair value represents the price that would be received when selling an asset in an orderly transaction between willing market participants. For the level 3 financial assets at fair value through OCI our valuations have been measured by using the market approach as per 31 December 2021 and 31 December 2022.

**PostNL Financial instruments - liabilities** in € million

2021, 2022

	Notes	Input information level (IFRS13)	Financial liabilities measured at amortised costs	Derivatives used for hedging	Total
<b>At 31 December</b>					
Long-term debt	4.1	level 1&2 <sup>1</sup>	728		728
Trade accounts payable		level 2 <sup>2</sup>	168		168
Short-term debt	4.1	level 2 <sup>2</sup>	4		4
Other current liabilities <sup>3</sup>	3.1.2	level 2 <sup>2</sup>	54	1	55
<b>Total liabilities balance sheet 2021</b>			<b>954</b>	<b>1</b>	<b>955</b>
<b>At 31 December 2022</b>					
Long-term debt	4.1	level 1&2 <sup>1</sup>	725		725
Trade accounts payable		level 2 <sup>2</sup>	182		182
Short-term debt	4.1	level 2 <sup>2</sup>	21		21
Other current liabilities <sup>3</sup>	3.1.2	level 2 <sup>2</sup>	52	3	55
<b>Total liabilities balance sheet 2022</b>			<b>979</b>	<b>3</b>	<b>982</b>

1 Eurobonds level 1 and other loans level 2.

2 We consider the fair value equal to the book value as these items will be settled within short-term and therefore level 2.

3 Other current liabilities include 'Payments from customers received in advance' for €48 million (2021: €49 million) and 'Other' for €7 million (2021: €6 million), refer to note 3.1.2.

All financial instruments are reported on a gross basis per instrument. Netting of financial instruments per contractual counterparty will not have a material impact on the outstanding balances.

**Eurobonds**

For the details on the outstanding eurobonds, see the following table.

**PostNL Outstanding eurobonds** in € million

2021, 2022

	Nominal value	Costs/ discount to be amortised	Carrying value	Fair value
<b>At 31 December</b>				
1.000% eurobond 2024	400	1	399	410
0.625% eurobond 2026	300	3	297	306
<b>Total outstanding eurobonds 2021</b>	<b>700</b>	<b>3</b>	<b>697</b>	<b>716</b>
<b>At 31 December 2022</b>				
1.000% eurobond 2024	400	1	399	380
0.625% eurobond 2026	300	2	298	267
<b>Total outstanding eurobonds 2022</b>	<b>700</b>	<b>3</b>	<b>697</b>	<b>647</b>

## Leases

For the details on the outstanding leases, see the table below.

### PostNL Outstanding leases in € million

2021, 2022

At 31 December	Nominal value	Fixed/floating interest	Carrying value	Fair value
Total outstanding leases 2021	333	fixed	333	333
Total outstanding leases 2022	331	fixed	331	331

## Derivatives - Foreign currency exchange contracts

For the details on the outstanding foreign exchange contracts, see the table below.

### PostNL Outstanding foreign exchange contracts in € million

2021, 2022

At 31 December	Carrying value	Fair value	Nominal value	Hedge	Amount in equity
Asset	1	1	86	balance sheet/ cashflow	0
Liability	1	1	112	balance sheet/ cashflow	0
<b>Foreign exchange contracts 2021</b>					
Asset	1	1	76	balance sheet/ cashflow	1
Liability	3	3	141	balance sheet/ cashflow	(2)
<b>Foreign exchange contracts 2022</b>					

The fair value of these outstanding foreign exchange hedges is recorded as a current asset in 'prepayments and accrued income' or as a current liability in 'other current liabilities' and includes credit valuation adjustments.

In 2022, the total ineffective portion on all derivatives recognised in the income statement that arises from the use of fair value and cash flow hedges amounted to €0 million (2021: €0 million).

## Derivatives - Interest rate swaps

For the details on the outstanding interest rate swaps, see the table below.

### PostNL Interest rate swaps in € million

2021, 2022

At 31 December	Carrying value	Fair value	Nominal value	Hedge	Amount in equity
Interest rate swaps 2021	0	0	0	balance sheet/ cashflow	0
Interest rate swaps 2022	4	4	51	balance sheet/ cashflow	3

The fair value of these outstanding interest rate swaps is recorded as a current asset in 'prepayments and accrued income' or as a current liability in 'other current liabilities' and includes credit valuation adjustments.

## 4.6 Equity

### Accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases PostNL's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity.

### Authorised share capital

Since 4 August 2011, the company's authorised share capital amounts to €120 million, divided into 750,000,000 ordinary shares and 750,000,000 preference shares B, both of €0.08 nominal value each.

### Form of shares

The ordinary shares are in deposit or registered form. Deposit shares are represented by a global note held by the Dutch clearing system Euroclear Netherlands and are transferable through Euroclear Netherlands' book entry system. Ordinary shares in registered form are transferred by means of a deed of transfer and PostNL's written acknowledgement of the transfer. PostNL does not have share certificates for ordinary shares represented by the global note. The preference shares B are in registered form.

### Issued share capital

At 31 December 2022, the company's issued share capital amounted to €39 million (2021: €41 million). The number of authorised, issued and outstanding shares by class of share is as presented in the table hereafter.

### Issuance/repurchase of shares to cover share plans

In 2022, PostNL repurchased 51 million ordinary shares under the first tranche of the share buyback programme. Out of the 51 million shares, 16,358,973 shares were used for the payment

of the 2021 final dividend in stock, 7,868,569 shares were used for the payment of the 2022 interim dividend in stock and 1,051,073 shares were used for the settlement of PostNL's equity-settled share plans. The remaining 25,721,385 shares were cancelled on 22 November 2022.

For all equity-settled share plans, PostNL intends to perform the settlement by issuing new shares or assigning repurchased shares to 'Stichting Managementparticipatie PostNL' (Foundation Management Participation PostNL). In 2022, the company issued 0 ordinary shares (2021: 747,526 shares) under its incentive schemes to 'Stichting Managementparticipatie PostNL' (Foundation Management Participation PostNL), and assigned 1,051,073 repurchased ordinary shares (2021: 0) under its incentive schemes to 'Stichting Managementparticipatie PostNL' (Foundation Management Participation PostNL). As at 31 December 2022, the company held no shares to cover its obligations under the existing share plans or for cancellation (2021: 0 shares).

### PostNL Shares number of shares

2021, 2022

Before proposed appropriation of profit	2021	2022
Authorised by class		
Ordinary shares	750,000,000	750,000,000
Preference shares B	750,000,000	750,000,000
<b>Total authorised</b>	<b>1,500,000,000</b>	<b>1,500,000,000</b>
Issued and outstanding		
Per 1 January of the reported year	494,991,389	513,252,013
Cancellation of repurchased shares		(25,721,385)
Issued for stock dividend	17,513,098	0
Issued under its incentive schemes	747,526	0
<b>Per 31 December of the reported year</b>	<b>513,252,013</b>	<b>487,530,628</b>
<b>Issued and outstanding per 31 December by class</b>		
Ordinary shares	513,252,013	487,530,628
of which held by the company to cover share plans	0	0
of which a foundation incorporated by the company only holds the legal title	1,852,045	2,273,128
Preference shares B	0	0

### **Incentive scheme and Foundation Management Participation PostNL**

For administration and compliance purposes, since May 2013 all shares belonging to PostNL employees under PostNL incentive schemes are held by Stichting Managementparticipatie PostNL (Foundation Management Participation PostNL). These shares are held on an omnibus securities account with ABN AMRO Bank, the Netherlands. Foundation Management Participation PostNL legally owns the shares, while the beneficial ownership of the shares is vested in the employees, who are also entitled to dividend received by Foundation Management Participation PostNL on their behalf. At 31 December 2022, the number of PostNL shares involved amounted to 2,273,128 shares (2021: 1,852,045 shares) with a nominal value of €0.08 per share.

### **Foundation Continuity PostNL and preference shares B**

Stichting Continuïteit PostNL (Foundation Continuity PostNL) was formed to safeguard the interests of PostNL, the undertaking connected with PostNL and all parties involved. It does this by, among other things, preventing any influences that could threaten PostNL's continuity, independence and identity, as far as possible. Foundation Continuity PostNL is an independent legal entity and is not owned or controlled by PostNL or any other legal person.

PostNL's articles of association provide for protective preference shares B that can be issued to Foundation Continuity PostNL to serve these interests. The preference shares B have a nominal value of €0.08 and have the same voting rights as PostNL's ordinary shares.

PostNL and Foundation Continuity PostNL have entered into a call option agreement, which enables Foundation Continuity PostNL to acquire a number of preference shares B not exceeding the total issued amount of shares minus one and minus any shares already issued to Foundation Continuity PostNL. The call option agreement is meant as a preventive countermeasure against influences that might threaten the continuity, independence and identity of the company. Preference shares B will be outstanding no longer than is strictly necessary. At 31 December 2022 no preference shares B were issued.

### **Additional paid-in capital**

At 31 December 2022, additional paid-in capital of €163 million (2021: €163 million) is fully exempt for Dutch tax purposes to the extent that this has been paid in by shareholders of the company.

## Section 5: Other notes

### 5.1 Remuneration of Supervisory Board, Board of Management and senior management

#### Accounting policies

##### Equity-settled share-based compensation plans

PostNL operates a number of equity-settled share-based compensation plans, under which the employees receive (conditional) shares of the Group for services rendered. The fair value of the employee services received, as measured at the grant date, in exchange for the grant of the shares is recognised as an expense, with a corresponding increase in equity.

Non-market performance and service conditions are included in assumptions about the number of (conditional) shares that are expected to vest. The total expense is recognised

over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. In addition, for some share-based compensation plans, employees provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense between service commencement date and grant date. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

##### Remuneration of members of the Supervisory Board

Total remuneration of the Supervisory Board in 2022 amounted to €357,937 (2021: €341,840). For details see the 'Remuneration report'.

The members of the Supervisory Board receive no compensation related to performance and/or equity and accrue no pension rights with the company. The members of the Supervisory Board receive no severance payments in the event of termination. PostNL does not grant loans,

including mortgage loans, advance payments, guarantees and options or shares to any member of the Supervisory Board.

##### Remuneration of members of the Board of Management

In 2022, the total remuneration based on IFRS of the Board of Management amounted to €2,057,994 (2021: €2,164,617). The following table presents total remuneration of the Board of Management:

##### PostNL Remuneration of the Board of Management in €

2021, 2022

		Base salary <sup>1</sup>	Other benefits <sup>2</sup>	Pension costs <sup>3</sup>	One year variable	Multi-year variable	Total remuneration
Herna Verhagen - CEO	2022	679,639	188,717	45,565		263,564	1,177,485
	2021	659,844	183,551	42,595	173,209	177,877	1,237,076
Pim Berendsen - CFO	2022	516,526	118,078	45,594		200,311	880,509
	2021	501,481	112,874	46,362	131,639	135,185	927,541

1 Base salaries 2022 were indexed with 3.0%.

2 Other benefits include company costs related to tax and social security, pension allowances, company car and other compensation.

3 Pension costs represent the service costs of the defined benefit scheme and risk premium for the net pension plan.



### Base salary

The base salaries for both members of the Board of Management were increased with 3% in 2022 compared to 2021 in line with the remuneration policy.

### Accrued for short-term incentive

PostNL accounts for the short-term incentive on the basis of the performance of the year reported. In 2022, as targets were not achieved no accrual was formed to pay in 2023. In 2022, an amount of €304,848 was paid to the members of the Board of Management in relation to the short-term incentive of 2021.

### Accrued for long-term incentive

In 2022, the total share-based payment costs relating to the long-term incentive performance share plan for the members of the Board of Management amounted to €463,875 (2021: €313,062).

### Performance share plan (PSP)

The members of the Board of Management are awarded a long-term incentive, which represents a maximum potential reward of 37.5% of the annual base salary in the form of a performance share plan. The characteristics of this performance share plan are:

- it is a conditional equity-settled share plan based on a three-year performance period

- each year shares are conditionally allocated to members of the Board of Management
- a conditional dividend equivalent is added to the conditional shares equal to the dividend rights of ordinary shares
- the conditional shares and their conditional dividend equivalents will vest after a performance period of three years
- vesting is subject to the achievement of targets set on each of the long-term performance measures supportive to the attainment of PostNL's strategy
- if a member of the Board of Management leaves the company during the performance period due to circumstances involving fraud or gross misbehaviour, any accrued rights on the long-term incentive plan will terminate and become void
- if a member of the Board of Management leaves the company due to other reasons, a pro rata performance and time-based vesting applies, unless decided otherwise by the Supervisory board

In compliance with the Dutch Corporate Governance Code, following a three-year performance period, the holding period for vested shares expires two years thereafter or at termination of employment/service if this occurs earlier. For compliance reasons, a sale of shares may not occur within six months following the date of termination of the employment/service. Any sale of shares for the purpose of using the proceeds to pay for the tax due at vesting of these shares is exempted.

**PostNL Performance share plan Board of Management** number of shares

2022

Name of Director - position	Specification of plan	Number of shares held at 1 Jan 2022	Number of shares granted during 2022 <sup>1</sup>	Number of dividend shares <sup>2</sup>	Number of shares settled during 2022	Number of shares forfeited during 2022	Net number of shares under a holding period at 31 Dec 2022	Number of shares subject to a performance condition at 31 Dec 2022
Herna Verhagen - CEO	PSP 2022		78,839	5,086				83,925
	PSP 2021	54,837		10,214				65,051
	PSP 2020	176,204		32,817				209,021
	PSP 2019	115,090		13,161	(85,501)	(42,750)	44,246	
	PSP 2018	30,687					30,687	
	PSP 2017	10,629						
	<b>Total shares</b>		<b>387,447</b>	<b>78,839</b>	<b>61,278</b>	<b>(85,501)</b>	<b>(42,750)</b>	<b>74,933</b>
Pim Berendsen - CFO	PSP 2022		59,917	3,866				63,783
	PSP 2021	41,677		7,763				49,440
	PSP 2020	133,915		24,941				158,856
	PSP 2019	87,470		10,003	(64,982)	(32,491)	33,628	
	PSP 2018	23,322					23,322	
	<b>Total shares</b>		<b>286,384</b>	<b>59,917</b>	<b>46,573</b>	<b>(64,982)</b>	<b>(32,491)</b>	<b>56,950</b>
<b>Total shares</b>		<b>673,831</b>	<b>138,756</b>	<b>107,851</b>	<b>(150,483)</b>	<b>(75,241)</b>	<b>131,883</b>	<b>630,076</b>

1 The number of conditional shares granted is based on 37.5% of the annual base salary divided by the five-day average Euronext Amsterdam share price of PostNL prior to the date of publication of the Q1 2022 results (€3.139).

2 Conditional dividend shares were granted following the final dividend 2021 and interim dividend 2022.

**PostNL The main conditions of share award plans**

2022

Specification of plan	Performance period	Grant date
PSP 2022	01/01/2022-31/12/2024	12/05/2022
PSP 2021	01/01/2021-31/12/2023	14/05/2021
PSP 2020	01/01/2020-31/12/2022	06/05/2020
PSP 2019	01/01/2019-31/12/2021	10/05/2019
PSP 2018	01/01/2018-31/12/2020	09/05/2018

The vesting date is generally equal to grand date plus three years. Subsequently a holding period of two years applies.

Note that the number of outstanding conditional shares does not represent the total number of shares held by each member of the Board of Management, which includes vested shares under PostNL's performance share plan and variable remuneration. Reference is made to chapter 15 Remuneration, section actual remuneration, tabel 'Shares held by Board of Management'.

In 2022, an amount of €463,875 (2021: €313,062) was expensed for the cost of the performance shares of the Board of Management. The costs are determined by multiplying the number of granted performance shares by the fair value of such shares on the date of the grant (PSP 2022: €2.817 per share; PSP 2021: €4.375 per share; PSP 2020: €1.341 per share; PSP 2019: €1.853 per share) and by taking into account expected vesting percentages.

### Other periodic compensation

Other periodic compensation included company costs related to tax and social security, pension allowances, company car and other compensation.

### Pension costs

The pension costs consist of the service costs for the reported year (net of employee contributions) and risk premium for the net pension plan. The members of the Board of Management are participants in a career average defined benefit scheme.

### Loans, advance payments of guarantees

No loans, advance payments or guarantees were granted to members of the Board of Management in 2022 (2021: nil).

### Remuneration of senior management Short-term incentive

The short-term incentive for senior management represents a potential reward of a percentage of the annual base salary (the percentage depending on the job level), which is based on annual performance measures. Of the realised achievements, 50% is paid in cash and 50% is paid in PostNL shares in the following year. Shares will be granted unconditionally and will be

delivered without restrictions or a restricted period, other than those defined in the PostNL insider trading policy.

The 50% of the short-term incentive settled in shares is accounted for as an equity-settled share-based payment. The accrued share-based payment costs relating to this short-term incentive amounted to €0.4 million in 2022 (2021: €1.8 million). The realised amounts will be granted and paid in PostNL shares in 2023.

### Performance share plan

A selected group of members of senior management is awarded a long-term incentive, which represents a potential reward of 37.5% of the annual base salary in the form of a performance share plan that contains three-year performance measures. The long-term incentive is part of the remuneration package for this selected group of senior management. It is aimed particularly at aligning their interests with the long-term interests of the company and its shareholders.

The performance share plan contains the same characteristics as the performance share plan of the Board of Management with the exception that there is no holding period applicable for senior management.

### PostNL Performance share plan senior management

2022

Specification of plan	Number of shares held at 1		Number of shares granted		Number of shares settled		Number of shares forfeited		Number of shares outstanding at 31 Dec 2022
	Jan 2022		during 2022 <sup>1</sup>	Number of dividend shares <sup>2</sup>	during 2022		during 2022		
PSP 2022			221,543	14,295					235,838
PSP 2021	151,686			28,257					179,943
PSP 2020	421,442			78,495					499,937
PSP 2019	267,037			30,538	(198,384)		(99,191)		0
<b>Total shares</b>	<b>840,165</b>		<b>221,543</b>	<b>151,585</b>	<b>(198,384)</b>		<b>(99,191)</b>		<b>915,718</b>

1 The number of conditional shares is based on 37.5% of the annual base salary divided by the five-day average Euronext Amsterdam share price of PostNL prior to the date of publication of the Q1 2022 results (€3,139).

2 Conditional dividend shares were granted following the final dividend 2021 and interim dividend 2022.

In 2022, an amount of €570,446 (2021: €500,642) was expensed for the cost of the performance shares of senior management. The costs are determined by multiplying the number of granted performance shares by the fair value of such shares on the date of the grant (PSP 2022: €2.817

per share; PSP 2021: €4.375 per share; PSP 2020: €1.341 per share; PSP 2019: €1.853 per share) and by taking into account expected vesting percentages.

### Bonus matching share plan

Since 2011, senior management have had the opportunity, on a voluntary basis, to participate in a bonus/matching plan. The company sees the bonus matching plan as part of the remuneration package for the members of senior management, particularly aimed at aligning their interests with the long-term interests of the company and shareholders. At the discretion of the Supervisory Board, grants are made on an annual basis in accordance with the bonus matching plan which has been approved by the Supervisory Board. The significant aspects of the plan are:

- bonus shares are purchased by the participant using 25% of the gross (cash) variable remuneration and delivered upon the grant of the right on matching shares
- the number of bonus shares is calculated by dividing 25% of an individual's gross annual cash bonus relating to the preceding financial year by the share price on Euronext Amsterdam on the date the grant is made

- the rights to matching shares are granted free of charge. The number of matching shares is equal to the number of bonus shares (equity settled scheme)
- the matching rights vest three years after the delivery of the bonus shares
- for each bonus share that is sold within three years, the associated right to one matching share lapses. If more than 50% of the bonus shares are sold within three years, the entire right to matching shares lapses with immediate effect
- if a participant leaves the company for certain reasons (retirement, certain reorganisations, disability or death), the right to matching shares will vest immediately and he/she can exercise his/her right pro rata
- a participant loses the right to exercise his/her right on matching shares when he/she leaves the company for reasons other than those mentioned

The exercise of the rights to matching shares is subject to the PostNL insiders trading policy.

### PostNL Bonus matching plan senior management

2022

Specification of plan	Vesting period	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
		outstanding at 1 Jan 2022	granted during 2022	settled during 2022	forfeited during 2022	outstanding at 31 Dec 2022
Bonus matching 2022	12/05/2022-12/05/2025		45,561			45,561
Bonus matching 2021	14/05/2021-14/05/2024	37,908		-	(3,302)	34,606
Bonus matching 2020	06/05/2020-06/05/2023	50,598		-	(6,135)	44,463
Bonus matching 2019	10/05/2019-10/05/2022	34,536		(34,274)	(262)	0
<b>Total</b>		<b>123,042</b>	<b>45,561</b>	<b>(34,274)</b>	<b>(9,699)</b>	<b>124,630</b>

In 2022, an amount of €94,917 (2021: €75,326) was expensed for the cost of the equity-settled bonus matching shares. The costs are determined by multiplying the number of granted matching shares by the fair value of such shares on the date of the grant (2022: €2.817 per share; 2021: €4.375 per share; 2020: €1.341 per share; 2019: €1.853 per share) and by taking into account expected vesting percentages.

in 2022 (2021: 0) to cover its obligations under the existing share plans. As at 31 December 2022, the total number of shares held for this purpose was nil (2021: 0).

### Financing of equity-settled plans

For all equity-settled and cash-settled share plans, PostNL intends to perform the settlement (or in case of cash-settled plans, fund the settlement) by issuing new shares or assigning repurchased shares. Accordingly, the company does not need to actively hedge the risk in connection with its obligations. As a result, the company assigned 1,051,073 repurchased shares

## 5.2 Related party transactions and balances

The identified related parties of the Group are its Group companies, its joint ventures and associates, shareholders with significant influence, its pension fund and the members of the Board of Management and Supervisory Board. The PostNL Group companies have trading relationships with a number of joint ventures as well as with companies in which PostNL holds minority stakes. In some cases, there are contractual arrangements in place under which PostNL companies source supplies from such undertakings, or such undertakings source supplies from PostNL. Transactions are carried out at arm's length.

During 2022, sales of PostNL to joint ventures and associates amounted to €3 million (2021: €0 million). Purchases of PostNL from joint ventures and associates amounted to €0 million (2021: €0 million). The net amounts due from the joint ventures and associates amounted to €0 million (2021: €0 million). Related party transactions with PostNL's pension fund are presented in note 3.5 to the consolidated financial statements.

PostNL considers the members of the Board of Management and Supervisory Board as key management personnel as defined by IAS 24. For disclosure on related party transactions with the Board of Management and Supervisory Board, see note 5.1 to the consolidated financial statements.

## 5.3 Business combinations

In 2022, PostNL did not acquire new business by the acquisition of the shares of other entities.

## 5.4 Summary of all other accounting policies

### Consolidation

The consolidated financial statements include the financial figures of PostNL N.V. and its subsidiaries, associates and joint ventures and have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany transactions and balances have been eliminated on consolidation. A complete list of subsidiaries, associates and joint ventures included in PostNL's consolidated financial statements is filed for public review at the Chamber of Commerce in The Hague. This list has been prepared in accordance with the provisions of article 379 (1) and article 414 of book 2 of the Dutch Civil Code.

## Subsidiaries

A subsidiary is an entity controlled directly or indirectly by PostNL N.V. Control is defined as the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether PostNL controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to PostNL and are de-consolidated from the date on which control ceases. PostNL uses the acquisition method of accounting to account for the acquisition of subsidiaries. The consideration of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred also includes the fair value arising from contingent consideration arrangements. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date irrespective of the extent of any non-controlling interest. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of PostNL's share of the identifiable net assets of the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of PostNL's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss. The non-controlling interest is initially measured at the proportion of the non-controlling interest in the recognised net fair value of the assets, liabilities and contingent liabilities. Losses applicable to the non-controlling interest in excess of the non-controlling interest in the subsidiary's equity are allocated against PostNL's interests.

### Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which the entity operates ('the functional currency'). These consolidated financial statements are presented in euros, which is PostNL's functional and presentation currency.

### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using year-end exchange rates. Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances and from the translation at year-end exchange rates are recognised in the income statement except for qualifying cash flow hedges and qualifying net investment hedges that are directly recognised in other comprehensive income.

### Foreign operations

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rates,
- income and expenses are translated at average exchange rates, and
- the resulting exchange rate differences based on the different ways of translating between the balance sheet and the income statement are recognised as a separate component of equity (translation reserve).

Foreign currency exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the translation reserve. When a foreign operation is sold, such exchange differences are recycled in the income statement as part of the gain or loss on the sale.

### Impairment of goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset might be impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows, being the cash-generating units (CGUs). If the recoverable value of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to

the CGU and then pro rata to other assets of the CGU. The recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset-specific risks. For the purpose of assessing impairment, corporate assets are allocated to specific CGUs before impairment testing. The allocation of the corporate assets is based on the contribution of those assets to the future cash flows of the CGU under review. Impairment losses recognised for goodwill are not reversed in a subsequent period.

### Impairment of investments in joint ventures and associates

PostNL assesses on each balance sheet date whether there is objective evidence that an investment in a joint venture or associate may need to be impaired. If the recoverable value of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset-specific risks. The fair value less costs of disposal of a joint venture or associate is reviewed based on observable publicly available market data. Possible impairment charges may be reversed if there is an indication that the impairment no longer exists or has been reduced.

### Impairment of finite-lived intangible assets and property, plant and equipment

At each balance sheet date, PostNL reviews its finite-lived intangible assets and property, plant and equipment for an indication of impairment. If any indication exists, the recoverable amount of the assets is estimated. The recoverable amount is defined as the higher of an asset's fair value less costs of disposal and its value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised immediately in the income statement. Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous periods. A reversal of an impairment loss is recognised immediately in the income statement.

### Profit sharing

The company recognises a liability and an expense for profit-sharing by employees, based on a calculation that takes into consideration quantitative and qualitative performance measures in accordance with contractual arrangements.

### Dividend distribution

Dividend distribution to PostNL's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the shareholders. If PostNL offers its shareholders (the choice of) dividends in additional shares, the additionally issued shares are recognised at their nominal amount.

## 5.5 Subsequent events

On 19 January 2023, PostNL announced that an agreement was reached with the trade unions BVPP and CNV on a new collective labour agreement (CLA) for PostNL and one for Saturday deliverers. The agreements specify a total wage increase of up to 9.5% over two years. All payment components related to 2022 have been expensed in 2022. In addition, in February 2023, PostNL will make a one-time payment of 1.5% of annual salary. Both CLAs are effective as of 1 April 2022 and end on 31 March 2024.

## Section 6: Corporate financial statements

### PostNL N.V. Corporate statement of profit or loss in € million

2021, 2022

Year ended at 31 December	Notes	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
<b>Dividend income</b>	6.2.1	<b>200</b>	<b>150</b>		<b>150</b>
Reversal impairment/(impairment) investments in subsidiaries	6.2.2	524	(1,465)		(1,465)
Salaries, pensions and social security contributions	6.2.3	(74)	(76)	(1,354)	(1,430)
Other operating expenses		0	0		0
<b>Total operating expenses</b>		<b>450</b>	<b>(1,541)</b>	<b>(1,354)</b>	<b>(2,895)</b>
<b>Operating income</b>		<b>650</b>	<b>(1,391)</b>	<b>(1,354)</b>	<b>(2,745)</b>
Interest and similar income		0	0		0
Interest and similar expenses		(9)	(9)		(9)
<b>Net financial expense</b>	6.2.4	<b>(9)</b>	<b>(9)</b>		<b>(9)</b>
<b>Profit/(loss) before income taxes</b>		<b>641</b>	<b>(1,400)</b>	<b>(1,354)</b>	<b>(2,754)</b>
Income taxes	6.2.5	21	22	349	371
<b>Profit/(loss) for the year attributable to shareholders</b>		<b>662</b>	<b>(1,378)</b>	<b>(1,005)</b>	<b>(2,383)</b>

### PostNL N.V. Corporate statement of comprehensive income in € million

2021, 2022

Year ended at 31 December	Notes	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
<b>Profit/(loss) for the year attributable to shareholders</b>		<b>662</b>	<b>(1,378)</b>	<b>(1,005)</b>	<b>(2,383)</b>
Actuarial gains/(losses) pensions, net of tax	6.4.2	605	491		491
Pension asset ceiling/minimum funding requirement, net of tax	6.4.2	(551)	(435)	1,020	585
<b>Other comprehensive income that will not be reclassified to the income statement</b>		<b>54</b>	<b>57</b>	<b>1,020</b>	<b>1,076</b>
<b>Total comprehensive income for the year</b>		<b>715</b>	<b>(1,322)</b>	<b>15</b>	<b>(1,307)</b>



**PostNL N.V. Corporate statement of cash flows** in € million

2021, 2022

Year ended at 31 December	Notes	2021	2022
<b>Profit/(loss) before income taxes</b>		<b>641</b>	<b>(2,754)</b>
Change in pension accounting classification			1,354
<b>Profit/(loss) before income taxes, excluding change in pension accounting classification</b>		<b>641</b>	<b>(1,400)</b>
Adjustments for:			
Reversal impairment/(impairment) investments in subsidiaries		(524)	1,465
Share-based payments		3	2
Dividend income		(200)	(150)
Interest and similar income		(0)	(0)
Interest and similar expenses		9	9
<b>Investment income</b>		<b>(191)</b>	<b>(141)</b>
Pension liabilities		54	47
Other provisions		0	0
<b>Changes in provisions</b>		<b>54</b>	<b>47</b>
Changes in working capital		0	1
<b>Cash used in operations</b>		<b>(17)</b>	<b>(27)</b>
Interest paid		(6)	(6)
Income taxes received/(paid)		(101)	78
<b>Net cash (used in)/from operating activities</b>	<b>6.3.1</b>	<b>(124)</b>	<b>45</b>

Year ended at 31 December	Notes	2021	2022
Dividend received		200	150
Changes in accounts receivable from Group companies		37	134
<b>Net cash (used in)/from investing activities</b>	<b>6.3.2</b>	<b>237</b>	<b>284</b>
Dividends paid		(113)	(165)
Share buyback			(164)
<b>Net cash (used in)/from financing activities</b>	<b>6.3.3</b>	<b>(113)</b>	<b>(329)</b>
<b>Total change in cash and cash equivalents</b>		<b>(0)</b>	<b>0</b>
Cash and cash equivalents at the beginning of the year		0	0
Total change in cash and cash equivalents		(0)	0
<b>Cash and cash equivalents at the end of the year</b>		<b>0</b>	<b>0</b>

**PostNL N.V. Corporate statement of financial position** in € million

2021, 2022

At 31 December, before appropriation of profit	Notes	2021	2022
<b>Assets</b>			
Investments in subsidiaries	6.4.1	3,526	2,061
<b>Total non-current assets</b>		<b>3,526</b>	<b>2,061</b>
Accounts receivable from Group companies	6.4.3	286	151
Other accounts receivable		2	1
Income tax receivable		101	21
<b>Total current assets</b>		<b>389</b>	<b>173</b>
<b>Total assets</b>		<b>3,915</b>	<b>2,234</b>
<b>Equity and liabilities</b>			
Issued share capital		41	39
Additional paid-in capital		163	163
Revaluation reserve investments in subsidiaries		2,502	1,037
Other reserves		(188)	2,711
Retained earnings		632	(2,433)
<b>Total shareholders' equity</b>	6.3.4	<b>3,151</b>	<b>1,517</b>
Provision for pension liabilities	6.4.2	64	0
Eurobonds	6.4.4	697	697
Other provisions		1	2
<b>Total non-current liabilities</b>		<b>762</b>	<b>699</b>
Accounts payable to Group companies		1	0
Other current liabilities		1	17
<b>Total current liabilities</b>		<b>2</b>	<b>17</b>
<b>Total equity and liabilities</b>		<b>3,915</b>	<b>2,234</b>

**PostNL N.V. Corporate statement of changes in equity** in € million

2021, 2022

	Issued share capital	Additional paid-in capital	Revaluation reserve investments in subsidiaries	Other reserves	Retained earnings	Total shareholders' equity
<b>Balance at 1 January 2021</b>	<b>40</b>	<b>161</b>	<b>1,978</b>	<b>(22)</b>	<b>388</b>	<b>2,546</b>
Total comprehensive income				54	662	715
Appropriation of net income				305	(305)	0
Final dividend previous year	1	(1)			(84)	(84)
Interim dividend current year	0	(0)			(29)	(29)
Share-based compensation	0	3		(0)		3
Addition revaluation reserve			524	(524)		0
<b>Balance at 31 December 2021</b>	<b>41</b>	<b>163</b>	<b>2,502</b>	<b>(188)</b>	<b>632</b>	<b>3,151</b>
Total comprehensive income				1,076	(2,383)	(1,307)
Appropriation of net income				518	(518)	0
Final dividend previous year					(114)	(114)
Interim dividend current year					(50)	(50)
Share buyback	(2)			(162)		(164)
Share-based compensation				2		2
Reduction revaluation reserve			(1,465)	1,465		0
<b>Balance at 31 December 2022</b>	<b>39</b>	<b>163</b>	<b>1,037</b>	<b>2,711</b>	<b>(2,433)</b>	<b>1,517</b>

## 6.1 Basis of preparation

### General information and description of the business

PostNL N.V. (hereafter referred to as 'the company') is a public limited liability company with its registered seat and head office at Waldorpstraat 3, 2521 CA, The Hague, the Netherlands. The Chamber of Commerce number is 27124700.

The company's principal activity is acting as a holding company for the Group companies of the PostNL Group ('the Group') that provide businesses and consumers in the Benelux with an extensive range of services for their mail needs. Through our international sales network Spring, we connect local businesses around the world to consumers globally. The company is the ultimate parent company of the Group.

The corporate financial statements were authorised for issue by PostNL's Board of Management and Supervisory Board on 27 February 2023 and are subject to adoption at the Annual General Meeting of Shareholders on 18 April 2023.

### Summary of significant accounting policies

The significant accounting policies applied in the preparation of these corporate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All amounts included in the financial statements are presented in euros, unless stated otherwise. Note that the numbers presented in the financial statements and disclosures thereto may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

### Accounting principles applied

The corporate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and Dutch law. IFRS-EU includes the application of International Accounting Standards (IAS), related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and interpretations of the Standing Interpretations Committee (SIC), issued and effective, or issued and adopted early, as at 31 December 2022.

### Basis of measurement

In the corporate financial statements, the same accounting principles have been applied as set out in the notes to the consolidated financial statements, except for the valuation of the investments as presented under financial fixed assets in the corporate financial statements. These policies have been consistently applied to all years presented.

In the corporate financial statements, the investments in subsidiaries are recorded at cost less impairments (deemed cost upon adoption of IFRS-EU). In the corporate statement of income, dividend received from the investments is recorded as dividend income. Due to this application, the corporate equity and net result are not equal to the consolidated equity and net result. A reconciliation for total shareholders' equity and total comprehensive income is presented in note 6.5 to the corporate financial statements.

### Changes in accounting policies and disclosures

For new and amended standards we refer to the descriptions included in the 'Changes in accounting policies and disclosures' in the notes to the consolidated financial statements. The company has assessed the impact on the corporate financial statements. None of these is expected to have a significant effect on the corporate financial statements.

### Functional and presentation currency

The corporate financial statements are presented in euros, the company's functional currency.

### Use of estimates and judgements

The preparation of the corporate financial statements in conformity with IFRS-EU requires management to exercise judgements and make estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the corporate financial statements are disclosed in the note 'Critical accounting estimates and judgements' to the consolidated financial statements.

Key accounting estimates and judgements affecting the assessment and measurement of impairment are included in note 6.4.1 to the corporate financial statements.

### Share-based payments

PostNL operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for (conditional) shares of the Group. For the company's accounting policies on equity-settled share-based compensation plans, we refer to note 5.1 of the consolidated financial statements.

## Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the corporate financial statements, in the period in which the dividends are approved by the company's shareholders.

## 6.2 Result for the year

### 6.2.1 Dividend income

Dividend income is recognised when the right to receive payment is established. The dividend income from the company's subsidiaries for 2022 was €150 million (2021: €200 million).

### 6.2.2 Impairment investments in subsidiaries

In 2022, an impairment of €1,465 million on the company's investments in subsidiaries was accounted for (2021: impairment reversal of €524 million). Reference is made to note 6.4.1 to the corporate financial statements.

### 6.2.3 Salaries, pensions and social security contributions

In 2022, salaries, pensions and social security contributions, excluding the impact of the change in accounting classification of the main pension plan of €1,354 million, amounted to €76 million (2021: €74 million). In accordance with IAS 19.41, the net defined benefit cost for the company's pension plans shall be recognised in the corporate financial statements. For PostNL, the contributions charged to other Group companies were lower than the pension expense incurred, resulting in a negative amount of salaries, pensions and social security contributions over the year. For further information on defined benefit pension costs, see note 6.4.2 to the corporate financial statements. PostNL N.V. does not have any employees other than the Board of Management.

### 6.2.4 Net financial expense/(income)

PostNL has financing relationships with both external banks and with PostNL companies, mainly with PostNL Finance BV. As a result, PostNL records both external interest income and expenses from financial institutions and from PostNL Finance BV.

## PostNL N.V. Net financial expense/(income) in € million

2021, 2022

Year ended at 31 December	2021	2022
Interest expenses on long-term borrowings	7	7
Interest on net defined benefit pension liabilities	1	2
Other interest and similar expense	2	1
<b>Interest and similar expense</b>	<b>9</b>	<b>9</b>
Other interest and similar income	(0)	0
<b>Net financial expense/(income)</b>	<b>9</b>	<b>9</b>

Interest expenses on long-term borrowings relate to the outstanding eurobonds. Reference is made to note 4.1 to the consolidated financial statements.

### 6.2.5 Income taxes

#### Accounting policies

The company is tax-resident in the Netherlands. The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income, except to the extent that it relates to items recognised directly in other comprehensive income.

The amount of income tax included in the statement of income is determined in accordance with the rules established by the tax authorities in the Netherlands, based on which income taxes are payable or recoverable.

**PostNL N.V. Corporate income taxes** in € million

2021, 2022

Year ended at 31 December	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
Current tax expense	(6)	3		3
Changes in deferred taxes	(15)	(25)	(349)	(374)
<b>Total income tax expense/(income)</b>	<b>(21)</b>	<b>(22)</b>	<b>(349)</b>	<b>(371)</b>
<b>Income taxes paid/(received)</b>	<b>101</b>	<b>(78)</b>		<b>(78)</b>

The difference between the total income taxes in the income statement and the current tax expense is due to temporary differences. These differences are recognised as deferred tax assets or deferred tax liabilities, except for the tax effect on the change in pension accounting classification. In 2022, the change in deferred taxes also includes an amount of €(374) million (2021:€(18) million) via other comprehensive income fully related to taxes on OCI from pensions.

**PostNL N.V. Corporate effective income tax rate** in € million

2021, 2022

Year ended at 31 December	2021	2022 excl. change in pension accounting classification	Change in pension accounting classification	Total 2022
Dutch statutory income tax rate	25.0	25.8		25.8
Tax effects of:				
Non taxable impairment reversal/non deductible impairment	(20.4)	(27.0)	13.3	(13.7)
Exempt income	(7.8)	2.8	(1.4)	1.4
Other	(0.1)			
<b>Effective income tax rate</b>	<b>(3.3)</b>	<b>1.6</b>	<b>11.9</b>	<b>13.5</b>

The effective income tax rate including the change in pension accounting classification is 13.5%. However, due to the material impact of the change in pension accounting classification on our figures, the effective income tax rate excluding the change in pension accounting classification has also been stated in the table above. The latter effective income tax rate is 1.6%. This effective

income tax rate, being lower compared to the Dutch statutory tax rate (25.8%), can mainly be explained as follows.

In 2022, the income taxes of €(22) million (2021: €(21) million) on the result before income taxes of €(1,400) million (2021: €641 million), resulted in an effective income tax rate of 1.6% (2021: (3.3)%). Adjusted for the tax-exempt dividend income of €150 million (2021:€200 million) and the non deductible impairment of €1,465 million (2021: non taxable impairment reversal of €524 million), the result before income taxes would have been €(85) million (2021:€(83) million), which with income taxes unchanged at €(22) million (2021: €(21) million) would have resulted in an effective income tax rate of 25.5% (2021: 25.1%).

Deferred tax assets and liabilities are presented net in the balance sheet if the company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority. Based on this reporting principle, the deferred tax assets as at 31 December 2022 amounts to €0 million (2021: €0 million).

**6.3 Cash flow performance and equity development****6.3.1 Net cash (used in)/from operating activities**

The increase in net cash from operating activities from €(124) million in 2021 to €45 million in 2022 mainly related to the change in income taxes received/(paid). In 2022, the second instalment of €28 million of the unconditional funding obligation relating to the final payment of the transitional pension plans was paid (2021: first instalment of €16 million). In 2022, the total cash outflow for interest paid of €6 million (2021: €6 million) mainly related to interest on PostNL's long-term borrowings. In 2022, the company received income taxes totalling €78 million (2021: €101 million paid) which include internal settlements with Group companies within the PostNL fiscal unity.

**6.3.2 Net cash (used in)/from investing activities**

In 2022, net cash from investing activities amounted to €284 million (2021: €237 million) and related to dividend received from the company's subsidiaries of €150 million (2021:€200 million) and changes in accounts receivable from Group companies of €134 million (2021: €37 million), mainly related to an intercompany receivable from PostNL Finance B.V.

### 6.3.3 Net cash (used in)/from financing activities

In 2022, the net cash from financing activities amounted to €(329) million (2021: €(113) million) and related for €164 million to the share buyback and for €165 million to the final 2021 and interim 2022 cash dividend paid (2021: €113 million related to the final 2020 and interim 2021 cash dividend).

### 6.3.4 Equity

As at 31 December 2022, equity amounts to €1,517 million (2021: €3,151 million). For the disclosure on issued share capital and additional paid-in capital, see notes 2.6 and 4.6 to the consolidated financial statements.

The revaluation reserve investments in subsidiaries is a legal reserve and is restricted for distribution.

As at 31 December 2022, the revaluation reserve of €1,037 million (2021: €2,502 million) related to the applied deemed cost approach for the investments in subsidiaries as of 1 January 2010, partly offset by the net recorded impairment charges of €1,545 million.

During 2022, the other reserves increased to €2,711 million from €(188) million, mainly due to a reclassification from the revaluation reserve of €1,465 million, the appropriation of net income for 2021 of €518 million and a positive pension effect within other comprehensive income of €1,076 million, partly offset by the share buyback of €162 million.

## 6.4 Corporate statement of financial position

### 6.4.1 Investments in subsidiaries

#### Accounting policies

##### Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost, less impairment. Dividend income from the company's subsidiaries and associated companies is recognised when the right to receive payment is established.

#### Impairment of investments in subsidiaries

At each balance sheet date, the company reviews whether there is an indication that its investments in subsidiaries might be impaired.

An indication may include management's downward adjustment of the strategic plan or other areas where observable data indicates a measurable decrease in the estimated future cash flows. These determinations require significant judgement. In making this judgement, management evaluates, among other factors, the financial performance of and business outlook for its investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If any indication for impairment exists, the recoverable amount of the investments is estimated. The recoverable amount is defined as the higher of an investment's fair value less costs of disposal and its value in use. If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Any impairment loss is recognised immediately in the statement of income.

The investments' fair value less costs of disposal represents the best estimate of the amount the company would receive if it sold its investments. The fair value of each investment has been estimated on the basis of the present value of future cash flows, taking into account costs of disposal. The determination of the investment's value in use is based on calculations using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates.

Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates or external market information used to determine the investment's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The movement in the investments in subsidiaries is as follows:

#### PostNL N.V. Investments in subsidiaries in € million

2021, 2022

	2021	2022
<b>Balance at 1 January</b>	<b>3,002</b>	<b>3,526</b>
Reversal impairment/(impairment)	524	(1,465)
<b>Balance at 31 December</b>	<b>3,526</b>	<b>2,061</b>

The subsidiary undertakings of the company as at 31 December 2022, and the company's percentage interest, are set out below.

#### PostNL N.V. Breakdown corporate investments

2022

Name of direct subsidiary	Country of incorporation	Ownership %
PostNL Holding B.V.	Netherlands	100%

A complete list of investments in subsidiaries, associated companies and jointly-controlled entities will be attached to the company's Annual Report made available to the Chamber of Commerce.

A detailed review has been performed of the recoverability of the investments in subsidiaries. The recoverable value of each investment is the higher of the value in use and fair value less costs of disposal. The recoverable value is determined based on the fair value less costs of disposal as this was higher than the value in use at year end 2022. The fair value less costs of disposal has been estimated on the basis of the present value of future cash flows, taking into account costs of disposal. For all investments, the estimated future cash flows are based on a five-year (2021: five-year) forecast and business plan, which forecast period has been assessed as adequate to reach a sustainable basis for the calculation of the continuing value.

The estimated future cash flows are derived from the most recent strategic planning approved by management, including inherent uncertainties like future volume developments, efficiency measures and the impact of regulatory decisions and developments. The company has determined the budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports for the related operation and market and did not change

materially compared to previous year. The weighted average pre-tax discount rate applied in the investments' valuations was around 11.0% (2021: around 10.0%).

Key assumptions used to determine the recoverable values for the investments of the company are the following:

- maturity of the underlying market, market share and volume development in order to determine the revenue mix and (long-term) growth rate,
- level of operating income largely impacted by revenue and cost development, taking into account the nature of the underlying costs and potential economies of scale,
- level of capital expenditure in network-related assets, and
- discount rate to be applied following the nature of the underlying cash flows and foreign currency and inflation-related risks.

As the investments in subsidiaries are vulnerable to changes in the discount rate and changes in operating income, a sensitivity analysis has been performed for the investments. The sensitivity analysis included the impact of the following items which are considered to be most critical when determining the recoverable value:

- an increase or decrease in the discount rate of 0.5%, and
- an increase or decrease in operating income of 5%.

If the discount rate were to change by 0.5%, this would impact the investments in subsidiaries by around €135 million (2021: €280 million). A change in operating income of 5% would impact the investments in subsidiaries by around €125 million (2021: €185 million).

The detailed review of the value of the investments in subsidiaries resulted in the recoverable value being €1,465 million lower than their carrying value. The recoverable amount of continuing operations is derived from the 2022 strategic planning, taking into account the current geopolitical conditions causing economic uncertainty, low consumer spending and high labour and energy inflation. These developments have negatively affected our current 2022s performance. They have also tempered our expected future e-commerce growth, which remains a sustainably growing business line in which we operate successfully, when compared to the forecast including assumptions used in last year's valuation. The valuation was also negatively affected by a slightly higher discount rate in 2022 and a reduction in excess cash given the share buyback and dividends paid out in 2022. Based on the detailed review, management concluded that an impairment of €1,465 million was present for the investments



in subsidiaries. Consequently, management recorded an impairment of €1,465 million in 2022 (2021: impairment reversal of €524 million). Within equity, the revaluation reserve associated with the initial revaluation of the investments in subsidiaries has been decreased by the impairment amount.

## 6.4.2 Provisions for pension liabilities

### Accounting policies

For the accounting policies on pension liabilities, reference is made to note 3.5 to the consolidated financial statements.

The company is the sponsoring employer of the main Dutch pension plan, which is externally funded in a separate pension fund and cover the majority of PostNL's employees in the Netherlands.

As main development in 2022, the amended pension plan, triggering a change in pension accounting from defined benefit to defined contribution as of 31 December 2022 and the recording of an accompanying pension settlement, had a significant financial impact on the corporate financial statements of the company. Reference is made to note 3.5 to the consolidated financial statements.

In accordance with IAS 19.41, PostNL recognises the net defined benefit cost in the corporate financial statements of the company. The relevant Group companies recognise the costs equal to the contributions payable for the period in their financial statements. In its corporate financial statements, PostNL recognises the contributions received from the relevant Group companies as a benefit that offsets the corporate defined benefit pension expense. As a result, the corporate financial statements record a lower defined benefit pension expense of €1,430 million (2021: €73 million) compared to the defined benefit pension expenses of €1,516 million (2021: €150 million) as recorded in the consolidated financial statements.

The following table reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets, the funded status and the employer pension income for the sponsored pension plan of the company. In line with the disclosure note

on pensions included in the consolidated financial statements, the table also shows the corporate settlement impact resulting from the change in pension accounting classification.

**PostNL N.V. Detailed overview of changes in corporate defined benefit plans** in € million

2021, 2022

	2021	2022
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	(10,226)	(10,126)
Service costs	(160)	(174)
Interest costs	(31)	(104)
Other movements	(2)	
Actuarial (losses)/gains	44	2,645
Benefits paid	248	261
Settlement benefit obligation		7,498
<b>Benefit obligation at end of year</b>	<b>(10,126)</b>	<b>0</b>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	10,225	10,878
Assumed return on plan assets	31	111
Other movements	1	
Contributions group companies	98	107
Employer contributions	2	(0)
Instalment unconditional funding obligation	16	28
Other costs	(10)	(8)
Actuarial (losses)/gains	763	(1,982)
Benefits paid	(248)	(261)
Settlement plan assets		(8,873)
<b>Fair value of plan assets at end of year</b>	<b>10,878</b>	<b>0</b>
<b>Change in funded status</b>		
Funded status at the beginning of year	(0)	752
Operating expenses (incl. contributions group companies)	(72)	(74)
Interest (expenses)/income	(0)	7
Employer contributions	2	(0)
Instalment unconditional funding obligation	16	28
Actuarial (losses)/gains	807	663
Settlement of benefit obligation and plan assets		(1,374)
<b>Funded status at end of year</b>	<b>752</b>	<b>0</b>
Impact of pension asset ceiling	(752)	

	2021	2022
Impact of minimum funding requirement	(64)	
<b>Netted pension liabilities</b>	<b>(64)</b>	<b>0</b>
<b>Components of employer pension expenses</b>		
Service costs	(160)	(174)
Interest (expenses)/income	(1)	(2)
Other costs	(10)	(8)
Contributions group companies	98	107
Pension settlement costs within statement of profit or loss		(1,354)
<b>Post-employment benefit income/(expenses)</b>	<b>(73)</b>	<b>(1,430)</b>
Weighted average assumptions as at 31 December		
Discount rate	1.0%	3.4%
Rate of benefit increases	1.5%	1.7%
Life expectancy 65 year old men/women (in years)	21.1/23.4	21.4 / 23.7

**6.4.3 Accounts receivable from Group companies**

As at 31 December 2022, accounts receivable from Group companies amounted to €151 million (2021: €286 million) which mainly related to a receivable from PostNL Finance B.V. The fair value of the accounts receivable from and payable to Group companies approximated the carrying value, due to the short-term nature. The allowance for expected credit losses has been assessed to be non-material.

**6.4.4 Eurobonds**

As at 31 December 2022, the eurobonds amounted to €697 million non-current (2021: €697 million). For the disclosure on the eurobonds, reference is made to notes 4.1 and 4.5 to the consolidated financial statements.

In 2022, the non-cash changes in the total debt amounted to €1 million (2021: €1 million) and related to the amortisation of costs included in the eurobonds.

## 6.5 Other notes

### Reconciliation corporate and consolidated equity and comprehensive income

PostNL N.V. Consolidated to corporate equity and total comprehensive income in € million

2021, 2022

Year ended at 31 December	2021		2022	
	Equity	Income	Equity	Income
<b>Consolidated: Equity and profit/(loss) for the year</b>	<b>426</b>	<b>257</b>	<b>177</b>	<b>(993)</b>
Reconciliation items previous years	2,335		2,725	
Reversal impairment/(impairment) investments in subsidiaries	524	524	(1,465)	(1,465)
Results from investments	(119)	(119)	75	75
Other comprehensive income (CTA/hedges/pensions)	(14)		5	
<b>Total reconciliation items</b>	<b>2,725</b>	<b>405</b>	<b>1,340</b>	<b>(1,390)</b>
<b>Corporate: Shareholders' equity and profit/(loss) for the year</b>	<b>3,151</b>	<b>662</b>	<b>1,517</b>	<b>(2,383)</b>

The differences between total shareholders' equity and total comprehensive income according to the IFRS-EU consolidated financial statements and the corporate financial statements under IFRS-EU in general relate to the accounting of the investments in subsidiaries at cost less impairments (deemed cost upon adoption of IFRS-EU) in the corporate financial statements and subsequent (reversal of) impairments.

The reconciling items for equity and income are further detailed below.

#### Reconciliation items

The 'reconciliation items previous years' of €2,725 million in 2022 relate to the difference between the consolidated equity as at 31 December 2021 of €426 million and the corporate equity of €3,151 million at that date.

For details of the impairment of the investments in subsidiaries recognised in the corporate financial statements in 2022, see note 6.4.1 to the corporate financial statements.

The 2022 results from investments were €75 million higher in the corporate financial statements and can be calculated from the result from the corporate income statement of €(2,383) million,

plus the impairment of the investments in subsidiaries of €1,465 million, minus the result from the consolidated income statement of €(993) million. The difference relates to the difference between the dividend income and the result from the investments in subsidiaries. The 2021 results from investments were €119 million lower in the corporate financial statements and can be calculated from the result from the corporate income statement of €662 million, minus the reversal of the impairment of the investments in subsidiaries of €524 million, minus the result from the consolidated income statement of €257 million. The difference relates to the difference between the dividend income and the result from the investments in subsidiaries.

The reconciliation item 'Other comprehensive income' represents hedge and currency translation adjustments and adjustments for actuarial gains/(losses) which were recognised in the consolidated financial statements but not in the corporate financial statements as the investments are stated at cost. It also represents other comprehensive income from the change in value of financial assets at fair value through OCI that was recognised in the consolidated financial statements but not in the corporate financial statements.

The 2022 difference in other comprehensive income of €5 million included €1 million of actuarial gains on pensions, €(8) million of the change in value of financial assets at fair value through OCI and €2 million other items. The 2021 difference in other comprehensive income of €(14) million included €1 million of actuarial losses on pensions, €12 million of the change in value of financial assets at fair value through OCI and €1 million other items.

#### Commitments and contingencies

##### Declaration of joint and several liability

At 31 December 2022, the company issued a declaration of joint and several liability for some of its Group companies in compliance with article 403, book 2 of the Dutch Civil Code. Those Group companies are:

### PostNL N.V. Declaration of joint and several liability

2022

DM Productions B.V.	PostNL Finance B.V.
G3 Worldwide Mail N.V.	PostNL Holding B.V.
Koninklijke PostNL B.V.	PostNL Pakketten Benelux B.V.
Logistics Solutions B.V.	PostNL Real Estate B.V.
PostNL Cross Border Solutions B.V.	PostNL TGN B.V.
PostNL Customer Excellence B.V.	PostNL Transport B.V.
PostNL Data Solutions B.V.	PS Nachtdistributie B.V.
PostNL E-commerce Services B.V.	

### Fiscal unity in the Netherlands

The company forms a fiscal unity with a majority of its Dutch subsidiaries for corporate income tax and VAT purposes. A company and its subsidiaries that are part of these fiscal unities are jointly and severally liable for the tax payable by these fiscal unities.

### Parental support

In addition to the declaration of joint and several liability in compliance with article 403, book 2 of the Dutch Civil Code, the company provided parental support relating to the following items:

- committed revolving credit facilities of €200 million;
- bank guarantee facilities of €87 million;
- ordinary business activities of the Group of €88 million;
- ISDA agreements;
- payment guarantee for self-insurance of WGA (“Werkhervatting Gedeeltelijk Arbeidsgeschikten”) benefit payments as of 1 January 2021.

### Separation agreement TNT Express

For details on the separation agreement with TNT Express, see note 3.10 to the consolidated financial statements.

### Financial risk management

For disclosure on the company’s overall financial risk management programme, reference is made to note 4.4 to the consolidated financial statements.

### Financial instruments

For a summary of the company’s financial instruments relevant to these corporate financial statements, reference is made to note 4.5 to the consolidated financial statements.

### Related party transactions and balances

The company’s shares are widely held. As such, no ultimate controlling party can be identified. The company, acting as a holding company, has relationships with a number of Group companies. In some cases, there are contractual arrangements in place under which the company sources supplies from such undertakings or such undertakings source supplies from the company. Transactions are in principle carried out at arm’s length.

### PostNL N.V. Related party transactions in € million

2021, 2022

Year ended at 31 December	2021		2022	
	Transactions	Balances	Transactions	Balances
Dividend income PostNL Group companies	200		150	
Accounts receivable from PostNL Group companies/ interest income	0	286	0	151
Accounts payable to PostNL Group companies/ interest expense	(1)	1	(0)	0
Net investing activities from accounts receivable from Group companies	37		134	
Income tax received from/(paid to) PostNL Group companies	(30)		78	

For the compensation of the members of the Board of Management and Supervisory Board, see note 5.1 to the consolidated financial statements.

### Subsequent events

For disclosure on subsequent events, reference is made to note 5.5 to the consolidated financial statements.

### Subsidiaries and associated companies at 31 December 2022

The list containing the information referred to in article 379 and article 414 of book 2 of the Dutch Civil Code is filed at the office of the Chamber of Commerce in The Hague.

## Appropriation of profit Dividend proposal 2022

In accordance with our dividend policy, the condition for paying out dividend is a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0. This condition was met per year-end 2022 (leverage ratio: 1.9). The Board of Management has decided, with the approval of the Supervisory Board, subject to shareholders approval at the 2022 Annual General Meeting of Shareholders, to declare a dividend of €0.16 per ordinary share over 2022, of which €0.14 per ordinary share has been paid as an interim dividend. The dividend will be paid, at shareholder's election, either in ordinary PostNL shares or in cash.

## Appropriation of profit

The Board of Management, with the approval of the Supervisory Board, shall withdraw the corporate loss of €2,383 million from the reserves. For detailed information on PostNL's corporate performance, and the resulting loss, refer to section 6: Corporate financial statements. Furthermore, the Board of Management, with the approval of the Supervisory Board, proposes to make an amount of €60 million out of the distributable part of the shareholders' equity available for distribution of the proposed dividend.

Subject to the adoption of PostNL's financial statements by the General Meeting of Shareholders, and given a 2022 interim dividend of €0.14 has been paid, the proposed 2022 final dividend has been set at €0.02 per ordinary share of €0.08 nominal value, based on the outstanding number of 487,530,628 ordinary shares as per 31 December 2022. The final dividend of €0.02 will be paid, at shareholder's election, either in ordinary PostNL shares or in cash. The dividend in shares will be paid out of additional paid in capital as part of the distributable reserves, free of withholding tax in the Netherlands.

The ex-dividend date will be 20 April 2023, the record date is 21 April 2023 and the election period will start on 24 April 2023 and will end on 9 May 2023 at 3PM CET. The conversion ratio will be based on the volume-weighted average share price for all PostNL shares traded on Euronext Amsterdam over the three trading day period from 5 May 2023 up to and including 9 May 2023. The value of the stock dividend, based on this VWAP, will, subject to rounding, be targeted at but not be lower than the cash dividend. There will be no trading in stock dividend rights. The dividend will be payable as of 11 May 2023.

Upon approval of this proposal, corporate profit will be appropriated as follows, whereby the final dividend represents a cash dividend under the assumption of 100% cash election.

## PostNL N.V. Appropriation of corporate profit in € million

2022

	2022
Result attributable to the shareholders	(2,383)
Appropriation in accordance with the articles of association:	
Reserves withdrawn by the Board of Management and approved by the Supervisory Board (article 31, paragraph 2)	2,443
<b>Dividend on ordinary shares</b>	<b>60</b>
(Interim) dividend paid in cash	(50)
<b>Final dividend</b>	<b>10</b>

The Hague, the Netherlands, 27 February 2023

## Board of Management

Herna Verhagen (CEO)

Pim Berendsen (CFO)

## Supervisory Board

Jan Nooitgedagt (Chairman)

Jeroen Hoencamp

Marike van Lier Lels

Nienke Meijer

Ad Melkert

Koos Timmermans

Hannie Vlug

PostNL N.V.

Waldorpstraat 3

2521 CA The Hague

The Netherlands

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## Non-financial performance indicators

### PostNL Customer value performance indicators as indicated

2018- 2022

Year ended at 31 December	Notes	2018	2019	2020	2021	2022
<b>Key performance indicators</b>						
Share of highly satisfied customers	2.1	30%	27%	37%	34%	33%
Share of satisfied customers	2.1	82%	80%	83%	83%	84%
Parcel volume growth	2.2	22%	12%	19%	14%	(10%)
Delivery quality Parcels in the Netherlands <sup>1</sup>	2.3	98%	98%	99%	98%	98%
Delivery quality Mail in the Netherlands (2022 preliminary)	2.3	95%	94%	94%	94%	91%
<b>Other performance indicators</b>						
Reputation score (on a 0 -100 scale)	2.4	67.7	67.1	73.9	71.6	67.1
ISO 9001 certification (percentage of total FTE working in certified sites)	2.4	100%	100%	100%	100%	100%

1 2018-2019 not audited

**PostNL Social value performance indicators** as indicated

2018 - 2022

Year ended at 31 December	Notes	2018	2019	2020	2021	2022
<b>Key performance indicators</b>						
Share of engaged employees	3.1	not comparable	76%	84%	84%	81%
Absenteeism (share of total working days)	3.2	5.9%	5.4%	5.9%	6.0%	7.4%
<b>Other performance indicators</b>						
Headcount (scope of non-financial reporting)	3.3	37,785	35,721	40,541	37,365	35,647
Fulltime equivalents (scope of non-financial reporting)	3.3	20,421	20,528	22,304	21,964	21,715
Share of females in total headcount	3.4	49%	48%	49%	48%	47%
Share of females in operational management positions	3.4	not reported	not reported	21%	23%	25%
Share of females in middle management positions	3.4	not reported	not reported	32%	33%	35%
Share of females in senior management positions	3.4	25%	27%	28%	29%	31%
Share of females in management positions	3.4	27%	27%	28%	30%	32%
Training hours per FTE	3.5	22	26	21	21	17
Average training costs per FTE	3.5	not reported	not reported	740	781	714
Fatal accidents	3.2	2	3	1	2	3
Recordable accidents (per 100 FTE)	3.2	4.7	4.2	4.0	4.7	3.8
ISO 45001 certification (percentage of total FTE working in certified sites)	3.2	99%	99%	98%	98%	97%



**PostNL Environmental value performance indicators** as indicated

2018 - 2022

Year ended at 31 December	Notes	2018	2019	2020	2021	2022
<b>Key performance indicators</b>						
CO <sub>2</sub> efficiency (in grammes per km)	4.1	231	245	249	203	152
Share of emission-free delivery of mail and parcels in the last-mile	4.1	17%	19%	20%	20%	22%
Share of emission-free delivery of mail in the last-mile	4.1	62%	64%	68%	73%	78%
Share of emission-free delivery of parcels in the last-mile	4.1	0%	1%	1%	1%	1%
<b>Other performance indicators</b>						
Scope 1 GHG emissions (gross in ktCO <sub>2</sub> e)	4.2	38	41	41	34	26
Scope 2 GHG emissions (gross in ktCO <sub>2</sub> e)	4.2	0	0	0	0	0
Scope 3 GHG emissions (gross in ktCO <sub>2</sub> e)	4.2	179	174	187	196	175
<b>Total GHG emissions (gross in ktCO<sub>2</sub>e)</b>	<b>4.2</b>	<b>217</b>	<b>215</b>	<b>228</b>	<b>231</b>	<b>201</b>
Energy consumption (total scope 1 and 2 in TJ)	4.3	939	932	1,032	1,030	1,004
Energy efficiency buildings (TJ / 1,000 m <sup>2</sup> )	4.4	0.58	0.47	0.47	0.40	0.38
Energy efficiency fleet (TJ / million km)	4.5	5.5	5.6	5.8	5.8	5.8
NO <sub>x</sub> emissions (scope 1 in kg)	4.6	35,935	39,282	43,202	39,966	38,275
NO <sub>x</sub> emissions (scope 1 in g/km)	4.6	0.43	0.42	0.42	0.37	0.36
PM <sub>10</sub> emissions (scope 1 in kg)	4.6	651	734	825	839	840
PM <sub>10</sub> emissions (scope 1 in g/km)	4.6	0.01	0.01	0.01	0.01	0.01
Share of vehicles complying with Euro 6	4.6	76%	80%	84%	95%	97%
Share of vehicles complying with Euro 5	4.6	24%	20%	16%	5%	2%
ISO 14001 certification (percentage of total FTE working in certified sites)	4.7	100%	100%	100%	100%	100%

## Section 1: Basis of preparation

### 1.1 Reporting principles

Long-term value creation requires companies to steer both on the financial and non-financial aspects of business. Certain non-financial aspects contribute directly or indirectly to financial performance, and often have a greater impact over the medium to long term. At PostNL, we believe that an integrated approach towards performance management is key to ensuring the company creates stakeholder value in the long run.

### EU directive on non-financial information and diversity

As a large listed company in the Netherlands, PostNL has to comply with the EU directive on non-financial and diversity information (2014/95/EU). PostNL is required to report about non-financial information in relation to environmental, social and personnel matters, in respect of human rights and combatting bribery and corruption. The mandatory disclosures include:

- Policies and results thereof
- Main risks and how these are managed
- Performance indicators, to the extent that these elements exist within PostNL.

As of 2024, this directive will be replaced by a new, more comprehensive version, the Corporate Sustainability Reporting Directive (CSRD). Although the draft European Sustainability Reporting Standards (ESRSs) setting out the detailed disclosure requirements under the CSRD is not yet finalised, PostNL began preparing for the implementation in 2022. We have conducted our 2022 materiality assessment based on the principles of the CSRD, including the concept of double materiality. In 2023, we continue with a gap analysis and preparing our internal reporting towards CSRD compliance.

### Integrated Reporting as guidance

The Integrated Reporting framework of the International Integrated Reporting Council (IIRC) provides guidance on how companies should communicate about value creation. PostNL used the guiding principles and main content elements of the framework as a basis for this Annual Report. PostNL aims to further develop its corporate reporting communication about long-term value creation.

### Sustainability Reporting Standards referenced

PostNL has reported the non-financial information included in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the Global Reporting Initiative (GRI) sustainability standards. The GRI standards provide relevant and clear requirements for sustainability reporting on economic, social and environmental aspects, while allowing for company-specific aspects to be reported. PostNL decided to report with reference to the Sustainability Reporting Standards due to the preparations it is making towards reporting based on the CSRD per 2024. By reporting with reference to the renewed standards the reporting scope of PostNL is similar to previous years.

In addition to the GRI requirements, we reference to supplemental reporting criteria specific to PostNL for reporting elements which are not covered by GRI. This includes specific reporting definitions as presented in the Appendix 'Glossary and definitions'.

### Aligning with Taskforce on Climate related Financial Disclosures (TCFD)

PostNL recognises that climate change events can have an impact on our company and business. For many years, PostNL has included the reduction of GHG emissions in its strategy. Since 2018, we externally disclose the alignment of our climate action approach to TCFD. We addressed all four TCFD reporting recommendation elements throughout this report on a relatively high level. PostNL published a TCFD report 2022 in which it discloses the relevant aspects of the TCFD recommendations in the context of its operations and value chain in more detail. The report can be found here.

## PostNL TCFD reporting recommendation

TCFD reporting recommendation	TCFD element	Link to disclosures
• Governance	• Board oversight	• Chapter 'Corporate governance'
	• Role of management	
• Strategy	• Risks and opportunities	• Chapter 'Risk and opportunity management'
	• Impact of risks and opportunities	
	• Resilience of the organisation	
• Risk Management	• Processes for identifying and assessing risks	• Chapter 'Risk and opportunity management'
	• Processes for managing risks	
	• Integration into overall risk management	
• Targets	• Metrics used to assess	• Chapter 'Environmental value'
	• GHG Emissions	
	• Targets	

## Greenhouse Gas Protocol

PostNL uses the reporting criteria as defined by the Greenhouse Gas Protocol to report its greenhouse gas (GHG) emissions. The production of direct and indirect CO<sub>2</sub> emissions represents the main GHG of PostNL. We also take other GHG emissions into account, such as CH<sub>4</sub> and N<sub>2</sub>O, and report our climate change impact in CO<sub>2</sub> equivalents.

## Commitment to UN Global Compact

As a UN Global Compact signatory since 2012, PostNL reports its progress of implementing the ten UN Global Compact principles annually through an online submission. These are related to human rights, labour, environment and anti-corruption. The Appendix 'UN Global Compact reference table' provides an overview of the ten principles, and references to the descriptions of progress on those principles, in this Annual Report.

## OECD guidelines

In relation to our international activities, we endorse the guidelines for multinational enterprises on responsible business conduct published by the Organisation for Economic Co-operation and Development (OECD). These non-binding guidelines provide recommendations in a global context consistent with internationally recognised standards and laws.

## Contributing to the SDGs

The Sustainable Development Goals are a call to action by the United Nations (UN) to make progress on 17 global challenges in relation to peace and prosperity for people and planet. While the goals are agreed at government level, the call to action also applies to businesses. The SDGs are interrelated and relevant for PostNL, as we have an impact on all 17, both through our own operations and/or indirectly through our value chain. We take action on all SDGs, and apply a focused approach at group level. This helps us improve the contribution on those SDGs closest to the business activities of our company.

Based on SDG impact analysis and dialogue with our stakeholders, we identified and focus on four main SDGs. We connected our contribution to these SDGs with the long-term value creation process as described in our value creation model. The most direct impact of our business operations related to SDG8 and SDG13. On SDG9 and SDG12 we look beyond our own operations and proactively engage with partners in our value chain to make progress.



We distinguish our impact between doing good (improving our positive impact) and avoiding harm (mitigating negative impact). For each SDG, we mapped the relevant PostNL topics to the related SDG sub goals to provide insight into where our contribution to the SDGs is to do good and where to avoid harm. The SDGs and sub goals (or sub targets as defined by the UN) are described qualitatively. We link the SDGs to our strategy through our key material topics and other relevant topics from our Materiality matrix. We defined performance indicators on all our key material topics.

## SDG 8: Decent work and economic growth

### PostNL goal

Provide decent work conditions for our people, contribute to e-commerce growth, grow profitably and maintain an accessible, reliable and affordable postal service.

### Our approach

We provide direct and indirect employment to more than 50,000 people. The health, safety and well-being of people working with and for us is our first priority (SDG 8.8). Our efforts in safeguarding road safety contributes to good health and well-being (SDG3.6).

Safety also includes mental safety, which is why we focus on diversity and inclusion in our human resources policy. This is linked to reducing inequalities (SDG 10.2). We want to be a good employer with favourable working practices. This also includes fair compensation (SDG 8.5), helping our people to develop themselves (contributing to quality education (SDG 4.3 and 4.5)) and gender equality (SDG 5.5).

Our strategy is based on continuous growth. As a logistics and postal service provider, we contribute to the economic growth in both the regions and value chains we operate in (SDG 8.1). Alongside this growth, we want to remain relevant by becoming more effective across our business and accelerate digitalisation to support this. We also want to transform through innovation (linked to SDG 9.5) towards greater integration in the ecosystems we are part of (SDG 8.2).

### SDG 9: Industry, innovation and infrastructure

#### PostNL goal

We need to provide accessible, reliable postal services in the Netherlands as the dedicated postal operator. At the same time, we are continually developing our parcels network to capture growth effectively. We want to maintain and strengthen our state-of-the-art networks, which requires innovation and collaboration with business partners to develop the right infrastructure.

#### Our approach

We continue to invest in our network infrastructure, digitalisation and sustainability to further improve our core logistics (SDG 9.4). At the same time, we drive innovation through digitalisation to become a logistics market player more integrated with the ecosystems we are part of. Collaboration with our value chain partners on innovation is crucial for our long-term success (SDG 9.5). Improving our services and processes through re-designs based on customer journeys is one example. Developing new ways of working based on technology is another, which can be seen in our small parcel sorting centre. This sorting centre is using technology through robotisation to develop new processes that benefit PostNL and our customers. We are dependent on technological developments and other business partners to design and implement new ways of working, such as the transition to an electric fleet. For example, using solar panels as an energy source for our sorting centres is one area in which innovation and infrastructure helps us make a positive impact on affordable and clean energy (linked to SDG 7.2). And our sustainable city logistics programme is helping us lower emissions while minimising traffic nuisance to improve accessibility in cities (linked to SDG 11.2).

### SDG 12: Responsible production and consumption

#### PostNL goal

We want to reduce our ecological footprint by changing the way goods and resources are produced and consumed in collaboration with others within our value chain.

#### Our approach

We engage with partners in our value chain to promote more sustainable alternatives, such as smaller, more sustainable packaging. This includes a more efficient use of natural resources, and minimising pollution/waste to air, land and water, which relates to environmental aspects (linked to SDG 11.6) and health and well-being of people (linked to SDG 3.9). At the same time, we are becoming ever-more transparent about our direct and indirect environmental impact, and take actions to make our procurement practices compliant with legal requirements and our own policy. Waste management forms part of our certified environmental management system and is bound to (local) regulations. As well as reducing or treating our own waste in the best ways possible, we also engage with suppliers and customers about the topic, such as in relation to sustainable packaging. Our purchasing department aims to add two purchased goods per year that are made of circular resources. And in a bid to move closer to a circular economy, we are working with a number of e-tailersto collect and recycle e-waste.

### SDG 13: Climate action

#### PostNL Goal

Improve our impact on climate change by implementing measures to reduce our GHG emissions across all of our operations.

#### Our approach

We designed our emission-reduction targets to contribute to limiting global warming in line with the Paris Agreement on climate change. These targets are set to reduce direct and indirect GHG emissions from our own operations and outsourced activities (SDG13.2). Beyond our own climate action, we want to stimulate our logistics partners to decarbonise their activities for us by raising awareness and promoting active engagement. We have established long-term Science-Based Targets (SBT), approved by the SBT Initiative, to reduce our environmental footprint and drive sustainable growth of the business. Climate change impact goes beyond sustainable logistics at PostNL. With our targets and experience, we play an active role in engagement with our value chain partners on both climate change mitigation and adaptation through dialogues and partnerships on different levels (SDG 17.6).

## 1.2 Reporting criteria

### Explanation of reporting criteria used

The GRI standards provided a structured approach to prepare the non-financial information in this report. This includes universal disclosures and topic-specific disclosures. The universal disclosures consist of three key elements:

- a. Foundation: Defining report content & quality, requirements for preparing a report in line with reference to GRI
- b. General disclosures: Contextual information about PostNL, its strategy, stakeholder engagement, governance and reporting practices
- c. Management approach: Information on how PostNL manages its key material topics.

PostNL uses the topic-specific disclosures to describe the company's impact related to each key material topic, expressed in key performance indicators. The GRI Content Index table in the Appendix 'GRI Content index' provides references to sections with specific information in relation to the GRI requirements in this report.

In addition, PostNL has also taken into account two important elements in relation to value creation as described by the IIRC:

- **Strategic focus/future orientation:** Information about the strategy and ability to create short-, medium-, and long-term value and the ability to the use of and effect on the relevant capitals;
- **Connectivity:** Show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time.

## Stakeholder engagement

As a listed company with a long and proud history in the Netherlands, we have an intricate stakeholder landscape. We engage with our stakeholders in different ways, on different levels and on different topics to better understand their interests and the way our activities affect their decision-making process. This helps us understand which topics are most material, and are of greatest significance to stakeholders. Understanding the expectations of stakeholders helps PostNL to allocate resources effectively on relevant topics while focusing on adding short-, medium-, and long-term value. In addition to our day-to-day contact with stakeholders, PostNL also engages through regular and topic-specific stakeholder dialogue. The following table details the topics of interest and the means of engagement with each stakeholder group.

## PostNL Stakeholder engagement

Stakeholder clusters	Stakeholder groups	Most relevant topics	Our engagement
Financial market	<ul style="list-style-type: none"> <li>a. Investors</li> <li>b. Capital providers</li> <li>c. Financial rating agencies</li> <li>d. Financial interest groups</li> <li>e. Sustainability benchmark agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance and position (a, b, c, d)</li> <li>• Return on capital investments</li> <li>• Short- and long-term value creation</li> <li>• ESG (a, b, d, e)</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings and conference calls with analysts and shareholders</li> <li>• Quarterly results and presentations</li> </ul>
Customers	<ul style="list-style-type: none"> <li>a. Business customers</li> <li>b. Consumers</li> <li>c. Internal customers (intercompany)</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of services</li> <li>• Use of retail locations</li> <li>• Network capacity (a, c)</li> <li>• Accessible and reliable postal services</li> <li>• Convenient sending and receiving options</li> <li>• Sustainable delivery options</li> </ul>	<ul style="list-style-type: none"> <li>• Daily contact about services</li> <li>• Bi-annual customer satisfaction survey</li> <li>• Customer events and knowledge sessions</li> <li>• Annual stakeholder dialogue</li> </ul>
Our people	<ul style="list-style-type: none"> <li>a. Employees</li> <li>b. Trade unions</li> <li>c. Works councils</li> </ul>	<ul style="list-style-type: none"> <li>• Safe and healthy work environment</li> <li>• Favourable working conditions</li> <li>• Development opportunities</li> <li>• Sustainable employability</li> </ul>	<ul style="list-style-type: none"> <li>• Daily contact about day-to-day work</li> <li>• Regular team meetings and roundtable discussions</li> <li>• Regular contact with trade unions and works councils</li> <li>• Bi-annual employee engagement surveys</li> <li>• Annual satisfaction survey of delivery partners at Parcels</li> <li>• Annual stakeholder dialogue</li> </ul>
Government bodies	<ul style="list-style-type: none"> <li>a. Policy makers (international, national and local)</li> <li>b. Regulators</li> <li>c. Politics</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory environment (a,c)</li> <li>• Compliance with laws and regulations (b)</li> <li>• Market developments (a,c)</li> </ul>	<ul style="list-style-type: none"> <li>• Roundtables and meetings with (local) governments</li> <li>• Meetings and formal communication with regulators</li> <li>• Annual stakeholder dialogue</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>a. Operational contract parties (e.g. delivery partners and employment agencies)</li> <li>b. Suppliers</li> <li>c. Retailers</li> <li>d. International postal companies</li> <li>e. Pension fund PostNL</li> <li>f. Branch organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration and tariffs (a, b, c, d, e)</li> <li>• Labour market and working conditions (a)</li> <li>• Procurement practices (b)</li> <li>• Business ethics(a -f)</li> <li>• Sector initiatives (f)</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc collaboration through projects</li> <li>• Tender processes</li> <li>• Periodic contract negotiations and supplier evaluations</li> <li>• Ad hoc engagement on ethical topics</li> <li>• Annual stakeholder dialogue</li> <li>• Stakeholder events (e.g. Green Postal day and IPC Drivers Challenge)</li> </ul>
Media	<ul style="list-style-type: none"> <li>a. Traditional media</li> <li>b. Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Business events</li> <li>• Opinions about PostNL</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic and ad hoc press releases</li> <li>• Interviews</li> <li>• Ad hoc engagement on social media</li> </ul>
Opinion leaders and society	<ul style="list-style-type: none"> <li>a. NGOs</li> <li>b. Local communities and their representatives</li> <li>c. Academic and research institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental issues (a, b, c)</li> <li>• Social and societal issues (a, b, c)</li> <li>• Specific topics (e.g. Diversity, data and analytics) (c)</li> <li>• Market trends (c)</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc communication about events</li> <li>• Collaboration on research projects</li> <li>• Annual discussion at shareholders' meeting with NGO representatives</li> <li>• Annual stakeholder dialogue</li> </ul>
Other market players	<ul style="list-style-type: none"> <li>a. Traditional market players</li> <li>b. New market players</li> </ul>	<ul style="list-style-type: none"> <li>• Access to networks</li> <li>• Policy influence</li> <li>• Market developments and events</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic branch and sector events</li> <li>• Planned and ad hoc engagement on access to networks</li> </ul>

## Materiality assessment

PostNL interacts with its stakeholders on a wide variety of relevant but different topics. We use a materiality assessment to identify the most relevant topics that impact PostNL or on which PostNL impacts society and its stakeholders. For the assessment in 2022, we expanded our methodology to incorporate more outside-in views of stakeholders in the process. We used different methods to obtain these views, including interviews.

Selecting the key material topics that drive our long-term value creation is required to bring focus to the Annual Report. This materiality concept is similar to financial reporting and is applied by evaluating the extent to which a topic impacts PostNL's business or through which PostNL impacts its environment, including stakeholders.

PostNL updated its approach towards the materiality assessment to respond to the evolved requirements of GRI and as a first step in preparation for the implementation of the Corporate Sustainability Reporting Directive (CSRD), which becomes applicable for PostNL as of 2024. Key changes in the approach include:

- More focus on obtaining the views of external stakeholders
- Applying an ESG lens (including customer) on defining material topics (excluding operational and financial topics)
- Applying the so called "double materiality" principle, which adds the evaluation of outside-in (financial impact) of topics on PostNL in addition to the traditional inside-out impact PostNL has been reporting for years and which is required by GRI
- Evaluating potential material topics in addition to actual material topics
- Explicit identification of positive and negative impacts, including within PostNL's operations and its value chain.

For the objectivity of the assessment, PostNL gained the support of a professional external consultant to conduct the materiality assessment.

## Identification of topics

Through the materiality assessment, PostNL selected, to the best of its knowledge, all relevant topics to include in this report. For each topic included in the non-financial disclosures, PostNL identified the topic boundaries where PostNL's impacts occur in the value chain and how PostNL is involved in these impacts. An overview of these boundaries is provided in chapter "Our operating context"

The following sources and activities were used to prepare a longlist of topics as a first step in the assessment, and a shortlist of topics to be assessed on impact:

- Desktop research, including:
  - Peer review
  - Market trends
  - Topics evaluated in prior years, through our Annual Reports
  - Interests of benchmarks and guidelines (such as DJSI, CDP, GRI)
  - Media search
- Comparison of topics with draft European Sustainability Reporting Standards (ESRS) which will likely be approved as implementation requirements of the CSRD
- Interviews with (senior) management representing certain stakeholder groups
- Assessment of input collected
- Validation of outcomes with project team.

## Impact assessment and prioritisation of material topics

Based on the shortlist of topics from different inputs, an assessment was made to identify impact and prioritise topics based on the significance of impact. The following process steps were followed:

- a. Additional desktop research on several stakeholder groups to assess topic relevance
- b. External interviews with stakeholders to assess topic relevance, as well as outside-in and inside-out impact
- c. Employee workshop to assess topic relevance as well as outside-in and inside-out impact
- d. Internal workshop to assess inside-out impacts
- e. Internal workshop to assess outside-in impacts.

### Validation and approval of list of key material topics

The final step in the process was the validation of the outcomes of the assessment and approval process of the final list of key material topics. In this step the following activities were conducted:

- a. Validation workshop with (senior) management members representing certain stakeholder groups
- b. External stakeholder panel
- c. Critical review by project team on potential biases in the process related to topics names, descriptions and scores
- d. Validation of the proposed list of key material topics in the Executive Committee, which includes approval of PostNL's Board of Management.

### List of topics and relation to value creation

PostNL mapped its material topics to the four different domains of value creation. A summary of the stakeholder engagement and materiality assessment can be found in the 'Our operating context' chapter. This includes the list of topics clustered by the different domains of value creation and a brief description of the topics.

These topics are the starting point of our value creation model, which can be found in the 'How we create value' chapter.

In the chapter 'Our operating context', the list of key material topics is disclosed as outcome of the materiality assessment carried out at the end of 2022. The list represents topics relevant for further follow up during and for the reporting over 2023. For the disclosures on our strategy execution and performance evaluation 2022 in the Business Report, the key material topics identified in the Annual Report 2021 were applicable. An overview of these topics can be found per domain of value creation in the chapter 'Our strategy'.

## 1.3 Safeguarding report quality

### Quality principles

PostNL applied high quality standards when preparing the non-financial information in this Annual Report. This means that the company ensures that the information this report provides is:

- **Accurate:** Precise and with sufficient level of detail
- **Balanced:** Reflects both positive and negative aspects of performance
- **Clear:** Understandable and accessible for stakeholders
- **Comparable:** Consistent and allows for comparability over time
- **Complete:** Sufficient to assess impacts during the reporting period
- **Sustainable context:** About impacts of sustainable development
- **Timely:** Allow stakeholders to make informed decisions.
- **Verifiable:** Auditable

### Scoping

PostNL has aligned the scope of reporting non-financial information with financial information. On certain areas the non-financial information scope differs from the financial reporting scope.

### Acquisitions, divestments and mergers

We do not include information about joint ventures in the scope of non-financial information. New entities acquired during the reporting year will be included in the first reporting year in which the entity was part of PostNL for the entire year. When we divest entities during the year, or when we classify entities as discontinued in our financial reporting, we exclude the non-financial information from the performance data in the report. For material and available information we will report the relevant non-financial performance information separately in this chapter of the report. In the case of mergers, we evaluate appropriate scoping on a case-by-case basis.

### Performance by parties in our value chain

The primary focus in our non-financial reporting is on our own direct operations. For certain information, we extend our reporting to the performance of relevant parties in our value chain. Examples include information about fatal accidents where delivery partners of PostNL may be involved, and the CO<sub>2</sub> emissions and kilometres of our transport logistics partners, both in the Benelux and beyond, including truck, air and boat transport. We include all emissions for transport directly arranged by PostNL. This excludes first- and last-mile transport where PostNL is not involved in organising the logistics.



## Significant estimates and judgements

PostNL strives to report the non-financial information as accurately and completely as possible. Due to inherent limitations in relation to the uncertainty of measurement equipment and/or availability of actual data, we use estimates, assumptions and judgements in our reporting. Estimates, assumptions and judgements are based on historical experience and other factors, including reasonable expectations under given circumstances.

For certain information, such as accidents, it is difficult to determine reasonable expectations. We partly depend on the reporting discipline of our people for accidents that occurred during the year. Despite all measures PostNL implemented, including an open safety culture, the inherent risk of incomplete accident reporting remains.

## Significant estimates in emissions reporting

Emissions reporting provides inherent limitations to the accuracy of information. The main reason is the unavailability of data from contracted parties by PostNL about their factual transport kilometres, energy consumption and CO<sub>2</sub> emissions. Actual emissions monitoring is not common and therefore conversion factors published by external institutes are used. PostNL used the following significant estimates to report its emissions:

### Fuel consumption and kilometres of contracted partners

For contracted partners we calculate the fuel consumption using kilometres based on planning or actual route information from our operational systems and the average fuel consumption of our own fleet of comparable vehicles. In order to make conservative estimations, we assume all delivery partners use diesel vans in those cases where we have no insight into the vehicles used. In 2019, we started to register information of vehicles used by delivery partners to obtain better insights in the vehicle mix. For those networks where we have this mix available, we use it to estimate the fuel consumption per vehicle type. Contrary to our own fleet, we do not know the exact number of kilometres driven by delivery partners. Therefore, the calculation of these kilometres include estimations.

### Kilometres transported by foot or bike and trucks

The kilometres covered by foot, bike or e-(cargo) bike consist of all kilometres made during deliveries. We use several sources to calculate the total kilometres covered. More than 90% of the kilometres are based on actual data. The remaining percentage is estimated based on available data.

The kilometres driven by our small and large trucks are based on actual data where available and processed through different systems. In situations where the actual data is not available or (automatic) processing of data leads to mismatches, we use (automatic) extrapolation of missing or implausible kilometre data based on average fuel consumption per kilometre.

### Carbon emissions for international activities

For both road and air transport, PostNL calculates the tonne-kilometres carried based on the distance travelled (between the Netherlands and the hub of the destination) and the actual weight of the mail and parcels transported. For trucks, PostNL uses publicly available route planning information, and for air travel PostNL uses publicly available information (Great Circle Mapper) to calculate the great circle distance between airports. Carbon emissions are calculated based on publicly available emission factors per tonne-kilometre.

### Energy consumption, CO<sub>2</sub>, NO<sub>x</sub> and PM<sub>10</sub> emissions

We use standard publicly available Dutch conversion factors to convert activity data from buildings and vehicles to energy consumption in Terra Joules (TJ).

To calculate CO<sub>2</sub> emissions of our total own operations and of outsourced operations to our delivery partners in the Benelux, we use different external sources in order to estimate the emissions as accurately as possible.

PostNL uses the tank-to-wheel (TTW) conversion factors from activity data to CO<sub>2</sub> emissions published by the independent Dutch initiative tied to the government "CO<sub>2</sub>emissiefactoren.nl". The conversion factors are updated upfront and once a year. For this years reporting, we used the conversion factors published in 2021. This initiative manages a uniform list of factors commonly used and scientifically based for the Dutch context. The conversion factors of electricity use outside the Netherlands are not provided by CO<sub>2</sub>emissiefactoren.nl, so PostNL uses the factors published by the International Energy Agency (IEA), an autonomous body in the framework of the Organisation for Economic Co-operation and Development (OECD).

The emissions of NO<sub>x</sub> and PM<sub>10</sub> are not directly related to the usage of combustion fuels, but depend mainly on the efficiency of the engines of vehicles. Because the actual emissions of NO<sub>x</sub> and PM<sub>10</sub> are not measured, we use the maximum allowed emissions for the various European emission standards of vehicles we use (Euro 5 or Euro 6) in grams per kilometre. By using the maximum allowed emissions, PostNL reports the NO<sub>x</sub> and PM<sub>10</sub> emissions conservatively.

## Significant judgements

Customer satisfaction, employee engagement, brand reputation and delivery quality are indicators measured on sample basis. PostNL aims to report performance data that provides a representative view of the population from which the sample is taken. To achieve this representativeness, PostNL ensures the sample sizes are statistically sufficient and include all different sub populations to justify our assumption that the result of the measurement represents the view of the entire population for the indicators mentioned.

Note that the numbers presented in the non-financial statements and disclosures may not sum precisely to the totals provided, and percentages may not precisely reflect the absolute figures due to rounding.

## Data revisions

Developments in business, reporting requirements and methodology improvements influence the way PostNL measures, calculates and reports its performance data. Whenever PostNL updates its reporting scope or reporting methods, we also revise prior years' data to keep the performance data comparable over time.

In 2022 we made a data revision on carbon emissions regarding outsourced transport by air. PostNL has been using general conversion factors for the calculation of emissions from air transport published by DEFRA in the UK which was suitable when PostNL operated across Europe. However, for a number of years CE Delft has been gathering data about logistics in the Netherlands and has produced the STREAM (Study on Transport Emissions for All Modes) report 2020. This includes conversion factors for transportation of goods by air for departures from the Netherlands both for passenger and cargo aircraft. These emission factors are more accurate and suitable for PostNL to use.

We have the ambition to steer more proactively on carbon-efficient air transport, and have engaged with TU Delft and developed an internal model to gain the necessary insights. Over time, our aim is to use this model when purchasing air transport services and for reporting purposes. We aim to implement this model for internal steering purposes in 2023 and, depending on its success, also for internal and external reporting. Applying more accurate emission factors is an initial step towards improving data accuracy for internal and external reporting.

## PostNL Effect of data revision in comparative figures environmental value in kilotonnes CO<sub>2</sub>e

2018 - 2021

Year ended 31 December	2018	2019	2020	2021
<b>Scope 3 GHG emissions</b>				
Outsourced transport by air before data revision	56	49	46	44
Outsourced transport by air after data revision	41	35	34	30

## Reporting processes, systems and controls

PostNL uses formalised processes to record, validate and consolidate information in order to report non-financial performance data. PostNL integrated non-financials in the regular planning and control cycle, including budgeting, target setting and periodic performance monitoring. We collect and report non-financial performance data on selected key performance indicators on a monthly basis. Other indicators are reported biannually or annually depending on the nature of the indicators.

Similar to financial reporting, all reporting entities are responsible for their non-financial performance data and implement actions to steer on results. Although the majority of non-financial information is recorded in central PostNL systems, for several entities and indicators other systems are used. For our consolidation processes, we use an IT system covering both financial and non-financial data. For some performance indicators, such as employee engagement, the data is prepared and collected centrally. We strive to report non-financial performance data based on actuals as much as possible. We may use extrapolation of results of large entities to determine the performance of smaller entities. This reduces the administrative tasks for smaller entities. We only use this method in cases where the extrapolations are reasonably predictable. In our data coverage table we provide insights into the information reported based on extrapolation.

In order to ensure that the data reported by different entities is consistent and of high quality, PostNL developed company-wide reporting definitions for each performance indicator. In addition, we implemented formal quality controls related to the reported data in the system for both the data owners (first line) and control department (second line). This includes de-central and central analytical procedures to evaluate the accuracy and completeness of reported data, as well as seeking explanations for unexpected trends in performance. PostNL uses its controls in a company-wide financial and non-financial internal control framework.

## Forward-looking information

Some statements in this Annual Report are 'forward-looking statements'. By their nature, 'forward-looking statements' involve risk and uncertainty because they relate to and depend on circumstances that occur in the future. These statements involve known and unknown risks, uncertainties and other factors that are beyond PostNL's control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. They are based on current expectations, estimates, forecasts, analyses and projections about the industries in which PostNL operates and PostNL management's beliefs and assumptions about future events.

Undue reliance cannot be placed on these 'forward-looking statements' by readers of this report. These statements only speak as of the date of this Annual Report and are neither predictions nor guarantees of future events or circumstances. PostNL does not undertake any obligation to release publicly any revisions to these statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## External assurance

In addition to the internal controls and internal audit, PostNL engaged KPMG as our independent external auditor for our non-financial statements to provide reasonable assurance on the non-financial information in this Annual Report.

The scope of KPMG's assurance includes the non-financial information included in the following sections in the Annual Report:

- 'Introduction';
- 'Business Report' (excluding 'EU taxonomy on sustainable activities', 'Financial value', 'Outlook 2023', 'Risk and opportunity management' and 'Regulatory compliance management');
- The 'Non-financial statements' included in the 'Performance statements'; and
- Appendix 3 'Glossary and definitions'.

## Section 2: Customer value performance indicators

### PostNL Customer value performance indicators as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
<b>Key performance indicators</b>					
Share of highly satisfied customers	30%	27%	37%	34%	33%
Share of satisfied customers	82%	80%	83%	83%	84%
Parcel volume growth	22%	12%	19%	14%	-10%
Delivery quality Parcels in the Netherlands <sup>1</sup>	98%	98%	99%	98%	98%
Delivery quality Mail in the Netherlands (2022 preliminary)	95%	94%	94%	94%	91%
<b>Other performance indicators</b>					
Reputation score (on a 0 -100 scale)	67.7	67.1	73.9	71.6	67.1
ISO 9001 certification (percentage of total FTE working in certified sites)	100%	100%	100%	100%	100%

<sup>1</sup> 2018-2019 not audited

### 2.1 Customer satisfaction

Our customer value key performance indicators (KPIs) are the share of (highly) satisfied customers and delivery quality of Parcels and Mail in the Netherlands. These KPIs, including trends and explanations, are covered fully in the business report.

#### Customer satisfaction

We measure customer satisfaction twice a year through an online survey performed by an independent external research company. In 2022, we invited more than 62,000 customers, both business customers and consumers, to participate (2021: 65,500) and our response rate was 8% (2021: 9%). In our survey, we ask our customers about their opinion on various elements of our business. This includes but is not limited to the timeliness and quality of our delivery, our communication, the quality of our service and help desks. International customers are not included in this survey, and their satisfaction is measured separately following a different method and is reported internally.

Where traditionally customers would only use mail or parcel services, the rise of omnichannel means that today's customers use a range of products and services across the entire company. During their customer journey, customers interact with us through multiple channels and often switch between channels. For example, when receiving a parcel it is not uncommon for customers to use a combination of our website, the PostNL app, and our retail locations.

This is why we are focusing on creating a unique and personalised customer experience that provides them with a uniform and consistent experience, no matter how, where or when they interact with us. In 2023 we will switch to using net promoter score (NPS) to measure customer satisfaction, both internally and externally, which will provide us with greater insights into customer satisfaction. More information on customer satisfaction developments in 2022 can be found in the 'Customer value' chapter and 'Enhance customer interaction' section.

### 2.2 Parcel volume growth

#### Parcel volume growth

We calculate this indicator through the relative volume growth compared to the previous year. More information can be found in the 'Financial value' chapter and the 'Customer value' chapter.

### 2.3 Delivery quality

At PostNL, the quality of our services is a key driver for our success. In order to grow, we need to have the basics right. This is why we focus strongly on the operational performance of our core processes and services. We measure and monitor a wide variety of performance metrics against targets set in order to identify and follow up on improvement areas. At Group level, we defined two key performance indicators, the delivery quality of 24h mail in the Netherlands and the delivery quality of parcels in the Netherlands.

### Parcels in the Netherlands

The delivery quality of parcels in the Netherlands that we use as a key performance indicator covers the processes from sorting to delivering for our core parcels network. 2020 was the first year we set targets at senior management level and reported on performance externally. Consequently, the performance covering the years 2018 and 2019 are disclosed for comparability only, and have not been audited. The performance is normalised for regular weeks, and therefore excludes peak weeks due to for example easter and the year end festive season. Around 75% of weeks are included in the definition of this key performance indicator. Unless other specific arrangements are made with customers or for product types, PostNL applies a timeframe of one working day to determine whether a parcel is delivered timely.

More information about the trend in our performance can be found in the 'Customer value' and 'Financial value' chapter.

### Mail in the Netherlands

This is a preliminary result as the final result will be reported to ACM in May 2023. This preliminary result does not take potential corrections for force majeure events into account. More information on the trend in our performance is provided in the 'Customer value' and 'Financial value' chapter.

## 2.4 Reputation score

### Reputation score

In addition to customer satisfaction, we also monitor our corporate reputation. The independent Reputation Institute calculates the RepTrak pulse score for our Dutch operations, based on a representative sample of respondents from Dutch society. The score is determined based on opinions of different stakeholders, including customers and employees. After a peak in 2021 and 2020, with respective scores of 73.9 and 71.6, we noted a decrease in our reputation score in 2022 (67.1).

## Section 3: Social value performance indicators

Our social value KPIs are employee engagement and absenteeism. Further details can be found in the 'Social value' chapter within the business report.

### 3.1 Employee engagement

#### PostNL Employee engagement Share of engaged employees

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Average score <sup>1</sup>	not comparable	76%	84%	84%	81%

<sup>1</sup> New method in 2019. Result 2018 not comparable

We changed the methodology we use to measure employee engagement in 2019, switching to slightly different questions and moving from annual to bi-annual measurement. This means the results of our prior method are not comparable with the results of the new methodology. The research is conducted only among PostNL employees.

In 2022 the average score was 81% (2021: 84%). The May survey score (82%) was slightly higher than the survey carried out in October (79%). In the first measurement the response rate was 49%, and in October it was 46%. A slightly lower response rate in the October measurement is what we traditionally see every year. Both measurements are deemed representative. We use the insights gained from the qualitative feedback of employees to make improvements. More information on the scores can be found in the 'Social value' chapter.

#### PostNL Collaboration barometer percentage

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
<b>NL</b>					
Percentage of (highly) satisfied delivery partners	not reported	not reported	69%	69%	63%
Percentage of (highly) satisfied deliverers	not reported	not reported	72%	73%	73%
<b>BE</b>					
Percentage of (highly) satisfied delivery partners	not reported	not reported	69%	71%	67%
Percentage of (highly) satisfied deliverers	not reported	not reported	74%	69%	69%

For deliverers working for delivery partners we measure satisfaction annually through a collaboration barometer. In the Netherlands, 46% (2021: 54%) of our delivery partners and 32% (2020: 34%) of their deliverers took part in our survey in 2022. In Belgium, 39% (2021: 34%) of our delivery partners participated in the survey in 2022, as did 72% (2021: 59%) of their deliverers. More information can be found in the 'Social value' chapter.

In the Netherlands and Belgium we saw a slight decrease in the percentage of satisfied delivery partners, although they remain positive about working with PostNL. The main improvement areas identified were to keep listening to our partners, information provision, and ambience at our locations. We continue to focus on these areas. We were happy to note that the number of satisfied deliverers remained the same as the previous year in the Netherlands and Belgium.

## 3.2 Health and safety

### PostNL Health and safety as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Absenteeism (share of total working days)	5.9%	5.4%	5.9%	6.0%	7.4%
Fatal accidents	2	3	1	2	3
Recordable accidents (per 100 FTE)	4.7	4.2	4.0	4.7	3.8
ISO 45001 certification (percentage of total FTE working in certified sites)	99%	98%	98%	98%	97%

Despite our efforts and initiatives on health and safety, we deeply regret having to report three fatal accidents across our operations in 2022 (2021: 2). Tragically, a parcel deliverer was assaulted and died as a consequence of his injuries. In a second case, a deliverer working for one of our delivery partners was involved in an accident with a third party, with two casualties. And one of our small trucks was involved in an accident with another vehicle, which resulted in the death of a third party.

The recordable accident rate decreased in 2022 to 3.8 (2021: 4.7). In 2021 we faced a relatively high recordable accident rate, mainly due to inclement weather conditions in the first quarter of the year. In 2022 weather conditions were better, which resulted in a drop in the accident rate. In addition, volume developments led to more normalised workloads in our operations which also contributed to a reduction in the number of accidents.

The absenteeism rate increased to 7.4% in 2022 (2021: 6.0%), in line with a wider trend in the Netherlands. The pandemic continued to impact absenteeism, with an increase in long Covid, people reporting sick more readily when they have Covid-like symptoms, and the delay in surgical procedures because of the pandemic all contributing. Additionally, the tight labour market has impacted the workload of employees in certain parts of the organisation, increasing absenteeism. The absenteeism rate influenced the delivery quality at both Mail in the Netherlands and Parcels, with illness adding to staffing pressures faced in sorting and distribution.

Our ISO45001 certification decreased slightly compared to 2022, with a 97% certification. More information can be found in the 'Social value' chapter.

## 3.3 Employment

### PostNL Workforce number of employees

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Headcount (scope of non-financial reporting)	37,785	35,721	40,541	37,365	35,647
Fulltime equivalents (scope of non-financial reporting)	20,421	20,528	22,304	21,964	21,715

The total workforce of PostNL decreased by 4.6% in 2022, while the number of FTEs decreased by 1.1%. The main challenge in 2022 was to attract suitable people in an extremely tight labour market, particularly for delivery at Mail in the Netherlands.

Across our main networks, specific collective labour agreements (CLA) are in place for all employees. Other, smaller, entities may have different arrangements on collective labour. Based on the full coverage of all employees within our largest networks, over 95% of all PostNL employees are covered by CLAs.

The share of female employees at year end decreased slightly to 47% (2021: 48%); this figure has been relatively stable in the last few years.

The data used to compile the employment overviews are extracted from our Human Resources systems. Headcount by gender is reported based on actual figures for all reporting entities. New hires and turnover is based on the figures for the entities included in our main Human Resources system. This includes over 95% of our headcount. The other 5% is extrapolated for the other, smaller entities.

Because PostNL's workforce is mainly based in the Netherlands, a break down by region as suggested by GRI would not provide extra insights compared to total workforce and is not included in our reporting.

**PostNL Workforce by gender** number of employees

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Male	19,583	19,299	18,432	20,625	19,433
Female	19,382	18,486	17,289	19,916	17,932
<b>Balance at 1 January</b>	<b>38,965</b>	<b>37,785</b>	<b>35,721</b>	<b>40,541</b>	<b>37,365</b>
Male	6,037	5,359	7,773	5,479	4,512
Female	5,249	4,154	7,667	4,509	3,354
<b>New hires</b>	<b>11,286</b>	<b>9,513</b>	<b>15,440</b>	<b>9,988</b>	<b>7,866</b>
Male	6,321	6,226	5,580	6,671	5,111
Female	6,145	5,351	5,040	6,493	4,473
<b>Turnover</b>	<b>12,466</b>	<b>11,577</b>	<b>10,620</b>	<b>13,164</b>	<b>9,584</b>
Male	19,299	18,432	20,625	19,433	18,834
Female	18,486	17,289	19,916	17,932	16,813
<b>Balance at 31 December</b>	<b>37,785</b>	<b>35,721</b>	<b>40,541</b>	<b>37,365</b>	<b>35,647</b>

**PostNL Workforce by other dimensions** number of employees

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Number of males with a temporary contract	not reported	not reported	not reported	not reported	2,761
Number of females with a temporary contract	not reported	not reported	not reported	not reported	2,365
<b>Total number with a temporary contract</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>5,126</b>
Number of males with a permanent contract	not reported	not reported	not reported	not reported	16,073
Number of females with a permanent contract	not reported	not reported	not reported	not reported	14,448
<b>Total number with a permanent contract</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>30,521</b>
Number of fulltime working males	not reported	not reported	not reported	not reported	7,080
Number of fulltime working females	not reported	not reported	not reported	not reported	1,636
<b>Total number of full-timers</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>8,716</b>
Number of parttime working males	not reported	not reported	not reported	not reported	11,754
Number of parttime working females	not reported	not reported	not reported	not reported	15,177
<b>Total number of part-timers</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>not reported</b>	<b>26,931</b>



**PostNL New hires** number of employees, unless otherwise indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
< 30 years	5,508	4,551	6,055	4,587	3,721
30 - 50 years	3,251	2,842	4,439	3,232	2,464
> 50 years	2,527	2,120	4,946	2,169	1,681
<b>Total by age group</b>	<b>11,286</b>	<b>9,513</b>	<b>15,440</b>	<b>9,988</b>	<b>7,866</b>
Male (share of total headcount)	31%	28%	42%	27%	23%
Female (share of total headcount)	27%	22%	44%	23%	19%
<b>Total (share of total headcount)</b>	<b>29%</b>	<b>25%</b>	<b>43%</b>	<b>25%</b>	<b>21%</b>

More information about developments in our workforce and examples of improvement initiatives can be found in the 'Social value, section Workforce optimisation and capacity building' chapter.

**PostNL Turnover** as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
< 30 years	5,048	4,696	4,170	5,225	3,683
30 - 50 years	3,806	3,417	2,807	3,528	2,745
> 50 years	3,612	3,464	3,643	4,411	3,156
<b>Total by age group</b>	<b>12,466</b>	<b>11,577</b>	<b>10,620</b>	<b>13,164</b>	<b>9,584</b>
Male (share of total headcount)	32%	32%	30%	32%	26%
Female (share of total headcount)	32%	29%	29%	33%	25%
<b>Total (share of total headcount)</b>	<b>32%</b>	<b>31%</b>	<b>30%</b>	<b>32%</b>	<b>26%</b>
<b>Total voluntary turnover</b>	<b>20%</b>	<b>18%</b>	<b>17%</b>	<b>19%</b>	<b>17%</b>

We undertook a number of actions to retain people in 2022, including introducing permanent contracts for all mail deliverers, renewing two CLAs, and promoting health and well-being. These steps helped reduce the turnover rate compared to previous years, indicating that we are successfully retaining our employees, on average, for longer. We also saw a decrease in the voluntary turnover rate. Due to the operational nature of many of the jobs across PostNL, we employ a relatively high percentage of part-time and seasonal employees, which means our turnover rate is high compared to other sectors.

The main reasons for non-voluntary turnover relate to probation time, not-continuing temporary contracts and retirement due to pension. More information on this topic can be found in the 'Social value' chapter.

### 3.4 Diversity and inclusion

**PostNL Diversity and inclusion** as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Share of females in total headcount	49%	48%	49%	48%	47%
Share of females in operational management positions	not reported	not reported	21%	23%	25%
Share of females in middle managements positions	not reported	not reported	32%	33%	35%
Share of females in senior management positions	25%	27%	28%	29%	31%
Share of females in management positions	27%	27%	28%	30%	32%

The share of female employees at year end decreased slightly to 47% (2021: 48%), although the figures have been relatively stable in recent years. The share of women in operational, middle and senior management positions increased, as did the share of women in management positions overall, a trend that has been ongoing for a number of years. This has been helped by our continuous focus on diversity and inclusion in our recruitment and development activities. For 2025, our aim is to have a one-third share of women in senior management positions. The diversity figures presented in the table are based on available data in the central HR systems covering nearly 97% of our total population. We currently do not have insight in this data for some smaller entities of PostNL. The share of females in senior management positions relate to our internal definition where senior management is defined as people in the highest salary scale, with an individual labour contract or board. More information on diversity and inclusion can be found in the 'Social value' chapter.

### 3.5 Recruitment and career development

#### PostNL Recruitment and career development as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Training hours per FTE	22	26	21	21	17
Average training costs per FTE	not reported	not reported	740	781	714

During 2022 we saw a decrease in the number of training hours per FTE, from 21 hours per FTE in 2021 to 17 hours per FTE in 2022. One of the largest digitally driven programmes that head office managers followed in 2021 did not take place in 2022. However, we did see an increase in the number of hours spent on external learning and with development partners, and we saw an 11% increase in the number of training hours undertaken by operational staff. A reduction in learning and development training costs led the average training cost per FTE falling to €714.

## Section 4: Environmental value performance indicators

Our environmental value KPIs are CO<sub>2</sub> efficiency and share of emission-free delivery. These are covered in more detail in the 'Environmental value' chapter.

### 4.1 CO<sub>2</sub> efficiency and emission-free delivery

As a postal and logistic solutions provider, it is clear we have an impact on the environment, and that our operations emit carbon as well as other emissions. In the 'Environmental value' chapter, we explained our strategy to reduce our environmental impact, the development in our performance and our short- and long-term targets. In our risk management process we evaluate physical, regulatory and reputational climate change-related risks. We identified that our main risks relate to not meeting our long-term reduction targets. No significant physical and regulatory climate change-related risks were identified during 2022.

#### PostNL CO<sub>2</sub> efficiency as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
CO <sub>2</sub> efficiency (scope 1 and 2 emissions in grams CO <sub>2</sub> e per km)	231	245	249	203	152
Share of emission-free delivery of mail and parcels in the last-mile	17%	19%	20%	20%	22%

Since 2019 we have steered on two KPIs to monitor our progress in reducing environmental impact, CO<sub>2</sub> efficiency of our own operations and emission-free delivery of parcels and mail in the Benelux, by ourselves and our delivery partners (scope 3).

Making progress on these two metrics cover the main elements of our business to achieve our long-term formal absolute and relative CO<sub>2</sub> targets until 2030, which are validated as being in line with the Paris climate agreement by the Science based Target Initiative (SBTi).

In line with our long-term planning, we expect to scale up the share of electric vehicles in our own fleet as quickly as feasible, which requires infrastructure preparation, including charging stations. Since 2021 we have included these KPIs in our annual target setting and steer more actively on the progress on our long-term target.

### CO<sub>2</sub> efficiency

We measure our CO<sub>2</sub> efficiency as the total CO<sub>2</sub> emissions from our own operations, both fleet and buildings, expressed per kilometre transported. The total transported kilometres include the kilometres of all our networks, both motorised and unmotorised (foot and bike). We monitor the progress on our targets through a comparison with the annual target setting and steer actively on the progress. The CO<sub>2</sub> efficiency was 152 grammes per kilometre in 2022, which was mainly a result of renewable fuels. In 2021 we scaled the use of renewable diesel at the expense of diesel in both small and large trucks, and the use of Bio-LNG at our large trucks fleet. In 2022 we used 98% more HVO100 and 27% less diesel compared to 2021.

### Emission-free delivery

In 2018, we introduced a target to deliver 100% of our mail and parcels emission-free in the last-mile in the Benelux by 2030, which we report as the share of emission-free kilometres compared to the total kilometres transported. This includes kilometres from our own operations and of our delivery partners and includes the collection of mail and parcels with small trucks and vans and other light vehicles.

The share of emission-free last-mile delivery of mail and parcels was 22% in 2022, which was mainly a result of the 50 million kilometres we travelled by foot and bicycle to deliver mail in the Netherlands.

More information about our CO<sub>2</sub> efficiency and emission-free delivery can be found in the 'Environmental value' chapter.

## 4.2 Carbon footprint

### PostNL Carbon footprint in kilotonnes CO<sub>2</sub>e

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Natural gas and heating fuel	6	5	0	0	0
Fuel for large trucks	22	25	30	24	18
Fuel for small trucks and vans	9	10	11	10	7
Fuel for motorcycles	1	1	1	0	0
<b>Total gross scope 1 emissions</b>	<b>38</b>	<b>41</b>	<b>41</b>	<b>34</b>	<b>26</b>
Compensated emissions	(6)	(5)	(0)	(0)	(26)
<b>Total net scope 1 emissions</b>	<b>32</b>	<b>37</b>	<b>41</b>	<b>34</b>	<b>0</b>
Electricity consumed	0	0	0	0	0
District heating	0	0	0	0	0
<b>Total gross scope 2 emissions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Compensated emissions	(0)	(0)	(0)	(0)	(0)
<b>Total net scope 2 emissions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Company cars	6	4	3	2	2
Business travel by air	0	0	0	0	0
Employee commuting	19	21	21	23	19
Outsourced transport by road	113	113	129	141	125
Outsourced transport by air	41	35	34	30	29
<b>Total gross scope 3 emissions</b>	<b>179</b>	<b>174</b>	<b>187</b>	<b>196</b>	<b>175</b>
Compensated emissions	(6)	(25)	(23)	(25)	(175)
<b>Total net scope 3 emissions</b>	<b>173</b>	<b>149</b>	<b>164</b>	<b>171</b>	<b>0</b>
<b>Total gross emissions</b>	<b>217</b>	<b>215</b>	<b>228</b>	<b>231</b>	<b>201</b>
<b>Total net emissions</b>	<b>205</b>	<b>185</b>	<b>205</b>	<b>205</b>	<b>0</b>

## Scope 1

Our gross scope 1 emissions were 8 kilotonnes lower than in 2021, a decrease of 25%, and we achieved a decrease in the emissions from all our transport activities. Since 2020 we have sourced the natural gas we use sustainably by using the market-based instrument of purchasing Guarantees of Origin in relation to green gas. However, our nominal gas usage decreased significantly in 2022 for multiple (business) reasons, as detailed in the 'Energy efficiency of buildings' section of the 'Environmental value' chapter.

Compared to 2021, we drove approximately the same number of kilometres with our own fleet. The 8 kilotonnes decrease in transport-related CO<sub>2</sub> is mainly related to the carbon emissions of our large trucks, due to the use of renewable fuels. In total we drove 25% less kilometres on diesel and 106% more kilometres on HVO100, a renewable fuel. Implementing renewable fuels and replacing petrol scooters with e-scooters enabled us to reduce our emissions significantly in 2022.

## Scope 2

Our gross scope 2 emissions remained stable at 0 kilotonnes in 2022 (2021: 0). Our nominal electricity consumption remained stable in 2022 with 65 million kWh (2021: 66 million kWh). We stimulate the use of sustainable electricity in our buildings and use the market-based instrument of purchasing Guarantees of Origin to ensure our electricity consumption is based on renewable energy. This resulted in gross scope 2 emissions of 0.

PostNL uses the market-based method for the formal reporting of our scope 2 greenhouse gas emissions. In accordance with the GHG protocol, we also calculated our location-based scope 2 emissions, which amounted to 26 kt CO<sub>2</sub> in 2022 (2021: 28 kt). The decrease is explained by more electricity generated from our solar panels. More detailed information can be found in the 'Energy efficiency of building' section of the 'Environmental value' chapter.

## Scope 3

Our gross scope 3 emissions decreased by 11% compared to 2021, equal to 21 Kt CO<sub>2</sub>. The majority of these emissions were related to outsourced transport activities both in the Benelux and beyond, and employee commuting.

## Outsourced transport

The total emissions from outsourced transport decreased by 18 kilotonnes to 153 in 2022. Main developments that contribute to this 10% decrease are:

- Less outsourced activities in the Benelux as a result of volume developments, particularly at large transport (-16 kt CO<sub>2</sub>)
- Less internationally outsourced transport by road and air activities due to volume developments (-6 kt CO<sub>2</sub>)
- Business growth at smaller logistic networks as a consequence of growth in B2B activities (+5 kt CO<sub>2</sub>)

## Other scope 3 emissions

Our employee commuting decreased compared to 2021. This can be explained by a decrease in our workforce, as well as improved calculations. Additional insights in 2022 and more accurate data helped us improve our calculations. Both factors led to a decrease of 4 kt CO<sub>2</sub>.

We purchased Gold Standard and VCS credits to offset all our carbon emissions from scope 1, 2 and 3, resulting in net GHG emissions of 0 kilotonnes (2021: 231 kilotonnes).

## 4.3 Energy consumption

### PostNL Energy consumption in terajoules

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Energy consumption buildings (in TJ)	417	357	374	350	326
Energy consumption fleet (in TJ)	521	576	658	680	677
<b>Total energy consumption</b>	<b>939</b>	<b>932</b>	<b>1,032</b>	<b>1,030</b>	<b>1,004</b>

### Buildings

We use energy to heat our buildings, run our machines and installations, and for lighting. Our gas consumption in 2022 decreased by 27 TeraJoules (-8%) compared to 2021, which is equal to 1 million m<sup>3</sup> gas. Different (business) developments and investments contributed to this decrease:

- Closing preparation locations at Mail in the Netherlands, which were relatively gas intensive buildings (-0.5 mln m<sup>3</sup>)
- Reduction of gas usage following the installation of hybrid heat pumps in multiple sorting centre (-0.1 mln m<sup>3</sup>);
- Adjustments made following the 'Flip the switch' campaign to switch lights off, when possible, and more attention paid to the use of heating buildings. In addition, we introduced an energy dashboard as part of energy management.
- 2022 was a relatively warm year compared to 2021, leading to less energy used on heating.

### Fleet

Energy consumption of our own fleet remained stabled compared to 2021. We aim to minimise our energy consumption by being as efficient as possible in our operations. The increase in large truck fleet consumption is a result of a marginal increase in driven kilometres with our own large trucks.

We saw a decrease in energy use from our scooters, as we continued to roll out e-scooters at Mail in the Netherlands to replace more energy intensive petrol versions. We saw a decrease in energy used by our small trucks, which is due to the ongoing electrification of our fleet. We continue to invest in solar panels to generate as much renewable energy as possible ourselves, helping to both reduce our environmental impact and stabilise our cost base in an energy market with rising prices.

The figures above cover the energy consumption of our own operations. As our delivery operations are also partly executed by delivery partners, we aim to report on their energy consumption from 2023 onwards.

## 4.4 Energy efficiency of buildings

### PostNL Buildings in terajoules

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Energy consumption from natural gas (in TJ)	92	73	84	93	66
Energy consumption from heating oil (in TJ)	3	3	2	1	1
Energy consumption from electricity (in TJ)	315	277	285	251	253
Energy consumption from district heating (in TJ)	8	5	4	5	6
<b>Total energy consumption from buildings (in TJ)</b>	<b>417</b>	<b>357</b>	<b>374</b>	<b>350</b>	<b>326</b>
<b>Share of solar energy from total energy consumption in buildings</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>7%</b>	<b>11%</b>
<b>Energy efficiency (in TJ /1,000 m<sup>2</sup>)</b>	<b>0.58</b>	<b>0.47</b>	<b>0.47</b>	<b>0.40</b>	<b>0.38</b>

Our gas consumption fell by 29% (see energy consumption paragraph above). The sustainable investments we made during the year largely explain this decrease. Our electricity consumption remained relatively stable at 253 TJ in 2022 (2021: 251 TJ). See the energy consumption paragraph above for more information.

The share of renewable electricity compared to our total energy consumption increased to 11% in 2021, representing around 52% of our parcel sorting centres' total annual energy consumption, an 8% increase compared to 2021. These numbers are corrected for electricity required for our sorting centres' charging infrastructure.

Due to the decreased gas usage, our energy consumption per square meter decreased by 8% compared to 2021.

## 4.5 Energy efficiency of fleet

### PostNL Fleet as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
Energy consumption from large trucks (in TJ)	297	340	419	448	461
Energy consumption from small trucks and vans (in TJ)	213	226	231	227	214
Energy consumption from scooters (in TJ)	11	9	8	5	1
Energy consumption from bikes (in TJ)	0	0	0	0	0
<b>Total energy consumption from fleet (in TJ)</b>	<b>521</b>	<b>576</b>	<b>658</b>	<b>680</b>	<b>677</b>
<b>Energy efficiency (in MJ / km)</b>	<b>5.5</b>	<b>5.6</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>

The energy consumption of our large trucks increased by 3% compared to 2021, while energy consumption from small trucks and scooters decreased. The increase in energy consumption from large trucks was a result of the slight increase in large trucks' driven kilometres. Our fleet size remained stable in 2022.

The energy consumption of small trucks decreased during 2022, as a result of slightly less kilometres driven and the continued electrification of our fleet. This trend is expected to continue as we further invest in replacing fossil fuel vehicles with e-vehicles.

In 2022, route optimisation to make our network more efficient led to a slight increase in the load factor of our trucks, increasing the average weight of the vehicles on the road. This resulted in slightly higher fuel consumption, which offset the effect of switching to more energy efficient vehicles.

As mentioned above, we continued to invest in the electrification of our scooter fleet, which resulted in lower energy consumption from our scooters.

Energy consumption from bikes remained rounded zero. The above results in a comparable energy efficiency of fleet per kilometre.

## 4.6 Air quality

Developments in air quality are directly related to the type of vehicles we use. This is why the explanation of trends in the 'Air pollution from own fleet' table is combined with the explanation in the 'Compliance with Euro emission norms' table. The emission calculations are based on general factors per type of euro norm and are not specified further. As we do not have further information on underlying drivers to steer on, we do not set targets for these metrics.

### PostNL Compliance with Euro emission norms share per euro norm

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
<b>Large trucks</b>					
Vehicles complying with Euro 6	73%	69%	81%	86%	86%
Vehicles complying with Euro 5	27%	31%	19%	14%	14%
<b>Small trucks and vans</b>					
Vehicles complying with Euro 6	76%	81%	85%	97%	99%
Vehicles complying with Euro 5	24%	19%	15%	3%	0%
<b>Total</b>					
Vehicles complying with Euro 6	76%	80%	84%	95%	97%
Vehicles complying with Euro 5	24%	20%	16%	5%	2%

The scale-up of our electric fleet will help us improve our absolute air polluting emissions, which is one of the elements covered in our Zero2030 programme. As we make progress on becoming emission-free in our parcel and mail delivery by 2030 in the Benelux, we will also significantly reduce our emissions, particularly from our small truck fleet and the fleet of our delivery partners. Scaling up our transition to increase the share of electric vehicles in our fleet requires a combination of sufficient availability of suitable vehicles in the market, and adjusting both infrastructure and logistics in the years to come.

**PostNL Air pollution from own fleet** as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
<b>NO<sub>x</sub> emissions (in kg)</b>					
Large trucks	25,986	30,165	34,294	32,284	31,399
Small trucks and vans	9,949	9,117	8,908	7,682	6,876
<b>Total NO<sub>x</sub> emissions</b>	<b>35,935</b>	<b>39,282</b>	<b>43,202</b>	<b>39,966</b>	<b>38,275</b>
<b>NO<sub>x</sub> efficiency (g/km)</b>					
Large trucks	0.83	0.83	0.76	0.63	0.59
Small trucks and vans	0.19	0.16	0.15	0.14	0.13
<b>Total NO<sub>x</sub> efficiency</b>	<b>0.42</b>	<b>0.42</b>	<b>0.42</b>	<b>0.37</b>	<b>0.36</b>
<b>PM<sub>10</sub> emissions (in kg)</b>					
Large trucks	382	443	529	562	567
Small trucks and vans	269	291	296	277	273
<b>Total PM<sub>10</sub> emissions</b>	<b>651</b>	<b>734</b>	<b>825</b>	<b>839</b>	<b>840</b>
<b>PM<sub>10</sub> efficiency (g/km)</b>					
Large trucks	0.01	0.01	0.01	0.01	0.01
Small trucks and vans	0.01	0.01	0.01	0.01	0.01
<b>Total PM<sub>10</sub> efficiency</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>

In 2021, we continued to further increase the combined percentage of vehicles complying with Euro 6 standards. In 2022 we saw an increase in the percentage of Euro 6 vehicles, mainly as a result of our investments in new electric small trucks. Our large trucks fleet remained stable, with the main investments made in 2021.

The absolute NO<sub>x</sub> emissions from large trucks decreased, mainly due to more kilometres driven with Euro 6 large trucks, which are more efficient. The decrease in absolute NO<sub>x</sub> emissions was 4%. This shows the sustainability improvements of our own fleet.

The total relative NO<sub>x</sub> emissions in g per km decreased to 0.36, resulting from the efficiency of both small and large trucks. The total number is influenced by the increase in the number of kilometres driven by large trucks relative to the total kilometres driven.

Absolute PM<sub>10</sub> emissions were stable in 2022 compared to 2021. As a result of the relatively stable driven kilometres, the absolute emissions from small trucks decreased slightly. This is a result of more electric small trucks. In the coming years we expect the absolute PM<sub>10</sub> emissions to decrease as a consequence of the growing electric fleet. Large truck emissions slightly increased as a result of a slight increase in the number of kilometres driven with our own large trucks.

Relative PM<sub>10</sub> emissions remained stable in 2022 compared to prior years. As in previous years, the relative emissions were 0.01 grammes per kilometre.

The scope of our NO<sub>x</sub> and PM<sub>10</sub> emissions we report on includes the fleet of our own operations. Due to the lack of data, we are not yet able to report on the air pollution metrics for outsourced transport. In addition, we are currently only able to report the emissions from the internal combustion engine. Due to the lack of generally accepted reporting standards and methods, we do not report the emissions for braking and tire wear.



## 4.7 Environmental management system

### PostNL Environmental management system as indicated

2018 - 2022

Year ended at 31 December	2018	2019	2020	2021	2022
ISO 14001 certification (percentage of total FTE working in certified sites)	100%	100%	100%	100%	100%

Our environmental management systems help us to continuously improve our environmental performance and management across the company. As in prior years, all PostNL employees worked in ISO14001-certified locations. To the best of our knowledge, we had no environmental violations and therefore did not incur any fines in 2022, as well as in prior years. This underscores the effectiveness of our environmental management system.

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## Section 1: Appropriation of profit

### Extract from the articles of association on appropriation of profit

Under PostNL's articles of association, the dividend specified in article 31, paragraph 1 will first be paid on the preference shares B if outstanding. Subject to the approval of PostNL's Supervisory Board, the Board of Management will determine thereafter which part of the profit remaining after payment of dividend on any preference shares B will be appropriated to the reserves (article 31, paragraph 2). The remaining profit after the appropriation to reserves shall be at the disposal of the General Meeting of Shareholders (article 31, paragraph 3). No dividend shall be paid on shares held by PostNL in its own capital (article 31, paragraph 6). Preference shares B were not issued in 2022.

## Section 2: Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of PostNL N.V.

### Report on the audit of the financial statements 2022 included in the Annual Report

#### Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of PostNL N.V. (hereafter: PostNL or the Company) as at 31 December 2022 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

#### What we have audited

We have audited the financial statements 2022 of PostNL N.V. based in The Hague, the Netherlands. The financial statements comprise:

- the consolidated and corporate primary statements of financial position as at 31 December 2022;
- the following consolidated and corporate primary statements for 2022: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of PostNL in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon.

The information in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Summary

##### Materiality

- €15 million
- 0.5% of revenue

##### Group audit

- Audit coverage of 91% of total assets and 87% of revenue

##### Going concern, Fraud/Noclar and Climate related risks

- Going concern related risks: no going concern risks identified.
- Fraud / Non-compliance with laws and regulations (Noclar) related risks: presumed fraud risk of management override of controls and fraud risk on revenue recognition terminal dues identified. Compliance delivery partners in Belgium is identified as a key audit matter. No other indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.
- Climate related risks: no material impact of climate related risks on the current financial statements under the requirements of IFRS identified.

##### Key audit matters

- Revenue related accruals (terminal dues)
- Compliance delivery partners in Belgium
- Change from defined benefit to defined contribution pension accounting
- Valuation of investments in subsidiaries (corporate financial statements)

##### Opinion

- Unqualified

## Materiality

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at €15 million (2021: EY €15 million). The materiality for the consolidated financial statements is determined with reference to revenues (0.5%). We consider revenues to be the most appropriate earnings-based measure. This will lead to consistent and predictable materiality levels throughout the year and on a year to year basis. We consider revenues as the most appropriate benchmark because this is a relative stable earnings-based measure in comparison to operating income, which was the benchmark of EY in 2021, and profit before income taxes. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and corporate financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of €0.75 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

## Scope of the group audit

PostNL is at the head of a group of components. The financial information of this group is included in the financial statements of PostNL.

Because we are ultimately responsible for the auditor's report, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for components reporting for group audit purposes. Our group audit mainly focused on significant components within the segments Parcels and Mail in the Netherlands and PostNL Other (including finance and real-estate components). Based on their significance and/or our risk assessment we performed scopean audit of the complete reporting package or audit of specific items on the 23 group entities within those segments.

For the entities in scope, except for Spring Hong Kong, the group engagement team performed the audit procedures. This resulted in a coverage of 87% of total revenue and 91% of total assets. The remaining 13% of total revenue and 9% of total assets is represented by a significant number of components ('remaining components'), none of which individually represent more than 2% of total revenue and 3% of total assets.

For these remaining components we performed central procedures among others analytical procedures to validate our assessment that there are no risks of material misstatement within these components.

### PostNL Revenues



■ Audit of the complete reporting package
 ■ Audit of specific items
 ■ Central procedures remaining components

### PostNL Total assets



■ Audit of the complete reporting package
 ■ Audit of specific items
 ■ Central procedures remaining components

The group audit team has set materiality levels for the components, which ranged from €1.6 million to €10 million, based on the mix of size and risk profile of the respective components.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

### Use of specialists, internal audit and component auditor

We involved several KPMG specialists to assist the audit team, including specialists from our actuarial, valuations, tax, forensic and sustainability departments.

We performed our audit using work performed by Internal Audit of PostNL, leveraging their in-depth knowledge of the Company. We agreed in advance on the nature and the scope of the work to be performed, the reporting and documentation. We evaluated and tested the relevant work performed by Internal Audit to satisfy ourselves that the work is adequate for our purposes and established what work had to be performed by our own audit team.

For Spring Hong Kong we used KPMG auditors from Hong Kong (component auditors). We sent detailed instructions to the component auditor, covering the significant areas that should be addressed and set out the information required to be reported to us. We interacted regularly with the component team where appropriate during various stages of the audit, reviewed key working papers remotely and were responsible for the scope and direction of the audit process.

### Transition as auditor

Initial audit engagements involve considerations in addition to recurring audits. During initial audit engagements we have to gain sufficient knowledge about the Company, its business, control environment and application of accounting principles in order to perform our initial audit risk assessment and planning of audit activities. A detailed transition plan, including independence clearance, was prepared prior to the start of the audit. We gained an understanding of PostNL and its business including its control environment and accounting policies as we were involved starting mid 2021. We have been in close contact with the predecessor auditor EY and have performed reviews on their audit files. During the year we had regular meetings with management and assessed key accounting matters at an early stage.

### Audit response to going concern – no significant going concern risks identified

The Board of Management has performed its going concern assessment and has not identified any going concern risks. To assess the Board of Management's assessment, we have performed, among other things, the following procedures:

- we considered whether the Board of Management's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks and considered whether the deteriorated macroeconomic environment indicate a going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

### Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 11 'Risk and opportunity management' and 12 'Regulatory compliance management' of the Annual Report, the Board of Management describes its fraud risk assessment and its regulatory compliance management and chapter 13 'Report of the Supervisory Board' reflects on this.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Legal Counsel, Integrity, Security and Compliance. As part of our audit procedures, we:

- read minutes and inspection of internal audit and the integrity committee reports;
- evaluated investigation reports on indications of possible fraud and non-compliance;
- evaluated correspondence with regulatory authorities such as the ACM as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- National and International Postal legislation including Postal Degree 2009;
- the Dutch Postal market is regulated via the ACM, including oversight on competition legislation, the Ministry of Economic Affairs and the USO regulation;
- social and labor legislation reflecting PostNL significant work force and outsourced work.

We, together with our forensic specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

With respect to delivery partners in Belgium we identified a risk of non-compliance to relevant regulation in Belgium, which risk we consider material to our audit. We refer to the key audit matter 'Compliance delivery partners in Belgium'.

Further, apart from the fraud risk on revenue recognition terminal dues, we rebutted the presumed fraud risk on revenue recognition on other recorded revenues as the individual transactions are relatively low in value, routine and highly automated and non-complex.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

#### Management override of controls (a presumed fraud risk)

**Risk:**

- Fraud risk related to management override and alteration of (financial) results to meet external expectations, to maintain/increase current stock price and to meet bonus targets. Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as estimates related to revenue recognition terminal dues.

**Our response:**

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks, such as processes related to journal entries and estimates.
- We performed a data analysis of high-risk journal entries related to amongst others post-closing entries impacting the result and evaluated key estimates and judgements for bias by the Company's management, including retrospective reviews of prior years' estimates with respect to revenue related accruals. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

#### Revenue recognition terminal dues

**Risk:**

- The judgement and assumptions in the determination of the revenue related accruals due to uncertainties around the negotiation results may represent a risk of material misstatement due to fraud.

**Our response:**

- We refer to the key audit matter 'Revenue related accruals (terminal dues)' for the description of the audit procedures responsive to this fraud risk.

We incorporated elements of unpredictability in our audit. Our initial audit by itself includes elements of unpredictability, further as an element of unpredictability we performed unannounced site visits to a number of the sorting depots.

We communicated our risk assessment, audit responses and results to the Board of Management and the Supervisory Board. We re-evaluated our risk assessment based on the lower than expected performance for 2022.

Our audit procedures did not reveal other indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

#### Audit response to climate-related risks

The Company has set out its targets relating to climate change in chapter 8 'Environmental value' of the Annual Report. PostNL has the ambition to become net-zero by 2050 and to significantly reduce GHG emissions from PostNL's own operations as well as outsourced activities towards 2030. The target is to deliver all parcels and mail emissions-free in the last mile across the Benelux by 2030.

Management has assessed, against the background of the Company's business and operations, in detail how climate-related risks and opportunities and the Company's own targets could have a significant impact on its business or could impose the need to adapt its strategy and operations. Management has considered the impact of both transition and physical risks on the financial statements in accordance with the applicable financial reporting framework, more specifically in relation to valuation of non-current assets, cost increase and demand for the Company's services as described in chapter 11 'Risk and opportunity management' of the Annual Report.

Management prepared the financial statements, including considering whether the implications from climate-related risks and targets have been appropriately accounted for and disclosed. As part of our audit we performed a risk assessment of the impact of climate-related risks and the targets set by the Company in respect of climate change on the financial statements and our audit approach. In doing this we performed the following:

- understanding management's processes: we made inquiries with management on the climate risk assessments integrated in the structural risk management approach of the Company. We assessed management's strategic plan and 2023 business plan which both incorporate targets and strategic actions relating to climate change to understand management's assessment against the background of the Company's business and operations of the potential impact of climate-related risk and opportunities on the Company's annual report and financial statements and the Company's preparedness for this.
- evaluation of potential climate related fraud risk factors such as the long-term incentive for the Board of Management and have not identified fraud risk factors relating to climate-related risks for the current year's financial statements.

- use of KPMG climate risk experts to assist in understanding how climate-related risks and opportunities may affect the entity and its accounting in the current year's financial statements.
- as part of our risk assessment procedures we also challenged management on the valuation of non-current assets as at 31 December 2022.

Based on the procedures performed above we found that climate-related risks have no material impact on the financial statements, including on the valuation of non-current assets, under the requirements of EU-IFRS and no material impact on our key audit matters.

Furthermore we have read the 'Other information' with respect to climate-related risks as included in the Annual Report and considered the material consistency with the financial statements, based on our knowledge obtained throughout the audit.

#### **Our key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to 'Compliance delivery partners in Belgium' and 'Change from defined benefit to defined contribution pension accounting' are new.



Description	Our response	Our observation
<p><b>Revenue related accruals (terminal dues)</b></p> <p>As disclosed in note 3.1.4 to the financial statements, PostNL has outstanding accrued liability positions with international postal operators for services provided for or received totalling €181 million (2021: €204 million). Terminal dues is significant to our audit due to the amounts and judgement involved. This position involves a certain level of management judgement in calculating positions, where negotiations with the counterparties on prices and volume are not yet finalized as per balance sheet date. This results in assumptions being used by management in determination of the accrued terminal dues which can have an impact on operating revenues. The actual settled amounts may differ from management's estimate as a result of negotiations. Further reference is made to the accounting policy around revenue related accruals in note 1.4. This both relates to prices and quantities, which are considered the main significant assumptions of the estimate. Considering this process is sensitive for management override of controls, this is considered a risk of fraud.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated the process and models used by management in its estimate and performed walkthroughs of the revenue classes of transactions and evaluated the design and implementation of the relevant controls;</li> <li>performed retrospective review of estimates made by management in the past;</li> <li>inquired with management regarding developments in mail volumes, development in terminal dues and progress of settlement negotiations and performed analytical procedures on terminal due positions and development of mail volumes and evaluated whether the assumptions are reasonable;</li> <li>performed test of details to verify accuracy of prices and quantities as a basis for the terminal dues by reconciliation to supporting documentation including contractual agreements and performed test of details on manual adjustments.</li> <li>assessed the appropriateness of the accounting policies and the adequacy of the financial statements disclosures in note 3.1.4 in the financial statements.</li> </ul>	<p>We consider that management's assumptions related to terminal dues positions are within the reasonable range. Furthermore we assessed that the disclosures are appropriate.</p>
<p><b>Compliance delivery partners in Belgium</b></p> <p>As disclosed in note 3.10 to the financial statements, in 2021 the Belgian labour inspectorate in Belgium filed a case against PostNL Belgium regarding alleged breaches with applicable social laws and regulations. Subsequently in 2022 PostNL became subject to a criminal investigation by the Belgian judicial authorities into alleged breaches of labour law in Belgium by the delivery partners of PostNL.</p>	<p>Our audit approach, which includes involvement of forensic specialists, included amongst others the following procedures. We have:</p> <ul style="list-style-type: none"> <li>obtained an understanding of the process and implemented controls by having process interviews and performing walkthroughs;</li> <li>inspected available correspondence with and investigation reports from the Belgian Authorities;</li> <li>inquired with management and their (external) legal advisors and evaluated provided documents;</li> <li>obtained legal confirmation letter for the Company's external legal advisors;</li> <li>assessed the adequacy of the accounting and the disclosures in the financial statements.</li> </ul>	<p>We consider the matter adequately accounted for and disclosed in the notes to the financial statements.</p>

## Description

**Change from defined benefit to defined contribution pension accounting**

As disclosed in note 3.5 to the financial statements at year-end 2022, the main pension plan has been amended to a collective defined contribution pension plan resulting in a loss (net of taxation) of €1,007 million in the income statement and a gain of €1,020 million in other comprehensive income. The pension plan settlement was significant to our audit due to the financial impact, the non-routine nature and the complexity of pension accounting.

## Our response

Our audit approach included amongst others the following procedures in which we involved our actuarial specialists. We have:

- evaluated the accounting analysis made by the Company and its involved actuarial specialists including assessment whether all necessary steps are fulfilled before year-end in order to account for this change. As part of this we have inspected the agreement between parties involved, the new pension plan rules and the pension administration and financing agreement;
- obtained a thorough understanding of the business rationale for all parties involved;
- paid specific attention to the presence of elements in the agreements that would disqualify for defined contribution accounting, specifically for elements where significant judgement is involved including the assessment of whether the plan amendment result in fixed contributions;
- verified the required communications to participants was in place before year-end;
- determined whether the accounting of the settlement is in accordance with IAS19 Employee Benefits; and finally,
- assessed the adequacy of the presentation and disclosure of the pension amendment in note 3.5 in the financial statements.

## Our observation

We consider that the pension amendment is adequately accounted for and properly disclosed in the financial statements.

Description	Our response	Our observation
<p><b>Valuation of investments in subsidiaries (corporate statements)</b></p> <p>As at 31 December 2022 the value of the investments in subsidiaries, as included in the corporate financial statements, amounted to €2,061 million (2021: €3,526 million). At each reporting date, the Company reviews whether there is an indication that its investments in subsidiaries are impaired or whether there are indicators that a previously recognized impairment may no longer exist or may have decreased. The model used to calculate the recoverable amount is complex and subject to significant management judgement and estimation.</p> <p>Further reference is made to note 6.4.1 in the corporate financial statements in which the accounting policies and assumptions and related changes and sensitivities are disclosed.</p>	<p>Our audit approach included amongst others the following procedures in which we involved our valuation specialists. We have:</p> <ul style="list-style-type: none"> <li>gained an understanding of the investment in subsidiaries impairment testing process, performed a walkthrough of the impairment analysis process including controls over the data and assumptions used in the analysis and evaluated the control design in this area;</li> <li>with involvement of our valuation specialists we evaluated whether the model management used is in line with IAS36 Impairment of assets;</li> <li>evaluated whether the assumptions are realistic and achievable and consistent with the external (for information on discount rates and implied growth rates driving operating income) and/or internal environment. This included challenging management if the underlying drivers, with specific audit consideration for the impact of a) the rising labour and energy costs, b) the Digital Next outlook and c) the ESG climate related investments, are incorporated in the long-term financial forecasts. As part of this we evaluated the revisions to the forecasts in the strategic plan for relevant developments such as the market outlook for e-commerce and the increased labor costs;</li> <li>evaluated the reasonableness of prior period estimates and assumptions made by management with a retrospective review. We evaluated whether management's assessment includes all relevant information that has come to our attention in the audit and assessed the reasonableness of management's forecasts and evaluated whether the cashflows are within a reasonable range and verify the reliability and relevance of data used;</li> <li>evaluated the reasonability of the overall outcome also in comparison to the market capitalisation;</li> <li>in addition to the above, challenged the sensitivity analysis for investments in subsidiaries the Company stress tested which includes the key assumptions discount rate and operating income to calculate the impact of a change in assumptions.</li> <li>further evaluated the adequacy of the financial statement disclosures.</li> </ul>	<p>We consider management's assumptions to be within the reasonable range and we assessed that the disclosures for investments in subsidiaries are appropriate.</p>

### Report on other information included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information. Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements. The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements and ESEF Engagement

We were engaged by the annual general meeting of shareholders as statutory auditor of PostNL on 19 April 2021, as of the audit for the year 2022.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

### European Single Electronic Reporting Format (ESEF)

PostNL has prepared its Annual Report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the Annual Report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by PostNL, complies in all material respects with the RTS on ESEF.

Management of the Company is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management of PostNL combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- Identifying and assessing the risks that the Annual Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;

- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

## Description of responsibilities for the financial statements Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Management under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing PostNL's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, The Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

The Hague, 27 February 2023

KPMG Accountants N.V.

R.R.J. Smeets RA

## Section 3: Independent assurance report on the non-financial information

To: the General Meeting of Shareholders and the Supervisory Board of PostNL N.V.

### Our opinion

We have audited the non-financial information in the Annual Report 2022 (hereafter: 'Annual Report') of PostNL N.V. based in The Hague (hereafter: PostNL or the Company) for the year ending 31 December 2022. Our audit is aimed at obtaining a reasonable level of assurance.

Based on the procedures performed, the non-financial information is prepared, in all material respects, with reference to the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and in accordance with the PostNL's internally developed supplemental reporting criteria as disclosed in the section 'Reporting criteria' of our Report.

The non-financial information is included in the following sections in the Annual Report:

- 'Introduction';
- 'Business Report' (excluding 'EU taxonomy on sustainable activities', 'Financial value', 'Outlook 2023', 'Risk and opportunity management' and 'Regulatory compliance management');
- The 'Non-financial statements' included in the 'Performance statements'; and
- Appendix 3 'Glossary and definitions'.

### Basis for our opinion

We performed our audit in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. This engagement is aimed to obtain reasonable assurance. Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of PostNL in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Reporting criteria

The non-financial information needs to be read and understood together with the reporting criteria. PostNL is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the non-financial information are the Universal Standards of the Global Reporting Initiative and the internally developed supplemental reporting criteria specific to PostNL for reporting elements which are not covered in GRI as disclosed in the section 'Non-financial statements' included in the chapter 'Performance statements' of the Annual Report. The absence of an established practice on which to draw, to evaluate and measure the non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. Consequently, the non-financial information needs to be read and understood together with the reporting criteria used.

### Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the non-financial information as included in the Annual Report. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and PostNL.

We agreed with the Supervisory Board that misstatements which are identified during the audit and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. No key audit matters were identified in our audit of the non-financial information.

### Scope of the group audit

PostNL is the parent company of a group of entities. The non-financial information incorporates the consolidated information as specified in the 'Non-financial statements' of the Annual Report.

Our group audit procedures consisted of both procedures at corporate (consolidated) level and at entity level. Our selection of entities in scope of our audit procedures is primarily based on the entity's individual contribution to the consolidated information. By performing our audit procedures at entity level, together with additional procedures at corporate level, we have been able to obtain sufficient and appropriate assurance evidence about the group's non-financial information to provide a conclusion about the non-financial information.

### Limitations to the scope of our audit

The non-financial information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherently the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the non-financial information.

References to external sources or websites in the non-financial information are not part of the non-financial information itself as audited by us. Therefore, we do not provide assurance on this information.

### Responsibilities of the Board of Management and the Supervisory Board for the non-financial information

The Board of Management is responsible for the preparation of the non-financial information in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of key material topics. The Board of Management is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by The Board of Management regarding the scope of the non-financial information and the reporting policy are summarized in the chapter 'Non-financial statements' of the Annual Report.

Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the non-financial information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is, among other things, responsible for overseeing the PostNL reporting process.

### Our responsibilities for the audit of the non-financial information

Our responsibility is to plan and perform our audit in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material misstatements due to fraud or error.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the non-financial information. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our audit included among others:

- Performing an analysis of the external environment and obtaining an understanding of the key material topics and the characteristics of PostNL;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the results of stakeholder dialogue and the reasonableness of estimates made by the Board of Management of PostNL;
- Obtaining through inquiries a general understanding of control environment, processes and information systems relevant to the preparation of the sustainability information, but not to obtain assurance evidence about their implementation or their operating effectiveness;
- Obtaining an understanding of the reporting processes for the non-financial information, including obtaining a general understanding of internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of PostNL's internal control;
- Taking into consideration the procedures performed by the Internal Audit department of PostNL;

- Identifying and assessing the risks if the non-financial information is misleading or unbalanced, or contains material misstatements, whether due to errors or fraud. Designing and performing further audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our conclusion. The risk that the non-financial information is misleading or unbalanced, or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. These further procedures included, among others:
  - Inquiry with management and relevant staff of PostNL at corporate and component level responsible for the sustainability strategy, policies and results;
  - Inquiry with relevant staff of PostNL responsible for providing the information for, carrying out the internal control procedures on, and consolidating the data in the non-financial information;
  - Verifying that the non-financial information reconciles with underlying records of PostNL;
  - Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the non-financial information; and
  - Performing an analytical review of the data and trends.
- Evaluating the presentation, structure and content of the non-financial information; and
- Considering whether the non-financial information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Board of Management and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant findings that we identified during our audit.

The Hague, 27 February 2023

KPMG Accountants N.V.

R.R.J. Smeets RA



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# 1 Other non-financial performance indicators

## PostNL Other non-financial performance indicators

2018 - 2022, as indicated

Year ended at 31 December	2018	2019	2020	2021	2022
<b>People indicators</b>					
Employees with a disability	1,704	1,351	1,320	1,094	1,022
Disabled employees as percentage of total headcount	5%	4%	3%	3%	3%
<b>Environmental indicators</b>					
Water usage (in liters per FTE)	not reported	5.2	6.3	7.1	5.8
Waste (in tonnes per FTE)	0.2	0.2	0.2	0.2	0.2
Recycling of waste in percentage of total waste	66%	77%	88%	88%	87%
Environmental incidents on site	2	4	6	3	5
Environmental incidents off site	2	4	2	3	2

## 2 Data coverage

The periodically reported non-financial data depends on the scope of the entity. Where appropriate, certain non-financial data of medium or limited scope entities is estimated. The table on the next page shows an overview of the resulting scoping coverage per line item in the 'Non-financial performance indicators'.

### PostNL Data coverage table 2022

	Actual	Extrapolation
<b>Customer value</b>		
Share of highly satisfied customers (%)	100%	0%
Customer satisfaction (% of satisfied customers)	100%	0%
Parcel volume growth	100%	0%
Delivery quality Parcels (%)	100%	0%
Delivery quality Mail (%)	100%	0%
Reputation score	100%	0%
ISO 9001 certification	97%	3%
<b>Social value</b>		
Share of engaged employees	100%	0%
Headcount	100%	0%
Full time equivalents (FTE)	100%	0%
Share of females in total headcount	100%	0%
Share of females in operational management positions	100%	0%
Share of females in middle management positions	100%	0%
Share of females holding a management position	100%	0%
Share of females holding a senior management position	100%	0%
Training hours per FTE	100%	0%
Average training costs per FTE	100%	0%
Accident rate (per 100 FTE)	100%	0%
Fatal accidents	100%	0%
Total accidents	92%	8%
Absenteeism (share of total working days)	97%	3%
ISO 45001 Certification	97%	3%

	Actual	Extrapolation
<b>Environmental value</b>		
CO <sub>2</sub> efficiency improvement (scope 1 and 2; base year 2017)	100%	0%
Share of emission-free delivery of mail and parcels in the last-mile	100%	0%
Energy consumption (total scope 1 and 2 in TJ)	94%	6%
Energy consumption buildings (TJ / 1000 m <sup>2</sup> )	83%	17%
Energy consumption transport (TJ / million km)	100%	0%
Scope 1 GHG emissions (gross in ktCO <sub>2</sub> e)	100%	0%
Scope 2 GHG emissions (gross in ktCO <sub>2</sub> e)	87%	13%
Scope 3 GHG emissions (gross in ktCO <sub>2</sub> e)	100%	0%
NOx emissions (scope 1 in kg)	100%	0%
NOx emissions (scope 1 in g/km)	100%	0%
PM10 emissions (scope 1 in kg)	100%	0%
PM10 emissions (scope 1 in g/km)	100%	0%
Share of vehicles complying with Euro 6	100%	0%
Share of vehicles complying with Euro 5	100%	0%
ISO 14001 certification	97%	3%

## 3 Glossary and definitions

### Absenteeism

The absenteeism percentage follows the definition of the Central Bureau for Statistics (CBS) in the Netherlands. It is calculated through the weighted days of absence divided by the total contractual working days. In this definition we correct for part-time employees.

### ACM

Dutch Authority for Consumers and Markets.

### Attract and retain people

Being an attractive employer for both new hires and existing employees enables us to develop our workforce in line with the development of our businesses. A smooth recruitment and application process is key to attract new colleagues in our operations. Specific competence focus for office functions helps us finding the right people in the labour market. Retention of employees helps creating stability and perspective of development.

### Auditor

A chartered accountant (register accountant) or other auditor referred to in section 393 of book 2 of the Dutch Civil Code or an organisation in which such auditors work together.

### Bio- LNG

Bio- LNG is broadly defined as gas consisting of or derived from biomass. Biogas consists of CO<sub>2</sub> that has recently been extracted from the atmosphere as a result of growing plants and trees, and therefore does not influence the CO<sub>2</sub> concentration in the atmosphere over a longer period of time. This is in contrast to fossil fuels, such as natural gas or crude oil, which are stored over millions of years so that their combustion and subsequent emissions do influence CO<sub>2</sub> levels in the atmosphere.

### Business ethics

Moral principles serving as guidelines for business conduct of PostNL and the stakeholders we do business with. This includes aspects such as reliability, fair trade, respect and diversity, customer focus, neutrality and social responsibility.

### Business travel

Business travel refers to all business-related travel for work, other than employee commuting, including travel by air.

### Circular economy

Economic system based on closed loops, aimed at eliminating waste and the continual use of resources. Closed loops relate to reuse, sharing, repair, refurbishment, re-manufacturing and recycling. Consequently, the use of resource inputs and the creation of waste, pollution and carbon emissions will be minimised.

### CO<sub>2</sub> efficiency

The CO<sub>2</sub> efficiency is the term used to express the relative impact of CO<sub>2</sub>. In relation to the key performance indicators, this means the total direct and indirect (scope 1 and scope 2) CO<sub>2</sub> emissions from our operations divided by the total number of kilometres transported from our own operations. The efficiency number is the grammes of CO<sub>2</sub> per kilometre transported.

### Company cars

Company-owned or leased vehicles at the disposal of an employee for commuting and business travel.

### Control effort

The additional effort required to achieve further risk mitigation.

### Corporate governance

The OECD (see reference in this glossary) defines corporate governance as the system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants, such as the board, managers, shareholders and other stakeholders, and defines the rules and procedures for making decisions. In doing so, it also provides the structure by which company objectives are set and the means of attaining those objectives and monitoring performance.

### Corporate responsibility (CR)

Corporate responsibility is the umbrella term for the obligation a company has to consider the social (corporate social responsibility) and environmental (sustainability) impact of its activities and to go beyond this obligation in the treatment of economic, environmental and social activities to sustain its operations, financial performance and ultimately its reputation.

### COSO ERM 2017

2017 Enterprise Risk Management – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission.

### Customer satisfaction

Customer satisfaction is an indicator of customer opinion towards the services we provided in the reporting period. We measure and categorise customer satisfaction into 'satisfied customers' and 'highly satisfied customers' through an online survey, which is carried out by an independent research company twice per year. The score is based on a questionnaire with multiple choice answers on a five-point scale (1 to 2 represents 'highly satisfied' and 1 to 3 'satisfied').

### Cyber and physical security

Application of technologies, processes and controls to protect our systems, networks, processes, data as well as assets and people from unauthorised cyber and/or other attacks aimed for exploitation.

### Data protection and privacy

The process of protecting PostNL's data and that of its stakeholders against inappropriate use. As data is becoming increasingly important in doing business, data protection and privacy involves striking the right balance between individual privacy rights and allowing data to be used for business purposes.

### Delivery quality Mail in the Netherlands

Delivery of a consignment within the time frame set for the service in question. An independent research firm tests our delivery process, by sending traceable letters through our network. These letters are scanned along the entire sorting process, enabling us to identify any delays.

### Delivery quality Parcels in the Netherlands

Delivery of a consignment within the time frame set for the service in question. The performance is measured from the first sorting scan in sorting centres until the day of the first delivery attempt. Collection and cross-docking (including temporary storage) is excluded. The scoping in relation to delivery days excludes pre-defined peak moments. The consignments in scope include those to be delivered by our parcel delivery services and at first attempt in the Netherlands. Therefore, the scope excludes returns (freepost), international parcels and letterbox packages.

### Digitalisation

This refers to the digital transformation of society in which digital information and communication play an increasingly important role in all facets of life. This is different from digitisation, which refers to the transformation of analogue information into digital information. This process is necessary for the processing, modelling, and storage of data.

### Disabled employees

Disabled employees are employees on the payroll whose medical condition has been recognised by the relevant authorities as a disability.

### Diversity and inclusion

PostNL is a diverse organisation with employees from different backgrounds and a wide variety of nationalities. The diversity of our workforce reflects the diversity seen across society and our customer and consumer base. At the same time, our employees expect us to provide a work environment where everyone feels safe and inclusive.

### DIY stores

Stores that sell products to decorate, build, or make repairs at home by oneself rather than employing a professional.

### Dow Jones Sustainability Indices

Launched in 1999, the Dow Jones Sustainability Indices are the first global indices to track the financial performance of the leading sustainability-driven companies worldwide. They provide asset managers and other stakeholders with reliable and objective benchmarks for managing sustainability portfolios.

### E-commerce

The online buying and selling of products and service by businesses and consumers.

### E-commerce eco-system

An e-commerce ecosystem comprises a network of interconnected systems designed to assist companies as they conduct business over the internet. Some of the primary components include e-commerce platforms, online retailers, warehouse management systems, online marketplaces, and enterprise resource planning (ERP) systems.

### E-tailers

E-tailing is the sale of goods and services over the internet, which can include B2B or B2C sales.

### Emission-free delivery

Emission-free delivery means the delivery of goods without CO<sub>2</sub> emissions. In relation to the key performance indicator, emission-free delivery means the delivery of letters and parcels, both by PostNL and by our delivery partners, from the last sorting activity before distribution to the final destination (last-mile) in the Benelux without CO<sub>2</sub> emissions. This also includes the collection of mail and parcels, but excludes transport by large trucks.

### Employee engagement

Employee engagement refers to the share of employees (employed by PostNL for three months or more) who, based on the responses in the employee engagement survey are classified as 'engaged', 'motivated' or 'engaged and motivated' in relation to their job at PostNL. An 'engaged employee' is one who feels connected to the company and is enthusiastic about their work. A 'motivated' employee additionally actively aims to improve the company and its reputation. The survey is executed twice a year.

### Energy efficiency

The ratio of output of our operational and other processes, to the input of energy in our business. To become more energy efficient, our aim is to deliver the same output using less energy.

### Environmental incident

An environmental incident is an incident that has led to the pollution of soil, water or air. This includes failures, breakdowns, floods, spillages, leaks and so forth. Environmental incidents are divided into on-site and off-site incidents. On-site incidents occur at sorting and delivery centres, hubs, offices and other locations owned, leased, rented or operated directly by PostNL. Off-site incidents occur away from sorting and delivery centres, hubs, offices and other locations owned, leased, rented or operated directly by PostNL.

## European emission standards

Euro 4, Euro 5 and Euro 6 are mandatory European emission standards (EU directives) applicable to new road vehicles sold in the European Union. They define levels of vehicular emissions such as nitrogen oxides (NO<sub>x</sub>) and particulate matter (PM<sub>10</sub>).

## Fair taxation

PostNL views taxes as an important matter for PostNL and its stakeholders. As such, a coherent, responsible and compliant approach towards tax is considered an integral part of doing business.

## Fatal accidents

The death of any person because of an occupational accident. An occupational accident is an unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work activities performed for PostNL. It doesn't matter where the fatal accident has taken place or which person (employee or third party) is a casualty.

## Full-time equivalents (FTEs)

FTEs refer to the total number of hours worked by the headcount divided by the local number of contract hours (e.g. 37 hours per week).

## General data protection regulation (GDPR)

The GDPR is an EU regulation (Algemene Verordening Gegevensbescherming - AGV in Dutch) aiming to protect all EU citizens from privacy and data breaches in today's data-driven world. More can be found on <https://eugdpr.org/the-regulation/>

## General Meeting of Shareholders

The meeting of shareholders and other persons entitled to attend meetings.

## Global Reporting Initiative (GRI)

The GRI is a multi-stakeholder process and an independent institution whose mission is to develop and disseminate globally-applicable sustainability reporting guidelines for voluntary use by organisations that report on the economic, environmental and social dimensions of their business. The GRI incorporates participation of business, accountancy, investment, environmental, human rights and research and labour organisations from around the world. For more information, see [www.globalreporting.org](http://www.globalreporting.org).

## Greenhouse Gas Protocol

The Greenhouse Gas Protocol (GHG Protocol) was established in 1998 to develop internationally-accepted accounting and reporting standards for greenhouse gas emissions of companies.

## Group company

A group company as defined in article 2:24b of the Dutch Civil Code.

## Headcount

Headcount is the number of employees on the payroll in active duty working for fully consolidated companies.

## Health and safety

To promote and maintain the highest degree of physical, mental and social well-being of our people. This means creating a working environment that protects the health and safety of the people that work with and for PostNL aimed at preventing injuries and illness caused at work.

## Human Rights

Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

## IFRS

International Financial Reporting Standards.

## IFRS-EU

IFRS, as adopted by the European Union.

## Information and transparency

Inform stakeholders about our policies, business operations and activities, events and achievements with appropriate frequency and interact, both physically and digitally, with stakeholders based on their needs and PostNL's policies.

## ISO (International Organization for Standardization)

The ISO is a network of national standards institutes from 146 countries working in partnership with international organisations, governments, industry, business and consumer representatives. The ISO is the source of ISO 9000 standards for quality management, ISO 14000 standards for environmental management and other international standards for business, government and society. For further information, see [www.iso.org](http://www.iso.org).

## ISO 14001 (environmental management)

The ISO 14001 standards are international standards for controlling environmental aspects and improving environmental performance, minimising harmful effects on the environment and achieving continual improvements in environmental performance.

## ISO 45001 (occupational health and safety management)

ISO 45001 is a standard for occupational health and safety management systems. It is intended to help organisations control occupational health and safety risks and was developed in response to widespread demand for a recognised standard for certification and assessment. ISO 45001 was created through the collaboration of several of the world's leading national standards bodies, certification organisations and consultancies.

## ISO 9001 (quality management)

The ISO 9000 standards cover an organisation's practices in fulfilling customers' quality requirements and applicable regulatory requirements while aiming to enhance customer satisfaction and achieve continual improvement of its performance in pursuit of these objectives.

## Key performance indicators (KPIs)

KPIs are measurements that focus on achieving outcomes critical to the current and future success of an organisation. These indicators should deal with matters that are linked to the organisation's mission and vision, and are quantified and influenced where possible.

## Labour practices

Be a good employer by offering favourable work and labour conditions. This includes sound collective labour agreements, fair compensation, equal pay, facilitating personal development, stimulating collaboration and make improvements based on feedback.

## Last-mile

The last part of the journey of a consignment to the receiving customer. This starts from the last distribution sorting moment and ends at the final destination. This may include transshipments to a depot as an intermediate step before final delivery.

## Management positions

Management positions refer to people who hold a leadership position, of which we identify three types: Operational, middle and senior management. Operational management is defined as employees with leadership functions in junior positions. Senior management refers to employees with leadership functions in senior positions. Middle management refers to positions between junior and senior management.

## Materiality

Information is material if errors, omissions or incorrect presentation can influence the evaluation or decisions of users of the information.

## Non-financial information

All information other than financial information is non-financial information. This includes, but is broader than terms PostNL used before, such as Corporate Responsibility (CR) Information.

## NO<sub>x</sub>

NO<sub>x</sub> (NO and NO<sub>2</sub>) refers to nitrogen oxides. Nitrogen oxides are produced during combustion, especially at high temperatures.

## Number of supervisory positions

According to Dutch law, the number of supervisory positions that managing and Supervisory Board members may hold in certain companies is limited (article 2:132a of the Dutch Civil Code for managing board members and article 2:142a of the Dutch Civil Code for Supervisory Board members). Since 1 January 2013 a person is prohibited from being appointed member of the Supervisory Board of more than five so-called large entities (including PostNL), whereby a chair position counts twice. Existing positions are exempt, but if they exceed five, they must be reconsidered at the moment of (re)appointment. Board members holding more than the maximum number of positions on 1 January 2013 are not obliged to resign from these positions, but positions must be reconsidered at the time of reappointment.

## OECD

Organisation for Economic Co-operation and Development.

## Omnichannel

An omnichannel organisation is one that focuses on the customer, without being dependent on time, place and channel. Customers experience a consistent experience across all channels because the organisation provides relevant and immediately available information and content.

## Parcel

Goods to be transported by a distribution company, weighing up to approximately 30 kg.

## PM<sub>10</sub>

Particulates, alternatively referred to as particulate matter (PM), such as fine particles and soot, are tiny subdivisions of solid matter suspended in a gas or liquid. The notation PM<sub>10</sub> is used to describe particles of 10 micrometres or less.

## Pollution to air, land and water

**Air pollution:** The presence of chemical substances in the atmosphere at levels which are harmful to the health of humans and other living beings, or cause damage to the climate or to materials. The activities and actions required to manage waste from its inception to its final disposal.  
**Waste pollution:** Waste management forms part of our certified environmental management system and is bound to (local) regulations. We do not only focus on our own waste, we also engage with suppliers and customers about the topic, for example in relation to sustainable packaging.  
**Water pollution:** The consumption and (quality of) discharges of water can influence ecosystems. Ensuring availability and sustainable management of water and sanitation for all is one of the Sustainable Development Goals. Therefore, pollution is a topic of discussion with specific stakeholders.

## PostNL (Group)

PostNL N.V. and its Group companies.

## PostNL N.V.

A public limited liability company incorporated under the laws of the Netherlands, listed on the Amsterdam Stock Exchange, with its statutory seat in The Hague, the Netherlands, and its registered office at Waldorpstraat 3, 2521 CA The Hague, the Netherlands, until 31 May 2011 named TNT N.V.

## Quality of services

Performance of our core and supporting processes measured against quantitative and qualitative expectations of customers.

### Recordable accident

Work-related accident that results in an injury with a physical impact beyond first aid, or loss of consciousness.

### Reputation score

Reputation is a perception about the degree of admiration, positive feelings, esteem and trust an individual has for an organisation. Reputation is rooted in an assessment of the performance of an organisation over time, including in the past and with expectations about the future. Our reputation score is measured quarterly by the Reputation Institute, which measures reputation across stakeholders, countries and industries. It tracks 23 key performance indicators grouped around seven core dimensions.

### Responsible supply chain

Cooperation with suppliers on sustainable development about economic, social and environmental matters, both from a risk and opportunity perspective.

### Retail location

A retail location is a location where goods or services are sold directly to consumers. In the context of PostNL for the Annual Report, this includes retail shops, business points, parcel points and post offices. A PostNL location in a retail shops is also referred to as retail point.

### Return on invested capital

We use capital investments to develop our business, such as new sorting centres or IT systems. These investments are aimed at generating value for PostNL and our stakeholders. We monitor the return on invested capital to evaluate and improve the effectiveness of our capital allocation to value generating investments.

### Sustainable city logistics

Realising sustainable future growth in collection and delivery in cities requires changes to current business models. We work together with a range of partners to reduce logistic movements by consolidating shipments to enable efficient last-mile delivery. We are also working to electrify last-mile transport, such as using light electric freight vehicles (LEFV) to minimise nuisance, reduce carbon emissions, and improve air quality in urban areas.

### Sustainable electricity

Sustainable is electricity from 'green' or 'renewable' sources, such as solar, wind, geothermal, biomass, hydroelectric and ocean energy, purchased during the reporting period for power and lighting of all company locations (where this can be established from utility suppliers' invoices or other means). It does not include nuclear electricity.

### Sustainable financing

PostNL uses different sources of funding. We link our sustainability strategy and our long term Science-Based Targets to these different sources of funding via a pre-determined allocation of the proceeds or via a KPI linked incentive on the interest paid. Thereby embedding our commitment to sustainability even more.

### TNT Express

The former public limited liability company which was demerged from TNT N.V. on 31 May 2011 and until 25 May 2016 the ultimate parent company of the former express activities of TNT N.V. On 25 May 2016 it was acquired by FedEx, and subsequently delisted from the Amsterdam Stock Exchange on 4 July 2016.

### Total shareholder return

The profit or loss from net share price change plus any dividends received over a given period.

### UPU

The Universal Postal Union is a specialised agency of the UN and is the primary forum for cooperation between postal sector players worldwide.

### USO

Universal Service Obligation. The designation as Universal Service Provider obliges PostNL to collect and deliver domestic mail and parcels five days a week (mourning cards and medical post six days a week), and to provide for cross-border mail and parcels according to the Universal Postal Union (UPU) rules.

### Working days

The total number of individually-calculated working days adjusted for overtime, leave or similar deviations.

### Working hours

The total number of individually-calculated working hours adjusted for overtime, leave or similar deviations.



## 4 GRI content Index

### PostNL General disclosures

Indicator nr.	Indicator	Details/reference
<b>GRI 1: Foundation 2021</b>		
	Statement of use	PostNL has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards. <a href="#">Chapter 'Non-financial statements'</a>
<b>GRI 2: General Disclosures 2021</b>		
<b>Organisational profile</b>		
2-1	Organizational details	PostNL N.V., Waldorpstraat 3, 2521 CA The Hague, the Netherlands, <a href="#">Chapter 'Corporate governance'</a> ; <a href="#">Chapter 'PostNL on the capital markets'</a> ; <a href="#">Chapter 'Our tax strategy and policy provisions'</a>
2-2	Entities included in the organization's sustainability reporting	Appendix 6 <a href="#">List of group entities</a>
2-3	Reporting period, frequency and contact point	1 January 2022 to 31 December 2022, Annual. Contact point about report: Please send us your comments by e-mail to <a href="mailto:corporatecommunications@postnl.nl">corporatecommunications@postnl.nl</a> or by sending a letter to PostNL Annual Report team: P.O. Box 30250, 2500 GG The Hague, The Netherlands
2-4	Restatements of information	<a href="#">Chapter 'Financial statements'</a> ; <a href="#">Chapter 'Non-financial statements'</a>
2-5	External assurance	<a href="#">Chapter 'Corporate governance'</a> ; <a href="#">Chapter 'Non-financial statements'</a> ; <a href="#">Chapter 'Other information'</a>
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	<a href="#">Chapter 'At a glance'</a> ; <a href="#">Chapter 'Our operating context'</a>
2-7	Employees	<a href="#">Chapter 'Non-financial statements'</a>
		As more than 95% of PostNL employees are located in the Benelux, a breakdown of employee indicators by region is not deemed relevant and therefore not disclosed by PostNL
<b>Governance</b>		
2-9	Governance structure and composition	<a href="#">Chapter 'Corporate governance'</a> ; <a href="#">Chapter 'Social value'</a>
2-10	Nomination and selection of the highest governance body	<a href="#">Chapter 'Corporate governance'</a>
2-11	Chair of the highest governance body	PostNL does not have a unitary board structure. It has a two-tier governance structure with a Board of Management and a Supervisory Board.
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Chapter 'Report of the Supervisory Board'</a> ; <a href="#">Chapter 'Corporate governance'</a>
2-13	Delegation of responsibility for managing impacts	<a href="#">Chapter 'Corporate governance'</a>
2-14	Role of the highest governance body in sustainability reporting	<a href="#">Chapter 'Non-financial statements'</a>
2-15	Conflicts of interest	<a href="#">Chapter 'Corporate governance'</a> . No conflicts of interest occurred
2-16	Communication of critical concerns	<a href="#">Chapter 'Corporate governance'</a> . There were no critical concerns in 2022
2-17	Collective knowledge of the highest governance body	<a href="#">Chapter 'Report of the Supervisory Board'</a> , <a href="https://www.postnl.nl/over-postnl/governance/raad-van-commissarissen/">https://www.postnl.nl/over-postnl/governance/raad-van-commissarissen/</a>
2-18	Evaluation of the performance of the highest governance body	<a href="#">Chapter 'Corporate governance'</a>

Indicator nr.	Indicator	Details/reference
2-19	Remuneration policies	Chapter 'Remuneration report'
2-20	Process to determine remuneration	Chapter 'Corporate governance'; Chapter 'Remuneration report', <a href="https://www.postnl.nl/over-postnl/governance/remuneratie/">https://www.postnl.nl/over-postnl/governance/remuneratie/</a>
2-21	Annual total compensation ratio	Chapter 'Remuneration report'. We report on the ratio of the annual total compensation for the organisation's highest-paid individual compared to the average annual total compensation for all employees. This reporting is in line with the Dutch Corporate Governance Code. As this code supersedes the voluntary GRI Framework, we do not report on a ratio based on the median of the annual total compensation for all employees.
<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	Chapter 'Reflecting on 2022 with our CEO'
2-23	Policy commitments	Chapter 'Our Strategy'; Chapter 'Risk and opportunity management'. We have not formally adopted the precautionary principle but we systematically assess and manage environmental, safety, supply chain, operational, and other risks as described throughout this report. We hold risk workshops throughout the year and have an internal control framework in place to mitigate risks for financial as well as for non-financial reporting
2-25	Processes to remediate negative impacts	Chapter 'Risk and opportunity management, section Business conduct and integrity'
2-26	Mechanisms for seeking advice and raising concerns	Chapter 'Corporate governance'
2-27	Compliance with laws and regulations	Chapter 'Regulatory compliance management'
2-28	Membership associations	We participate in several branche organisations: IPC, PostEurop, UPU, VNO-NCW-MKB Nederland, Voka, TLN, Febetra, TLV, Thuiswinkel, Ecommerce Europe, BeCommerce, Safeshops, DDMA, Fedma.  Contributions to (international) trade associations were 2.7 million euro in 2022. The majority of these contributions are used for operational cooperation and services
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	Chapter 'Our operating context'; Chapter 'Non-financial statements'
2-30	Collective bargaining agreements	Chapter 'Our operating context'; Chapter 'Non-financial statements'
<b>GRI 3: Material Topics 2021</b>		
<b>Disclosures on Material Topics</b>		
3-1	Process to determine material topics	Chapter 'Non-financial statements'
3-2	List of material topics	Chapter 'Our operating context'; Chapter 'Non-financial statements'
3-3	Management of material topics	Chapter 'Non-financial statements'

**PostNL Topic specific disclosures**

GRI Standard	Name of standard	Reference, explanation, omission
<b>Customer experience</b>		
3-3	Management of material topics	Chapter 'Customer value'; Chapter 'Non-financial statements'
PNL-1 Key	Share of highly satisfied customers	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators

GRI Standard	Name of standard	Reference, explanation, omission
PNL-2 Key	Share of satisfied customers	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
PNL-3 Key	Delivery quality Parcels in the Netherlands	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
<b>E-commerce growth</b>		
3-3	Management of material topics	Chapter 'Customer value'; Chapter 'Non-financial statements'
PNL-1	Volume development Parcels	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
<b>Engaged people</b>		
3-3	Management of material topics	Chapter 'Social value'; Chapter 'Non-financial statements'
PNL-4 Key	Share of engaged employees	Chapter 'Social value'; Chapter 'Non-financial statements', Social value performance indicators
PNL-5 key	Absenteeism	Chapter 'Social value'; Chapter 'Non-financial statements', Social value performance indicators
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Chapter 'Non-financial statements', Region not included. Social value performance indicators
403: Occupational Health and Safety 2018		
403-9	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Chapter 'Non-financial statements', Social value performance indicators. Occupational diseases and lost days are not applicable for PostNL as this does not provide useful management information about Health and Safety at PostNL. Information about 'Absenteeism' and working days of workers beyond our own employees is unavailable for PostNL, we only report these indicators for our own employees.
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Chapter 'Corporate governance', Diversity; Chapter 'Non-financial statements', Social value performance indicators
<b>Relevance of physical mail</b>		
3-3	Management of material topics	Chapter 'Customer value'; Chapter 'Non-financial statements'
PNL-6 Key	Delivery quality Mail in the Netherlands	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
<b>Financial performance and position</b>		
3-3	Management of material topics	Chapter 'Financial value'; Chapter 'Non-financial statements'
PNL-7 Key	Revenue	Chapter 'Financial value'
PNL-8 Key	Normalised EBIT	Chapter 'Financial value'
PNL-9 Key	Free cash flow	Chapter 'Financial value'
GRI 201: Economic performance 2016		
201-1	Direct economic value generated and distributed	Chapter 'Financial statements', Consolidated primary statements
201-2	Financial implications and other risks and opportunities due to climate change	Chapter 'Risk and opportunity management'
201-3	Defined benefit plan obligations and other retirement plans	Chapter 'Financial statements', Provisions for pension liabilities
<b>Sustainable logistics</b>		
3-3	Management of material topics	Chapter 'Environmental value'; Chapter 'Non-financial statements'
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Chapter 'Non-financial statements', Environmental value performance indicators
302-3	Energy intensity	Chapter 'Non-financial statements', Environmental value performance indicators

GRI Standard	Name of standard	Reference, explanation, omission
302-4	Reduction of energy consumption	Chapter 'Non-financial statements', Environmental value performance indicators
302-5	Reductions in energy requirements of products and services	Chapter 'Non-financial statements', Environmental value performance indicators
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (scope 1) GHG emissions	Chapter 'Non-financial statements', Environmental value performance indicators
305-2	Energy indirect (scope 2) GHG emissions	Chapter 'Non-financial statements', Environmental value performance indicators
305-3	Other indirect (scope 3) GHG emissions	Chapter 'Non-financial statements', Environmental value performance indicators. Biogenetic CO <sub>2</sub> emissions is not relevant.
305-4	GHG emissions intensity	Chapter 'Non-financial statements', Environmental value performance indicators
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Chapter 'Non-financial statements', Environmental value performance indicators
<b>Emission free delivery</b>		
3-3	Management of material topics	Chapter 'Environmental value'; Chapter 'Non-financial statements'
PNL-10 Key	Share of emission-free last-mile delivery of mail and parcels in the last-mile	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
<b>Digitalisation and data</b>		
3-3	Management of material topics	Chapter 'Customer value'; Chapter 'Non-financial statements'
	No key performance indicator yet available	The performance indicator for this new key material topic is in development

## 5 UN Global Compact reference table

### PostNL Global compact principles

UN Global Compact principle	Reference
1. Support and respect the protection of internationally proclaimed human rights	Chapter 'How we create value', Supporting human rights
2. Make sure that they are not complicit in human rights abuses	Chapter 'How we create value', Supporting human rights
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining	Chapter 'How we create value', Supporting human rights
4. Uphold the elimination of all forms of forced and compulsory labour	Chapter 'How we create value', Supporting human rights; Chapter 'Social value', Providing the right HR services
5. Uphold the effective abolition of child labour	Chapter 'How we create value', Supporting human rights
6. Uphold the elimination of discrimination in respect of employment and occupation	Chapter 'How we create value', Supporting human rights; Chapter 'Risk and Opportunity Management', Business conduct and integrity
7. Support a precautionary approach to environmental challenges	Chapter 'Environmental value', Improving our environmental impact; GRI Referenced content index
8. Undertake initiatives to promote greater environmental responsibility	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental performance indicators
9. Encourage the development and diffusion of environmentally friendly technologies	Chapter 'Environmental value', Green products and services
10. Work against corruption in all its forms, including extortion and bribery	Chapter 'Risk and Opportunity Management', Business conduct and integrity

## 6 List of group entities

This list presents all legal entities included in the consolidation of the PostNL Group as at 31 December 2022. Legal entities liquidated and/or dissolved by merger during 2022 are not included.

### PostNL List of group entities

Constituent group entities	(Ultimate) ownership information	Type of main activities	Geographic scope of activities
PostNL NV	Listed company	Holding and board of management activities	The Netherlands
PostNL Holding BV	PostNL NV	Holding and head office activities	The Netherlands
PostNL European Mail Holdings BV	PostNL NV	Holding activities	The Netherlands
PostNL Data Solutions BV	PostNL NV	Data related services	The Netherlands
Koninklijke PostNL BV	PostNL NV	Logistical services focused on mail	The Netherlands
PostNL Cross Border Solutions BV	PostNL NV	International logistical services	The Netherlands
PostNL Customer Excellence BV	PostNL NV	Logistical services focused on mail	The Netherlands
PostNL Pakketten Benelux BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL Transport BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL eCommerce Services BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL Finance BV	PostNL NV	Finance and treasury activities	The Netherlands
Logistics Solutions BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL Real Estate BV	PostNL NV	Real estate and facility services	The Netherlands
DM Productions BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Traxyty BV	PostNL NV	Holding activities and activities in the area of innovation and development	The Netherlands
PS Nachtdistributie BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
JP Haarlem BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL TGN BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Shops United BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Parcel Pro BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Cheap Cargo BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Sandd Beheer II BV	PostNL NV	Logistical services focused on mail	The Netherlands
Sandd BV	PostNL NV	Logistical services focused on mail	The Netherlands
Van Straaten Post Utrecht BV	PostNL NV	Logistical services focused on mail	The Netherlands
G3 Worldwide Mail NV	PostNL NV	International logistical services	The Netherlands
MyParcel.com BV	60% PostNL NV, 40% privately owned	Logistical services focused on mail	The Netherlands
Prime Vision BV	60% PostNL NV, 40% FDI Deelnemingen BV	Technology and robotics solutions for logistics and e-commerce	The Netherlands
Mikropakket Belgium NV/SA	PostNL NV	Logistical services focused on e-commerce	Belgium
G3 Worldwide (Belgium) NV/SA	PostNL NV	Dormant	Belgium

Constituent group entities	(Ultimate) ownership information	Type of main activities	Geographic scope of activities
PostNL Pakketten België NV/SA	PostNL NV	Logistical services focused on e-commerce	Belgium
PostNL Cargo België BVBA	PostNL NV	Logistical services focused on e-commerce	Belgium
PS Benelux Transport BVBA	PostNL NV	Logistical services focused on e-commerce	Belgium
MyParcel Belgium BVBA	PostNL NV	Logistical services focused on e-commerce	Belgium
Cheap Cargo Belgium BVBA	PostNL NV	Logistical services focused on e-commerce	Belgium
G3 Worldwide (Canada) Inc.	PostNL NV	International logistical services	Canada
G3 Worldwide Mail (Switzerland) AG	PostNL NV	International logistical services	Switzerland
G3 Worldwide Mail (Czech Republic) s.r.o.	PostNL NV	International logistical services	Czech Republic
G3 Worldwide Mail (Germany) GmbH	PostNL NV	International logistical services	Germany
RIDAS Services GmbH	PostNL NV	Dormant	Germany
International Mail (Spain) SL	PostNL NV	International logistical services	Spain
G3 Worldwide (France) SAS	PostNL NV	International logistical services	France
G3 Worldwide Mail (UK) Limited	PostNL NV	International logistical services	United Kingdom
G3 Worldwide Hong Kong Limited	PostNL NV	International logistical services	Hong Kong
G3 Worldwide Hungary Kft	PostNL NV	International logistical services	Hungary
G3 Worldwide Mail (Italy) Srl	PostNL NV	International logistical services	Italy
Fornex Services Srl	PostNL NV	Dormant	Italy
Fornex Srl	PostNL NV	Dormant	Italy
Fornex Commerce Srl i/l	PostNL NV	Dormant	Italy
G3 Worldwide Mail (Poland) Sp. Z.o.o.	PostNL NV	International logistical services	Poland
G3 Worldwide Mail LLC (Russia)	PostNL NV	Dormant	Russia
G3 Worldwide Global Development Pte. Ltd	PostNL NV	International logistical services	Singapore
Prime Vision Technology US Inc.	60% PostNL NV, 40% FDI Deelnemingen BV	Technology and robotics solutions for logisitics and e-commerce	United States

## 7 Five-year financial performance

All numbers presented in this appendix are the reported numbers in the respective Annual Reports of 2018 till 2022, unless restated in a later year.

**PostNL Five-year performance** in € million, unless indicated otherwise

2018 - 2022

	2018	2019	2020	2021	2022
<b>Revenue</b>					
Parcels	1,555	1,672	2,052	2,361	2,165
Mail in the Netherlands	1,678	1,606	1,708	1,683	1,495
PostNL Other/Eliminations	(461)	(434)	(505)	(577)	(516)
PostNL	2,772	2,844	3,255	3,466	3,144
<b>Normalised EBIT</b>					
Parcels	121	120	209	230	56
Mail in the Netherlands	130	52	96	160	107
PostNL Other	(45)	(37)	(55)	(81)	(80)
PostNL	206	135	250	308	84
<b>Normalised EBIT margin</b>					
Parcels	7.8%	7.2%	10.2%	9.7%	2.6%
Mail in the Netherlands	7.7%	3.2%	5.6%	9.5%	7.2%
PostNL	7.4%	4.7%	7.7%	8.9%	2.7%
Profit for the year <sup>1</sup>	33	4	216	258	14
Profit from continuing operations <sup>1</sup>	127	72	213	228	26
Normalised comprehensive income	182	83	200	285	90
Free cash flow	(21)	107	186	288	40
Adjusted net debt	(614)	(736)	(407)	(203)	(467)
Consolidated equity	46	(21)	211	426	177
Cash and cash equivalents	269	480	651	848	556
Earnings per share (in € cents) <sup>1</sup>	7.1	0.8	43.8	50.9	2.8
Leverage ratio (adjusted net debt/EBITDA)	1.9	2.6	1.0	0.4	1.9
Return on invested capital <sup>1</sup>	not reported	not reported	17.6%	16.4%	4.1%

<sup>1</sup> 2022 excluding change in pension accounting classification







**We look forward to receive feedback on this report**

Please send us your comments by e-mail to

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