Deep roots, strong wings

ANNUAL REPORT 2018

bpost

Contents

(*) These chapters form the annual report cf. Article 119 of the Belgian Companies Code.

PROFILE

Profile

bpost is Belgium's leading postal operator and a parcel and e-commerce logistics provider in the Benelux, North-America and Asia. We deliver mail and parcels to millions of doorsteps and provide logistic services to businesses and consumers. With 34,000 employees in Belgium and across the globe, we generate a turnover of EUR 3,850.2 million, while reducing our impact on the environment and the communities around us.

Mail & Retail	*Parcels & Logistics Europe and Asia*	*Parcels & Logistics North America*
Description		
• Transactional mail • Advertising mail • Press • Proximity and convenience retail network • Value added services	• Parcels Belgium and The Netherlands (last mile) • E-commerce logistics (Radial EU) • Cross-border (incl. mail and parcels)	• E-commerce logistics • International mail
7.65 million letters handled daily	417,000 parcels per peak day in Belgium	
Servicing 5.6 million letter boxes 5 industrial sorting centers 2,300 locations in Belgium	6 parcel centers, 1 sorting location & 9 fulfillment centers in 5 countries (United Kingdom, Belgium, The Netherlands, Poland and Germany)	
Brands		

KEY FIGURES

Overview of the key figures

Normalized for the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Total Operating Income[1]	3,850.2	3,023.8	27.3%
Profit from operating activities (EBIT)[2]	424.3	501.6	-15.4%
Profit for the year (consolidated - IFRS)[3]	290.4	329.3	-11.8%
Operating free cash flow[4]	231.5	(500.8)	-146.2%

Reported for the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Total Operating Income	3,850.2	3,023.8	27.3%
Profit from operating activities (EBIT)	393.4	492.9	-20.2%
Profit for the year (consolidated - IFRS)	263.6	322.9	-18.4%
bpost S.A./N.V. net profit (unconsolidated - Belgian GAAP)	262.3	291.0	-9.8%
Operating free cash flow[5]	241.2	(485.8)	-149.6%
Net Debt / (Net Cash)[6]	344.8	292.4	17.9%
Basic earnings per share, in EUR	1.32	1.62	-18.5%
Dividend per share, in EUR	1.31	1.31	0.0%
Number of employees (at year end)	34,074	33,992	0.2%
Number of FTE (average)	31,201	25,323	23.2%
Number of FTE and interim (average)	36,109	26,906	34.2%

(1) Normalized total operating income represents total operating income excluding the impact of adjusting items and is not audited.

(2) Normalized EBIT represents profit from operating activities excluding the impact of non-adjusting items and is not audited.

(3) Normalized profit for the year represents profit for the year excluding the impact of non-adjusting items and is not audited.

(4) Normalized operating free cash flow for the year represents operating free cash flow for the year excluding the impact of non-adjusting items and is not audited.

(5) Operating free cash flow represents net cash from operating activities less net cash used in investing activities

(6) Net Debt/(Net Cash) represents interest and non-interest bearing loans less cash and cash equivalents

For further details on reconciliation of normalized and reported key figures, please refer to section "Reconciliation of reported to normalized financial metrics" of this document.

Message from
the Board of Directors

Deep roots, strong wings

2018: a challenging year given the disruption in the industry

2018 was a tough year for bpost. The operational results (EBIT) fell by 20.2% and the net results by 18.4%. These were caused by the letter volume decline and a general rise in costs, particularly payroll costs in Belgium. This was not sufficiently offset by the increase in tariffs and the strong growth in parcel volumes. Nevertheless, turnover was up 27% (to EUR 3,850.2 million in 2018).

The Board of Directors met eleven times in 2018, to do everything within its power to respond to the disruptive changes in the postal industry, by steering bpost's strategy, improving its operating model, and broadening its business portfolio into e-commerce logistics.

The Board of Directors will propose to the General Meeting of Shareholders the payment of a gross dividend for 2018 of EUR 1.31 per share, which is the same as in 2017.

Post is a people business

The postal business is a people business. Our employees are our biggest asset. bpost aims to continue to be an **attractive employer** in a highly competitive market. The **new collective labour agreement**, entered into for 2019-2020, will contribute to this.

”In 2018 bpost handled 235,000 parcels per day on average, an increase of 23%.“

As our ecological footprint is important, bpost has a trailblazing role in **sustainability**. In 2018, the International Post Corporation named bpost the world's greenest postal operator for the sixth year in a row. Between 2007 and 2017, we reduced our CO_2 emissions by nearly 40%, following the replacement of our mopeds with 3,500 electrical bikes and installation of 33,000 solar panels. In 2018, we set our new target: reducing the **CO_2 emissions** generated by our operations by **20% by 2030, in spite of the expected growth in parcels**. In doing so, bpost will contribute to the realisation of the Paris COP21 climate targets.

The focus and organisation are based upon bpost's strategic ambitions

In 2018, we enlarged our focus and organisation around **three strategic ambitions:**

- remaining the preferred provider of mail, retail and public services in Belgium;
- becoming a major player in last-mile parcel delivery in Belgium and the Netherlands and in e-commerce logistics in Europe and Asia; and
- further developing Radial as a successful player in the important US e-commerce logistics space.

Towards a new last mile distribution model in Belgium

Given e-substitution, the volume of **traditional letters**, given e-substitution, **fell by 5.8% in 2018**. Market research shows that customers use other media to convey urgent messages and find it acceptable that their regular mail takes a little longer to arrive. That observation is a convincing sign that we can move towards a **new distribution model** under which we will alternately deliver regular mail. Parcels and newspapers will be delivered on a daily basis. This new way of working is not only more efficient, but also environmentally friendlier. It will also enable us to safeguard the long-term economic viability of the universal service. The introduction of **Prior and Non Prior** stamps from 2019 is the first step in this direction.

bpost welcomes the new Postal law offering regulatory stability, and hopes to conclude shortly the management contract with the Belgian State for the provision of universal services in Belgium for the next five years.

Parcels continue to grow strongly

In 2018, we noted new record volumes for domestic parcels. On average, bpost handled 235,000 parcels per day, an increase of 23% compared to 2017. During the year-end holidays, volumes peaked at a record 417,000 parcels per day.

In 2018 we launched "**The Benelux Couriers**", a partnership between bpost and DHL. It means that Belgian consumers can count on next-day delivery by bpost of their orders made at Dutch online stores the evening before.

> ” *The fact that customers find it acceptable that their regular mail takes a little longer to arrive is a convincing sign that we are able to move towards a new distribution model.* “

We want to make it more convenient for our customers to receive their parcels. That is something we worked hard on in 2018. We already know how **a million customers** want to receive their parcels if they are not at home. With the integration of the Kariboo! points, we now have **a network of 2,300 pick-up points**, the largest in Belgium. We also introduced an innovation, with a pilot in which we deliver parcels inside people's homes, based on an app that allows recipients to open their front door remotely.

In 2018, we also brought our organisation in line with the operational demands connected with the delivery of large parcels with the opening of dedicated **parcel centres**.

> ” *The new collective labour agreement increases the purchasing power of our employees and makes our jobs in the field more attractive.* “

Enlargement of e-commerce logistics services

bpost aims to be an important provider on the growing e-commerce logistics market in Europe and North America. The acquisition of the US company **Radial** made the foundation of the e-commerce logistics strategy of bpost. Radial is a top five supplier in a highly fragmented industry. In 2018, the focus was on improving the commercial organisation and increasing the customer centricity.

In 2018, we continued to develop our e-commerce logistics expertise in Europe with a majority stake in **Active Ants**. This company uses robots in the fulfilment process and is highly automated. With the acquisition of **Leen Menken,** we also gained a customer base and know-how in food deliveries, in chilled as well as in frozen form. We are firmly committed to develop and further expand the e-commerce logistics activities in Europe.

People, talent, culture, innovation and technology will be key drivers of our success

The Board of Directors and the Board committees have been working hard in 2018, and will continue to do so in 2019 by providing strong support to bpost's management. In this respect, the Board and the Board committees will be increasingly involved in key projects which have an impact on the longterm future of bpost. Key priorities will include developing top talent and engagement of employees to create a culture of innovation and addressing the disruptive trends in the industry by offering innovative solutions using technology.

We will ensures that bpost realizes its three strategic ambitions: to remain the universal service provider for mail in Belgium, to become a major player in last-mile parcel delivery in Belgium and the Netherlands and a global e-commerce logistics player, anchored in Belgium. The long term strategic focus is the best guarantee to create lasting value for the shareholders and the stakeholders at large.

bpost would also like to thank all its employees for their engagement and commitment, and its shareholders and stakeholders for their confidence. We are convinced that we have the right strategy to reward them while also serving society at large.

François Cornelis
Chairman of the Board of Directors

Koen Van Gerven
CEO

How we create **value** for all the stakeholders

The rapidly changing world around us presents both challenges and opportunities, which bpost takes on with enthusiasm.

Changes in the postal landscape

Fast-changing consumer requirements and behavior are driving disruptive trends in the postal landscape.

Digitization and e-substitution

More and more communication and services of both businesses and consumers happen digitally or online, and the traditional core business of postal companies is in fast decline: for bpost this has resulted in a mail volume decline of 19% over the past five years and an expected continuing decline of 9% by 2022.

E-commerce

Today 10% of global retail sales are made online, with a growth of 20% every year in the past decade. This has resulted in a doubling of the volume of parcel deliveries by postal companies and has significantly intensified competition between parcel delivery companies. Consumers are demanding for faster, more flexible and lower priced services, such as free delivery and returns, parcel tracking and e-notifications.

Talent scarcity

The workforce is the most important asset of a postal company. However, according to the IPC, the average age of postal employees is increasing: 37% of the workforce is aged above 50, while only 11% is under 30[1]. The required skills are changing due to the new technologies and new postal activities. Young people are switching jobs quickly[2]. Therefore, it is getting harder to attract and retain talent with the right skill-set.

Climate change

Because of human-caused greenhouse gas emissions, the climate is slowly changing, bringing some risks such as natural disasters and health issues. Because of this and the risk of increasing fuel and carbon prices, there is pressure on postal companies to increase efficiency and to operate in a more environmentally friendly way.

New technologies

Autonomously driving vehicles, mobile applications, automated sorting, robotics and artificial intelligence are all making an entrance into the postal sector. The purpose of these technologies is to increase efficiency and to improve convenience and flexibility of last-mile delivery.

Shared value KPIs

3,850.2 million
EUR revenue

84
Customer satisfaction score

4.8
Employee engagement score

308,857
Teq CO_2
Total eq emissions (score 1+2+3)

1 IPC (2018) – Global Postal Industry Report 2018

2 Forbes (https://www.forbes.com/sites/sarahlandrum/2017/11/10/millennials-arent-afraid-to-change-jobs-and-heres-why/#596876a519a5)

How we answer

bpost will deliver on three strategic aspirations

1. Mail & Retail

Mail services to citizens and State remain core and will continue to generate profit with a more adapted distribution model.

2. Parcels & Logistics Europe and Asia

Drive profitable growth in parcels in BeNe and e-commerce logistics in Europe.

3. Parcels & Logistics North America

Optimize Radial to deliver on the investment thesis in the promising North American e-commerce market.

while respecting its stakeholders

People

We care about our employees and engage them.

Planet

We strive to reduce our impact on the environment.

Proximity

Ae are close to the society and its emerging needs.

Our impact on society and the Sustainable Development Goals

By providing affordable and reliable postal service to all Belgian citizens across both rural and urban areas,

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

we contribute in building resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

By sustainably diversifying, innovating and growing in e-commerce logistics services,

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

we contribute in ensuring sustainable consumption and production patterns.

As one of the largest employers in Belgium and with employees all over the globe,

8 DECENT WORK AND ECONOMIC GROWTH

we contribute in promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

With our commitment to the Paris Climate Agreement via our Science Based CO_2 reduction Target,

13 CLIMATE ACTION

we contribute in taking urgent action to combat climate change and its impacts.

By working closely together with suppliers, customers and communities,

11 SUSTAINABLE CITIES AND COMMUNITIES

we contribute in making cities and human settlements inclusive, safe, resilient and sustainable.

Stakeholders

- Shareholders and investors
- Customers
- Employees and trade unions
- Suppliers
- NGOs and partners
- Authorities

Key events

During the first quarter of 2018, bpost acquired the companies Leen Menken Foodservice Logistics BV, IMEX Global Solutions, LLC, M.A.I.L., Inc. and Anthill BV

Leen Menken Foodservice Logistics BV is a Dutch logistics operator for the transport of refrigerated and frozen products for e-commerce. IMEX Global Solutions, LLC. is a 3rd party logistics company in the US, active in cross-border publication and mail delivery. M.A.I.L., Inc. is active in the field of business mail/catalogue distribution for re/e-tailers and mail-room services as well as parcel distribution. Anthill BV (Active Ants BV) is a Dutch company which provides e-commerce fulfilment services for webshops.

On May 2, 2018 bpost accelerated its transformation by adapting its structure

In order to prepare the company for the future, the Board of Directors decided to adapt its structure as of May 2, 2018. bpost group will be organized around three business units: Mail & Retail in charge of the commercial and operational activities related to mail and retail in Belgium, Parcels & Logistics Europe & Asia in charge of the commercial and operational activities of parcels and logistics in Europe and Asia and Parcels & Logistics North America in charge of the commercial and operational activities in North America, including Radial.

On May 30, 2018 bpost and DHL decided to partner for e-commerce deliveries in the Benelux

The partnership is expected to boost cross-border e-commerce, while offering e-tailers a comprehensive logistics solution. DHL Parcel and bpost joined forces in a non-exclusive partnership under the name “The Benelux Couriers” to facilitate and accelerate the cross-border online shopping experience for consumers and online stores.

On July 4, 2018 bpost successfully issued a EUR 650 million long-term bond to secure the financing of its growth

bpost issued a EUR 650 million 8-year bond, two times oversubscribed, with a coupon of 1.25%. The transaction served to refinance the November 2017 acquisition of Radial Holdings, LP at very good financial conditions following the granting of an A credit rating by Standard & Poor’s in June 2018.

On November 28, 2018 bpost decided to offer two separate services enabled by the “Prior” and “Non Prior” stamps

As per January 1, 2019 bpost’s clients have two different options for sending their letters: they can choose between the distribution within the three working days (Non Prior) or the next working day (Prior).

On December 20, 2018 the management of bpost and the trade unions approved a new collective labor agreement for 2019-2020

The collective labor agreement contains a series of measures to strengthen the purchasing power of bpost postmen, to reduce the workload and to improve the attractiveness of the field jobs. A series of measures to improve the remuneration have also been agreed upon.

FINANCIAL REVIEW

Financial review

1.1 Consolidated income statement

The following table presents bpost's financial results for the years 2017 and 2018:

For the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Revenue	3,774.4	2,972.2	27.0%
Other operating income	75.8	51.6	46.9%
Total operating income	**3,850.2**	**3,023.8**	**27.3%**
Material costs	(257.5)	(240.7)	7.0%
Services and other goods	(1,556.2)	(972.8)	60.0%
Payroll costs	(1,455.6)	(1,206.7)	20.6%
Other operating expenses	(9.8)	(5.6)	74.2%
Total operating expenses excluding depreciations/amortizations	**(3,279.1)**	**(2,425.9)**	**35.2%**
EBITDA	**571.1**	**598.0**	**-4.5%**
Depreciation, amortization	(177.7)	(105.1)	69.2%
Profit from operating activities (EBIT)	**393.4**	**492.9**	**-20.2%**
Financial income	6.1	5.8	5.3%
Financial costs	(29.9)	(19.5)	53.4%
Share of profit of associates	11.5	9.6	19.9%
Profit before tax	**381.0**	**488.7**	**-22.0%**
Income tax expense	(117.4)	(165.8)	-29.2%
Profit for the year (EAT)	**263.6**	**322.9**	**-18.4%**

FINANCIAL REVIEW

Total operating income

Total operating income increased by EUR 826.4 million or 27.3% from EUR 3,023.8 million to EUR 3,850.2 million. This increase was driven by Parcels (EUR 765.3 million, explained by the organic volume growth of Domestic Parcels and the integration of Radial for a complete year in Logistic Solutions), along with the integration of IMEX and M.A.I.L. in International mail, which was the main contributor to the increase of Additional sources of revenues (EUR 79.5 million). All these effects were partially offset by the decrease of Domestic Mail (EUR 13.8 million) and Corporate (EUR 4.6 million).

The evolution per product line can be summarized as follows:

For the year ended 31 December

In million EUR	*2018*	*2017*	*Evolution 2017-2018*
Domestic mail	**1,339.5**	**1,353.4**	**-1.0%**
Transactional mail	809.3	807.9	0.2%
Advertising mail	244.2	252.9	-3.4%
Press	286.0	292.6	-2.2%
Parcels	**1,561.4**	**796.1**	**96.1%**
Domestic parcels	262.3	224.2	17.0%
International parcels	242.9	222.6	9.1%
Logistic Solutions[1]	1,056.2	349.2	-
Additional sources of revenues	**911.0**	**831.5**	**9.6%**
International mail	240.9	160.4	50.1%
Value added services	110.7	101.5	9.0%
Banking and financial products	167.1	182.6	-8.5%
Distribution	101.0	98.1	3.0%
Retail & Other	291.4	288.9	0.9%
Corporate (Reconciling post)	**38.3**	**42.9**	**-10.7%**
Total	**3,850.2**	**3,023.8**	**27.3%**

Revenues from **Domestic Mail** decreased by EUR 13.8 million to EUR 1,339.5 million in 2018 with a reported and underlying volume trend of -5.2% and -5.8% respectively compared to an underlying volume decline of -5.8% last year. Transactional Mail volumes continued to be impacted by e-substitution and rationalization, nevertheless revenues increased by EUR 1.4 million following the price increase for non-regulated products as from January 1, 2018 and the price increase for the small user basket as from March 1, 2018. Excluding elections that took place on October 14th, Advertising Mail was impacted by the competitive market in Unaddressed as well as the unfavorable media mix evolution in Direct mail. Overall Advertising volumes during the year were impacted by a shift towards the categories of Transactional mail and Press. Press volumes decreased by 3.8% with the newspapers trend better than 2017 when excluding differences in distribution days while periodicals were impacted by digitization and rationalization.

The overall volume decline amounted to EUR 70.7 million and was partially compensated by the improvement of the price and mix (EUR 49.6 million), the impact of more working days (EUR 2.0 million) and the occurrence of local elections (EUR 5.2 million).

Parcels grew by EUR 765.3 million to reach EUR 1,561.4 million driven by:

- Excellent Domestic Parcels volume growth of 23.3% in 2018 versus 28.2% in 2017. This increase was driven by the consistent e-commerce growth and the online C2C product offering. Price increases were more than offset by the evolution of the client and product mix (faster growth of large e-tailers with high volumes and lower prices compared to smaller customers), resulting in a negative price mix effect of -5.1%. Overall Domestic Parcels contributed EUR 38.1 million to the income increase.
- Growth in International Parcels (EUR 20.3 million), driven by the US and Europe, especially UK.
- Logistic Solutions increased by EUR 707.0 million, mainly due to the full year integration of Radial as well

(1) Logistic Solutions contains Radial consolidated as of November 16, 2017

as the integration of Leen Menken and Active Ants.

Total operating income from the **Additional sources of revenues** increased by EUR 79.5 million to EUR 911.0 million in 2018. The integration of IMEX and M.A.I.L. as well as higher volumes from Asia and Inbound Mail resulted in an increase of International Mail (EUR 80.4 million). Furthermore the increase of Value added Services (EUR 9.1 million), driven by the management of cross-border fines on behalf of the Belgian State, the increase of Distribution (EUR 2.9 million) and the increase of Retail & Other (EUR 2.6 million) mainly due to the favorable evolution of the contingent considerations (EUR 10.3 million) were partly offset by the lower revenues of Banking and financial products (EUR 15.5 million). This decrease was mainly due to the lower revenues from financial transactions managed on behalf of the Belgian State and the lower commission of bpost bank on saving accounts due to the low interest rate environment.

The evolution of total operating income of **Corporate** (reconciling category) decreased by EUR 4.6 million to EUR 38.3 million.

Operating expenses (including depreciation)

Operating expenses, including depreciation, amortization, and impairment charges, amounted to EUR 3,456.8 million (2017: EUR 2,530.9 million) and increased by EUR 925.9 million compared to last year of which EUR 827.9 million was due to the integration of new subsidiaries. Excluding these subsidiaries, operating expenses increased by EUR 98.0 million as the decrease of material costs (EUR 4.3 million) and other operating expenses (EUR 7.3 million) were offset by the increase of services and other goods (EUR 74.8 million), depreciation and amortization (EUR 22.6 million) and payroll costs (EUR 12.3 million).

Material costs

Materials costs, which include the cost of raw materials, consumables and goods for resale, increased by EUR 16.8 million to EUR 257.5 million (2017: EUR 240.7 million) due to the integration of the new subsidiaries.

Services and other goods

The cost of goods and services increased by EUR 583.3 million or EUR 74.8 million excluding the integration of the new subsidiaries. This increase was mainly due to increased transport costs (EUR 38.9 million), rent and rental costs (EUR 11.0 million), insurance costs (EUR 5.8 million), energy costs (EUR 4.4 million), other services (EUR 3.7 million) and maintenance and repairs (EUR 3.0 million).

Note that interim costs are analyzed together with payroll costs, as they are a better performance indicator of human capital utilization. In certain cases of natural attrition, personnel is replaced by interims to anticipate reorganizations and productivity improvement programs.

For the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2017-2018*
Rent and rental costs	148.6	104.3	42.5%
Maintenance and repairs	108.3	86.9	24.6%
Energy delivery	45.9	40.7	12.7%
Other goods	38.6	26.2	47.6%
Postal and telecom costs	21.2	8.9	137.3%
Insurance costs	19.7	11.8	67.7%
Transport costs	686.8	374.2	83.5%
Publicity and advertising	24.4	18.7	30.6%
Consultancy	21.7	19.4	12.1%
Interim employees	192.5	107.1	79.8%
Third party remuneration, fees	145.9	132.3	10.3%
Other services	102.6	42.4	142.0%
Total	**1,556.2**	**972.8**	**60.0%**

- Rental costs have increased by EUR 44.3 million or excluding the integration of the new subsidiaries by EUR 11.0 million, mainly due to the new Brussels sorting center (NBX) and the growing fleet.
- The increase of maintenance and repairs by EUR 21.3 million was mainly caused by the integration of the new subsidiaries (EUR 18.3 million).
- Energy delivery costs increased by EUR 5.2 million or EUR 4.4 million excluding the integration of the new subsidiaries, mainly due to higher fuel prices and the growing fleet.
- Transport costs amounted to EUR 686.8 million, EUR 312.6 million higher compared to previous year, mainly due to scope change (EUR 273.7 million), the evolution of international activities and higher domestic parcel volumes.
- The growth in interim costs was driven by the integration of the new subsidiaries, see also section payroll costs.
- Other services increased by EUR 60.2 million mainly due to the integration of the new subsidiaries (EUR 56.5 million).

Payroll costs

Payroll costs (EUR 1,455.6 million) and interim costs (EUR 192.5 million) in 2018 amounted to EUR 1,648.1 million. Payroll and interim costs increased by EUR 334.4 million (EUR 249.0 million for payroll and EUR 85.4 million for interim costs) compared to last year and this was mainly driven by the integration of the new subsidiaries (EUR 314.6 million).

The reported average year-on-year staff showed an increase of 9,203 FTE and interims, generating extra costs of EUR 334.6 million, explained by the integration of FTE and interims of the new subsidiaries, higher parcels volumes and absenteeism partly compensated by better productivity.

A positive mix effect reduced costs by EUR 12.3 million and was mainly driven by the recruitment of auxiliary postmen.

Furthermore the salary indexation, merit increases, last year's non-cash gain of EUR 15.3 million related to the termination of the transport benefit and last year's reversal of some provisions (EUR 6.8 million) were partially compensated by an IAS 19 non-cash gain related to group insurance (positive impact of EUR 10.9 million in 2018), tax shift and unpaid hours due to strikes.

Other operating expenses

Other operating expenses increased by EUR 4.2 million versus last year. Excluding the integration of the new subsidiaries, operating expenses decreased by EUR 7.3 million, mainly due to the reversal of provisions.

Depreciation and amortization

Depreciation, amortization and impairment charges have increased by EUR 72.7 million or 69.2% to EUR 177.7 million in 2018 (2017: EUR 105.1 million), mainly driven by the integration of the new subsidiaries by EUR 50.0 million. The latter was mainly due to depreciation at Radial which is impacted by the CAPEX investments from the past.

EBIT

Not taking into account the impact of the new subsidiaries, the revenue increase was outpaced by the increase in costs from services and other goods, payroll and depreciation and amortization. As a result EBIT excluding the integration of new subsidiaries decreased by EUR 57.2 million with overall EBIT decreasing by EUR 99.5 million.

Net financial result

Net financial result decreased by EUR 10.1 million mainly due to the increase in interests on loans and the bond.

Share of results of associates

The share of results of associates related to bpost bank and increased by EUR 1.9 million to EUR 11.5 million.

Income tax expense

Income tax expense decreased from EUR 165.8 million in 2017 to EUR 117.4 million in 2018. bpost's effective tax rate decreased from 33.9% in 2017 to 30.8% in 2018. This decrease was driven by the lowered Belgian corporate tax rate from 33.99% in 2017 to 29.58% in 2018. In 2017, as the Belgian and US corporate tax reforms had been substantially enacted, bpost reassessed its deferred tax position under IFRS taking into consideration these new measures, this led to a tax expense of EUR 7.0 million in 2017.

FINANCIAL REVIEW

1.2 Statement of financial position

As at 31 December

In million EUR	***2018***	*2017 restated*[1]	*2017*
Assets			
Non-current assets			
Property, plant and equipment	708.0	752.8	710.3
Intangible assets	874.9	890.4	910.6
Investments in associates	251.2	329.2	329.2
Investment properties	18.7	5.7	5.7
Deferred tax assets	31.5	31.4	31.5
Trade and other receivables	11.2	9.4	9.4
	1,895.7	**2,018.8**	**1,996.6**
Current assets			
Inventories	36.9	39.1	39.1
Income tax receivable	5.7	1.6	1.6
Trade and other receivables	712.0	714.9	719.4
Cash and cash equivalent	680.1	466.0	466.0
	1,434.7	**1,221.6**	**1,221.6**
Assets held for sale	14.7	0.6	0.6
Total assets	**3,345.1**	**3,241.0**	**3,223.3**
Equity and liabilities			
Issued capital	364.0	364.0	364.0
Reserves	271.4	310.1	310.1
Foreign currency translation	12.7	(11.5)	(11.5)
Retained earnings	51.6	110.9	110.9
Equity attributable to equity holders of the Parent	**699.7**	**773.5**	**773.5**
Equity attributable to non-controlling interests	2.5	4.3	4.3
Total equity	**702.3**	**777.8**	**777.8**
Non-current liabilities			
Interest-bearing loans and borrowings	849.1	55.4	58.4
Employee benefits	308.4	326.9	326.9
Trade and other payables	17.5	45.2	45.2
Provisions	22.6	38.1	24.2
Deferred tax liabilities	7.3	12.3	12.3
	1,204.8	**478.0**	**467.0**
Current liabilities			
Interest-bearing loans and borrowings	175.7	699.9	699.9
Provisions	16.8	28.4	21.2
Income tax payable	21.4	38.6	39.3
Derivative instruments	0.8	0.0	0.0
Trade and other payables	1,212.5	1,218.4	1,218.2
	1,427.3	**1,985.3**	**1,978.5**
Liabilities directly associated with assets held for sale	10.8	0.0	0.0
Total liabilities	**2,642.9**	**2,463.3**	**2,445.5**
Total equity and liabilities	**3,345.1**	**3,241.0**	**3,223.3**

(1) Restated in order to show comparative information following the purchase price allocation of Radial.

Preliminary note: in 2018 the purchase price allocation of Radial has been finalized. As a consequence the 2017 figures of the statement of financial position have been restated in order to show comparative information. All variances hereafter compare 2018 with 2017 restated except indicated otherwise.

Assets

Property, plant and equipment

Property, plant and equipment have decreased by EUR 44.8 million from EUR 752.8 million to EUR 708.0 million. This decrease was mainly explained by:

- depreciation and impairment amounting to EUR 110.0 million and higher than last year (2017: EUR 80.2 million);
- disposals - mainly related to sales of buildings - for EUR 24.8 million;
- transfer to assets held for sale (EUR 1.2 million) and to investment property (EUR 13.0 million), partially offset by
- the integration of new subsidiaries for EUR 9.2 million;
- acquisitions (EUR 88.9 million) related to production facilities for sorting and printing activities (EUR 23.3 million), mail and retail network infrastructure (EUR 13.5 million), ATM and security infrastructure (EUR 1.7 million), transportation related infrastructure (EUR 36.9 million) and IT and other infrastructure (EUR 13.5 million).

Intangible assets

Intangible assets decreased by EUR 15.4 million, mainly due to:

- amortization and impairments amounting to EUR 67.8 million including the impairment of EUR 16.3 million on goodwill of de Buren, Certipost and Bubble Post;
- partially compensated by the acquisition of Leen Menken Foodservice Logistics, IMEX, M.A.I.L. and Active Ants for EUR 5.3 million and;
- the evolution of the exchange rate (EUR 21.6 million);
- investments in software and licenses (EUR 13.5 million), development costs capitalized (EUR 12.7 million) and other intangible assets (EUR 0.4 million).

Investments in associates

Investments in associates decreased by EUR 77.9 million to EUR 251.2 million. This decrease was mainly due to IFRS 9 Financial Instruments which replaced IAS 39 Financial Instruments Recognition and Measurement as of January 1, 2018 at bpost bank. As a result a major part of its bond portfolio has been reclassified from the IAS 39 available-for-sale category to the IFRS 9 amortised cost category, leading to a decrease of bpost bank's equity by EUR 119.8 million as of 1 January 2018 and consequently bpost's investment in associates by EUR 59.9 million. This decrease was also driven by lower unrealized gains on the bond portfolio in the amount of EUR 25.5 million recognized in other comprehensive income, reflecting an average increase of the underlying yield curve by 2 basis points (bps) compared to December 31, 2017 and lower dividends received from bpost bank for EUR 4.0 million. This was partially offset by bpost's share of result of associates for an amount of EUR 11.5 million. End 2018, investments in associates comprised unrealized gains net of deferred taxes in respect of the bond portfolio in the amount of EUR 38.8 million, which represented 15.4% of total investments in associates. The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement, but directly in equity in the other comprehensive income.

Investment properties

Investment properties increased from EUR 5.7 million in 2017 to EUR 18.7 million in 2018, as the number of square meters rented out increased.

Deferred Tax assets

Deferred tax assets amounted to EUR 31.5 million (2017: EUR 31.4 million) and mainly relate to the timing difference between the accounting and the tax value of the employee benefits.

Inventories

Inventories slightly decreased by EUR 2.1 million and amounted to EUR 36.9 million (2017: EUR 39.1 million).

Current trade and other receivables

Current trade and other receivables are in line with last year and slightly decreased by EUR 2.9 million to EUR 712.0 million (2017: EUR 714.9 million), driven by a rise in trade receivables of EUR 21.6 million offset by the decrease of other receivables of EUR 22.6 million given last year's outstanding receivable related to the purchase of Radial.

Cash and cash equivalents

Cash and cash equivalents increased by EUR 214.1 million to EUR 680.1 million, this increase was mainly due to free cash flow generation of EUR 241.2 million and the issuance of the bond and commercial paper, partially offset by the payment of EUR 262.0 million in dividends and the reimbursement of the bridge loan related to the acquisition of Radial.

Equity and liabilities

Equity

Equity decreased by EUR 75.5 million, or 9.7%, to EUR 702.3 million as of December 31, 2018 from EUR 777.8 million as of December 31, 2017. The realized profit (EUR 263.6 million) and the exchange differences on translation of foreign operations (EUR 24.2 million) were offset amongst others by the impact at bpost bank of the transition to IFRS 9 Financial Instruments, which replaced IAS 39, the fair value adjustment in respect of bpost bank's bond portfolio, the payment of a dividend and the effective part of a cash-flow hedge entered into for cash flow risk on the bond, respectively for the amounts of EUR 59.9 million, EUR 25.5 million, EUR 262.0 million (gross dividend of EUR 0.25 per share, paid in May and gross dividend of EUR 1.06 per share, paid in December) and EUR 14.0 million. This cash-flow hedge reserve will be reclassified to profit or loss over the 8-year duration of the bond from the issuance date.

Non-current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings increased by EUR 793.6 million to EUR 849.1 million mainly due to the issuance of a EUR 650.0 million 8-year bond, two times oversubscribed, with a coupon of 1.25% and a USD term loan of USD 185.0 million with end date

September 2021 and a floating rate structure. These transactions served to refinance the November 2017 acquisition of Radial Holdings, LP. bpost borrowed a part in USD to mitigate the risk on foreign exchange rate differences hence bpost performed a net investment hedge. This increase was partially offset by a decrease of EUR 9.1 million corresponding to the portion of the loan of the European Investment Bank transferred to current liabilities.

Employee benefits

As at 31 December

In million EUR	***2018***	*2017*
Post-employment benefits	(32.8)	(50.7)
Long-term employee benefits	(113.5)	(108.2)
Termination benefits	(8.5)	(6.6)
Other long-term benefits	(153.5)	(161.5)
Total	**(308.4)**	**(326.9)**

Employee benefits decreased by EUR 18.6 million, or 5.7%, to EUR 308.4 million in 2018 from EUR 326.9 million in 2017. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 30.7 million.
- Operational actuarial gain (EUR 5.2 million) partially caused by updating the inflation assumption.
- Additional service costs (EUR 25.5 million), an incoming transfer related to pension saving days (EUR 5.6 million), interest costs (EUR 4.0 million) and a positive past service costs (EUR 10.9 million). The latter was due to an IAS 19 non-cash gain on group insurance.
- Financial actuarial gain of EUR 1.0 million caused by changes in the discount rates.
- A remeasurement gain related to post-employment benefits of EUR 5.8 million (before tax), recognized through other comprehensive income.

After deduction of the deferred tax asset relating to employee benefits which amounted to EUR 23.6 million, the net liability amounted to EUR 284.8 million (2017: EUR 294.5 million).

Non-current trade and other liabilities

Non-current trade and other liabilities decreased by EUR 27.7 million (2017: EUR 45.2 million), mainly due to the decrease of the contingent considerations for DynaGroup and de Buren.

Non-current provisions

Non-current provisions amounted to EUR 22.6 million compared to EUR 24.2 million in 2017 or EUR 38.1 million restated for the purchase price allocation of Radial.

Deferred tax liabilities

Deferred tax liabilities decreased by EUR 5.0 million from EUR 12.3 million in 2017 to EUR 7.3 million in 2018.

Current interest-bearing loans and borrowings

Current interest-bearing loans and borrowings decreased by EUR 524.2 million to EUR 175.7 million due to the reimbursement of the bridge loan entered into in 2017 to buy Radial. The bridge loan has been refinanced via the issuance of a bond and a term loan. This decrease was partially offset by the issuance of commercial paper for EUR 165.1 million.

Current provisions

Current provisions amounted to EUR 16.8 million compared to EUR 21.2 million in 2017 or EUR 28.4 million restated for the purchase price allocation of Radial.

Income tax payable

Income tax payable decreased by EUR 17.2 million and was mainly explained by the lower taxes and the higher advances on income taxes paid.

Current trade and other liabilities

Current trade and other liabilities decreased by EUR 5.8 million to EUR 1,212.5 million in 2018. This variance was mainly due to the increase of trade payables by EUR 38.0 million, partially offset by the decrease of payroll and social security payables by EUR 14.7 million, tax payables by EUR 2.2 million and other payables by EUR 27.0 million. The decrease of other payables was mainly due to the payment of contingent considerations to DynaGroup and FDM (EUR 45.4 million) partially offset by the transfer of the contingent consideration for DynaGroup from non-current trade and other payables.

1.3 Statement of cash flows

In 2018, bpost generated EUR 211.7 million of net cash. This was an increase of EUR 280.6 million compared to the net cash outflow of EUR 68.9 million in 2017.

Free cash flow amounted to EUR 241.2 million and was EUR 727.0 million higher than last year.

Cash flow from operating activities resulted in a cash inflow of EUR 362.0 million, EUR 95.8 million higher than in 2017. Cash generation from operating activities was impacted by bpost bank dividend (EUR -7.8 million) and collected proceeds due to Radial's clients (EUR -5.4 million). Excluding these elements the positive variance in working capital evolution (EUR +143.8 million, mainly thanks to improved clients balances and payment of transaction expenses related to Radial acquisition in 2017) was partially offset by the decreased operating results (EUR -34.8 million).

Cash used in investing activities resulted in a cash outflow of EUR 120.8 million in 2018 compared to EUR 751.9 million last year. Cash outflows related to acquisitions were EUR 605.2 million lower than last year which combined with higher proceeds from sale of buildings (EUR +31.5 million) and lower capital expenditures (EUR +6.4 million) contributed to the decreased cash outflow. This was to a limited extent offset by investment securities in 2017 (EUR -12.0 million).

The cash flow relating to financing activities amounted to EUR -29.5 million (EUR +416.8 million in 2017). In 2018 the issuance of the bond and commercial paper, along with the loans entered into during the third quarter of 2018 was more than offset by the reimbursement of the bridge loan for the Radial acquisition, the unwinding of the pre-hedge interest rate swap related to the bond and the dividends. Financing activities generated cash inflow in 2017 as the bridge loan entered into for the purchase of Radial was higher than dividends paid.

FINANCIAL REVIEW

1.4 Reconciliation of reported to normalized financial metrics

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

An adjusting item is deemed to be significant if it amounts to EUR 20.0 million or more. All profits or losses on disposal of activities are normalized whatever the amount they represent, as well as all non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.

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

Income Statement related

Operating income for the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Total operating income	3,850.2	3,023.8	27.3%
Normalized total operating income	**3,850.2**	**3,023.8**	**27.3%**

Operating expenses for the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Total operating excluding depreciation, amortization	(3,279.1)	(2,425.9)	35.2%
Normalized total operating expenses excluding depreciation, amortization	**(3,279.1)**	**(2,425.9)**	**35.2%**

EBITDA for the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
EBITDA	571.1	598.0	-4.5%
Normalized EBITDA	**571.1**	**598.0**	**-4.5%**

EBIT for the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
EBIT	393.4	492.9	-20.2%
Non-cash impact of purchase price allocation (PPA)[1]	30.9	8.7	252.9%
Normalized profit from operating activities (EBIT)	**424.3**	**501.6**	**-15.4%**

(1) In accordance with IFRS 3 and throughout the purchase price allocation (PPA) for de Buren, DynaGroup, Ubiway, Radial and IMEX, bpost recognized several intangible assets (brand names, know-how, customer relationships, …). The non-cash impact consisting of amortization charges on these intangible assets is being normalized.

FINANCIAL REVIEW

Profit (EAT - Earnings After Taxes) for the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Profit for the year	263.6	322.9	-18.4%
Non-cash impact of purchase price allocation (PPA)[1]	26.8	6.3	324.8%
Normalized profit of the year	**290.4**	**329.3**	**-11.8%**

Cash Flow Statement related

For the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Net Cash from operating activities	362.0	266.1	36.0%
Net Cash used in investing activities	(120.8)	(751.9)	-83.9%
Operating free cash flow	**241.2**	**(485.8)**	**-149.6%**
Collected proceeds due to clients	(9.7)	(15.0)	-35.8%
Normalized operating free cash flow	**231.5**	**(500.8)**	**-146.2%**

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

In some cases Radial performs the billing and receiving payments on behalf of their customers. Under this arrangement, Radial routinely remits billed amounts back to the client, and performs a monthly settlement with the client on amounts owed to or from Radial based on billings, fees, and amounts previously remitted. Normalized operating free cash flows excludes the cash Radial received on behalf of their customers as Radial has no or little impact on the amount or the timing of these payments.

1.5 From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

For the year ended 31 December

In million EUR	***2018***	*2017*
IFRS Consolidated Net Profit	**263.6**	**322.9**
Results of subsidiaries and deconsolidation impacts	(1.7)	(23.3)
Differences in depreciation and impairments	(2.2)	(2.0)
Differences in recognition of provisions	(1.4)	(0.1)
Effects of IAS19	(21.3)	(38.8)
Depreciation intangibles assets PPA	30.9	8.7
Deferred taxes	(2.8)	20.3
Other	(2.8)	3.2
Belgian GAAP unconsolidated net profit	**262.3**	**291.0**

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

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

- Subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries; and
- Eliminating any other Income Statement impact the subsidiaries had on bpost (such as impairments) and adding the dividends received from these subsidiaries.

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

For the year ended 31 December

In million EUR	***2018***	*2017*
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(6.1)	(11.8)
Profit of the international subsidiaries (local GAAP)	59.5	(25.1)
Share of results of associates (local GAAP)	(12.1)	(13.0)
Other deconsolidation impacts	(43.1)	26.6
Total	**(1.7)**	**(23.3)**

- The evolution of the other deconsolidation impacts in 2018 compared to 2017 was mainly explained by the reversal of statutory impairments, which mainly offset the lower results of the international subsidiaries and the higher gains on contingent considerations.

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

- Differences in the treatment of depreciation and impairments: Belgian GAAP allows different useful lives (and hence depreciation rates) for fixed assets from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP;
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;
- IFRS requires that all future obligations to personnel are recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on bpost's income statement under payroll costs (EUR 21.2 million in 2018 versus EUR 41.7 million in 2017) or provisions (EUR 3.1 million in 2018 versus EUR 3.2 million in 2017), except for the impact of changes in the discount rates for the future obligations, which was recorded as a financial result (negative EUR 3.0 million in 2018 versus negative EUR 6.0 million in 2017);
- The evolution of IAS 19 in 2018 compared to 2017 was mainly explained by last year's increase of non-cash

financial charges related to employee benefits due to the curtailment of the transport benefits for bpost's retirees;

- In accordance with IFRS 3 bpost finalized in 2018 the purchase price allocation (PPA) for Radial and IMEX and recognized several intangible assets (mainly trade names and customer relationships, …), hence the increase of depreciation compared to last year;
- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS. As the Belgian and US corporate tax reforms had been enacted before December 31, 2017 bpost reassessed its deferred tax position under IFRS taking into consideration these new measures in 2017.

Outlook for 2019

The 2019 ambition is to achieve a **stable Group total operating income** including building sales, a **Group normalized EBIT above EUR 300.0 million**, and to distribute at least 85% of 2019 BGAAP net profit of bpost NV/SA as **dividend.**

More specifically for our 4 business units:

Mail & Retail:

- We expect a low single-digit percentage decline in total operating income.
- The underlying Domestic Mail volume decline is anticipated at up to -7%, partly offset by an average price increase of +4.4%.
- EBIT margin of Mail & Retail is expected to range between 11% and 13%.

Parcels & Logistics Europe & Asia:

- We expect to record high single-digit percentage growth in total operating income, of which mid-teens for Parcels Belgium-Netherlands.
- EBIT margin of Parcels & Logistics Europe & Asia is expected to range between 6% and 8%.

Parcels & Logistics North America:

- Total operating income is expected to decline by a low single-digit percentage, mainly explained by the full-year impact of the 2018 client churn and repricing at Radial. Radial is however on track for the 2022 guidance as presented at the Capital Markets Day.
- Parcels & Logistics North America is expected to break-even at EBIT level.

Corporate:

- Expected to be neutral at EBIT level.

Gross capex is expected to be around EUR 150.0 million.

Financial consolidated statements 2018

1. Consolidated income statement

For the year ended 31 December

In million EUR	*Notes*	*2018*	*2017*	*Evolution 2018-2017*
Revenue	*6.8*	3,774.4	2,972.2	27.0%
Other operating income	*6.9*	75.8	51.6	46.9%
Total Operating Income		**3,850.2**	**3,023.8**	**27.3%**
Material costs		(257.5)	(240.7)	7.0%
Services and other goods	*6.11*	(1,556.2)	(972.8)	60.0%
Payroll costs	*6.12*	(1,455.6)	(1,206.7)	20.6%
Other operating expenses	*6.10*	(9.8)	(5.6)	74.2%
Depreciation, amortization		(177.7)	(105.1)	69.2%
Total operating expenses		**(3,456.8)**	**(2,530.9)**	**36.6%**
Profit From Operating Activities (EBIT)		**393.4**	**492.9**	**-20.2%**
Financial income	*6.13*	6.1	5.8	5.3%
Financial costs	*6.13*	(29.9)	(19.5)	53.4%
Share of profit of associates	*6.22*	11.5	9.6	19.9%
Profit Before Tax		**381.0**	**488.7**	**-22.0%**
Income tax expense	*6.14*	(117.4)	(165.8)	-29.2%
Profit From Continuing Operations		**263.6**	**322.9**	**-18.4%**
Profit For The Year (EAT)		**263.6**	**322.9**	**-18.4%**
Attributable to:				
Owners of the Parent		264.8	324.9	-18.5%
Non-controlling interests		(1.2)	(2.0)	-38.5%

EARNINGS PER SHARE

In EUR	*2018*	*2017*
Basic, profit for the year attributable to ordinary equity holders of the parent	1.34	1.62
Diluted, profit for the year attributable to ordinary equity holders of the parent	1.34	1.62

2. Consolidated statement of comprehensive income

For the year ended 31 December

In million EUR	*Notes*	***2018***	*2017*
Profit for the year		**263.6**	**322.9**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Change of other comprehensive income of associates	*6.22*	(25.5)	(42.1)
Net gain/(loss) on hedge of a net investment	*6.31*	(5.7)	2.5
Net gain/(loss) on cash flow hedges	*6.31*	(14.0)	0.0
Exchange differences on translation of foreign operations		29.8	(16.5)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**(15.3)**	**(56.0)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain (losses) on defined benefit plans	*6.27*	4.6	3.1
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		**4.6**	**3.1**
Other comprehensive income/(loss) for the year, net of tax		**(10.7)**	**(53.0)**
Total comprehensive income for the year, net of tax		**252.9**	**270.0**
Attributable to:			
Owners of the Parent		254.1	271.9
Non-controlling interest		(1.2)	(2.0)

3.
Consolidated statement financial position

As at 31 December

In million EUR	*Notes*	***2018***	*2017 restated*[1]	*2017*
Assets				
Non-current assets				
Property, plant and equipment	*6.16*	708.0	752.8	710.3
Intangible assets	*6.19*	874.9	890.4	910.6
Investments in associates	*6.22*	251.2	329.2	329.2
Investment properties	*6.17*	18.7	5.7	5.7
Deferred tax assets	*6.14*	31.5	31.4	31.5
Trade and other receivables	*6.23*	11.2	9.4	9.4
		1,895.7	**2,018.8**	**1,996.6**
Current assets				
Inventories	*6.24*	36.9	39.1	39.1
Income tax receivable	*6.14*	5.7	1.6	1.6
Trade and other receivables	*6.23*	712.0	714.9	719.4
Cash and cash equivalent	*6.25*	680.1	466.0	466.0
		1,434.7	**1,221.6**	**1,226.1**
Assets held for sale	*6.18*	14.7	0.6	0.6
Total assets		**3,345.1**	**3,241.0**	**3,223.3**
Equity and liabilities				
Issued capital		364.0	364.0	364.0
Reserves		271.4	310.1	310.1
Foreign currency translation		12.7	(11.5)	(11.5)
Retained earnings		51.6	110.9	110.9
Equity attributable to equity holders of the Parent		**699.7**	**773.5**	**773.5**
Equity attributable to non-controlling interests		2.5	4.3	4.3
Total equity	*4*	**702.3**	**777.8**	**777.8**
Non-current liabilities				
Interest-bearing loans and borrowings	*6.26*	849.1	55.4	58.4
Employee benefits	*6.27*	308.4	326.9	326.9
Trade and other payables	*6.28*	17.5	45.2	45.2
Provisions	*6.29*	22.6	38.1	24.2
Deferred tax liabilities	*6.14*	7.3	12.3	12.3
		1,204.8	**478.0**	**467.0**
Current liabilities				
Interest-bearing loans and borrowings	*6.26*	175.7	699.9	699.9
Provisions	*6.29*	16.8	28.4	21.2
Income tax payable	*6.14*	21.4	38.6	39.3
Derivative instruments	*6.30*	0.8	0.0	0.0
Trade and other payables	*6.28*	1,212.5	1,218.4	1,218.2
		1,427.3	**1,985.3**	**1,978.5**
Liabilities directly associated with assets held for sale	*6.18*	10.8	0.0	0.0
Total liabilities		**2,642.9**	**2,463.3**	**2,445.5**
Total equity and liabilities		**3,345.1**	**3,241.0**	**3,223.3**

(1) Restated in order to show comparative information following the purchase price allocation of Radial.

4.
Consolidated statement of changes in equity

In million EUR	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Authorized & issued capital	Treasury shares	Other reserves	Foreign currency translation	Retained earnings	Total		
As per 1 January 2017	**364.0**	**0.0**	**274.2**	**2.5**	**135.5**	**776.3**	**3.1**	**779.3**
Profit for the year 2017					324.9	324.9	(2.0)	322.9
Other comprehensive income			96.5	(14.0)	(135.5)	(53.0)		(53.0)
Total comprehensive income	**0.0**	**0.0**	**96.5**	**(14.0)**	**189.4**	**271.9**	**(2.0)**	**270.0**
Dividends (Pay-out)			(50.0)		(212.0)	(262.0)	0.0	(262.0)
Other			(10.7)		(2.0)	(12.7)	3.2	(9.5)
as per 31 December 2017	**364.0**	**0.0**	**310.1**	**(11.5)**	**110.9**	**773.5**	**4.3**	**777.8**
As per 1 January 2018	**364.0**	**0.0**	**310.1**	**(11.5)**	**110.9**	**773.5**	**4.3**	**777.8**
Impact of IFRS 9 on bpost bank			(59.9)			(59.9)		(59.9)
As per 1 January 2018 (Restated)	**364.0**	**0.0**	**250.2**	**(11.5)**	**110.9**	**713.6**	**4.3**	**717.9**
Profit for the year 2018					264.8	264.8	(1.2)	263.6
Other comprehensive income			76.1	24.2	(110.9)	(10.7)		(10.7)
Total comprehensive income	**0.0**	**0.0**	**76.1**	**24.2**	**153.9**	**254.1**	**(1.2)**	**252.9**
Dividends (Pay-out)			(50.0)		(212.0)	(262.0)	0.0	(262.0)
Other			(4.8)		(1.2)	(6.0)	(0.5)	(6.6)
As per 31 December 2018	**364.0**	**0.0**	**271.4**	**12.7**	**51.6**	**699.7**	**2.5**	**702.3**

Other reserves per December 31, 2018 (EUR 272.2 million) are composed of group reserves amounting to EUR 221.4 million, of which EUR 172.8 million distributable retained earnings within bpost NV/SA, and legal reserves of EUR 50.8 million.

At December 31, 2018, the shareholding of bpost is as follows:

Number of shares	Total	The Belgian State[1]	Free float
As per 1 January 2018	**200,000,944**	**102,075,649**	**97,925,295**
Changes during the year	-	-	-
As per 31 December 2018	**200,000,944**	**102,075,649**	**97,925,295**

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

(1) Directly and via the Federal Holding and Investment Company.

Distributions made and proposed:

In million EUR	***2018***	*2017*
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2017: 0.25 EUR per share (2016: 0.25 EUR per share)	50.0	50.0
Interim dividend for 2018: 1.06 EUR per share (2017: 1.06 EUR per share)	212.0	212.0
	262.0	**262.0**
Proposed dividends on ordinary shares		
Final cash dividend for 2018: 1.31 EUR per share (2017: 1.31 EUR per share)	262.0	262.0

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 December.

5. Consolidated statement of cash flows

As at 31 December

In million EUR	Notes	2018	2017
Operating activities			
Profit before tax	1	381.0	488.7
Depreciation and amortization		177.7	105.1
Impairment on bad debts	6.10	10.5	3.3
Gain on sale of property, plant and equipment	6.9	(30.0)	(15.9)
Other non-cash items		(4.2)	(8.1)
Change in employee benefit obligations	6.27	(12.8)	(29.1)
Share of profit of associates	6.22	(11.5)	(9.6)
Dividends received	6.22	4.0	11.8
Income tax paid		(126.1)	(125.2)
Income tax paid on previous years		(11.8)	(15.0)
Cash flow from operating activities before changes in working capital and provisions		**376.8**	**405.9**
Decrease/(increase) in trade and other receivables		14.7	(91.1)
Decrease/(increase) in inventories	6.24	0.3	(0.3)
Increase/(decrease) in trade and other payables		(10.9)	(48.3)
Increase/(decrease) in collected proceeds due to clients		9.7	15.0
Increase/(decrease) in provisions		(28.6)	(15.2)
Net cash from operating activities		**362.0**	**266.1**
Investing activities			
Proceeds from sale of property, plant and equipment		55.6	24.0
Acquisition of property, plant and equipment	6.16	(88.9)	(96.7)
Acquisition of intangible assets	6.19	(26.5)	(24.7)
Acquisition of other investments		0.5	12.0
Acquisition of subsidiaries, net of cash acquired	6.6	(61.4)	(666.6)
Net cash used in investing activities		**(120.8)**	**(751.9)**

As at 31 December

In million EUR	*Notes*	***2018***	*2017*
Financing activities			
Proceeds from borrowings and financing lease liabilities		994.0	692.5
Payments related to borrowings and financing lease liabilities		(739.7)	(13.7)
Payments for derivative instruments		(21.5)	0.0
Transactions with minorities		(0.3)	0.0
Interim dividend paid to shareholders	*4*	(212.0)	(212.0)
Dividends paid	*4*	(50.0)	(50.0)
Net cash from financing activities		**(29.5)**	**416.8**
Net increase in cash and cash equivalents		**211.7**	**(68.9)**
Net foreign exchange difference		**2.5**	**(3.9)**
Cash and cash equivalent less bank overdraft as of 1st January	*6.25*	466.0	538.9
Cash and cash equivalent less bank overdraft as of 31st December	*6.25*	680.1	466.0
Movements between 1st January and 31st December		**214.1**	**(72.9)**

6. Notes to the consolidated financial statements

6.1 General information

Business activities

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

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

Legal status

bpost NV/SA is a limited liability company under public law. bpost has its registered office at Muntcentrum-Centre Monnaie, 1000 Brussels. bpost shares are listed on the NYSE-Euronext Brussels since June 21, 2013 (share ticker BPOST).

6.2 Basis of preparation

The consolidated financial statements of bpost have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the EU. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2018 and adopted by the European Union are applied by bpost.

The consolidated financial statements are presented in Euro (EUR), all values are rounded to the nearest million except when otherwise indicated. The consolidated financial statements are prepared under the historical cost convention, except for the measurement at fair value of the bond portfolio of bpost bank which is classified on the balance sheet of bpost bank as Hold to Collect financial assets. The financial statements were authorized for issue by the Board of Directors on March 19, 2019.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as from January 1, 2018.

bpost applied **IFRS 15** Revenue from Contracts with Customers and **IFRS 9** Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described hereunder.

Apart from **IFRS 9** and **IFRS 15**, the following new standards and amendments, entered into force as from January 1, 2018, don't have any effect on the presentation, the financial performance or position of bpost:

- **IFRS 2 – Amendments** – Classification and Measurement of Share-based Payment Transactions
- **IAS 40 – Amendments** – Transfers of Investment Property
- **IFRS 4 – Amendments** – Applying IFRS 9 Financial instruments with IFRS 4
- **IFRIC 22** - Foreign Currency Transactions and Advance Consideration
- **Annual Improvements Cycle 2014-2016**

In 2017 IAS 18 Revenue was applied by bpost. As of January 1, 2018, the accounting of revenues described by IAS 18 was replaced by IFRS 15 - Revenue from Contracts with Customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers: the performance obligation(s) of each contract needs to be assigned with a transaction price and revenue is only recognized when the entity satisfies the performance obligation(s) of the contract.

bpost performed an assessment of IFRS 15 by analyzing the products and services rendered to its customers. bpost is in the business of distributing mail and parcels domestically and abroad as well as the rendering of additional sources of revenue, including value added services, retail and banking services and financial products. Products and services can either be sold on their own in separate identified contracts or together as a bundled package which can't be distinct. In conclusion and after careful investigation of all products and services provided to its customers, bpost measured no impact on the results of 2017 or 2018 regarding the application of the IFRS 15 requirements:

- If lower prices are granted on a bundle of services, the various services in the contract are decreased at an equal proportionate rate, which is in line with IFRS 15.
- Regarding the performance obligation, where a distinction needs to be made on whether bpost acts as an agent or principal, bpost can continue to recognize and account revenues in the same way as before 2018 as it is in line with IFRS 15.
- Each performance obligation in the contract has a transaction price, which in some cases can be variable (discounts, penalties, etc.). In line with

IFRS 15 bpost already performs an estimation of the variable consideration at contract inception.

- Furthermore the revenue recognition didn't change either as most of the revenues are recognized at a point in time (i.e. when the service has been rendered).

bpost adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application January 1, 2018. As a result of the modified retrospective method, 2017 figures are presented in accordance with IAS 18. If there would have been any impact on 2017 results, the impact of IFRS 15 at the date of initial application of January 1, 2018 would have been recognized as an adjustment to the opening balance of retained earnings.

As of January 1, 2018, IAS 39 Financial Instruments: Recognition and Measurement was replaced by IFRS 9 Financial Instruments. bpost applied IFRS 9 using the modified retrospective method as of January 1, 2018 without restating the comparatives, 2017 figures are presented in accordance with IAS 39. IFRS 9 brings together all three aspects of the accounting for financial instruments project: (a) classification and measurement, (b) impairment and (c) hedge accounting. The main impact of IFRS 9 relates to bpost's investment of 50% in bpost bank whose statement of financial position is mainly composed of financial instruments.

The impact of IFRS 9 has been assessed as follows:

(a) Classification & Measurement: classification and measurement of financial assets under IFRS 9 depends on the specific business model in place and the asset's contractual cash flow characteristics. The new requirements have no impact for the financial assets of bpost. However bpost bank at the transition to IFRS 9 reclassified a major part of its bond portfolio from IAS 39 available-for-sale category to IFRS 9 amortised cost category. This resulted in a decrease of bpost bank's equity by EUR 119.8 million and consequently bpost's investment in associates and the relating reserves decreased by 50% of this amount so EUR 59.9 million on the transition date to IFRS 9.

In summary impact upon the adaption of IFRS 9 on financial assets (cash and receivables) as per January 1, 2018:

IAS 39 measurement category		*IFRS 9 measurement category*		
In million EUR	*Carrying amount*	*Fair value through profit or loss*	*Amortized cost*	*Fair value through OCI*
Financial assets (cash and receivables)				
Cash and Cash equivalents	466.0		466.0	
Trade and other receivables	724.3		724.3	
Total financial assets (cash and receivables)	**1,190.3**		**1,190.3**	

There are no changes in classification and measurement of bpost's financial liabilities.

(b) Impairment: IFRS 9 requires recognizing expected credit losses on all of debt instruments, either on a 12-month or lifetime basis. The impact on bpost's trade receivables was not significant. On the other hand bpost bank will apply the general approach thus the IFRS 9 staging which will replace the IAS 39 incurred but not reported (IBNR) provisions, however the impact was not significant (EUR 0.2 million).

(c) Hedge accounting: bpost has very limited hedge accounting transactions but has decided to continue applying IAS 39 hedge accounting because bpost bank will continue to apply IAS 39 hedge accounting until the macro-hedge project is finalized by the IASB.

Standards and Interpretations issued but not yet applied by bpost

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

Standard or interpretation	*Effective for in reporting periods starting on or after*
IFRS 16 – Leases	1 January 2019
IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9 – Amendments - Prepayment Features with Negative Compensation	1 January 2019
IAS 28 – Amendments - Long-term Interests in Associates and Joint Ventures	1 January 2019
IAS 19 – Amendments - Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements Cycle – 2015 – 2017[1]	1 January 2019
IFRS 17 - Insurance Contracts[1]	1 January 2021

IFRS 16 will replace IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. bpost will transition to IFRS 16 in accordance with the modified retrospective approach with calculation from transition date, hence prior year figures will not be adjusted. The analysis on initial application performed by bpost showed that IFRS 16 has a material effect on the consolidated statement of financial position given the fleet and building commitments for the Belgian companies and the building commitments for the foreign entities. As of 2019 assets will be recognised for the right of use received and liabilities will be recognised for the payment obligation entered into for all of these leases. bpost will make use of the relief options provided for low-value assets and short-term leases. The impact of the analysis led to the recognition of a lease liability and a right of use asset of EUR 417.8 million per January 1, 2019. Contrary to the current presentation of operating leases, depreciation charges on right of use assets and interest expense from unwinding of the discount of the lease liabilities will be recognised, which will improve the EBITDA as the operating lease expense is no longer included. Furthermore IFRS 16 also provides new guidance on the treatment of sales and leaseback transactions. The seller/lessee recognises a right of use asset for the lease retained and accordingly only a proportional amount of the gain or loss from the sale can be recognised.

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

6.3 Significant accounting judgments and estimates

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

Employee benefits - IAS 19

The key assumptions, inherent to the valuation of employee benefit liabilities and the determination of the pension cost, include employee turnover, acceptance rate, mortality rates, retirement ages, discount rates, benefit increases and future wage increases, which are updated on an annual basis. Each year the reference database is enriched with one additional year of historical data making the database ever more stable and reliable. Actual circumstances may vary from these assumptions, giving rise to different employee benefit liabilities, which would be reflected as an additional profit or cost in the Income Statement or in the other comprehensive income depending on the type of the benefit.

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

The mortality tables used are the Belgian Mortality tables MR (for men) and FR (for women) with an age adjustment of two years. bpost decided to reflect the mortality improvements by adopting an age correction of two years to the official tables, for both active and inactive employees.

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days is derived from the statistics of the consumption average over a mobile average of 3 years (years 2016 to 2018 for December 2018). The number of days of illness depends on the age, identified per segment of the relevant population. The rate of guaranteed salary is set at 75% in case of long-term illness. Thus, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25%. The balance of the cumulated un-used sickness days for civil servants is limited to a maximum of 63 days.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined benefit plans which would require that the Projected Unit Credit method is applied in order to measure the benefit obligations. Although there is still no full clarity on the approach, new legislation dated December 2015 brought more clarification on the minimum guaranteed return. The uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium has been removed with the change in the WAP/LPC law end of December 2015. As from 2016, the minimum return for future contributions is equal to the average of the past 24 months return on 10-year linear bonds, with a minimum of 1.75% p.a. bpost continued to apply the so-called PUC methodology (Projected Unit Credit), however as of 2018 without projection of future contributions as the plans are not backloaded and with application of paragraph 115 of IAS 19.

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

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

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

Fair value adjustments for business combinations

In accordance with IFRS 3 Business combinations, the identifiable assets acquired and the contingent considerations are valued at fair value at the acquisition date as part of the business combination. Fair value adjustments for the assets are based on external appraisals or valuation models. When the contingent consideration meets the definition of a liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Deferred revenue and revenue related accruals

bpost recognizes advance customer payments on its balance sheet, predominantly related to stamps and credits on franking machine sold but not yet used by customers at balance sheet date. bpost uses a model based upon historical data of consumption patterns for the valuation of this deferred revenue. Furthermore bpost handles and ships international mail and parcels to and from other foreign postal operators. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position, however as the final settlements are based upon different assumptions (among which "items per kilo") final settlements might deviate from the initial assessment.

Income taxes and deferred taxes

bpost is subject to income taxes in a number of jurisdictions. Deferred taxes are calculated at the level of each fiscal entity. bpost recognizes deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. In order to determine this, bpost uses estimates of taxable income by jurisdiction in which bpost operates and the period over which deferred tax assets are recoverable. The same principles apply to the recognition of deferred tax assets for unused tax losses carried forward.

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

6.4 Summary of significant accounting policies

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

Consolidation

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

Subsidiaries

Assets and liabilities, rights and commitments, income and charges of the parent and the subsidiaries fully controlled are consolidated in full. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Control is assumed to exist when bpost holds at least 50%, plus one share of the entity's voting power; these assumptions may be rebutted if there is clear evidence to the contrary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether bpost controls an entity.

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

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

Associates

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

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

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

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

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

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

Part of the bond portfolio of bpost bank is classified on the balance sheet of bpost bank as "Hold to Collect financial assets" and part as "Hold to Collect & Sell financial assets". The bonds include:

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

Securities classified in "Hold to Collect financial assets" are measured at fair value and changes in fair value are recorded in other comprehensive income under a specific heading "Unrealized or deferred gains or losses." Securities classified in "Hold to Collect & Sell financial assets" are measured at Amortised Cost.

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

Goodwill and negative acquisition differences

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

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

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

Intangible assets

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

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

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

(iii) bpost can control the resource; and

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

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

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

Intangible assets	*Useful life*
Patent[1]	12 years
Know-how[1]	5 years
Points of sale network (replacement costs)[1]	20 years
IT development costs	5 years maximum
Licenses for minor software	3 years maximum
Tradenames/ brandnames[1]	Between 5 years and indefinite
Customer relationships[1]	Between 5 and 20 years

Intangible fixed assets with indefinite useful lives are not amortized but are tested for impairment annually. For bpost that is the case for goodwill and trade names.

Property, plant and equipment

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

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

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

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

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

Lease transactions

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

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

Investment properties

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

Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated

(1) Useful life can be different case per case and depends on the assessment done at the time of the purchase price allocation

on a systematic basis over the useful life of the asset, using the straight-line method. The applicable useful lives can be found in the table that is included in section "*Property, plant and equipment*".

Assets held for sale

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

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

Stamp collection

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

Impairment of assets

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

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

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

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

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

Inventories

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

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

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

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

Revenue recognition

bpost's normal business operations consist of the delivery of national and international mail and parcels services comprising the collection, transport, sorting and distribution of addressed and non-addressed mail, printed documents, newspapers and parcels. Furthermore bpost also sells a range of other products and services, including postal, parcels, banking and financial products, e-commerce logistics, express delivery services, proximity and convenience services, document management and related activities. bpost also carries out Services of General Economic Interest (SGEI) on behalf of the Belgian State. All income related to normal business operations is recognized as revenue in the income statement. All other income is reported as other operating income.

Revenue is recognized when the performance obligation (the promise to transfer a good or service to a customer) is satisfied at a point in time. This is when the control of these goods or services are transferred to the customer, in general on the delivery of mail, parcels or any other service or good, at an amount that reflects the consideration to which bpost expects to be entitled in exchange for those goods or services.

bpost generally considers that it is the principal in its revenue arrangements, except for press distribution, fulfilment services (consisting of following performance obligations: receiving, storing, picking and packing and returning activities for goods), commission for bpost bank products and all other commissions received where bpost acts as agent and only net amount expected (fee or commission) is recognized.

bpost has different pricing grids for different products, providing an instant advantage to customers. Some contracts foresee volume rebates once the quantity of products or services purchased exceeds certain thresholds foreseen in the contracts, which give rise to a variable consideration. bpost has an estimate at contract inception of the target of the performance obligation and accrues the discount amount monthly, based on the expected value principle.

bpost provides services that are either sold separately or bundled together, every performance obligation has a stand-alone selling price per unit. If a lower price is granted on a bundle of services, the various services in the contract are decreased at an equal proportionate rate.

The remuneration of the SGEI is based on the contractual provisions of the management contract and the revenue is recognized when the services are rendered. bpost also receives commissions on sales of partner products through its network. Commission income is recorded at the time the services are provided. For a minority of the services, mainly those services for which the consideration is a subscription or the rent of buildings, revenue is recognized over the duration of the contract.

The revenue relative to the stamp sale and franking machine activity is recognized in income at the time the mail is delivered. Therefore, bpost has set up a revenue recognition model to recognize the predicted amount of revenues, based on historic data.

For the handling and shipment of international mail and parcels to and from other foreign postal operators certain penalties (e.g. quality for timely delivery) give rise to variable consideration. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position based on the expected value principle.

Radial, a subsidiary of the group, earns revenue for its omnichannel technology and operations either through a revenue-sharing model (charges a percentage of client merchandise) or via an activity-based model (e.g. customer service center calls that are billed at a rate per minute or per call, fulfillment operations billed at a rate per fulfilled order/item, etc.). If Radial also performs Payment, Fraud and Tax (PT&F) services, for potential payments related to the fraud services, Radial recognizes a refund liability based upon the expected value method.

bpost performs the service of processing returned goods on behalf of the supplier, but bpost does not take on any liability hence no liability for return is booked at bpost.

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

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

Receivables

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

bpost recognizes on all of its trade receivables an allowance for expected credit losses based on the lifetime expected credit losses (ECL) model. As the trade receivable does not contain a significant financing component bpost opted to apply the simplified approach to calculate the expected credit loss rate with the use of a provision matrix, based on the historical default rates adapted for current and forward looking information.

Prepayments and accrued income are also presented under this caption.

Investment securities

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

There are different categories of financial assets:

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

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

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

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

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

Cash and cash equivalents

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

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

Share capital

Ordinary shares are classified under the caption “issued capital”.

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

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

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

Employee benefits

Short-term benefits

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

Post-employment benefits

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

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

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

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

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

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

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

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

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

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

Long-term benefits

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

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

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19

– Fair value of the plan assets

= Provision to be constituted
(or asset to be recognised if the fair value of the plan assets is higher)

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

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

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

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

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

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

Termination benefits

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

Provisions

A provision is recognized only when:

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

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

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

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

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

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

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

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

Income taxes and deferred taxation

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

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

Deferred taxes are not recognized in respect of:

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

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

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

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

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

Deferred revenue

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

Transactions in foreign currencies

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

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

Derivative financial instruments

bpost uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from its operational and financial activities. In accordance with its treasury policy, bpost does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Depending on whether hedge accounting (see below) is applied or not, any resulting gain or loss on the remeasurement of the derivative financial instrument is either recognized directly in other comprehensive income or in the income statement.

Hedge accounting

bpost designates certain hedging instruments, which includes derivatives and non-derivatives in respect of foreign currency risk, as hedges of net investments in foreign operations and as cash flow hedges respectively.

At the beginning of the hedge relationship, bpost documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the beginning of the hedge and on an ongoing basis, bpost documents and assess the effectiveness of the derivative instruments.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when bpost revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

6.5 Risk management

Approach and methodology

bpost has defined and implemented an Enterprise Risk Management ("ERM") framework to embed company-wide risk management processes in key management activities, such as the Group Executive Committee's revision of the strategy or quarterly reviews of the operations.

Risks are identified at different levels in the organization (including, *inter alia*, operational and financial management; corporate 2nd line functions, such as Legal and Regulatory, Health and Safety, Security and Integrity; and the Group Executive Committee). It covers the entire business.

bpost discloses the risks and uncertainties in three categories:

- **Regulatory/Legal risks**: Regulatory evolutions and legal compliance issues that could impact the realization of bpost's strategy.
- **External Business risks**: External events that may affect the growth strategy.
- **Operational risks**: Mostly internally oriented risks or unforeseen disasters that may result in an impact on bpost's results. These also include financial risks.

Based on formalized risk evaluation criteria, approved by the Board of Directors, bpost prioritizes risks to allow appropriate communication of risks throughout the company (top-down and bottom-up). For the main risks in each of the categories, bpost defined a dedicated mitigation and monitoring approach. The Group Executive Committee, Audit Committee and Board of Directors review the application of this approach on a regular basis.

	Mitigation	Monitoring
Regulatory/Legal Risks	• Maintaining a constructive relationship with the Authorities and Regulators	• Annual status reporting (Legal/ regulatory) • Immediate reporting of important evolutions potentially impacting the strategy
External Business Risks	• Tracking of the events which influence the risk assessment • Networking and influencing (if deemed useful) • Definition of Plan B (if deemed useful)	• Annual status reporting as input for the Annual Report (EOY) • Immediate reporting of important evolutions potentially impacting the strategy
Operational Risks	• Action plans/Projects to mitigate the risks (part of the BU objectives and budget process)	• Brief status & Emerging risk evolutions are reported during the Quarterly Review (QR) • Annual update on the risk evolution (Corporate Risk)

Any of the following risks could have a material adverse effect on bpost's business, financial position and operating results. There may be additional risks of which bpost is currently unaware. There may also be risks that are currently considered to be immaterial, but that may ultimately have a material adverse effect. The risk mitigation, as described below, is meant to provide a high-level overview of potential and initiated action points in response to the risks and should not to be interpreted as a comprehensive list of risk responses. In addition, the mitigation efforts described below are no guarantee that risks will not materialize. No risk management or internal control system can provide absolute safeguards against failure to achieve corporate objectives, fraud or breach of rules and regulations.

Regulatory/legal risks

Appropriate policies, processes and internal control procedures are implemented in order to limit the exposure to complex regulatory and legal requirements. In addition, bpost strives for a constructive stakeholder management towards, *inter alia*, government, decision makers and regulators.

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

Related to our mail and parcel business

In November 2015, Belgian Minister De Croo, responsible for the postal sector, announced his intent to adopt a new Postal Law during the course of his legislature. This new Postal Law was approved by the Parliament on January 18, 2018 and entered into force in February 2018. bpost welcomes this legislative initiative as the new Postal Law provides a future-proof, stable and predictable legal framework for the Belgian postal sector.

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

In accordance with the Belgian State's commitment to the European Commission, the Belgian State organized a competitive, transparent and non-discriminatory tendering procedure with respect to the distribution of recognized newspapers and periodicals in Belgium, following which the service concession was awarded to bpost on October 16, 2015 to provide the service from January 1, 2016 until December 31, 2020. In respect of the period commencing as of January 1, 2021, it is uncertain whether another call for tender will be issued and whether the concession, if any, will once more be granted to bpost.

On December 3, 2015, bpost and the Belgian State signed a new management contract ("6^{th} management contract") with respect to the other SGEIs (*inter alia,* the maintenance of a retail network, distribution of pensions, cash at counter and other services). This 6^{th} management contract provides for a continued provision of these SGEIs for a period of five years, ending on December 31, 2020, and for a remuneration in line with the principles of the 5^{th} management contract, as approved by the European Commission on May 2, 2013. For the period commencing January 1, 2021, the Belgian State may cease to provide (or amend the scope and content of) certain public services, may conclude that such services do not constitute SGEIs and hence does not warrant compensation or may not entrust these services to bpost.

On June 3, 2016, the European Commission approved the 6th Management Contract and the concession agreements under the state aid rules. In October 2016, the Vlaamse Federatie van Persverkopers ("VFP") sought the annulment of the European Commission's clearance decision before the General Court on procedural grounds. In February 2019, the General Court has removed the case from the register following the request by VFP to discontinue the proceedings.

bpost may be required to provide other postal operators access to specific elements of its postal infrastructure (such as information on requests for mail re-direction in case of address change), access to its postal network and/or to certain universal services. It cannot be excluded that competent authorities impose access at uneconomic price levels or the access conditions imposed upon it may otherwise be unfavorable for bpost. In the event bpost were to fail to comply with these requirements, it may also be subject to fines (under the competition law rules and postal regulation) and/or other postal operators may initiate proceedings seeking damages in national courts.

bpost is required to demonstrate that its pricing for the services falling within the USO complies with the principles of affordability, cost orientation, transparency, non-discrimination and uniformity of tariffs. Tariff increases for certain single piece mail and USO parcels are subject to a price cap formula and prior control by the BIPT. The BIPT may refuse to approve such tariffs or tariff increases if they are not in compliance with the aforementioned principles or price cap formula. It should be noted that the new Postal Law, which entered into force in February 2018, provides for a new price cap formula as part of a stable and predictable price control mechanism.

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

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

According to the European Commission, cross-border parcel delivery is one of the key elements impacting e-commerce growth in Europe. In May 2016, the European Commission prepared a proposal for a regulation on cross-border parcel delivery services. After a general agreement on the text was achieved at the end of 2017, the regulation was adopted by the Council and EU Parliament in 2018 and imposes increased pricing transparency and regulatory oversight for cross-border parcel delivery operators such as bpost.

bpost was designated by the Belgian State as the USO provider for an eight-year term commencing in 2011. In the new Postal Law, bpost is designated as USO provider until the end of 2023. The special terms and conditions of the USO must be defined in a new dedicated management contract which should enter into force in 2019. The obligation to provide the USO may represent a financial burden on bpost. Although the new Postal Law provides that bpost is entitled to compensation by the Belgian State in the event the USO has created an unfair burden, there can be no assurance that the entire net cost of the USO will be covered. Furthermore, going forward, in absence of a dedicated management contract defining the terms and conditions of bpost designation as USO provider, there is still uncertainty regarding the terms and conditions and financing mechanism that would apply to the provision of the USO.

Related to bpost bank, bpost's associate

bpost bank operates in a heavily regulated market. The regulatory landscape for financial institutions has changed considerably (*e.g.*, increased focus on customer protection, anti-money laundering, etc.) and prudential supervision has been reinforced (*e.g.*, quality and level of capital, liquidity, corporate governance). It is uncertain whether and to which extent Belgian or European regulators or third parties may raise material issues with regard to bpost bank's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments may have a material adverse effect on bpost bank's business, financial condition, results of operations and prospects. bpost bank may also be required to increase its capital, in particular as a result of new capital requirements.

Related to other regulatory & legal requirements

The interaction between the laws applicable to all private limited liability companies and the specific public law provisions and principles applicable to bpost may present difficulties in interpretation and cause legal uncertainty. For instance, bpost is subject to certain specific risks in relation to employment matters deriving from the application of certain public law provisions and principles. In particular, bpost was involved in a litigation initiated by a number of auxiliary postmen (which include all postmen recruited from January 1, 2010 performing certain core functions such as collection, sorting, transport and distribution of mail). In May 2016, the Mons Labor Court of Appeals found in favor of bpost and rejected all claims. Further appeals are no longer possible.

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

Regulatory changes may (directly or indirectly) impact the attractiveness of mail as a way of communicating and hence bpost's turnover. Such changes could include, *inter alia*:

- the entry into force of the General Data Protection Regulation on May 25, 2018, deterring companies from continuing to engage in commercial prospecting activities;
- the enactment of legislation promoting digital growth, electronic communication and e-government initiatives could also adversely affect bpost's business. In 2016, legislation granting registered e-mail the same legal status as registered mail under certain conditions entered into force.

External business risks

The risks mentioned in the section below are considered in light of the long term strategy. bpost assigned clear ownership for each of the risks. The owner monitors the risk, observes trends and initiates mitigating actions if and when needed. More details on the internal control and risk management system can be found in the corporate governance statement.

Related to substitution and competition in the mail and parcel sectors

The use of mail has declined in recent years, primarily as a result of the increased use of e-mail and the internet. bpost expects that the mail volumes will continue to decline. E-government initiatives or other measures introduced by the Belgian State or other public authorities or private enterprises that encourage electronic substitution in administrative mail may also affect the rate of decline in mail volumes. Management has taken action to address the digitalization risk (e.g. launch of 'prior' stamp). However, both the speed of change as well as how our customers will react to the new product offerings and new ways of working remains uncertain.

This new "digital" area also impacts the parcels industry in the sense that the e-commerce clients have a limited willingness to pay for the delivery while requesting additional services (e.g. same day delivery). This puts pressure on the margins and overall profitability in the parcels industry. As such external factors triggered by the industry, competition and clients could challenge the growth in parcels (both in Belgium and abroad). In addition, a slowdown in the growth of the e-commerce market could also impact the growth in the parcels distribution and fulfillment business. Finally, the uncertainties related to the Brexit might also impact our European parcel activities.

Operational risks – Business risks

bpost faces some operational challenges that require an appropriate level of management attention. bpost initiates mitigating action plans if and when needed. More details on the internal control and risk management system can be found in the Corporate Governance Statement.

Related to the agility and flexibility of the bpost network

Due to the relative fixed nature of its cost base, a decline in mail volumes may translate into a significant decline in profit, unless bpost can reduce its costs. Accordingly, bpost has introduced multiple levers for transformation of the legacy business (e.g. alternative distribution model, network optimization, etc.). However, there can be no assurance that bpost will realize all of the benefits expected from such initiatives. Some of the critical elements for success are change management, project prioritization and stakeholder alignment.

Related to Information and Communication Technology

bpost relies on Information and Communication Technology ("ICT") systems to provide most of its services. The systems are subject to risks, such as power outages, disruptions of internet traffic, software bugs and problems arising from human error. This may result in loss of data or significant disruption of bpost's operations. In addition, in a world of constant connectivity and dependency on information that is processed and stored electronically, the lack of protection of confidential and/or sensitive information may result in inappropriate information sharing.

Related to the integration of recent acquisitions

To pursue its growth ambitions, bpost has bought several companies during the last few years. The most important acquisition was Radial in the US. However, even though bpost has strengthened its post-merger integration activities, it remains uncertain whether bpost will bring the integrations to a successful end and whether bpost's subsidiaries will actually realize the related business plans.

Related to the attractiveness of bpost as employer

bpost may face difficulties to attract and retain the operational workforce it needs to ensure day-to-day delivery of mail and parcels. In addition, as any large employer, talent management in view of effective succession planning for critical functions and successful in-sourcing certain new capabilities may also be challenging.

Related to the business continuity

bpost's ability to serve its customers and the public in general depends highly on the sorting centers where bpost centralizes, sorts and prepares the mail and parcels for distribution. In Belgium, bpost operates six sorting centers. If one or more of these facilities were to shut down for a period of time due to, *e.g.*, power outage, accident, strike action, natural disaster resulting in fire or flooding, terrorist attack or otherwise, bpost may be unable to distribute or comply with delivery times for a period of time. This could have a negative impact on bpost's reputation, customer satisfaction and financial performance.

Related to "Force Majeure"

The risk of a potential prolonged interruption of operations due to extreme natural events as a result of climate change (*e.g.*, fire, flood, storm, and increase in employees' health issues due to pollution) has increased. bpost seeks to prevent damage to buildings and interruptions to operations as much as possible through prevention and contingency programs. The detrimental consequences of these risks are covered by insurance policies.

It should be noted that bpost's Corporate Social Responsibility strategy includes ambitious targets to reduce bpost's Greenhouse Gas ("GhG") emissions. This should limit climate change and the occurrence of extreme natural events.

Operational risks - Financial risks

Climate change risk

Next to the rise of natural disasters and health issues associated to climate change and which could affect our operations, carbon taxes, emissions trading schemes and fuel taxes are also expected to feature prominently in the coming regulations. Average carbon prices could increase more than sevenfold to USD 120 per metric ton by 2030.

The effects of rising carbon prices on companies will be both dynamic and complex:

- Companies' costs will rise in proportion to the total emissions generated by themselves and possibly their suppliers.
- Selling prices are likely to rise to offset cost increases at an industry level.
- Demand could fall reflecting the price sensitivity of customers in each market affected, shrinking companies' sales and costs.

bpost monitors the carbon price risk and takes measures to reduce its carbon footprint within the framework of its Corporate Social Responsibility strategy.

By adopting carbon pricing forecasts and estimated internal carbon prices, bpost is able to outpace the cost of intensifying carbon regulations and adapt to business in a low-carbon economy.

Next to the forecasting of carbon pricing, bpost is also working at effectively reducing its emissions. Aware of the ecological impact of the growing parcel distribution, bpost has drawn up a new CO_2 reduction objective aimed at reducing emissions from the activities of the entire bpost Group by at least 20% by 2030, compared to 2017. The objective has been approved by the 'Science Based Target' initiative that guarantees that the company is in line with the climate targets of the Paris Agreement. To achieve this goal, bpost will, among others, replace 50% of its diesel vehicles by an electric alternative by 2030.

Exchange rate risk

In its operational and financial activities, bpost is exposed to foreign exchange rate fluctuations which impacts the balance sheet and the income statement.

These exchange rate risks consist (i) of transaction risk related to operational activities with cash flows in foreign currency or related to investments and (ii) of translation risk related to the consolidation in Euro of subsidiaries whose functional currency is not the Euro (bpost's functional currency). The main exposure to foreign exchange rate risk corresponds to assets in USD.

Hedging instruments are used to mitigate these impacts.

Interest rate risk

bpost's associate bpost bank is, like any other bank, subject to the interest rate risk, which directly influences its margin. Interest rates likewise influence valuation of bpost bank's bond portfolio, which is classified on the statement of financial position of bpost bank as Hold to Collect financial assets. Changes in valuation are reflected as fair value through other comprehensive income. Since bpost bank is an equity-accounted entity, 50% of the change in its equity directly influences the consolidated equity of bpost. The following table illustrates the impact of a relative change in interest rates of 1% (from 1% to 1.01% for instance) on bpost bank's equity and, through the equity pick up, on bpost:

As at 31 December

In million EUR	*1%*	*- 1%*
Equity bpost bank	(0.2)	0.2
Equity bpost	(0.1)	0.1

bpost is also directly exposed to interest rate fluctuations through its external financing. However, bpost mitigates this risk achieving a balance between fixed and variable rates. This balance currently consists mainly of fixed rates but may evolve according to market situation.

In order to manage the interest rate structure of its debt, bpost may use hedging instruments such as interest rate swaps. Any substantial change in the rate structure requires prior validation from the Group Executive Committee.

The table below illustrates the impact of a change in interest rates of 100bp (from 1% to 2% for example) on the debt exposed to floating rates (i.e. the term loan in USD and the European Investment Bank loan in EUR). Interest is calculated as Euribor/USD Libor plus margin. As the margin is determined in the contract, the sensitivity analysis only applies on the Euribor/ USD Libor, known as the "base rate". As the Euribor is currently floored at zero in the contracts, a decrease of 100bp on the Euribor has a significantly lower impact than an increase of 100bp. Consequently the sensitivity analysis is asymmetrical.

As at 31 December

In million EUR	*Sensitivity to a -100bp movement in market interest rates*	*Sensitivity to a +100bp movement in market interest rates*
Impact on costs	-1.9	2.1

Financial results of bpost are also influenced by the evolution of the discount rates, used to calculate the employee benefits obligation. At December 31, 2018, an increase by 0.5% of the average discount rates, would generate a decrease of financial charge of EUR 18.9 million. A decrease by 0.5% of the average discount rates, would increase financial charges by EUR 20.7 million. For further detail, see note 6.27.

Credit risk

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

As at 31 December

In million EUR	***2018***	*2017*
Held to maturity financial assets	0.0	0.0
Cash and Cash equivalents	680.1	466.0
Trade and other receivables	712.0	719.4
Credit risk classes of financial assets	**1,392.1**	**1,185.4**

Operational activities

The credit risk by definition only concerns that portion of bpost's activities that are not paid upfront in cash. bpost NV/SA actively manages its exposure to credit risk by investigating the solvency of its customers. This translates into a credit rating and a credit limit. Both are followed up on a daily basis for all Belgian and foreign customers.

As from January 1, 2018 with the adoption of IFRS 9 Financial instruments, bpost NV/SA recognized on all of its trade receivables an allowance for expected credit losses based on the lifetime expected credit losses (ECL) model. As trade receivables do not contain a significant financing component bpost opted to apply the simplified approach to calculate the expected credit loss rate with the use of a provision matrix, based on the historical default rates adapted for current and forward looking information. Prior to the adoption of IFRS 9 an individual assessment of the recoverability of the receivables was made and an impairment was recognized where cash settlement was wholly or partially doubtful or uncertain.

The following table summarizes the movement in the provision for expected credit losses:

As at 31 December

In million EUR	***2018***	*2017*
At 1 january	**17.5**	**13.4**
Impairments: Additions through business combinations	0.2	3.9
Impairments: Additions	1.0	2.2
Impairments: Utilization	(0.4)	(1.3)
Impairments: Reversal	(1.1)	(0.5)
Impairments: Translation differences	0.6	0.0
At 31 december	**18.5**	**17.5**

The ageing analysis of the trade receivables and the credit risk exposure following the provision matrix is as follows:

As at 31 December

In million EUR	*Days past due*					*Total*
	Current	*< 60 days*	*60 -120 days*	*> 120 days*	*Outstanding balance SGEI in default*	
Estimated total gross carrying amount at default	568.2	67.7	7.8	14.3	6.5	664.5
Expected credit loss rate	0.2%	5.0%	28.6%	35.3%	100.0%	
Allowance for expected credit losses	(1.3)	(3.4)	(2.2)	(5.1)	(6.5)	(18.5)
Trade receivables	**566.9**	**64.3**	**5.6**	**9.3**	**0**	**646.0**

As disclosed in note 6.34 bpost reserved an amount of EUR 6.5 million as an outstanding receivable for the reduction of the SGEI compensation of 2015 and considered this receivable to be in default.

Investment of liquidities

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

bpost bank

bpost bank invests the funds that have been deposited by its customers. The bank has adopted a strict investment policy that determines an overall allocation of the investments across Belgian State bonds, other sovereign bonds and bonds from financial and commercial corporations as well as mortgages. Per December 31, 2018 bpost bank had invested the funds deposited by its customers in interbank assets (EUR 515.5 million), loans and advances to customers (mainly mortgage and term loans, EUR 4,936 million) and securities (mainly government bonds and corporate bonds, EUR 5,242 million). In addition, maximum concentration limits per issuer, per sector, per rating, per country and per currency have been established and are constantly monitored.

Liquidity risk

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

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

In million EUR	*CURRENT less than 1 year*	*NON-CURRENT*	
		within 1 year but not later than 5 years	*later than 5 years*
31 december 2017			
Finance lease obligations	1.7	7.5	11.9
Trade and other payables	1,218.2	45.2	0.0
Bank loan	698.1	36.7	0.0

As at December 31, 2018, liabilities have contractual maturities which are summarized below:

In million EUR	*CURRENT less than 1 year*	*NON-CURRENT within 1 year but not later than 5 years*	*later than 5 years*
31 december 2018			
Finance lease obligations	1.6	4.1	12.5
Trade and other payables	1,212.9	17.5	0.0
Bank loan	8.6	189.6	0.0
Long-Term bond	0.0	0.0	641.8
Commercial papers	165.1	0.0	0.0
Other loans	0.3	1.0	0.0

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

The liquidity risk is further mitigated by committed credit lines scaled according to the magnitude of bpost operations.

Capital management policies and procedures

bpost seeks an optimal balance between its net debt and its operating cash flow and manages the financial structure maximizing the value for shareholders. In this context, it may choose to adjust the amount of dividends paid, carry out transactions impacting the number of shares or sell assets scaling back its net debt.

bpost's policy is also to maintain an intrinsic solid investment grade credit profile. One of the most thoroughly followed indicators is the ratio between (i) the operating cash flows less financial expenses and paid taxes, and (ii) the adjusted net debt.

The table below gives an overview of the net debt / net cash position as well as the equity position:

As at 31 December

In million EUR	***2018***	*2017 restated*	*2017*
Capital			
Issued capital	364.0	364.0	364.0
Reserves	271.4	310.1	310.1
Foreign currency translation	12.7	(11.5)	(11.5)
Retained earnings	51.6	110.9	110.9
Non-controlling interests	2.5	4.3	4.3
Total	**702.3**	**777.8**	**777.8**
Net Debt / (net cash)			
Interest bearing loans and borrowings	1024.8	755.3	758.2
Non-interest bearing loans and borrowings	0.1	0.1	0.1
- Investment securities	0.0	0.0	0.0
- Cash and cash equivalents	(680.1)	(466.0)	(466.0)
Total	**344.8**	**289.4**	**292.4**

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6.6 Business combinations

Acquisition of non-controlling interest Parcify

In January 2018, bpost NV/SA acquired the remaining shares in Parcify NV, to reach a total of 100% sh ares for an amount of EUR 0.3 million.

Contingent consideration for DynaGroup

In January 2018, bpost NV/SA paid EUR 42.0 million in execution of the contingent consideration agreement. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill nor on the result of the year. The remaining contingent consideration, payable in 2019, was capped at EUR 9.0 million (amongst others based upon financial results) and for which EUR 5.4 million was recorded as a current liability at year end 2018.

Contingent consideration for Freight Distribution Management (FDM)

In February 2018, bpost NV/SA paid AUD 5.0 million (EUR 3.3 million) in execution of the contingent consideration agreement and based upon the December 2017 performance of Freight Distribution Management Systems Pty Ltd. and FDM Warehousing Pty Ltd. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill nor on the result of the year.

Purchase price allocation for the entities Bubble Post

On August 7, 2017 bpost NV/SA entered into an agreement for the acquisition of Bubble Post NV/SA. Besides its experience in sustainable urban delivery, Bubble Post also has extensive knowledge of refrigerated and frozen transport for among others hospitality wholesalers and delivery of prepared meals and food boxes.

bpost acquired 100% of the shares of Bubble Post for an amount of EUR 1 and committed to make EUR 4.0 million of funds available. In addition the agreement includes a contingent consideration arrangement and foresees an additional remuneration based on the EBIT achieved in 2020. Based on the last forecast, no liability for the contingent consideration was recognized. There is no material sensitivity for bpost to variations in the contingent consideration. The company was consolidated within the P&L operating segment using the full-integration method as from August 2017. Transaction costs were expensed and were included in the operating expenses in 2017.

The calculated goodwill is presented as follows:

Fair value of the assets acquired and liabilities assumed in the acquired entities

	In million EUR
Non-Current Assets	**0.7**
Property, plant and equipment	0.1
Intangible assets	0.5
Trade and other receivables	0.0
Current Assets	**1.2**
Inventories	0.0
Trade and other receivables	1.1
Cash and cash equivalents	0.1
Non-Current Liabilities	**(1.7)**
Interest-bearing loans and borrowings	(1.7)
Trade and other payables	0.0
Current Liabilities	**(4.4)**
Income tax payable	0.0
Trade and other payables	(4.4)
Fair value of net assets acquired	**(4.2)**
Goodwill arising on acquisition	4.2

Purchase consideration transferred	**0.0**
of which:	
- Cash paid in 2017	-
- Contingent consideration	0.0

Analysis of cash flows on acquisition

	In million EUR
Net cash acquired with the subsidiaries	0.1
Cash paid in 2017	-
Net cash outflow	**0.1**

The fair value of the trade receivables amounted to EUR 1.1 million and it is expected that the full contractual amounts can be collected.

For 2018 Bubble Post contributed EUR 2.1 million of revenue and EUR -8.0 million to profit before tax from continuing operations of the Group.

The resulted goodwill of EUR 4.2 million derives from expected synergies from combining operations of bpost and its subsidiaries. None of the goodwill is expected to be deductible for income tax purposes.

Purchase price allocation for the entities of Radial

On November 16, 2017 bpost NV/SA, through its subsidiary bpost North America Holdings, Inc., acquired 100% of the issued and outstanding equity interests of the Radial Holdings, L.P. and Radial III GP, LLC ("Radial") after having obtained all necessary approvals from the relevant competition authorities. The acquisition of Radial, a leading provider of integrated e-commerce logistics, perfectly fits within bpost's growth strategy. It allows bpost to scale its existing US presence and expand its product offering into value-added activities that cover the entire value chain in e-commerce logistics and omnichannel technology. Radial was consolidated within the P&L operating segment using the full-integration method as from November 16, 2017. The purchase price for 100% of the shares amounted to USD 804.6 million, which has been paid in 2017. Transaction costs of USD 3.3 million were expensed and were included in the operating expenses in 2017.

The calculated goodwill is presented as follows:

Fair value of the assets acquired and liabilities assumed in the acquired entities

	In million USD	
	Preliminary goodwill	*Final goodwill*
Non-Current Assets	**177.9**	**354.0**
Property, plant and equipment	151.5	202.2
Intangible assets	19.2	144.6
Trade and other receivables	7.2	7.2
Current Assets	**290.8**	**285.3**
Inventories	0.2	0.2
Trade and other receivables	164.1	158.6
Cash and cash equivalents	126.5	126.5
Non-Current Liabilities	**(23.0)**	**(36.1)**
Interest-bearing loans and borrowings	(21.4)	(17.9)
Trade and other payables	(1.3)	(1.3)
Provisions	0.0	(16.7)
Deferred tax liabilities	(0.2)	(0.2)
Current Liabilities	**(312.9)**	**(314.6)**
Interest bearing loans and borrowings	(0.7)	(0.7)
Provisions	0.0	(8.7)
Income tax payable	(1.5)	(0.8)
Trade and other payables	(310.7)	(304.4)
Fair value of net assets acquired	**132.8**	**288.6**
Goodwill arising on acquisition	671.7	516.0
Purchase consideration transferred	**804.6**	**804.6**
of which:		
- Cash paid in 2017	804.6	804.6
- Contingent consideration		

Analysis of cash flows on acquisition

	In million USD	*In million USD*
Net cash acquired with the subsidiaries	126.5	126.5
Cash paid in 2017	(804.6)	(804.6)
Net cash outflow	**(678.0)**	**(678.0)**

The fair value of the current and non-current trade receivables amounted to USD 165.7 million and it is expected that the full contractual amounts can be collected.

The initial goodwill had been reduced by USD 155.7 million following the fair value impacts and the purchase price allocation. The adjustment to fair value consisted amongst others of the recognition of intangible assets: customer relationships (useful life 14-year), in-house developed technology (useful life 3 year) and tradename (useful life 10-year), respectively for an amount of USD 85.0 million, USD 14.0 million and USD 33.4 million. The net impact of fair value adjustment of fixed asset, non-current provisions and trade payables amounted to USD 23.4 million. Assets were fairly valued with the assistance of an external independent expert. The increased depreciation charges on the fair value impact on intangible assets was partially offset by the lower depreciation charges on the fair value impact on tangible assets as the useful live of the tangible assets has been prolonged, the impact of these from acquisition date to 31 December 2017 were not material.

For 2018 Radial contributed EUR 887.5 million of revenue and EUR –26.6 million to profit before tax from continuing operations of the Group.

The resulting goodwill of USD 516.0 million derives from future growth and expected synergies. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition of M.A.I.L., Inc.

In January 2018, Landmark Global's Mail Division MSI acquired 100% of the shares of M.A.I.L., Inc. This company is active in the field of business mail/catalogue distribution for re/e-tailers and mail-room services as well as parcel distribution and bpost paid an amount of USD 4.0 million. M.A.I.L., Inc. was consolidated within the P&L operating segment using the full-integration method as from January 2018. Transaction costs were expensed and are included in the operating expenses.

The calculated goodwill is presented as follows:

Fair value of the assets acquired and liabilities assumed in the acquired entity

	In million USD
Current Assets	**1.4**
Inventories	(0.1)
Trade and other receivables	0.6
Cash and cash equivalents	0.9
Non-Current Liabilities	**(0.1)**
Deferred tax liabilities	(0.1)
Current Liabilities	**(0.5)**
Trade and other payables	(0.5)
Fair value of net assets acquired	**0.9**
Goodwill arising on acquisition	3.1

Purchase consideration transferred	**4.0**
of which:	
- Cash paid	4.0
- Contingent consideration	

Analysis of cash flows on acquisition

	In million USD
Net cash acquired with the subsidiary	0.9
Cash paid	(4.0)
Net cash outflow	**(3.1)**

The fair value of the current and non-current trade receivables amounted to USD 0.6 million and it is expected that the full contractual amounts can be collected.

For 2018 M.A.I.L., Inc. contributed EUR 12.4 million of revenue and EUR 1.3 million to profit before tax from continuing operations of the Group.

The resulting goodwill of USD 3.1 million derives from future growth and expected synergies. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition of IMEX Global Solutions, LLC

In January 2018, Landmark Global's Mail Division MSI acquired 100% of the shares of IMEX Global Solutions, LLC. IMEX Global Solutions, LLC is a 3rd party logistics company in the US, active in cross-border publication and mail delivery and bpost paid an amount of USD 8.0 million. This company is consolidated within the P&L operating segment using the full-integration method as from January 2018.

The calculated goodwill is presented as follows:

Fair value of the assets acquired and liabilities assumed in the acquired entity

	In million USD
Non-Current Assets	**4.8**
Property, plant and equipment	0.7
Intangible assets	3.8
Trade and other receivables	0.2
Current Assets	**6.4**
Inventories	0.2
Trade and other receivables	6.1
Cash and cash equivalents	0.2
Current Liabilities	**(5.1)**
Trade and other payables	(5.1)
Fair value of net assets acquired	**6.1**
Goodwill arising on acquisition	2.0

Purchase consideration transferred	**8.1**
of which:	
- Cash paid	8.1
- Contingent consideration	

Analysis of cash flows on acquisition

	In million USD
Net cash acquired with the subsidiary	0.2
Cash paid	(8.1)
Net cash outflow	**(7.9)**

The fair value of the current and non-current trade receivables amounted to USD 6.3 million and it is expected that the full contractual amounts can be collected.

The adjustment to fair value following the purchase price allocation consisted of the recognition of intangible assets: customer relationships (useful life 7 year) for an amount of USD 3.8 million.

For 2018 IMEX Global Solutions contributed EUR 55.7 million of revenue and EUR 0.2 million to profit before tax from continuing operations of the Group.

The resulting goodwill of USD 2.0 million derives from future growth and expected synergies. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition of Leen Menken Foodservice Logistics BV

On January 11, 2018 bpost acquired the Dutch company Leen Menken Foodservice Logistics BV. Leen Menken Foodservice Logistics BV is a logistic operator for the transport of refrigerated and frozen products for e-commerce. bpost paid an amount of EUR 0.85 million for 100% of the shares and furthermore performed a capital increase of EUR 2.35 million. In addition the agreement includes a contingent consideration arrangement and foresees an additional remuneration which can amount up to EUR 1.5 million. The company was consolidated within the P&L operating segment using the full-integration method as from January 2018. Transaction costs were expensed and are included in the operating expenses.

The calculated goodwill is presented as follows:

Fair value of the assets acquired and liabilities assumed in the acquired entity

	In million EUR
Non-Current Assets	**4.7**
Property, plant and equipment	4.7
Current Assets	**4.2**
Inventories	1.3
Trade and other receivables	3.1
Cash and cash equivalent	(0.2)
Current Liabilities	**(5.4)**
Interest bearing loans and borrowings	(0.2)
Trade and other payables	(5.3)
Fair value of net assets acquired	**3.5**
Goodwill arising on acquisition	1.1

Purchase consideration transferred	**4.7**
of which:	
- Cash paid	3.2
- Contingent consideration	1.5

Analysis of cash flows on acquisition

	In million EUR
Net cash acquired with the subsidiary	(0.2)
Cash paid	(3.2)
Net cash outflow	**(3.4)**

The fair value of the current and non-current trade receivables amounted to EUR 3.1 million and it is expected that the full contractual amounts can be collected.

For 2018 Leen Menken contributed EUR 19.7 million of revenue and EUR -0.8 million to profit before tax from continuing operations of the Group.

The resulting goodwill of EUR 1.1 million derives from future growth and expected synergies. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition of Anthill BV

In March 2018 bpost acquired 63.6% of the shares of the Dutch company Anthill BV, which holds 100% of the shares in Active Ants BV. Active Ants provides e-fulfilment and transport services to companies active in e-commerce. Active Ants provides storage services, does the pick & pack activity and ships the products. Anthill solely functions as a holding company. bpost paid an amount of EUR 4.0 million for 50% of the shares and performed a capital increase of EUR 3.0 million to obtain an additional 13.6% of the shares. Next to that, the agreement foresees a contingent consideration based upon the 2018 EBITDA which can amount up to EUR 0.8 million. The company was consolidated within the P&L operating segment using the full-integration method as from March 2018. Transaction costs were expensed and are included in the operating expenses.

The preliminary calculated goodwill is presented as follows:

Fair value of the assets acquired and liabilities assumed in the acquired entities

	In million EUR
Non-Current Assets	**5.0**
Property, plant and equipment	4.5
Trade and other receivables	0.5
Current Assets	**5.3**
Inventories	0.1
Trade and other receivables	1.9
Cash and cash equivalents	3.3
Non-Current Liabilities	**(1.1)**
Interest-bearing loans and borrowings	(0.8)
Trade and other payables	(0.4)
Current Liabilities	**(6.3)**
Interest bearing loans and borrowings	(4.1)
Trade and other payables	(2.2)
Fair value of net assets acquired	**2.9**
Goodwill arising on acquisition	4.9
Purchase consideration transferred	**7.8**
of which:	
- Cash paid	7.0
- Contingent consideration	0.8

Analysis of cash flows on acquisition

	In million EUR
Net cash acquired with the subsidiaries	3.3
Cash paid	(7.0)
Net cash outflow	**(3.8)**

The fair value of assets acquired and liabilities assumed at acquisition date could not be assessed yet. Consequently, the determination of the carrying amount of the acquired entity and the purchase price allocation of the acquisition are still under review and will be fully disclosed in 2019.

From the date of acquisition, Anthill BV contributed EUR 12.9 million of revenue and EUR 0.6 million to profit before tax from continuing operations of the Group, given the volatility of the figures, no figures are disclosed for the period starting from the beginning of the year.

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6.7 Segment information

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

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

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

bpost provides products and services based on the following product lines: (i) transactional mail, (ii) advertising mail, (iii) press, (iv) domestic parcels, (v) international parcels, (vi) logistic solutions, (vii) value-added services, (viii) international mail, (ix) banking and financial products, (x) distribution and (xi) retail & other. Revenue from the transactional mail, advertising mail, press, distribution and banking and financial products are included within the MRS business unit. Revenue from the international mail, logistic solutions and parcels product lines are included within the P&L business unit. Retail & other revenue and value-added services are allocated across the MRS and P&L business units.

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

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

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

The operating segments are the lowest level on which performance is assessed by the Chief Operating Decision Maker (CODM) under the definition of IFRS 8.22. The CODM is the Board of Directors and the key profit or loss measure used by the CODM is EBIT.

The table below presents the evolution per business unit for the years ended December 31, 2018 and 2017:

As at 31 December

In million EUR	***2018***	*2017*
MRS	1,986.1	2,008.3
P&L	1,825.8	972.7
Total operating income of operating segments	**3,811.9**	**2,981.0**
Corporate (Reconciling category)	38.3	42.9
Total operating income	**3,850.2**	**3,023.8**

Total operating income attributable to the MRS operating segment decreased by EUR 22.2 million in 2018, mainly driven by the underlying volume decrease in Domestic mail (-5.8%) and the decrease of Banking and financial products partly offset by the improvement of the price and mix of Domestic mail and the increase of Value added Services driven by the management of cross-border fines on behalf of the Belgian State.

P&L operating income increased in 2018 by EUR 853.2 million to EUR 1,825.8 million. This increase was mainly due to the integration of Radial, excellent organic volume growth of Domestic Parcels, which noted a volume growth of +23.3% driven by e-commerce growth, along with the increase of International Parcels and International Mail.

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

Excluding the remuneration received to provide the services as described in the management contract and press concessions (see notes 6.8 and 6.34), no single external customer exceeded 10% of bpost's total operating income.

The evolution per product line can be summarized as follows:

For the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Domestic mail	**1,339.5**	**1,353.4**	**-1.0%**
Transactional mail	809.3	807.9	0.2%
Advertising mail	244.2	252.9	-3.4%
Press	286.0	292.6	-2.2%
Parcels	**1,561.4**	**796.1**	**96.1%**
Domestic parcels	262.3	224.2	17.0%
International parcels	242.9	222.6	9.1%
Logistic Solutions	1,056.2	349.2	-
Additional sources of revenues	**911.0**	**831.5**	**9.6%**
International mail	240.9	160.4	50.1%
Value added services	110.7	101.5	9.0%
Banking and financial products	167.1	182.6	-8.5%
Distribution	101.0	98.1	3.0%
Retail & Other	291.4	288.9	0.9%
Corporate (Reconciling post)	**38.3**	**42.9**	**-10.7%**
Total operating income	**3,850.2**	**3,023.8**	**27.3%**

The following table presents the operating income from external customers attributed to Belgium, rest of Europe, United States of America and rest of the world from which bpost derives its operating income. The allocation of the operating income of the external customers is based on the location of the entity generating the operating income.

As at 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Belgium	2,481.9	2,459.3	0.9%
Rest of Europe	252.5	175.3	44.1%
USA	1,064.4	323.6	228.9%
Rest of world	51.5	65.7	-21.6%
Total operating income	**3,850.2**	**3,023.8**	**27.3%**

The following table presents the non-current assets[1] attributed to Belgium, Rest of Europe, United States of America and Rest of the world.

As at 31 December

In million EUR	***2018***	*2017*	*Evolution 2018 - 2017*
Belgium	703.4	869.7	-19.1%
Rest of Europe	143.2	61.8	131.6%
USA	735.1	688.0	6.8%
Rest of world	31.2	16.3	91.5%
Total non-current assets	**1,612.9**	**1,635.9**	**-1.4%**

The following table presents EBIT information about bpost's operating segments for the years ended December 31, 2018 and 2017:

As at 31 December

In million EUR	***2018***	*2017*
MRS	368.1	435.4
P&L	35.3	67.4
Total EBIT of operating segments	**403.5**	**502.8**
Corporate (Reconciling category)	(10.1)	(9.9)
Total EBIT	**393.4**	**492.9**

The EBIT attributable to the MRS operating segment decreased by EUR 67.2 million in 2018 as the lower revenues for Domestic Mail could not be compensated by cost savings.

The EBIT attributable to the P&L operating segment decreased by EUR 32.1 million compared to 2017, from EUR 67.4 million to EUR 35.3 million. The revenue increase was outpaced by the cost increase, partially due to depreciation at Radial which is impacted by the CAPEX investments from the past.

The EBIT attributable to the Corporate reconciliation category slightly decreased by EUR 0.2 million in 2018.

The following table presents EAT information about bpost's operating segments for the years ended December 31, 2018 and 2017:

As at 31 December

In million EUR	***2018***	*2017*
MRS	368.1	435.4
P&L	35.3	67.4
Total EAT of operating segments	**403.5**	**502.8**
Corporate (Reconciling category)	(139.8)	(179.8)
Total EAT	**263.6**	**322.9**

(1) Total non-current assets consist out of property, plant and equipment, intangible assets, investment properties and trade and other receivables (>1 year).

Financial details for the year ended December 31, 2018 and 2017 on the corporate segment (reconciliation post) are as follows:

As at 31 December

In million EUR	*2018*	*2017*
Operating income	**38.3**	**42.9**
Central departments (Finance (excl. GSO), Legal, Internal Audit, CEO, …)	(62.2)	(64.3)
Other reconciliation items	13.8	11.6
Operating expenses	**(48.4)**	**(52.7)**
EBIT corporate (Reconciling category)	**(10.1)**	**(9.9)**
Share of profit of associates	11.5	9.6
Financial Results	(23.8)	(13.7)
Income Tax expense	(117.4)	(165.8)
EAT corporate (Reconciling category)	**(139.8)**	**(179.8)**

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

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

6.8 Revenue

For the year ended 31 December

In million EUR	*2018*	*2017*
Revenue excluding the SGEI remuneration	3,502.9	2,702.2
SGEI remuneration	271.4	270.0
Total	**3,774.4**	**2,972.2**

Disclosures concerning the nature, the amount, timing and uncertainty of revenue and cash flows arising from contracts with customers revenues can be found back in the sections: 6.2 basis of preparation (IFRS 15 transition), 6.4 summary of significant accounting policies (performance obligations), 6.7 segment information (disaggregation of revenue) and 6.28 trade and other payables (remaining performance obligation). Significant judgements are disclosed within section 6.3 significant accounting judgements and estimates.

6.9 Other operating income

For the year ended 31 December

In million EUR	***2018***	*2017*
Gain on disposal of property, plant and equipment	30.5	15.9
Benefits in kind	0.1	0.4
Rental income of investment property	2.0	1.1
Third party cost recovery	10.3	12.0
Gain on contingent considerations	18.2	7.9
Other Retail income	4.8	4.7
Other	9.9	9.6
Total	**75.8**	**51.6**

Gains on disposal of property, plant and equipment, which mainly relate to the sales of buildings, increased by EUR 14.6 million. This increase compared to last year was mainly due to the size of the buildings sold (e.g. Old Brussels X).

Third party costs recovery decreased by EUR 1.7 million and mainly relates to the reimbursements by third parties of non-ordinary services provided by Ubiway and other subsidiaries as well as the sales realized by bpost's restaurants.

On December 20, 2017 an amendment to the share purchase agreement of DynaGroup was made for the payment of an accelerated contingent consideration based upon which bpost reversed out of the outstanding liability an amount of EUR 7.9 million. In 2018 an amount of EUR 3.6 million was reversed out of the outstanding liability related to the contingent consideration of DynaGroup as certain criteria were not achieved. Furthermore in 2018 bpost decided to exit the participation in de Buren through the put option foreseen in the initial purchase contract, this triggered the reversal of the contingent consideration which amounted to EUR 14.6 million.

Other Retail income mainly consisted of non-specific product income in the retail channel.

Other sources of operating income mainly consisted of reimbursements by third parties towards bpost and its subsidiaries and income of other services provided by its subsidiaries.

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6.10 Other operating expense

For the year ended 31 December

In million EUR	***2018***	*2017*
Provisions	(17.2)	(3.9)
Local, real estate and other taxes	11.5	5.1
Impairment on trade receivables	10.5	3.3
Penalties	0.3	0.1
Other	4.8	1.0
Total	**9.8**	**5.6**

Other operating expenses increased by EUR 4.2 million versus last year. Excluding the integration of the new subsidiaries operating expenses decreased by EUR 7.3 million, mainly due to the reversal of provisions.

6.11 Services and other goods

The cost of goods and services increased by EUR 583.3 million or EUR 74.8 million excluding the integration of the new subsidiaries. This increase was mainly due to increased rent and rental costs (EUR 11.0 million), maintenance and repairs (EUR 3.0 million), energy costs (EUR 4.4 million), insurance costs (EUR 5.8 million), transport costs (EUR 38.9 million) and other services (EUR 3.7 million).

For the year ended 31 December

In million EUR	***2018***	*2017*	*Evolution 2018-2017*
Rent and rental costs	148.6	104.3	42.5%
Maintenance and repairs	108.3	86.9	24.6%
Energy delivery	45.9	40.7	12.7%
Other goods	38.6	26.2	47.6%
Postal and telecom costs	21.2	8.9	137.3%
Insurance costs	19.7	11.8	67.7%
Transport costs	686.8	374.2	83.5%
Publicity and advertising	24.4	18.7	30.6%
Consultancy	21.7	19.4	12.1%
Interim employees	192.5	107.1	79.8%
Third party remuneration, fees	145.9	132.3	10.3%
Other services	102.6	42.4	142.0%
Total	**1,556.2**	**972.8**	**60.0%**

- Rental costs have increased by EUR 44.3 million or excluding the integration of the new subsidiaries by EUR 11.0 million, mainly due to the new Brussels sorting center (NBX) and the growing fleet.
- The increase of maintenance and repairs by EUR 21.3 million was mainly caused by the integration of the new subsidiaries (EUR 18.3 million).
- Energy delivery costs increased by EUR 5.2 million or EUR 4.4 million excluding the integration of the new subsidiaries, mainly due to higher fuel prices and the growing fleet.
- Transport costs amounted to EUR 686.8 million, EUR 312.6 million higher compared to previous year, mainly due to scope change (EUR 273.7 million), the evolution of international activities and higher domestic parcel volumes.
- The growth in interim costs was driven by the integration of the new subsidiaries, see also section payroll costs.
- Other services increased by EUR 60.2 million mainly due to the integration of the new subsidiaries (EUR 56.5 million).

6.12 Payroll costs

For the year ended 31 December

In million EUR	***2018***	*2017*
Employee remuneration	1,185.7	987.8
Social security contribution	216.3	202.6
Defined benefit and defined contribution plans	13.4	4.0
Other personnel costs	40.3	12.2
Total	**1,455.6**	**1,206.7**

As at December 31, 2018, the headcount of bpost amounted to 34,074 (2017: 33,992) and was composed as follows:

- Statutory personnel: 9,509 (2017: 10,296)
- Contractual personnel: 24,565 (2017: 23,696)

The average FTE number for 2018 was 31,201 (2017: 25,323).

6.13 Financial income and financial cost

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

For the year ended 31 December

In million EUR	***2018***	*2017*
Financial income	6.1	5.8
Financial costs	(29.9)	(19.5)
Total	**(23.8)**	**(13.7)**

Financial income

For the year ended 31 December

In million EUR	***2018***	*2017*
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	0.0	0.0
Interest income from financial assets held to maturity	0.0	0.0
Interest income from short term bank deposits	0.0	0.0
Interest income from current accounts	0.4	0.1
Gain from exchange differences	5.1	5.0
Other	0.6	0.6
Financial income	**6.1**	**5.8**

Financial costs

For the year ended 31 December

In million EUR	***2018***	*2017*
Financial costs on benefit obligations (IAS 19)	3.0	6.0
Interest on loans	4.7	0.7
Interest and costs related to long-term bond	4.4	0.0
Unwinding of pre-hedge interest swap	2.7	0.0
Loss from exchange differences	8.4	5.7
Impairment current/financial assets	0.1	0.1
Unwinding of discount and effect of changes in discount rate on contingent consideration	1.3	2.2
Other finance costs	5.4	4.8
Financial costs	**29.9**	**19.5**

6.14 Income tax/ deferred tax

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

As at 31 December

In million EUR	***2018***	*2017*
Tax expense included:		
Current tax expenses	(125.6)	(145.0)
Adjustment recognized in the current year in relation to the current tax of prior year	6.0	(0.5)
Deferred tax expenses	2.2	(20.3)
Total tax expense	**(117.4)**	**(165.8)**

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

In million EUR	***2018***	*2017*
Tax expense using statutory tax rate	**112.7**	**166.1**
Profit before tax	381.0	488.7
Statutory tax rate	29.58%	33.99%
Reconciling items between statutory and effective tax		
Tax effect of non tax deductible expenses	6.1	8.8
Notional interests deduction	0.0	0.0
Tax effects prior year	(4.4)	0.5
Tax effect of tax losses utilized by subsidiaries for which no deferred tax asset was recognized in prior year	(1.8)	(8.2)
Subsidiaries in loss situation for which no deferred tax asset was recognized	11.9	10.7
Associates (equity method)	(3.4)	(3.3)
Other:		
Tax effect of subsidiary liquidation	0.0	(3.0)
Tax effect of the changes in tax rates	0.0	7.0
Other differences	(3.7)	(12.8)
Total	**117.4**	**165.8**
Tax using effective rate (current period)	(117.4)	(165.8)
Profit before income tax	381.0	488.7
Effective tax rate	30.8%	33.9%

In 2018, the effective tax rate has been positively impacted by the record of tax deductions on prior year balance (EUR 4.4 million).

In 2017, eXbo NV/SA has been liquidated, triggering a positive impact of EUR 3.0 million.

As the Belgian and US corporate tax reforms had been substantially enacted before December 31, 2017 bpost reassessed their deferred tax position under IFRS taking into consideration these new measures, this led to a tax expense of EUR 7.0 million in 2017.

Tax effect of the permanent differences (excluding non-deductible expenses) is included in “Other differences” caption.

Net deferred tax positions are disclosed by legal entity.

For some subsidiaries bpost did not recognize deferred tax assets for unused tax losses carried forward as it’s uncertain that taxable profit will be available against which the deductible temporary difference can be utilized. In order to determine this, bpost used estimates of taxable income by jurisdiction in which bpost operates and the period over which deferred tax assets are recoverable. The tax losses for which no deferred tax asset was recognized in entities located in Belgium can be carried forward indefinitely, whereas in some other countries there are limitations concerning the carry forward.

As of December 31, 2018, bpost recognized a net deferred income tax asset of EUR 31.5 million. This net deferred income tax asset is composed as follows:

As at 31 December

In million EUR	***2018***	*2017*
Deferred tax assets		
Employee benefits	23.6	32.4
Provisions	6.2	9.0
Tax losses carried forward	41.1	0.9
Other	29.5	15.8
Total deferred tax assets	**100.3**	**58.0**
Deferred tax liabilities		
Property plant and equipment	31.1	20.6
Intangible assets	37.7	5.9
Other	0.0	0.1
Total deferred tax liabilities	**68.8**	**26.5**
Net deferred tax asset	**31.5**	**31.5**

Deferred tax assets related to unused tax losses for Radial have been recognized per December 31, 2018 (EUR 39.4 million).

As of December 31, 2018, bpost recognized a net deferred income tax liability of EUR 7.3 million. The decrease in net deferred income tax liability mainly resulted from the depreciations and impairment of intangible assets related to the purchase price allocation. The net deferred tax liability is composed as follows:

As at 31 December

In million EUR	***2018***	*2017*
Deferred tax assets		
Employee benefits	0.0	0.0
Provisions	0.0	0.1
Tax losses carried forward	2.2	1.0
Other	0.0	0.0
Total deferred tax assets	**2.2**	**1.1**
Deferred tax liabilities		
Property plant and equipment	1.3	1.3
Intangible assets	8.3	11.2
Other	(0.1)	0.8
Total deferred tax liabilities	**9.5**	**13.4**
Net deferred tax liability	**(7.3)**	**(12.3)**

6.15 Earnings per share

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

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

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

The table below reflects the income and share data used in the basic and diluted earnings per share computations:

For the year ended 31 December

In million EUR	***2018***	*2017*
Net profit attributable to ordinary equity holders of the parent for basic earnings	**264.8**	**324.9**
Adjustments for the effect of dilution		
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**264.8**	**324.9**
In million shares		
Weighted average number of ordinary shares for basic earnings per share	**200.0**	**200.0**
Effect of dilution		
Weighted average number of ordinary shares adjusted for the effect of dilution	**200.0**	**200.0**
In EUR		
Basic, profit for the year attributable to ordinary equity holders of the parent	1.32	1.62
Diluted, profit for the year attributable to ordinary equity holders of the parent	1.32	1.62

6.16 Property, plant and equipment

In million EUR	Land and buildings	Plant and equipment	Furniture and vehicles	Fixtures and fittings	Other property, plant and equipment	Total
Acquisition cost						
Balance at 1 January 2017	**836.1**	**383.9**	**259.2**	**129.5**	**28.9**	**1,637.7**
Acquisitions	0.6	30.8	27.7	22.9	14.7	96.7
Acquisitions through business combinations	6.7	(0.2)	150.8	41.7	2.4	201.3
Disposals	0.0	(18.9)	(15.9)	(3.3)	0.3	(37.9)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	(18.6)	0.0	0.0	(0.5)	0.0	(19.1)
Exchange rate difference	(0.1)	(0.4)	(2.9)	(0.5)	0.0	(3.9)
Other movements	4.9	28.2	1.0	(5.2)	(29.8)	(0.9)
Balance at 31 December 2017 restated	**829.6**	**423.4**	**419.8**	**184.5**	**16.4**	**1,873.9**
Balance at 1 January 2018 restated	**829.6**	**423.4**	**419.8**	**184.5**	**16.4**	**1,873.9**
Acquisitions	1.6	25.6	33.0	26.8	1.9	88.9
Acquisitions through business combinations	5.1	6.6	8.5	0.4	0.0	20.7
Disposals	(64.1)	(44.9)	(16.9)	(33.4)	0.0	(159.3)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	(43.7)	(1.3)	(1.7)	(0.1)	0.0	(46.8)
Exchange rate difference	0.1	(0.1)	6.6	1.0	0.1	7.7
Other movements	(10.9)	0.6	0.5	16.6	(5.6)	1.1
Balance at 31 December 2018	**717.9**	**409.8**	**449.9**	**195.8**	**12.8**	**1,786.2**

In million EUR	Land and buildings	Plant and equipment	Furniture and vehicles	Fixtures and fittings	Other property, plant and equipment	Total
Revaluation						
Balance at 1 January 2017	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 31 December 2017	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**
Balance at 1 January 2018	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 31 December 2018	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**
Depreciation and impairment losses						
Balance at 1 January 2017	**(475.4)**	**(299.4)**	**(222.8)**	**(82.1)**	**(3.7)**	**(1,083.5)**
Depreciation through business combinations	(0.2)	2.0	(17.1)	(1.3)	0.2	(16.3)
Disposals	0.0	18.8	15.8	3.3	0.0	37.9
Depreciation	(15.5)	(21.5)	(21.8)	(20.6)	0.0	(79.3)
Impairment losses	0.0	0.0	(0.7)	(0.2)	0.0	(0.9)
Assets classified as held for sale or investment property	11.9	0.0	0.0	0.2	0.0	12.1
Exchange rate difference	0.0	0.2	0.5	0.1	0.0	0.8
Other movements	(8.8)	1.5	(1.3)	9.6	(0.2)	0.8
Balance at 31 December 2017 restated	**(487.9)**	**(298.4)**	**(247.4)**	**(91.0)**	**(3.7)**	**(1,128.5)**

In million EUR	*Land and buildings*	*Plant and equipment*	*Furniture and vehicles*	*Fixtures and fittings*	*Other property, plant and equipment*	***Total***
Balance at 1 January 2018 restated	**(487.9)**	**(298.4)**	**(247.4)**	**(91.0)**	**(3.7)**	**(1,128.5)**
Depreciation through business combinations	(2.1)	(2.2)	(7.1)	(0.1)	0.0	(11.5)
Disposals	43.6	44.5	16.9	29.5	0.0	134.5
Disposals through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	(18.8)	(23.4)	(45.8)	(23.9)	0.0	(111.9)
Impairment losses	1.7	(0.3)	0.1	0.4	0.0	1.9
Assets classified as held for sale or investment property	30.6	0.5	1.3	0.1	0.0	32.6
Exchange rate difference	0.0	(0.1)	(1.2)	(0.1)	0.0	(1.4)
Other movements	9.9	0.2	0.4	(11.8)	0.0	(1.3)
Balance at 31 December 2018	**(423.0)**	**(279.2)**	**(282.9)**	**(96.8)**	**(3.7)**	**(1,085.6)**

Carrying amount						
At 31 December 2017 restated	341.7	125.0	172.4	93.5	20.1	752.8
At 31 December 2018	295.0	130.7	167.0	99.0	16.4	708.0

Property, plant and equipment have decreased by EUR 44.8 million from EUR 752.8 million to EUR 708.0 million. This decrease was mainly explained by:

- the integration of Leen Menken Foodservice Logistics, IMEX., M.A.I.L. and Active Ants for EUR 9.2 million;
- acquisitions (EUR 88.9 million) related to production facilities for sorting and printing activities (EUR 23.3 million), mail and retail network infrastructure (EUR 13.5 million), ATM and security infrastructure (EUR 1.7 million), transportation related infrastructure (EUR 36.9 million) and IT and other infrastructure (EUR 13.5 million);
- depreciation and impairment amounting to EUR 110.0 million and higher than last year (2017: EUR 80.2 million);
- disposals - mainly related to sales of buildings - for EUR 24.8 million;
- transfer to assets held for sale (EUR 1.2 million) and to investment property (EUR 13.0 million).

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

6.17 Investment property

In million EUR	***Land and buildings***
Acquisition cost	
Balance at 1 January 2017	**18.2**
Acquisitions	0.0
Transfer from/to other asset categories	(0.5)
Balance at 31 December 2017	**17.6**
Balance at 1 January 2018	**17.6**
Acquisitions	0.0
Transfer from/to other asset categories	43.7
Balance at 31 December 2018	**61.3**
Depreciation and impairment losses	
Balance at 1 January 2017	**(12.0)**
Depreciations	(0.1)
Transfer from/to other asset categories	0.2
Balance at 31 December 2017	**(11.9)**
Balance at 1 January 2018	**(11.9)**
Depreciations	(0.1)
Transfer from/to other asset categories	(30.5)
Balance at 31 December 2018	**(42.6)**
Carrying amount	
At 31 December 2017	5.7
At 31 December 2018	18.7

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

The rental income of the investment property amounted to EUR 2.0 million (2017: EUR 1.1 million). The estimated fair value of the investment property increased from EUR 5.7 million to EUR 18.7 million given the increased number of floors of the Centre Monnaie building (ie head office) being rented out.

6.18 Assets held for sale

As at 31 December

In million EUR	*2018*	*2017*
Assets		
Property, plant and equipment	0.0	0.6
Alvadis	12.1	0.0
de Buren	2.6	0.0
Assets held for sale	**14.7**	**0.6**
Liabilities		
Alvadis	(7.8)	0.0
de Buren	(3.0)	0.0
Liabilities directly linked to assets held for sale	**(10.8)**	**0.0**

Property, plant and equipment

In 2018, assets held for sale decreased from EUR 0.6 million to EUR 0.0 million.

The number of buildings recognized in assets held for sale amounted to 3 at the end of 2017 versus 1 at the end of 2018. The majority of these assets are retail outlets which are vacant as a consequence of the optimization of the post offices and mail center network.

Profits on disposal of EUR 30.5 million (2017: EUR 15.9 million) were accounted for in the income statement in the section other operating income. In 2018, EUR 2.1 million of impairment charges were recorded in the section depreciation, amortization.

Alvadis

On December 3, 2018 bpost decided to start up the sales process of Alvadis NV/SA, a subsidiary of Ubiway NV/SA and AMP NV/SA.

Alvadis provides prepaid cards, vouchers and electronic services solutions for points of sale. The sale of Alvadis is expected to be completed within a year from the reporting date, subject to regulatory approval. At December 31, 2018 Alvadis – part of the MRS operating segment - was classified as held for sale.

The major classes of assets and liabilities of Alvadis classified as held for sale are as follows:

As at 31 December

In million EUR	*2018*
Assets	
Property, plant and equipment	0.3
Intangible assets	0.1
Long term trade and other receivables	0.0
Inventories	2.7
Short term trade and other receivables	8.5
Cash and cash equivalents	0.5
Assets held for sale	**12.1**
Liabilities	
Long term interest-bearing loans and borrowings	0.0
Deferred tax liabilities	0.1
Provisions	0.0
Short term trade and other payables	(7.9)
Liabilities directly linked to assets held for sale	**(7.8)**
Net assets directly associated with disposal group	**4.3**

Following the classification to assets held for sale, the intangible assets (brand name and customer relationship) originating from the purchase price allocation were written-down (EUR 1.0 million) to reduce the carrying amount of the assets to their fair value less costs to sell based upon a binding sales agreement (classified as level 1 in the fair value hierarchy). No further write-down was necessary.

de Buren

On December 3, 2018 bpost decided to start up the exit in the participation in de Buren Internationaal BV, which operates an open network of parcel lockers in the Netherlands, through the put option foreseen in the initial purchase contract. This put option allowed bpost to sell their participation in de Buren to the minority shareholders. This transaction was completed on February 21, 2019. Hence at December 31, 2018 de Buren – part of the P&L operating segment - was classified to held for sale.

The major classes of assets and liabilities of de Buren classified as held for sale are as follows:

As at 31 December

In million EUR	***2018***
Assets	
Property, plant and equipment	0.9
Intangible assets	0.9
Deferred tax assets	0.0
Long term trade and other receivables	(0.2)
Inventories	0.8
Short term trade and other receivables	(0.1)
Cash and cash equivalents	0.3
Assets held for sale	**2.6**
Liabilities	
Long term interest-bearing loans and borrowings	(1.7)
Deferred tax liabilities	(0.1)
Provisions	0.0
Short term trade and other payables	(1.2)
Liabilities directly linked to assets held for sale	**(3.0)**
Net assets directly associated with disposal group	**(0.4)**

The divestment of the 51% stake in de Buren triggered the reversal of the contingent consideration which amounted to EUR 14.6 million as bpost was liberated from any contingent consideration or other similar obligation. This has been released within other operating income (see note 6.9). Following the classification to assets held for sale, the intangible assets (know-how) originating from the purchase price allocation were written-down (EUR 5.6 million) as well as the goodwill (EUR 4.2 million) to reduce the carrying amount of the assets to their fair value less costs to sell.

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6.19 Intangible assets

In million EUR	*Goodwill*	*Development*	*Software*	*Other intangible assets*	***Total***
Acquisition cost					
Balance at 1 January 2017	**199.2**	**101.2**	**129.1**	**38.7**	**468.1**
Acquisitions	606.4	16.4	8.0	0.2	631.0
Acquisitions and additions through business combinations	(132.3)	0.5	37.6	144.5	50.3
Disposals	0.0	0.0	(2.5)	(0.3)	(2.7)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	(8.1)	0.0	(1.7)	3.0	(6.7)
Other movements	(0.6)	(1.6)	3.8	(0.7)	0.9
Balance at 31 December 2017 restated	**664.6**	**116.5**	**174.4**	**185.4**	**1,140.9**
Balance at 1 January 2018 restated	**664.6**	**116.5**	**174.4**	**185.4**	**1,140.9**
Acquisitions	0.0	12.7	13.5	0.4	26.5
Acquisitions and additions through business combinations	3.0	0.0	0.2	3.2	6.4
Disposals	0.0	(8.7)	(5.7)	(3.2)	(17.7)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	(4.2)	(1.2)	(10.0)	(2.5)	(17.8)
Exchange rate difference	21.6	0.0	1.6	(0.6)	22.6
Other movements	(1.5)	0.3	(1.3)	1.4	(1.1)
Balance at 31 December 2018	**683.6**	**119.6**	**172.6**	**184.0**	**1,159.8**
Depreciation and impairment losses					
Balance at 1 January 2017	**(24.8)**	**(79.4)**	**(110.8)**	**(28.8)**	**(243.8)**
Acquisitions and additions through business combinations	0.0	(0.6)	0.9	15.6	15.9
Disposals	0.0	0.0	2.5	0.3	2.7
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	(5.5)	(13.8)	(5.8)	(25.1)
Impairment losses	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.5	0.0	0.5
Other movements	0.0	(1.2)	0.4	0.0	(0.8)
Balance at 31 December 2017 restated	**(24.8)**	**(86.6)**	**(120.3)**	**(18.8)**	**(250.6)**

In million EUR	*Goodwill*	*Development*	*Software*	*Other intangible assets*	***Total***
Depreciation and impairment losses					
Balance at 1 January 2018 restated	**(24.8)**	**(86.6)**	**(120.3)**	**(18.8)**	**(250.6)**
Acquisitions and additions through business combinations	(0.2)	0.0	(0.1)	(0.8)	**(1.1)**
Disposals	0.0	8.7	5.6	3.2	**17.4**
Disposals via business combinations	0.0	0.0	0.0	0.0	**0.0**
Depreciation	0.0	(8.5)	(22.0)	(14.6)	**(45.0)**
Impairment losses	(16.3)	0.1	(5.6)	(1.0)	**(22.8)**
Assets classified as held for sale or investment property	4.2	0.7	10.0	2.0	**16.8**
Exchange rate difference	0.0	0.0	(1.0)	0.1	**(1.0)**
Other movements	0.3	(0.2)	0.0	1.2	**1.3**
Balance at 31 December 2018	**(36.7)**	**(85.9)**	**(133.4)**	**(28.8)**	**(284.8)**
Carrying amount					
At 31 December 2017 restated	639.8	29.9	54.1	166.6	**890.4**
At 31 December 2018	646.8	33.7	39.2	155.2	**874.9**

Intangible assets decreased by EUR 15.4 million, mainly due to:

- amortization and impairments amounting to EUR 67.8 million including impairment of EUR 16.3 million on goodwill of de Buren, Certipost and Bubble Post;
- partially compensated by the acquisition of Leen Menken Foodservice Logistics, IMEX, M.A.I.L. and Active Ants for EUR 5.3 million;
- the evolution of the exchange rate (EUR 21.6 million) and
- investments in software and licenses (EUR 13.5 million), development costs capitalized (EUR 12.7 million) and other intangible assets (EUR 0.4 million).

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 *Impairment of assets*.

Until 2017, the goodwill within bpost has been allocated to cash-generating units in line with the acquired business combinations. Per December 31, 2017 the carrying value of the goodwill amounted to EUR 639.8 million and mainly related to acquisitions such as Radial (EUR 430.2 million), DynaGroup (EUR 73.6 million), Ubiway (EUR 50.2 million), de Buren (EUR 4.2 million), Bubble Post (EUR 11.6 million), Landmark Global Inc. (EUR 18.1 million), FDM (EUR 16.3 million) and other individual immaterial goodwill for EUR 35.6 million. The impairment tests of the cash-generating units in line with the acquired business combinations did not lead to any impairment of assets.

In 2018, bpost reorganized its segment set-up to enhance strategic coherence and improve alignment. As a result, the composition of the CGU changed and goodwill has been reallocated to the units affected.

in million EUR	2017 restated	Acquisitions & divestments	Transfer	Impairment	Currency translation differences	2018
Former business combinations:						
Bubble Post	11.6	(7.3)	0.0	(4.2)	0.0	0.0
Certipost	7.9	0.0	0.0	(7.9)	0.0	0.0
Ubiway	50.2	0.0	(50.2)	0.0	0.0	0.0
DynaGroup	73.6	0.0	(73.6)	0.0	0.0	0.0
CGU, to which goodwill is allocated as from 2018:						
Press	0.0	0.0	21.9	0.0	0.0	21.9
Proximity and convenience retail network	0.0	0.0	28.3	0.0	0.0	28.3
Value added services	0.9	0.0	0.0	0.0	0.0	0.9
Parcels BeNe	5.6	0.0	36.9	(4.2)	0.0	38.3
E-commerce logistics Europe & Asia	8.9	6.0	36.8	0.0	0.0	51.7
Cross-Border	0.5	0.0	0.0	0.0	0.0	0.5
E-commerce logistics North America	472.9	0.0	0.0	0.0	20.4	493.3
International Mail	7.8	4.2	0.0	0.0	0.0	12.0
Total	**639.8**	**2.9**	**0.0**	**(16.3)**	**20.4**	**646.8**

The CGU “Press” regroups all activities related to press distribution and includes a part of the former business combination Ubiway. The CGU “Proximity and convenience retail network” includes the bpost and Ubiway retail networks. “Parcels Bene” combines last mile parcel delivery of bpost NV/SA and the former business combinations Citydepot and DynaGroup (partially). The CGU “E-commerce logistics Europe & Asia” combines the former business combinations of DynaGroup (partially), Landmark Netherlands & Poland, the newly acquired companies Leen Menken and Anthill, together with ecommerce activities of bpost NV/SA and Radial Europe. E-commerce logistics North America consists of the former business combinations Radial US, Landmark US, Apple Express and FDM. International Mail includes the former business combinations of MSI and its newly acquired subsidiaries Imex and M.A.I.L..

Goodwill of Bubble Post (7.3 million EUR) was adjusted as a result of the finalization of the purchase price allocation (see note 6.6 business combinations). In line with IFRS 3 business combination adjustments can be made within the measurement period, the measurement period cannot exceed one year from the acquisition date. Furthermore bpost recognized an impairment for EUR 8.4 million because bpost decided to sell de Buren and stop the activities of Bubble Post and the fair value less costs to sell was lower than the carrying value. The goodwill of Certipost (EUR 7.9 million) has been impaired as the recoverable amount is not supported anymore by the value in use as the phase out of the current eID cards will lead to a zero cash flow.

Goodwill is not amortized but is tested for impairment on an annual basis (December 2018). The test consists of comparing the carrying amount of the assets (or groups of) CGU’s with their recoverable amount.

The recoverable amounts are based on the value in use. The latter equals the present value of the future cash flows expected to be derived from each CGU or group of CGU and is determined using the following inputs:

- business plan and budgets (including EBITDA) approved by senior management, which covers a four year period;
- consideration of a terminal value determined from the cash flows obtained by extrapolating the cash flows of the last year of the business plan referred to above, affected by a long-term growth rate deemed appropriate for the activity and the location of the assets;
- discounting of expected cash flows at a rate determined using the weighted average cost of capital formula.

The discount rate is estimated based on an extensive benchmarking with peers, so as to reflect the return investors would require if they were to choose an investment in the underlying assets. As from 2018, the peer group was divided into mail related peers and parcels related peers. Besides this, the different economic environment was also factored in the determination of the weighted average cost of capital (WACC). As a result, the WACC used to discount future cash flows varies between 6.6% and 8.4% in 2018, while in 2017 an average of 7.7% was used. Long-term growth rate was set at 0% for mail activities and 2% for parcels activities (in 2017 in general 0%).

The impairment tests performed at CGU level did not lead to any impairment of assets, as the recoverable amounts of the (groups of) CGUs were significantly higher than their carrying amounts. More specifically, the difference between the CGU's carrying amount and their value in use (headroom) represents in all cases at least more than 42% of their carrying amount. As such, a reasonable change in a key assumption on which the recoverable amount of the CGU's is based would not result in an impairment loss for the related CGU's.

In this respect, for E-commerce Logistics North America, E-commerce Europe & Asia and Parcels Bene, which are the 3 CGU's which represent 90% of the total amount of goodwill, the worst case sensitivity analysis below leads to headroom that is still more than 18% of their respective carrying amounts.

As at 31 December

In million EUR	***E-commerce Logistics North America***	***E-commerce Logistics Europe & Asia***	***Parcels Bene***
Sensitivity to long-term growth rate -1%	(130.2)	(41.5)	(87.0)
Sensitivity to long-term growth rate +1%	179.6	64.6	135.5
Sensitivity to discount rate -0.5%	92.4	31.5	66.2
Sensitivity to discount rate +0.5%	(78.7)	(25.3)	(53.2)
Sensitivity to EBITDA margin -1.0 %	(171.5)	(34.6)	(76.0)
Sensitivity to EBITDA margin +1.0 %	171.5	34.6	76.0

An unfavorable change in growth rate, discount rate or EBITDA margin as disclosed above is not expected to result in an impairment.

6.20 Lease

Finance lease

The finance lease liabilities as of December 31, 2018 relate to leased buildings, machinery and equipment.

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

In million EUR	*Useful lives*	*Carrying amount Dec 31, 2018*
Land and Buildings	25 years	14.6
Machinery and equipment	5 years	2.2
Vehicles	5 years	0.0

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

As at 31 December

In million EUR	*2018*	*2017*
Minimum lease payments		
Within 1 year	3.0	1.7
1 to 5 years	8.7	11.1
More than 5 years	17.0	19.0
Total	**28.7**	**31.7**
Less		
Future finance costs	**10.6**	**10.6**
Present value of the minimum lease payments		
Within 1 year	1.6	1.7
1 to 5 years	4.1	7.5
More than 5 years	12.5	11.9
Total	**18.3**	**21.1**

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

Operating Lease

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

For the year ended 31 December

In million EUR	*2018*	*2017*
Less than one year	100.8	115.5
Between one year and five years	232.4	303.0
More than five years	128.1	235.3
Total	**461.3**	**653.8**

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

The decrease of the future operating leases compared to last year was mainly due to a change as part of the adoption of IFRS 16, which will be applicable as of January 1, 2019. The outstanding balance 2018 is in line with the scope to be used as of January 1, 2019 in the framework of IFRS 16 (excluding any impact of discounting).

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

For the year ended 31 December

In million EUR	*2018*	*2017*
Less than one year	1.3	2.1
Between one year and five years	3.7	4.8
More than five years	2.9	2.1
Total	**7.9**	**9.0**

The income that is related to operational lease agreements is recognized in the section “Other operating income” for an amount of EUR 2.0 million in 2018.

6.21 Investment in securities

In million EUR	*Total non current investments*	*Financial assets held to maturity*	*Total current investments*	***Total***
Acquisition cost				
Balance at 1 January 2017	**0.0**	**12.0**	**12.0**	**12.0**
Acquisitions	0.0	0.0	0.0	0.0
Acquisitions through business combinations	0.0	0.0	0.0	0.0
Changes in fair value	0.0	0.0	0.0	0.0
Disposals	0.0	(12.0)	(12.0)	(12.0)
Balance at 31 December 2017	**0.0**	**0.0**	**0.0**	**0.0**
Balance at 1 January 2018	**0.0**	**0.0**	**0.0**	**0.0**
Acquisitions	0.0	0.0	0.0	0.0
Acquisitions through business combinations	0.0	0.0	0.0	0.0
Changes in fair value	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Balance at 31 December 2018	**0.0**	**0.0**	**0.0**	**0.0**
Impairment losses				
Balance at 1 January 2017	**0.0**	**0.0**	**0.0**	**0.0**
Other movements	0.0	0.0	0.0	0.0
Balance at 31 December 2017	**0.0**	**0.0**	**0.0**	**0.0**
Balance at 1 January 2018	**0.0**	**0.0**	**0.0**	**0.0**
Other movements	0.0	0.0	0.0	0.0
Balance at 31 December 2018	**0.0**	**0.0**	**0.0**	**0.0**
Carrying amount				
At 31 December 2017	0.0	0.0	0.0	0.0
At 31 December 2018	0.0	0.0	0.0	0.0

The investment securities that meet the definition of cash & cash equivalents as defined by IAS 7 are reported in cash & cash equivalent. As per December 31, 2018 bpost holds no investment securities.

6.22 Investment in associates

In million EUR	***2018***	*2017*
Balance at 1 January	**329.2**	**373.7**
Acquisition/Disposal	0.0	(0.3)
Share of profit	11.5	9.6
Dividend received	(4.0)	(11.8)
Impact of IFRS 9 on transition	(59.9)	0.0
Other movements in equity of associates	(25.5)	(42.1)
Balance at 31 december	**251.2**	**329.2**

Share of profit/loss

In 2018, bpost's share in the profit of bpost bank amounted to EUR 11.5 million. Last year, the share of profit in bpost bank and Citie amounted to EUR 9.6 million.

Dividends received

In 2018, bpost received a dividend of EUR 4.0 million from bpost bank. In 2017 bpost received a dividend of EUR 11.8 million from bpost bank.

Impact of IFRS 9 on transition

As of January 1, 2018, IAS 39 Financial Instruments: Recognition and Measurement was replaced by IFRS 9 Financial Instruments. At the transition to IFRS 9 bpost bank reclassified a major part of its bond portfolio from IAS 39 available-for-sale category to IFRS 9 amortized cost category. This resulted in a decrease of bpost bank's equity by EUR 119.8 million and consequently bpost's investment in associates and the relating reserves decreased by 50% of this amount so EUR 59.9 million on the transition date to IFRS 9.

Other movements

The amount represents the decrease in unrealized gains, net of taxes, on bpost bank's bond portfolio (EUR 25.5 million).

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

In million EUR	*Ownership*	*Total assets*	*Total liabilities (excl. Equity)*	*Revenues*	*Profit/(loss)*
2017					
bpost bank	50%	10,658.2	9,999.9	273.2	19.9
Citie	0%	0.0	0.0	0.2	(1.1)
2018					
bpost bank	50%	11,045.3	10,542.9	265.7	22.9

6.23 Trade and other receivables

As at 31 December

In million EUR	2018	2017 restated	2017
Trade receivables	0.0	0.0	0.0
Other receivables	11.2	9.4	9.4
Non current trade and other receivables	**11.2**	**9.4**	**9.4**

As at 31 December

In million EUR	2018	2017 restated	2017
Trade receivables	646.0	624.4	628.9
Tax receivables, other than income tax	6.1	8.0	8.0
Other receivables	59.9	82.5	82.5
Current trade and other receivables	**712.0**	**714.9**	**719.4**

As at 31 December

In million EUR	2018	2017 restated	2017
Accrued income	8.3	6.8	6.8
Deferred charges	45.7	41.5	41.5
Other receivables	5.9	34.3	34.3
Current - other receivables	**59.9**	**82.5**	**82.5**

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

Current trade and other receivables are in line with last year and slightly decreased by EUR 2.9 million to EUR 712.0 million (2017: EUR 714.9 million), driven by a rise in trade receivables of EUR 21.6 million compensated by the decrease of other receivables of EUR 22.6 million given last year's outstanding receivable related to the purchase of Radial.

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

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

6.24 Inventories

As at 31 December

In million EUR	***2018***	*2017*
Raw materials	2.3	2.2
Finished products	6.2	6.2
Goods purchased for resale	29.2	35.8
Reductions in value	(0.8)	(5.1)
Inventories	**36.9**	**39.1**

Raw materials include consumables, i.e. materials used for printing purposes. Finished products are stamps available for sale. Goods purchased for resale mainly include postograms, post cards, supplies for resale, press distribution inventory and retail inventory (tobacco, beverage, multimedia, …).

6.25 Cash and cash equivalents

As at 31 December

In million EUR	***2018***	*2017*
Cash in postal network	151.2	171.7
Transit accounts	107.0	83.8
Cash payment transactions under execution	(39.4)	(19.2)
Bank current accounts	461.4	229.7
Short term deposits	0.0	0.0
Cash and cash equivalents	**680.1**	**466.0**

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

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6.26 Financial liabilities

In million EUR	2017	2017 restated	Cash flows	Non-cash changes: Foreign exchange movement	New leases	Acquisitions business combinations	Fair value changes	Transfer	Other	2018
Financial liabilities measured at amortized cost										
Bank loans	36.7	36.7	158.8	2.7	0.0	0.0	0.0	(9.2)	0.4	189.6
Long-term bond	0.0	0.0	641.3	0.0	0.0	0.0	0.0	0.0	0.5	641.8
Other loans	2.2	2.2	(0.8)	(0.1)	0.8	0.4	0.0	0.1	(1.7)	1.0
Finance lease liabilities	19.4	16.5	(1.7)	0.8	0.0	0.8	0.0	(0.7)	1.0	16.7
Non current liabilities	**58.4**	**55.4**	**797.7**	**3.4**	**0.8**	**1.2**	**0.0**	**(9.8)**	**0.3**	**849.1**

Non-current interest-bearing loans and borrowings increased by EUR 793.6 million to EUR 849.1 million mainly due to the issuance of a EUR 650.0 million 8-year bond with a coupon of 1.25% and a USD term loan of USD 185.0 million with an end date in July 2021 (possible extension until July 2023) and a floating rate structure. These transactions served to refinance the November 2017 acquisition of Radial Holdings, LP. bpost borrowed a part in USD to mitigate the risk on foreign exchange rate differences on the foreign operation, hence bpost performed a net investment hedge. This increase was partially offset by a decrease of EUR 9.1 million corresponding to the portion of the loan of the European Investment Bank transferred to current liabilities.

In million EUR	2017	2017 restated	Cash flows	Non-cash changes: Foreign exchange movement	New leases	Acquisitions business combinations	Fair value changes	Transfer	Other	2018
Financial liabilities at amortized cost										
Bank loans	698.1	698.1	(700.9)	0.0	0.0	0.9	0.0	9.2	1.2	8.6
Commercial papers	0.0	0.0	165.1	0.0	0.0	0.0	0.0	0.0	0.0	165.1
Other loans	0.1	0.1	(2.2)	0.5	0.0	2.7	0.0	(0.1)	(0.7)	0.4
Finance lease liabilities	1.7	1.7	(1.6)	0.0	0.0	0.7	0.0	0.7	0.0	1.6
Current liabilities	**699.9**	**699.9**	**(539.5)**	**0.5**	**0.0**	**4.4**	**0.0**	**9.8**	**0.5**	**175.7**

Current interest-bearing loans and borrowings decreased by EUR 524.2 million to EUR 175.7 million due to the reimbursement of the bridge loan entered in 2017 to buy Radial. The bridge loan has been refinanced via the issuance of a bond and a term loan (both within non-current liabilities). This decreased was partially offset by the issuance of some commercial papers for EUR 165.1 million.

Note that the total of the columns “cash flow” mentioned in the two tables above amounted to EUR 258.2 million, while “the net flows related to borrowings and financing lease liabilities” in the consolidated statement of cash flow amounted to EUR 254.2 million. The difference of EUR 3.96 million was mainly due to interests booked on the trade and other payable accounts, which are not being disclosed in this note.

Note furthermore that bpost also has two undrawn revolving credit facilities for a total amount of EUR 375.0 million, see note 6.33 “rights and commitments”.

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6.27 Employee benefits

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

The employee benefits are as follows:

As at 31 December

In million EUR	***2018***	*2017*
Post-employment benefits	(32.8)	(50.7)
Long-term employee benefits	(113.5)	(108.2)
Termination benefits	(8.5)	(6.6)
Other long-term benefits	(153.5)	(161.5)
Total	**(308.4)**	**(326.9)**

Net of the deferred tax assets related to them, employee benefits amount to EUR 284.8 million (2017: EUR 294.5 million).

As at 31 December

In million EUR	***2018***	*2017*
Employee benefits	(308.4)	(326.9)
Deferred tax assets impact	23.6	32.4
Employee benefits net of deferred tax	**(284.8)**	**(294.5)**

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

As at 31 December

In million EUR	***2018***	*2017*
Present value of total obligations	(373.7)	(380.3)
Fair value of plan assets	65.3	53.4
Present value of net obligations	**(308.4)**	**(326.9)**
Unrecognized actuarial (gains)/losses		
Net liability	**(308.4)**	**(326.9)**
Employee benefits amounts in the statement of financial position	0.0	0.0
Liabilities	(308.4)	(326.9)
Net liability	**(308.4)**	**(326.9)**

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

In million EUR	***2018***	*2017*
Present value at 1 January	**(380.3)**	**(401.2)**
Service costs	(16.3)	(4.5)
-Current service cost	*(22.0)*	*(23.1)*
-Termination expenses	*(5.2)*	*0.0*
-Past service (cost)/gain	*10.9*	*18.6*
Net interest	(4.9)	(5.5)
Benefits paid	27.9	36.2
Re-measurement gains and (losses)	6.3	(1.8)
-Actuarial gains and (losses) recognized in Income Statement	*6.3*	*(1.8)*
Re-measurement gains and (losses) in other comprehensive income	(0.8)	3.9
-Actuarial gains and (losses)	*(0.8)*	*3.9*
Settlement Contribution	0.0	10.0
Addition through business combinations	0.0	(17.4)
Transfer	(5.6)	0.0
Defined benefit obligation at 31 December	**(373.7)**	**(380.3)**

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

In million EUR	***2018***	*2017*
Fair value of plan assets at 1 January	**53.4**	**44.5**
Contributions by employer	31.0	34.6
Contributions by employee	1.4	1.3
Benefits paid	(27.9)	(36.2)
Interest income/(cost) on assets (P&L item)	0.8	0.8
Addition through business combinations	0.0	8.0
Actuarial gain/(loss) on assets (OCI item)	6.6	0.4
Fair value of plan assets at 31 December	**65.3**	**53.4**

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

The expense recognized in the Income Statement is presented hereafter:

As at 31 December

In million EUR	***2018***	*2017*
Service costs	(14.6)	(3.0)
-Current service cost	*(20.3)*	*(21.6)*
-Termination expenses	*(5.2)*	*0.0*
-Past service (cost)/gain	*10.9*	*18.6*
Net interest	(4.0)	(4.6)
Re-measurements gains and (losses)	6.3	(1.8)
- Actuarial gains and (losses) reported as financial	*1.0*	*(1.4)*
- Actuarial gains and (losses) reported as operating	*5.2*	*(0.4)*
Net expense	**(12.4)**	**(9.4)**

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

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

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

For the year ended 31 December

In million EUR	***2018***	*2017*
Payroll costs	(9.4)	(3.4)
Financial cost	(3.0)	(6.0)
Net expense	**(12.4)**	**(9.4)**

The expense recognized in the other comprehensive income is presented hereafter:

As at 31 December

In million EUR	***2018***	*2017*
Re-measurement gains/(losses)	**5.8**	**4.3**
- Actuarial gains and (losses)	*5.8*	*4.3*
Net expense	**5.8**	**4.3**

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

	2018	*2017*
Rate of inflation	1.8%	2.0%
Future salary increase	2.8%	3.0%
Medical cost trend rate	5.0%	5.0%
Mortality tables	MR/FR-2	MR/FR-2

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2018 range from 0.00% to 1.80% (2017: 0.00% to 1.80%):

BENEFIT	*Duration*	*Discount rate*	
		2017	***2018***
Family allowances	6.9	1.05%	1.15%
Bank	14.7	1.70%	1.70%
Funeral expense	8.1	1.25%	1.30%
Gratification	from 11.8 to 14.1	from 1.50% to 1.60%	from 1.55% to 1.65%
Group insurance	from 10.9 to 17.9	from 1.50% to 1.55%	from 1.55% to 1.80%
Accumulated compensated absences	2.3	0.00%	0.15%
Workers compensation in case of accidents	12.4	1.55%	1.55%
Medical expenses in case of accidents	17.3	1.80%	1.80%
Pension saving days	9.3	1.30%	1.40%
Jubilee Premiums	from 6.8 to 8.0	from 1.05% to 1.10%	from 1.15% to 1.30%
DSPR JOR	8.8	1.30%	1.35%
Part-time regime	from 1.8 to 4.0	0.00%	0.45%
Prepension	from 0.5 to 1.8	0.00%	from 0.00% to 0.15%

The average duration of the defined benefit plan obligation at the end of 2018 is 10.8 years (2017: 10.9 years).

A quantitative sensitivity analysis for significant assumptions at December 31, 2018 is outlined here below:

Assumptions	*Discount rate*		*Mortality table MR/FR*	*Medical trend rate*
Sensitivity level	*0.5% increase*	*0.5% decrease*	*Decrease by 1 year*	*1% increase*
In million EUR				
Impact on defined benefit obligation (increase)/ decrease	18.9	(20.7)	(5.8)	(2.0)

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

Post-employment benefits

Post-employment benefits include family allowances, bank costs, funerary costs, retirement gifts and group insurance. In the course of 2017, bpost decided to stop the advantage for transport. Inactive civil servants as well as their family members were entitled to personal vouchers that could be exchanged for a transport ticket for a trip in Belgium or for a price reduction on other transport tickets. bpost paid a one-time settlement contribution of EUR 10.0 million to Pensoc and a non-cash gain of EUR 15.3 million has been booked as a past service income in 2017.

Family allowances

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

Bank

All active members, pre-pensioners and pensioners can benefit from a reduction of the fees charged on the current account as well as favorable interest rates and/or reductions on savings certificates, investment funds, insurances and loans. In 2017, the favorable interest rates on savings accounts have been reviewed resulting in a non-cash gain of EUR 3.9 million.

Group insurance

bpost offers to its active contractual employees a group insurance benefit. Since the introduction of the WAP/LPC legislation in Belgium these plans have the characteristics of a defined benefit plan under IAS 19.

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

Although there is still no full clarity on the approach, new legislation dated December 2015 brought more clarification on the minimum guaranteed return. The uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium has been removed with the change in the WAP/LPC law end of December 2015. As from 2016, the minimum return for future contributions is equal to the average past 24 months return on 10-year linear bonds with a minimum of 1.75% p.a.

The methodology consistently applied by bpost resulted in a liability at the higher end compared to companies with similar pension plans. Although there is no full consensus in the market concerning the methodology, in 2018 the underlying methodology used for IAS 19 accounting of these defined contribution plans has been finetuned taken into account the evolution in methodologies in the market based on new insights. bpost continues to use the PUC (projected unit credit) methodology but without projection of future contributions and salaries as the plans are not backloaded (contributions do not increase with age). The only reason why contributions may materially increase in a later stage of a career is linked to salary increases being higher than indexations in step rate plans. Furthermore in 2018 bpost applied paragraph 115 of IAS 19. The assets and liabilities are determined not taking into account contractual interest guarantees on mathematical reserves, guaranteed by the insurance company. Applying paragraph 115 may result in higher assets when guaranteed interest rates are higher than the discount rate, resulting in a lower net liability. The impact of the above resulted in a non-cash gain of EUR 10.9 million.

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

As at 31 December

In million EUR	***2018***	*2017*
Present value of total obligations	(98.1)	(104.0)
Fair value of plan assets	65.3	53.4
Present value of net obligations	**(32.8)**	**(50.7)**
Net liability	**(32.8)**	**(50.7)**
Employee benefits amounts in the statement of financial position	0.0	0.0
Liabilities	(32.8)	(50.7)
Net liability	**(32.8)**	**(50.7)**

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

In million EUR	*2018*	*2017*
Present value at 1 January	**(104.0)**	**(126.6)**
Service costs	2.6	9.5
-Current service cost	*(8.3)*	*(9.1)*
-Termination expenses	*0.0*	*0.0*
-Past service (cost)/gain	*10.9*	*18.6*
Net interest	(1.4)	(1.9)
Benefits paid	5.6	12.0
Re-measurement gains and (losses)	0.0	0.0
-Actuarial gains and (losses) recognized in Income Statement	*0.0*	*0.0*
-Actuarial gains and (losses) unrecognized	*0.0*	*0.0*
Re-measurement gains and (losses) in other comprehensive income	(0.8)	3.9
-Actuarial gains and (losses)	*(0.8)*	*3.9*
Settlement Contribution	0.0	10.0
Addition through business combinations	0.0	(10.9)
Defined benefit obligation at 31 December	**(98.1)**	**(104.0)**

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

In million EUR	*2018*	*2017*
Fair value of plan assets at 1 January	**53.4**	**44.5**
Contributions by employer	6.2	5.8
Contributions by employee	1.4	1.3
Benefits paid	(3.1)	(7.4)
Interest income/(cost) on assets (P&L item)	0.8	0.8
Addition through business combinations	0.0	8.0
Actuarial gain/(loss) on assets (OCI item)	6.6	0.4
Fair value of plan assets at 31 December	**65.3**	**53.4**

The expense recognized in the Income Statement is presented hereafter:

As at 31 December

In million EUR	***2018***	*2017*
Service costs	4.3	11.0
- Current service cost	*(6.7)*	*(7.6)*
- Termination expenses	*0.0*	*0.0*
- Past service (cost)/gain	*10.9*	*18.6*
Net interest	(0.6)	(1.1)
Re-measurement gains and (losses)	0.0	0.0
- Actuarial gains and (losses) reported as financial	*0.0*	*0.0*
- Actuarial gains and (losses) reported as operating	*0.0*	*0.0*
Net expense	**3.6**	**9.9**

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

For the year ended 31 December

In million EUR	***2018***	*2017*
Payroll costs	4.3	11.0
Financial cost	(0.6)	(1.1)
Net expense	**3.6**	**9.9**

The expense recognized in other comprehensive income is presented hereafter:

For the year ended 31 December

In million EUR	***2018***	*2017*
Re-measurement gains/(losses)	**5.8**	**4.3**
- Actuarial gains and (losses)	*5.8*	*4.3*
Net expense	**5.8**	**4.3**

Long-term employee benefits

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

Accumulated Compensated Absences

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

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

There was no modification to the calculation methodology compared to 2017. The valuation is based on the future "projected payments / cash outflows". The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the 12 months of 2018. The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

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

Pension saving days

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

The methodology of valuation is based on the same approach as the benefit "Accumulated Compensated Absences". The valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the 12 months of 2018, as provided by the human resources department. The individual "pension saving days" accounts are projected per person and decreased by the actual number of used pension saving days.

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

Part-time regime (50+)

The regulatory framework regarding part-time regime for bpost's employees is the following:

- Framework Agreement of December 20, 2012: partial (50%) career interruption is accessible to the distributors aged 54 and older and to the other employees as from 55 years old. bpost makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the distributors and 48 months for the other beneficiaries of the plan.
- Framework Agreement of May 22, 2014: (i) the plan approved in 2012 and accessible to the distributors is extended to the employees working during night and (ii) for the other employees, the plan is accessible as from 55 years old. bpost makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers and 48 months for the other beneficiaries of the plan.

In 2016, two new plans were approved:

- Framework Agreement of June 2, 2016 (valid until December 2016): (i) the plan approved in 2012 for distributors and extended in 2014 to employees working during night is also applicable for collect agents and (ii) for the other employees, the plan is accessible as from 57 years old. bpost makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the collect agents and 48 months for the other beneficiaries of the plan;
- Framework Agreement of September 30, 2016: (i) for the distributors, collect agents and the employees working during night, the plan is accessible as from 55 years old and (ii) for the other employees, the minimum age required is 57 years old. bpost makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers, distributors and collect agents and 48 months for the other beneficiaries of the plan. This plan is extended until December 2020 following the Framework Agreement of December 20, 2018.

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

As at 31 December

In million EUR	***2018***	*2017*
Present value of total obligations	(113.5)	(108.2)
Fair value of plan assets	0.0	0.0
Present value of net obligations	**(113.5)**	**(108.2)**
Net liability	**(113.5)**	**(108.2)**
Employee benefits amounts in the statement of financial position	0.0	0.0
Liabilities	(113.5)	(108.2)
Net liability	**(113.5)**	**(108.2)**

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

In million EUR	***2018***	*2017*
Present value at 1 January	**(108.2)**	**(107.7)**
Service costs	(13.1)	(13.5)
-Current service cost	*(13.1)*	*(13.5)*
-Past service (cost)/gain	*0.0*	*0.0*
Net interest	(1.0)	(1.0)
Benefits paid	11.9	13.3
Re-measurement gains and (losses)	2.5	0.6
-Actuarial gains and (losses) recognized in Income Statement	*2.5*	*0.6*
Addition through business combinations	0.0	0.1
Transfer	(5.6)	0.0
Defined benefit obligation at 31 December	**(113.5)**	**(108.2)**

The expense recognized in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	***2018***	*2017*
Service costs	(13.1)	(13.5)
-Current service cost	*(13.1)*	*(13.5)*
-Termination expenses	*0.0*	*0.0*
-Past service (cost)/gain	*0.0*	*0.0*
Net interest	(1.0)	(1.0)
Re-measurements gains and (losses)	2.5	0.6
- Actuarial gains and (losses) reported as financial	*1.0*	*(0.4)*
- Actuarial gains and (losses) reported as operating	*1.5*	*1.0*
Net expense	**(11.7)**	**(14.0)**

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

For the year ended 31 December

In million EUR	***2018***	*2017*
Payroll costs	(11.6)	(12.5)
Financial cost	(0.1)	(1.4)
Net expense	**(11.7)**	**(14.0)**

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Termination benefits

Early Retirement scheme

In 2018, the previous early-retirement plans below are included in these benefits:

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

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

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

In case a civil servant concerned by the Alpha plan had not been selected for a new function 12 months after the publication of the open functions, he was put in early-retirement. bpost continued to pay to the beneficiaries a portion (between 60% and 70% depending on the duration of the early-retirement) of their salary at departure and until they reached retirement age. The early-retirement period was treated as a service period.

Two new early-retirement plans were approved in 2016:

- Plan signed on June 2, 2016 and open until end of December 2016: was accessible to civil servants under certain conditions of age, seniority and service organization. bpost continues to pay to the beneficiaries a portion (between 60% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age.
- Plan signed on September 30, 2016: is accessible to civil servants under certain conditions of age, seniority and service organization. bpost continues to pay to the beneficiaries 75% of their salary at departure and until they reach retirement age. This plan has an indefinite duration.

The employee benefit related to the early retirement schemes gives rise to a liability at bpost because (i) the employment is terminated before the normal retirement age and (ii) it is the employee's decision to accept the offer made by bpost in exchange.

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

As at 31 December

In million EUR	***2018***	*2017*
Present value of total obligations	(8.5)	(6.6)
Fair value of plan assets	0.0	0.0
Present value of net obligations	**(8.5)**	**(6.6)**
Net liability	**(8.5)**	**(6.6)**
Employee benefits amounts in the statement of financial position	0.0	0.0
Liabilities	(8.5)	(6.6)
Net liability	**(8.5)**	**(6.6)**

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

In million EUR	***2018***	*2017*
Present value at 1 January	**(6.6)**	**(4.1)**
Service costs	(5.2)	0.0
- Current service cost	*0.0*	*0.0*
- Termination expenses	*(5.2)*	*0.0*
- Past service (cost)/gain	*0.0*	*0.0*
Net interest	0.0	0.0
Benefits paid	3.6	4.0
Re-measurement gains and (losses)	(0.3)	0.2
- Actuarial gains and (losses) recognized in Income Statement	*(0.3)*	*0.2*
- Actuarial gains and (losses) unrecognized	*0.0*	*0.0*
Re-measurement gains and (losses) in other comprehensive income	0.0	0.0
- Actuarial gains and (losses)	*0.0*	*0.0*
Addition through business combinations	0.0	(6.7)
Defined benefit obligation at 31 December	**(8.5)**	**(6.6)**

The expense recognized in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	***2018***	*2017*
Service costs	(5.2)	0.0
- Current service cost	*0.0*	*0.0*
- Termination expenses	*(5.2)*	*0.0*
- Past service (cost)/gain	*0.0*	*0.0*
Net interest	0.0	0.0
Re-measurement gains and (losses)	(0.3)	0.2
- Actuarial gains and (losses) reported as financial	*0.0*	*0.0*
- Actuarial gains and (losses) reported as operating	*(0.3)*	*0.2*
Net expense	***(5.5)***	***0.2***

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

For the year ended 31 December

In million EUR	*2018*	*2017*
Payroll costs	(5.5)	0.2
Financial cost	0.0	0.0
Net expense	**(5.5)**	**0.2**

Other long-term benefits

Workers compensation accident plan

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

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

DSPR/ DVVP for Job Mobility Center

The Framework Agreement of September 30, 2016 defined a Dispense Précédant la Retraite/ Dienstvrijstelling voorafgaand aan de Pensionering (DSPR/ DVVP) plan for the Job Mobility Center. This plan foresees for an indefinite duration that civil servants aged as from 61 years old who are attached to the Job Mobility Center and who are still attached to it after a period of one year will be released from service. bpost continues to pay to the beneficiaries 70% of their salary at departure and until they reach retirement age, with a maximum of 5 years.

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

As at 31 December

In million EUR	*2018*	*2017*
Present value of total obligations	(153.5)	(161.5)
Fair value of plan assets	0.0	0.0
Present value of net obligations	**(153.5)**	**(161.5)**
Net liability	**(153.5)**	**(161.5)**
Employee benefits amounts in the statement of financial position	0.0	0.0
Liabilities	(153.5)	(161.5)
Net liability	**(153.5)**	**(161.5)**

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

In million EUR	***2018***	*2017*
Present value at 1 January	**(161.5)**	**(162.8)**
Service costs	(0.6)	(0.5)
-Current service cost	*(0.6)*	*(0.5)*
-Termination expenses	*0.0*	*0.0*
-Past service (cost)/gain	*0.0*	*0.0*
Net interest	(2.4)	(2.5)
Benefits paid	6.8	6.8
Re-measurement gains and (losses)	4.1	(2.6)
-Actuarial gains and (losses) recognized in Income Statement	*4.1*	*(2.6)*
-Actuarial gains and (losses) unrecognized	*0.0*	*0.0*
Re-measurement gains and (losses) in other comprehensive income	0.0	0.0
-Actuarial gains and (losses)	*0.0*	*0.0*
Defined benefit obligation at 31 December	**(153.5)**	**(161.5)**

The expense recognized in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	***2018***	*2017*
Service costs	(0.6)	(0.5)
-Current service cost	*(0.6)*	*(0.5)*
-Termination expenses	*0.0*	*0.0*
-Past service (cost)/gain	*0.0*	*0.0*
Net interest	(2.4)	(2.5)
Re-measurements gains and (losses)	4.1	(2.6)
- Actuarial gains and (losses) reported as financial	*0.1*	*(1.0)*
- Actuarial gains and (losses) reported as operating	*4.0*	*(1.6)*
Net expense	**1.2**	**(5.5)**

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

For the year ended 31 December

In million EUR	***2018***	*2017*
Payroll costs	3.5	(2.0)
Financial cost	(2.3)	(3.5)
Net expense	**1.2**	**(5.5)**

6.28 Trade and other payables

As at 31 December

In million EUR	2018	2017 restated	2017
Trade payables	0.0	0.0	0.0
Other payables	17.5	45.2	45.2
Non-current trade and other payables	**17.5**	**45.2**	**45.2**

Non-current trade and other payables amount to EUR 17.5 million and consist mainly of the working capital provided by bpost bank and the contingent consideration arrangements related to the acquisitions of CityDepot and Leen Menken.

As at 31 December

In million eur	2018	2017 restated	2017
Trade payables	499.9	461.9	466.6
Payroll and social security payables	332.5	347.2	342.4
Tax payable other than income tax	12.4	14.6	14.6
Other payables	367.7	394.7	394.7
Current trade and other payables	**1,212.5**	**1,218.4**	**1,218.2**

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

As at 31 December

In million EUR	2018	2017 restated	2017
Advance payments on orders	10.9	10.5	10.5
Advance postal financial services	18.8	18.8	18.8
Cash guarantees received	9.6	10.2	10.2
Accruals	122.4	105.1	105.1
Deferred income	55.9	59.0	59.0
Deposits received from third parties	0.1	0.1	0.1
Other payables	150.0	190.8	190.8
Current - other payables	**367.7**	**394.7**	**394.7**

The considerations paid already by customers that have been allocated to the unsatisfied remaining performance obligation amounted to EUR 55.9 million and mainly related to stamps and credits on franking machine sold but not yet used by customers at balance sheet date. The large majority of the remaining performance obligations at reporting date is expected to be recognized within one year, all other remaining performance obligations are expected to be recognized within two years.

6.29 Provisions

In million EUR	*Litigation*	*Environment*	*Onerous contract*	*Restructuring & other*	***Total***
Balance at 1 January 2017	**38.0**	**0.6**	**1.6**	**18.5**	**58.7**
Additional provisions recognized	3.8	0.1	0.8	4.9	9.6
Addition through Business Combinations	0.7	0.0	0.0	0.0	0.7
Provisions used	(0.1)	0.0	0.0	(4.0)	(4.1)
Provisions reversed	(10.2)	0.0	(0.2)	(3.1)	(13.6)
Other movements	(0.1)	0.0	0.0	(5.8)	(5.9)
Balance at 31 December 2017	**32.1**	**0.6**	**2.2**	**10.5**	**45.4**
Addition through business combinations	0.0	0.0	21.6	0.0	21.6
Exchange rate difference	0.0	0.0	(0.4)	0.0	(0.4)
Balance at 31 December 2017 (restated)	**32.1**	**0.6**	**23.4**	**10.5**	**66.5**
Non current balance at end of year (restated)	20.4	0.6	14.9	2.3	38.1
Current balance at end of year (restated)	11.8	0.0	8.5	8.2	28.4
	32.1	**0.6**	**23.4**	**10.5**	**66.5**
Balance at 1 January 2018 (restated)	**32.1**	**0.6**	**23.4**	**10.5**	**66.5**
Additional provisions recognized	1.8	0.0	0.1	4.3	6.2
Provisions used	(1.9)	0.0	(6.6)	(3.4)	(11.9)
Provisions reversed	(15.8)	0.0	(4.3)	(3.0)	(23.0)
Exchange rate difference	0.0	0.0	1.4	0.0	1.4
Other movements	0.0	0.0	0.0	0.0	0.0
Balance at 31 December 2018	**16.2**	**0.6**	**14.1**	**8.5**	**39.3**
Non current balance at end of year	11.9	0.6	9.1	0.9	22.6
Current balance at end of year	4.3	0.0	5.0	7.5	16.8
	16.2	**0.6**	**14.1**	**8.5**	**39.3**

In 2018 the purchase price allocation of Radial has been finalized, as a consequence the opening balance has been restated. This impact is shown under “addition through business combinations”.

The provision for **litigation** amounted to EUR 16.2 million. It represents the expected financial outflow relating to many different (actual or imminent) litigations between bpost and third parties.

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

The reverse in 2018 was mainly due to the reassessment of a litigation.

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

- A claim for damages in an alleged (provisional) amount of approximately EUR 21.1 million (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail NV/SA. The Brussels commercial court rejected Publimail’s claim on May 3, 2016. Publimail appealed this decision on December 16, 2016. The appeal is now pending before the Brussels Court of Appeal.
- A claim for damages in an alleged (provisional) amount of approximately EUR 28.0 million (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV/SA and pending before the Brussels commercial court. Certain aspects of the contractual relationship between Link2Biz and bpost are also the subject of a cease and desist order (adopted on June 21, 2010), which bpost has appealed in August 2010 and which is currently pending before the Brussels Court of Appeal.

All claims and allegations are contested by bpost.

Moreover, on July 20, 2011 the Belgian postal regulator ("BIPT/IBPT") concluded that certain aspects of bpost's 2010 pricing policy infringed the Belgian Postal Act and imposed a fine of EUR 2.3 million. While bpost paid the fine in 2012, it contested the BIPT/IBPT's findings and appealed the decision. The Brussels Court of Appeal found in favor of bpost and annulled the BIPT/IBPT's decision on March 10, 2016. bpost recovered the EUR 2.3 million fine in October 2016.

Finally, on December 10, 2012, the Belgian Competition Authority concluded that certain aspects of bpost's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately EUR 37.4 million. While bpost paid the fine in 2013, it contested the Belgian Competition Authority's findings and appealed the decision before the Brussels Court of Appeal. On November 10, 2016, the Brussels Court of Appeal annulled the Authority's decision. The Belgian Competition Authority appealed this judgment before the Supreme Court on points of law. The Supreme Court issued its decision on November 22, 2018. It partially upheld the appeal. This will lead to a new trial before the Brussels Court of Appeal.

The provision related to **environment** issues amounted to EUR 0.6 million. It covers soil sanitation.

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing down of mail and retail offices and the ICT maintenance of a phase out webstore platform.

Other provisions amounted to EUR 8.5 million.

6.30 Financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities per December 31, 2017:

		Fair value categorized:		
In million EUR	*Carrying amount*	*Quoted prices in active markets (Level 1)*	*Significant other observable inputs (Level 2)*	*Significant unobservable input (Level 3)*
Financial assets measured at amortized cost				
Non-Current				
Financial assets	9.4	0.0	9.4	0.0
Current				
Financial assets	1,182.5	0.0	1,182.5	0.0
Total financial assets	**1,191.9**	**0.0**	**1,191.9**	**0.0**
Financial liabilities measured at amortized cost				
Non-Current				
Financial liabilities	100.6	0.0	100.6	0.0
Current				
Financial liabilities	1,956.8	0.0	1,956.8	0.0
Total financial liabilities	**2,057.5**	**0.0**	**2,057.5**	**0.0**

The following table provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities per December 31, 2018:

		Fair value categorized:		
In million EUR	*Carrying amount*	*Quoted prices in active markets (Level 1)*	*Significant other observable inputs (Level 2)*	*Significant unobservable input (Level 3)*
Financial assets measured at amortized cost				
Non-Current				
Financial assets	11.2	0.0	11.2	0.0
Current				
Financial assets	1,397.8	0.0	1,397.8	0.0
Total financial assets	**1,409.1**	**0.0**	**1,409.1**	**0.0**
Financial liabilities measured at amortized cost (except for derivatives)				
Non-Current				
Long-term bond	641.8	629.7	0.0	0.0
Financial liabilities	224.7	0.0	224.7	0.0
Current				
Derivatives instruments - forex swap	0.1	0.0	0.1	0.0
Derivatives instruments - forex forward	0.7	0.0	0.7	0.0
Derivatives instruments - cross currency swap	0.0	0.0	0.0	0.0
Financial liabilities	1,409.7	0.0	1,409.7	0.0
Total financial liabilities	**2,277.0**	**629.7**	**1,635.2**	**0.0**

The fair value of the non-current and current financial assets measured at amortized cost and the non-current and current financial liabilities measured at amortized cost, approximate their carrying amounts. As they are not measured at fair value in the statement of financial position their fair value should not be disclosed.

During the period there was no transfer between fair value hierarchy levels and there were no changes in the valuation techniques and inputs applied.

Financial assets measured at amortized cost

The increase of the financial assets measured at amortized cost was mainly due to the increase of the cash and cash equivalents (EUR 214.1 million).

Financial liabilities measured at fair value - non current

At the end of 2018, the non-current financial liabilities consisted of:

- USD 185.0 million term unsecured loan. This loan started on July 3, 2018 with a maturity of 3 years with two possible extensions of one year each.
- EUR 650.0 million bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of EUR 600.0 million to hedge the interest risk of the bond.
- EUR 27.3 million EIB (European Investment Bank) loan. bpost took out a EUR 100.0 million loan from the EIB on May 5, 2007. It has a yearly reimbursement of EUR 9.1 million and last payment is foreseen in 2022. The yearly amount of EUR 9.1 million is included in the section "Interest-bearing loans and borrowings - current".

Derivative instruments

bpost is exposed to certain risks relating to its daily business operations. The primary risk managed using derivative instruments is the foreign currency risk. bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries. At year end 2018 the impact of the fair value of the forward contracts and foreign exchange swap contracts amounted to an increase of the liabilities by EUR 0.8 million.

Financial liabilities measure at amortized cost – current

During 2018 bpost reimbursed the bridge loan entered into in 2017 to buy Radial. Furthermore at year end 2018 the outstanding commercial paper issued by bpost amounted to EUR 165.0 million. The maturity of the different commercial papers ranges between 1 to 6 months. Given the current market conditions, bpost can benefit from negative interest rates.

6.31 Derivative financial instruments and hedging

Derivative instruments

bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries. At year end 2018 had four foreign exchange swaps and three foreign exchange forwards outstanding.

Interest Rate Swap

In February 2018, bpost entered into a forward starting Interest Rate Swap with a 10-year maturity and a nominal amount of EUR 600.0 million. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.

In July 2018, bpost finally issued a EUR 650.0 million 8-year bond. Due to the fact that the duration and the nominal amount of the issued bond had changed compared to February 2018, the amount of the cash-flow hedge ineffectiveness (based on the hypothetical derivative method) amounted to EUR 1.5 million and it was recognized in profit or loss as finance expense. The effective part of the cash-flow hedge (EUR 20.0 million) has been recognized in other comprehensive income (amount net of tax is EUR 14.8 million) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2018 an amount of EUR 1.2 million has been reclassified to the profit and loss statement.

Net investment hedge

In the third quarter of 2018, bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. bpost with EUR as its functional currency along with the issuance of the bond, borrowed USD in order to refinance the November 2017 acquisition of Radial Holdings, LP. bpost borrowed a part in USD to mitigate the risk on foreign exchange rate differences on the foreign operations, hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument, is recognized in other comprehensive income. The notional amount of the hedging amounted to USD 143.0 million, whereas the carrying amount converted into Euro amounted to EUR 124.9 million. At December 31, 2018 the net loss on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to EUR 5.7 million. There was no ineffectiveness in the year December 31, 2018.

6.32 Contingent liabilities and contingent assets

As described under note 6.29, the Brussels Court of Appeal annulled the Belgian Competition Authority's decision imposing a fine of EUR 37.4 million on November 10, 2016. The Belgian Competition Authority appealed this judgment before the Supreme Court on points of law. The Supreme Court issued its decision on November 22, 2018, it partially upheld the appeal. This will lead to a new trial before the Brussels Court of Appeal. The foregoing constitutes a contingent asset should the Court of Appeal annul the Belgian Competition Authority's decision again, bpost may recover the fine of EUR 37.4 million (excluding interests).

6.33 Rights and commitments

Guarantees received

At 31 December 2018, bpost benefits from bank guarantees in a sum of EUR 19.4 million, issued by banks on behalf of bpost's customers (2017: EUR 13.3 million). These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At 31 December 2018, merchandise representing a sales value of EUR 1.7 million had been consigned by partners for the purpose of sale through the postal network.

Revolving credit facilities

bpost has two undrawn revolving credit facilities for a total amount of EUR 375.0 million. The syndicated facility amounts to EUR 300.0 million and expires in October 2022 (possible extension until 2024) while the bilateral facility of EUR 75.0 million expires in June 2023 (possible extension until 2025) and allows for EUR and USD drawdowns. The interest rate of EUR 300.0 million revolving credit facility changes according to bpost's sustainability rating as determined by an external party.

Guarantees given

bpost acts as guarantor (EUR 1.1 million guarantee) in the framework of the DoMyMove collaboration agreement between bpost and Engie Electrabel.

bpost has an agreement with Belfius, ING and KBC, according to which they agree to provide for up to EUR 82.1 million in guarantees for bpost upon simple request.

Currency Swap

At year-end 2018 bpost had four foreign exchange swaps and three foreign exchange forwards outstanding, six with ING and one with KBC.

On January 5, 2018 bpost entered into a swap contract to exchange SGD 0.5 million against EUR 0.3 million to cover the currency risk of a specific debt in SGD. On March 28, 2018 bpost entered in a foreign exchange swap with KBC to exchange PLN 1.9 million against EUR 0.4 million to cover the currency risk of a specific debt in PLN. The other two foreign exchange swaps started both on April 13, 2018 to exchange USD 0.5 million with EUR 0.4 million. Furthermore on May 2, 2018 bpost underwrote three foreign exchange forwards to exchange USD 8.9 million with EUR 7.0 million. All the USD contracts are used to cover the currency risk of specific debts in USD.

Funds of the State

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

6.34 Related party transactions

a) Relations with the shareholders

The Belgian State as a shareholder

The Belgian State, directly and through the Société Fédérale de Participations et d'Investissement/Federale Participatie-en Investeringsmaatschappij ("SFPI/FPIM"), is the majority shareholder of bpost and holds 51.04% of bpost. Accordingly, it has the power to control any decision at the Shareholders' Meeting requiring a simple majority vote.

The rights of the Belgian State as bpost's shareholder are defined in the corporate governance policies (publicly available on bpost website).

The Belgian State as public authority

The Belgian State is, together with the European Union, the main legislator in the postal sector. The Belgian Institute for Postal services and Telecommunications ("BIPT"), the national regulatory authority, is the main regulator of the postal sector in Belgium.

The Belgian State as a customer

The Belgian State is one of bpost's largest customers. Including the remuneration for the Services of General Economic Interest ("SGEIs"), 10.2% of bpost's total operating income in 2018 was attributable to the Belgian State and State related entities.

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

bpost provides universal postal services and SGEIs entrusted to it by the Belgian State, covering postal, financial, and other public services. The Law of March 21, 1991, the Postal Law of January 26, 2018, the management contract as well as concession agreements set out the rules and conditions for carrying out the obligations that bpost assumes in execution of its universal postal services and SGEIs, and, where applicable, the financial compensation paid by the Belgian State.

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

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

Tariffs and other terms for the provision of certain of the services provided under the management contract are determined in implementing agreements between bpost, the Belgian State and, where relevant, the other parties or institutions concerned.

The 5th management contract expired on December 31, 2015. On December 3, 2015, bpost and the Belgian State signed the 6th management contract. This management contract provides for a continued provision of the aforementioned SGEIs for a new period of five years, ending on December 31, 2020.

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

On June 3, 2016, the European Commission approved both the 6th management contract and the concession agreements on distribution of newspapers and periodicals under the state aid rules[1].

bpost also provides cash account management services to the Belgian State and certain other public entities pursuant to the Royal Decree of January 12, 1970 regulating the postal service as amended pursuant to the Royal Decree of April 30, 2007 regulating postal financial services and the Royal Decree of April 14, 2013 amending the Royal Decree of January 12, 1970 regulating the postal service.

The compensation granted to bpost in respect of the SGEIs is being disclosed in note 6.8 of the annual report and amounted to EUR 271.4 million for 2018 (EUR 270.0 million in 2017).

The compensation of SGEIs is based on a net avoided cost ("NAC") methodology. This methodology provides that compensation shall be based on the difference between (i) the net cost for the provider of operating with the SGEI obligation and (ii) the net cost for the same provider of operating without that obligation.

The compensation for the distribution of newspapers and periodicals consists of a flat amount and a variable fee based upon distributed volumes. This compensation is subject to further *ex-post* verifications and must be NAC compliant.

In 2015, the Belgian State unilaterally decided to reduce the compensation for 2015 by EUR 6.5 million. Nevertheless, bpost has reserved its rights and booked an equivalent amount of doubtful debt that is still outstanding per end of December 2018. Including the doubtful debtor, the outstanding amount owned by the Belgian State for the SGEI remuneration on December 31, 2018 amounted to EUR 107.6 million (EUR 100.2 million on December 31, 2017). bpost has also provided a bank guarantee of EUR 5.4 million with respect to the SGEI remuneration to the Belgian State.

Excluding the SGEI remuneration, the services provided to State related customers do not exceed 5% of bpost's total operating income.

b) Consolidated companies

A list of all subsidiaries (and equity-accounted companies), together with a brief description of their business activities, is provided in note 6.35 of this annual report.

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

c) Relations with associates

bpost bank is a 50% associate of bpost. bpost bank's other shareholder is BNP Paribas Fortis with the remaining 50%.

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

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

(1) In October 2016, the Flemish Federation of Press Vendors ('Vlaamse Federatie van Persverkopers') sought the annulment of the European Commission's clearance decision before the General Court on procedural grounds. In February 2019, the General Court has removed the case from the register following the request by VFP to discontinue the proceedings.

bpost bank had approximately 735,000 current accounts and 909,000 savings accounts as of December 31, 2018. All accounts include basic services such as debit cards, access to payment and money transfer services and cash withdrawals at post office tellers or ATMs. bpost also offers the MasterCard bpost bank credit card.

bpost bank's customer lending activity consists of granting or offering consumer credits and mortgages credits. As of December 31, 2018, bpost bank had approximately EUR 4,936 million in loans on its balance sheet.

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

Banking and insurance partnership agreement

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

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

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

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

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

bpost bank pays bpost a commission determined in accordance with market conditions for the distribution of banking and insurance products and for the performance of certain back-office activities. The amount of the commission for the distribution of banking and insurance products depends, inter alia, on the interest margin realized by bpost bank, the assets under management and the sales of financial/insurance products realized by bpost's retail network. Total income related to banking and financial products amounted to EUR 167.1 million in 2018 (2017: EUR 182.6 million), of which a significant amount is related to the commission paid by bpost bank. The amount owed by bpost bank to bpost on December 31, 2018 amounted to EUR 7.2 million (2017: EUR 5.7 million).

Working capital

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

Dividend

In 2018 bpost received a total dividend of EUR 4.0 million from bpost bank (EUR 11.75 million in 2017).

d) Compensation of key management

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

As further described in the Remuneration Report, the remuneration of the members of the Board of Directors (with the exception of the CEO) was approved by the General Shareholders' Meeting of 25 April 2000 and continued to be applicable in 2018.

The Board of Directors' members, with exception of the CEO, are entitled to a fixed annual remuneration. They are also entitled to an attendance fee per attended meeting of the Advisory Committee meetings.

In 2018, total remuneration paid to the Board of Directors' members (excluding the CEO) amounted to EUR 0.33 million (2017: EUR 0.35 million).

The remuneration package of the CEO and the members of the Group Executive Committee consists of (i) a base remuneration, (ii) a short-term incentive variable remuneration, (iii) a pension contribution and (iv) various other benefits.

For the year ended December 31, 2018, a global remuneration of EUR 4.06 million (2017: EUR 2.88 million) excluding the variable remuneration was paid to CEO and the members of the Group Executive Committee, and can be broken down as follows:

- base remuneration: EUR 3,489,148.24 (2017: EUR 2,458,846.37)
- pension contribution: EUR 327,859,56 (2017: EUR 227,723.16)
- other benefits: EUR 238,206.00 (2017: EUR 198,415.74)
  - insurance covering death-in-service, disability and medical coverage: EUR 90,549.57 (2017: EUR 74,685.96)
  - representation fees: EUR 29,319.58 (2017: EUR 24,529.86)
  - leasing costs for company car: EUR 118,336.85 (2017: EUR 99,199.92)

In addition, the CEO and the members of the Group Executive Committee received in 2018 a global variable remuneration of EUR 1,210,367.99 (2017: EUR 1,196,125.45) because the corporate objectives and the individual targets for the year that ended on December 31, 2017 were met (the 2017 assessment was only completed in 2018).

No shares, stock options or other rights to awards shares were granted to or exercised by the CEO or the other members of the Group Executive Committee or have expired in 2018. No options under previous stock option plans were still outstanding for the financial year 2018.

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

6.35 Group companies

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

- **Euro-Sprinters** operates bpost's special logistics network, mainly including courier services.
- **Speos Belgium** manages outgoing document flows for its customers, specializing in the outsourcing of financial and administrative documents, such as invoices, bank statements and salary slips. Services include document generation, printing (black and white or full color) and enclosing, electronic distribution (email, zoomit, webservices) and archiving. Speos also offers backup and peak solutions for companies having their own print shop. Furthermore Speos offers dedicated end-to-end solutions (e.g. European License Plate).
- **Certipost** provides document security, digital certification and Belgian e-ID activities.
- **Mail Services Incorporated (MSI)** based in the USA, is a cross-border mail consolidator offering mainly international outbound distribution products. In 2018 **IMEX Global Solutions** and **M.A.I.L.** were bought and together with MSI they are operating as the Mail Group. IMEX Global Solutions is a 3rd party logistics company in the US, active in cross-border publication and mail delivery. M.A.I.L. is active in the field of business mail/catalogue distribution for re/e-tailers and mail-room services as well as parcel distribution.
- **Landmark Global (UK)** is a UK based mail, parcel and transport company providing global logistics solutions to the market in UK. Based near to Heathrow airport, Landmark Global (UK) has a customs bonded facility enabling to offer customs clearance services and x-ray security screening services. Landmark Global (UK) acts as an inbound and outbound gateway for other bpost entities around the world.
- Through Landmark Global (UK), bpost is active in Asia, operating in Singapore through **bpost Singapore Pte** and in Hong Kong through **bpost Hong Kong**. These companies originally focused on delivery of financial documents, but bpost is transforming bpost Hong Kong to provide a full range of delivery and logistics solutions, including cross-border mail and parcels and e-commerce fulfillment. Their customers are spread across the banking, insurance, asset management, publishing and printing sectors. Similar to MSI, they are mainly focused on directly collecting parcels from overseas e-commerce companies and businesses for delivery in Europe and other regions. **bpost International Logistics (Beijing) Co.** is a company affiliated to **bpost Hong Kong** and is established in Beijing (China). It offers a full range of cross-border parcel distribution services to the Chinese e-tailers and consolidators, with a strong focus on delivery of parcels to European and other global buyers. It is primarily active in Beijing, Shanghai and Shenzhen.
- **Landmark Global** based in the USA and the Canada-based **Landmark Trade Services** company are leading international parcels consolidators, active in the United States and Canada. They are mainly focused on the distribution of e-commerce parcels from U.S.-based e-tailers into Canada, Europa and Australia. It also offers various fulfillment services in locations in the United States for its e-commerce customers. Over the last years it has expanded in offering various logistics solutions to its existing client base.
- **Landmark Global (PL)** provides fulfillment, logistics and distribution activities. It operates as logistics and distribution partner for direct selling companies across Western, Central and Eastern Europe.
- **Landmark Global (Netherlands)** provides import services for US customers looking to sell their products in Europe. This includes customs clearance services, warehousing, pick & pack and last mile delivery. **Landmark Trade Services (Netherlands)** is a spin-off company of Landmark Global (Netherlands) which focuses on advising new US customers on how to enter their products into Europe. This includes both advice on customs/VAT set-up and on product registration in the various European countries.
- **Landmark Trade Services (UK)** provides import services for goods entering the UK. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports. **Landmark Trade Services USA** provides import services for goods entering the US.
- **Freight Distribution Management Systems PTY** and **FDM Warehousing PTY** are specialized in providing a personalized customer service for warehousing, fulfillment and distributing products in Australia. Its business consists of third party logistics (3PL) warehousing, transport & distribution.
- **Apple Express Courier** and **Apple Express Courier's** business consists of the last mile delivery, transportation and fulfillment services for clients in Canada and the US.
- The activities of **Ubiway Group** relate to press logistics, non-press logistics and convenience & proximity retail. **AMP** is a prominent player in the Belgian press distribution market with a large number of points of sale serviced and a large number of titles distributed. Ubiway Group also offers non-press logistics services related to parcels and value-added e-commerce solutions, such as 3PL logistics (supply chain services) and an open access network of parcel pick-up and delivery points in Belgium under the **Kariboo!** brand. Convenience distribution relates to **Burnonville** which distributes non-press and non-food (impulse) products to retailers. **Ubiway Retail** is a significant player in the national press, tobacco and convenience retail market with a network of shops mostly operated under the Press Shop, Relay, Hello! and Hubiz brands.
- **Radial** is a leading player in integrated e-commerce logistics and omnichannel technology, enabling brands and retailers to profitably exceed retail customer expectations. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfillment and transportation options, intelligent fraud protection, payments, and tax systems, and personalized customer care services. Hundreds of retailers and brands confidently partner with Radial to simplify their post-click e-commerce and improve their customer experiences. Radial brings flexibility and scalability to their supply chains and optimizes how, when and where orders go from desire to delivery.
- **DynaGroup** offers a range of specialized logistical services and software, from the repair of electronics (from smartphones and drones to coffee machines) to personalized e-commerce delivery services, for both small products (ranging from passports to

smartphones with contract finalization on the doorstep) and large consumer products (such as the delivery and installation of large televisions, washing machines and furniture).

- **Leen Menken Foodservices Logistics** is a logistic operator for the transport of refrigerated and frozen products for e-commerce.
- The business activities of **Active Ants** consists of product storing, picking, packing, organization of transport activities, returns handling and shipping for e-commerce businesses.

Name	*Share of voting rights in% terms*		*Country of incorporation*
	2018	*2017*	
bpost bank NV-bpost banque SA	50%	50%	Belgium

Name	*Share of voting rights in% terms*		*Country of incorporation*
	2018	*2017*	
Alteris NV-SA	100.0%	100.0%	Belgium
Landmark Global (Belgium) NV-SA	100.0%	100.0%	Belgium
Certipost NV-SA	100.0%	100.0%	Belgium
Euro-Sprinters NV-SA	100.0%	100.0%	Belgium
CityDepot NV-SA	99.7%	99.7%	Belgium
Parcify NV-SA[1]	100.0%	51.0%	Belgium
Landmark Global (PL) Sp z o.o.	100.0%	100.0%	Poland
Speos Belgium NV-SA	100.0%	100.0%	Belgium
Mail Services INC	100.0%	100.0%	USA
Landmark Global (UK) LTD	100.0%	100.0%	UK
bpost Hong Kong LTD	100.0%	100.0%	Hong Kong
bpost Singapore Pte. LTD	100.0%	100.0%	Singapore
bpost International Logistics (Beijing) Co., LTD	100.0%	100.0%	China
bpost U.S. Holdings INC	100.0%	100.0%	USA
Landmark Global, INC	100.0%	100.0%	USA
Landmark Trade Services, LTD	100.0%	100.0%	Canada
Landmark Global (Australia) Distribution PTY LTD	100.0%	100.0%	Australia
Landmark Global (Netherlands) BV	100.0%	100.0%	Netherlands
Landmark Trade Services (Netherlands) BV	100.0%	100.0%	Netherlands
Landmark Trade Services (UK) LTD	100.0%	100.0%	UK
Landmark Trade Services USA, INC	100.0%	100.0%	USA
Apple Express Courier INC	100.0%	100.0%	USA
Apple Express Courier LTD	100.0%	100.0%	Canada
Freight Distribution Management Systems PTY, LTD	100.0%	100.0%	Australia
FDM Warehousing PTY, LTD	100.0%	100.0%	Australia
AMP NV-SA	100.0%	100.0%	Belgium
Burnonville NV-SA	100.0%	100.0%	Belgium
Import Lux Burnonville SARL	100.0%	100.0%	Luxemburg
Alvadis NV-SA	100.0%	100.0%	Belgium
Ubiway NV-SA	100.0%	100.0%	Belgium
Distrisud-Bellens NV-SA	100.0%	100.0%	Belgium
Ubiway Services NV-SA	100.0%	100.0%	Belgium
Internationale Boekhandel Distributiedienst NV-SA	100.0%	100.0%	Belgium

Distridijle NV-SA	100.0%	100.0%	Belgium
Ubiway Retail NV-SA	100.0%	100.0%	Belgium
Kariboo! NV-SA	100.0%	100.0%	Belgium
de Buren Internationaal BV[1]	51.0%	51.0%	Netherlands
de Buren Nederland BV[1]	51.0%	51.0%	Netherlands
de Buren Afhaalcentrum BV[1]	51.0%	51.0%	Netherlands
de Buren Techniek BV[1]	51.0%	51.0%	Netherlands
Dragstra Automatisering BV[1]	51.0%	51.0%	Netherlands
Nuleverbaar.NL BV[1]	51.0%	51.0%	Netherlands
de Buren Belgium NV-SA[1]	51.0%	51.0%	Belgium
de Buren Financial BV	51.0%	-	Netherlands
Bubble Post NV-SA	100.0%	100.0%	Belgium
Bubble Post BV[2]	-	100.0%	Netherlands
Parcify BV[2]	-	51.0%	Netherlands
Welcome Media NV-SA	100.0%	100.0%	Belgium
Dynagroup BV	100.0%	100.0%	Netherlands
Dynafix Repair BV	100.0%	100.0%	Netherlands
Dynalogic Benelux BV	100.0%	100.0%	Netherlands
Dynafix Care BV	100.0%	100.0%	Netherlands
Dynalogic Courier BV	100.0%	100.0%	Netherlands
Dynafix Computer Repair BV	100.0%	100.0%	Netherlands
Dynasure BV	100.0%	100.0%	Netherlands
Dynafix Onsite BV	100.0%	100.0%	Netherlands
Dynalinq BV	100.0%	100.0%	Netherlands
Dynalogic Belgium NV	100.0%	100.0%	Belgium
Radial Solutions Hong Kong LTD	100.0%	100.0%	Hong Kong
Radial Holdings LP	100.0%	100.0%	USA
Radial Commerce INC	100.0%	100.0%	USA
Radial South LP	100.0%	100.0%	USA
Radial INC	100.0%	100.0%	USA
935 HQ Associates LLC	100.0%	100.0%	USA
Radial Luxembourg SARL	100.0%	100.0%	Luxembourg
Radial Omnichannel Technologies India Private LTD	100.0%	100.0%	India
Trade Port Drive LLC	100.0%	100.0%	USA
Radial Omnichannel International SLU	100.0%	100.0%	Spain
Radial Fullfillment GmbH	100.0%	100.0%	Germany
Radial GmbH	100.0%	100.0%	Germany
Radial Commerce LTD	100.0%	100.0%	UK
Radial Solutions Singapore PTE LTD	100.0%	100.0%	Singapore
Radial E-commerce (Shanghai) Corp. LTD	100.0%	100.0%	China
bpost North America Holdings, INC	100.0%	100.0%	USA
Radial III GP, LLC	100.0%	100.0%	USA
Radial South GP, LLC	100.0%	100.0%	USA
IMEX Global Solutions, LLC	100.0%	-	USA
M.A.I.L. (Mailing Assistance In Lafayette), INC	100.0%	-	USA
Leen Menken Foodservice Logistics BV	100.0%	-	Netherlands
Active Ants BV	63.6%	-	Netherlands
Anthill BV	63.6%	-	Netherlands

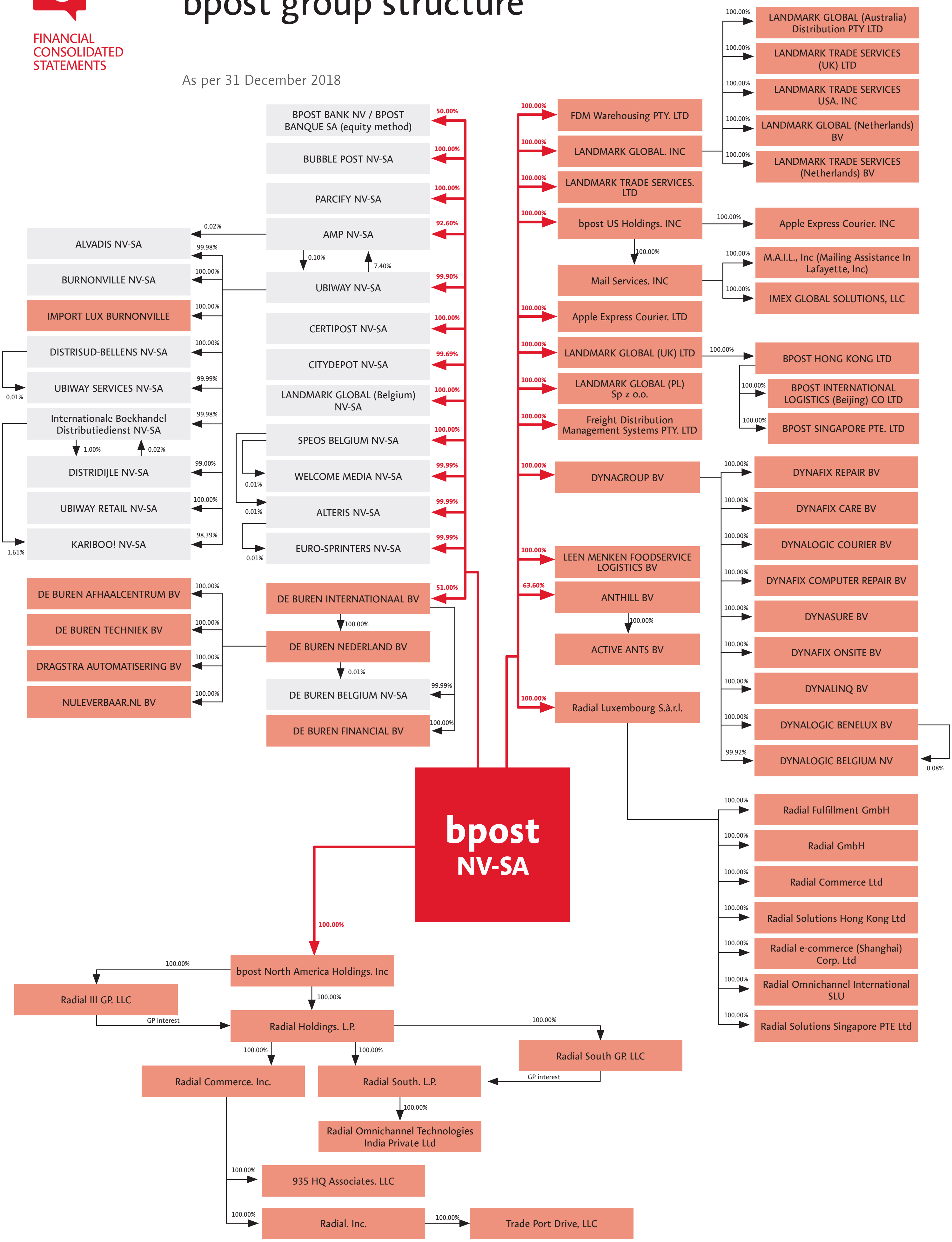
(1) Fully consolidated

(2) Liquidated during the year 2018

FINANCIAL CONSOLIDATED STATEMENTS

bpost group structure

As per 31 December 2018



6.36 Events after the statement of financial position date

In February 2019, bpost agreed to exit its participation in de Buren. In the process bpost acquired the de Buren assets in Belgium. This will allow bpost to further boost its last mile parcel service offering in Belgium through a dense network of parcel lockers walls.

FINANCIAL CONSOLIDATED STATEMENTS

Summary of the financial statements of bpost NV/SA

This section contains a summary version of the statutory (non-consolidated) annual accounts of bpost NV/SA. The statutory auditor issued an unqualified opinion on the statutory accounts of bpost NV/SA as of and for the year ended December 2018.

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

Balance sheet of bpost NV/SA (summary)

As at 31 December

In million EUR	***2018***	*2017*
Assets		
Non-current assets		
Intangible assets (including formation expenses)	24.6	14.5
Tangible assets	302.9	329.3
Financial assets	1,496.7	1,344.5
	1,824.2	**1,688.3**
Current assets		
Inventories	8.3	9.1
Trade and other receivables	505.9	444.0
Cash and cash equivalents	490.2	354.2
Deferred charges and accrued income	42.3	22.8
	1,046.7	**830.1**
Total assets	**2,870.9**	**2,518.4**
Equity and liabilities		
Equity		
Issued capital	364.0	364.0
Reevaluation surpluses	0.1	0.1
Reserves	50.8	50.8
Retained earnings	172.8	172.5
	587.7	**587.4**
Provisions		
Pension related provisions	29.7	26.3
Provision for repairs and maintenance	0.1	1.2
Other liabilities and charges	139.4	155.6
	169.1	**183.1**
Non-current liabilities		
Long term debts	860.3	68.4
	860.3	**68.4**
Current liabilities		
Trade and other payables	224.0	206.3
Short term debts	199.9	724.1
Social debts payable	346.4	354.3
Income tax payable	24.9	46.3
Other debts	328.2	219.3
Accrued charges and deferred income	130.4	129.3
	1,253.8	**1,679.6**
Total liabilities	**2,870.9**	**2,518.4**

Income statement of bpost NV/SA (summary)

For the year ended 31 December

In million EUR	*2018*	*2017*
Revenue	2,128.2	2,114.7
Other operating income	51.0	40.9
Non-recurring operating income	1.2	0.0
Total operating income	**2,180.4**	**2,155.7**
Materials costs	6.2	7.9
Payroll costs	1,091.0	1,087.8
Services and other goods	661.2	606.3
Other operating expenses	10.5	13.5
Provisions	(14.0)	(5.6)
Depreciation and amortization	54.9	53.1
Non-recurring operating charges	1.0	1.1
Total operating expenses	**1,810.8**	**1,764.1**
Profit from operating activities	**369.6**	**391.6**
Financial gains / (losses)	11.7	30.7
Non recurring financial gains / (losses)	(15.6)	0.3
Profit before tax	**365.8**	**422.6**
Income tax expense	103.5	131.6
Earnings after taxes	**262.3**	**291.0**

Management Responsibility Statement

Koen Van Gerven, Chief Executive Officer and Baudouin de Hepcée, Chief Financial Officer ad interim, declare in title and for the entity that to the best of their knowledge:

- the consolidated financial statements for the financial years 2017 and 2018, prepared in accordance with "International Financial Reporting Standards" (IFRS) as accepted by the European Union up until December 31, 2018, give a true and fair view of the net assets, the financial position and the results of bpost NV/SA and the entities included in the consolidation scope; and
- the management report related to the consolidated financial statements give a true and fair view of the development and the result of bpost's activities, as well as the position of bpost NV/SA and the entities that are included in the consolidation scope, together with a description of the main risks and uncertainties that bpost faces.

Koen Van Gerven	Baudouin de Hepcée
Chief Executive Officer	Chief Financial Officer a.i.

CSR Review

CSR Strategy – People, Planet, Proximity

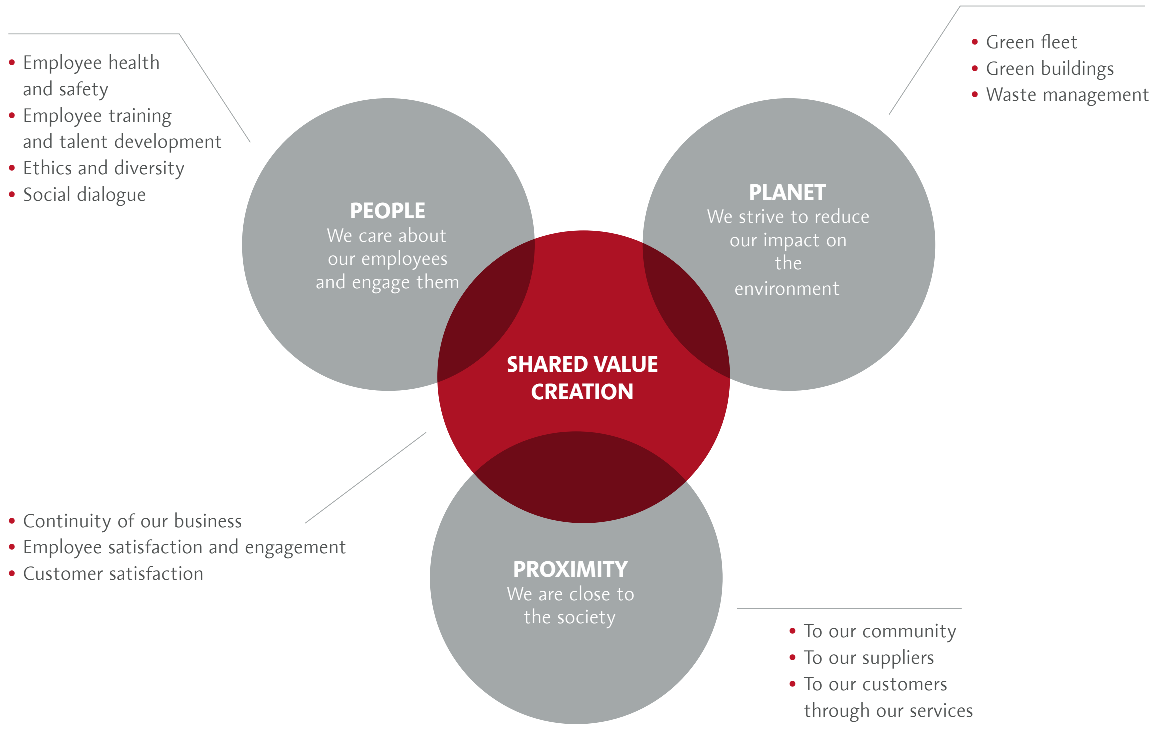
As one of the largest employers in Belgium, bpost plays a major role in society. It is our duty to set an example. This is why our ambition is to make our company processes and culture sustainable. In so doing, we are able to achieve a sustainable growth and be recognized by our stakeholders (customers, shareholders, government, employees, suppliers, trade unions, NGOs) as a socially responsible company. It is also important to us that our customers know that their letters, parcels and logistics are processed in a responsible way. One of the key examples of bpost's striving for sustainable growth is the sustainability loan it took out at the end of 2017. The interest rate of this EUR 300 million revolving credit facility (RCF) changes according to bpost's sustainability rating as determined by an external party. The loan was the first of its kind in Belgium and incentivizes our organization to become even more sustainable.

Together with our stakeholders, we performed a materiality assessment, based on which we defined our CSR strategy structured in the three following pillars:

- **People**: we care about our employees and are committed to them.
- **Planet**: we strive to reduce our impact on the environment.
- **Proximity**: we are close to the society and its emerging needs.

More about our materiality assessment methodology and our stakeholder dialogue can be found on our website.

For each of these pillars, we have linked our material topics and strategic KPIs on which we intend to focus:



Our CSR priorities (material topics)	*Related risk & opportunities*	*Strategic KPI*	*Target*	*Result 2018 vs target*	*Result 2018 vs. external environment*
People					
Employee health and safety	Cases of injury and/or illness can represent a cost for bpost as well as for the employee concerned. Also, a preventive well-being policy can help decrease stress levels and hence, absenteeism.	Absenteeism	bpost Belgium has set a new target for 2019 - 5% decrease compared to 2018.	bpost Belgium: 7.85%	According to a Securex study[1], the Belgian average absenteeism rate was 7% in 2017.
Employee training and talent development	Trained employees can demonstrate an increase in efficiency and promote employee engagement, which can improve employee retention.				
Ethics and diversity	The ethical and diversity policy affects bpost's reputation, its employee's engagement and retention.	Employee engagement	To exceed or meet the Belgian national benchmark on engagement (2017: 5,10).	Results 2017: 4.8. The next employee satisfaction survey will be performed in Q1 2019.	The company Pulse performed a study over the 2014-2017 period in which they surveyed 81,000 employees from 215 Belgian companies. The overall engagement rate was then been corrected using specific criteria (e.g. work type, age) and a factor from the KUL university. From this research it appears that the national benchmark for employee engagement is 5,10.
Social dialogue	An effective social dialogue helps prevent possible strikes and related costs but also ensures employee satisfaction and engagement				
Planet					
Green fleet	Having a green fleet helps improve our carbon footprint and brings about a positive public image of the company. It also generates fuel cost savings. Moreover, it is a way to mitigate expected rising carbon taxes.	CO_2 footprint scope 1, 2 and 3	• -20% scope 1 and 2 GHG emissions by 2030 compared to baseline 2017: 114,395 tCO_2-eq. • -20% scope 3 GHG emissions by 2030 from Upstream Transportation and Distribution compared to baseline 2017: 218,016 tCO_2-eq.	Results 2018: Scope 1 & 2 emissions increased by 2% to 116,467 and scope 3 emissions decreased to 192,390 allowing for an overall decrease of CO_2 emissions of 7% (scope 1, 2 and 3).	For the sixth time, bpost has been recognized greenest postal operator by the IPC. Every year, IPC's Environmental Measurement and Monitoring System (EMMS) measures the carbon emissions of a group of twenty postal operators worldwide. In 2017, these twenty companies in the EMMS generated 6,211,000 tons of CO_2 for scope 1 and 2, and 17,363,000 tons of CO_2 for scope 1, 2 and 3. bpost's emissions of 308,857 tCO_2-eq (scope 1, 2 and 3[2]) are thus better than average (310,550 tons of CO_2).
Green buildings	Green buildings generate energy-related cost savings and improve our carbon footprint.				
Waste management	A sound waste management brings a positive image of the company and improves our scope 3 carbon footprint. As such, it can also generate revenues by valorizing waste as a raw material.				

(1) Source : https://www.securex.be/nl/publicaties/wp/absenteisme-in-2017

(2) Source: https://www.ipc.be/sector-data/sustainability/emissions

Our CSR priorities (material topics)	*Related risk & opportunities*	*Strategic KPI*	*Target*	*Result 2018 vs target*	*Result 2018 vs. external environment*
Proximity					
Proximity to our society	Proximity to society is part of bpost's mission. Forgetting the local community would be detrimental to bpost's reputation.	Number of social initiatives	To be recognized by our community as a sustainable partner	13	Our Duo For a Job initiative was awarded "Coup de Cœur 2018" by the jury of PostEurop.
Proximity to our suppliers	Having a clear overview of our supply chain brings efficiency and helps avoid supply risks (e.g. financial or supply stability). Also, including sustainability requirements helps mitigate reputational risks linked to unethical behavior or environmental damage.	Share of significant tier 1 suppliers covered by our Supplier Code of Conduct	100%	100%	Since 2018, 100% of bpost Belgium suppliers are covered by the supplier code of conducts (now included in our general terms and conditions for all our contracts). Ecovadis surveyed 120 companies on their procurement practices in 2017[1]. From this survey, it appears that not more than 45% of the companies spend 75% or more of their procurement volume on strategic suppliers covered by their sustainable procurement policy.
Proximity to our customers through our services	Enhancing our customer experience and improving our offer improves customer retention. Moreover, developing more sustainable solutions gives an opportunity to go beyond customer expectations, thus improving our market positioning.	Customer satisfaction	To exceed or meet the level of previous year (2017 bpost Belgium: 86).	bpost Belgium: 84 One of the reasons behind the decline of customer satisfaction can be related to the strikes that occurred in Q4 of 2018, which affected the timeliness and quality of the mail distribution.	bpost measures customer satisfaction on a 7-point scale. Other companies tend to use a 5-point or 10-point scale. Moreover, we mix results of both residential and business customers in our approach. This makes it difficult to compare results with other companies or benchmarks.

(1) Source: Ecovadis - Scaling Up Sustainable Procurement, 2017.

CSR REVIEW

Key achievements in 2018

Our CO_2 Science Based Target has been approved

We are aware that our activities generate a significant level of GHG emissions. Reducing our ecological impact is part of the promise we have made to our customers and stakeholders.

By the end 2017, bpost had successfully reduced its greenhouse gas emissions by -37% since 2007. In 2018, we were awarded "greenest postal operator in the world" for the sixth year in a row by the International Post Corporation. This year, to further push our efforts to meet the 2015 Paris Climate Agreement, we decided to set an ambitious "Science-Based Target" for the carbon footprint of the entire bpost group: -20% CO_2 emissions by 2030, compared to our new baseline year 2017.

Compared to business as usual, this represents a reduction of nearly -40%.

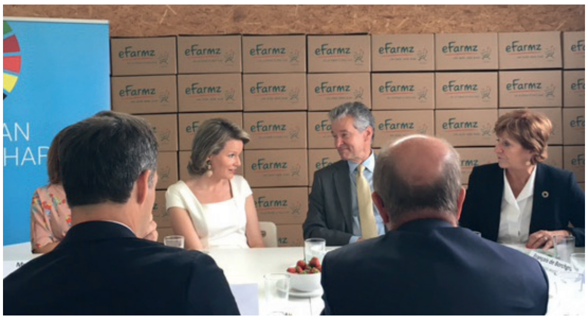
We were proud to see our new target approved by the "Science Based Target" initiative. This means our ambition is recognized as having the potential to contribute to keep the rise in global temperature below two degrees Celsius compared to pre-industrial temperatures.

To achieve this goal, we will exchange 50% of our diesel vehicles by 2030 for an electrical alternative. In Belgium, there will be more than 600 new electric vehicles by 2022, and more than 3,400 by 2030. This is ambitious compared to the overall expectations regarding the electrical vehicles market. Indeed, according to a Bloomberg prediction[1], 55% of all new car sales and 33% of the global fleet will be electric by 2040. But at bpost, we are aiming for 50% by 2030.

Other initiatives also aim to reduce our carbon footprint, such as the purchase of green electricity, "eco driving" training, electrical company cars and alternative ways to come to work. At our subsidiaries, we want to switch to electrical vehicles, purchase green electricity, and switch to LED lighting when relevant.

SDG Roundtable with the Queen

bpost has committed to contribute to the United Nations Sustainable Development Goals (SDGs). As an environmentally and socially responsible publicly quoted company, we acknowledge our role and shared responsibility in the implementation of these goals. In this context, we have endorsed the Belgian SDG Charter since 2016. More specifically, our operations contribute most to the following SDGs: 9 (Industry, innovation and infrastructure), 12 (Responsible consumption and production), 8 (Decent work and economic growth), 13 (Climate action) and 11 (Sustainable cities and communities).



On 14th June 2018, our CEO Koen Van Gerven participated in a roundtable discussion on the SDGs presided by Her Majesty the Queen. A dozen companies attended the event to discuss their ideas regarding sustainability in line with the United Nations' Development Goals. Our CEO presented several bpost initiatives to the Queen and the Minister. At the end of the meeting, Koen offered Queen Mathilde a honeypot from our "Beepost" production, located on the rooftop of our headquarters in Brussels.

(1) Source: Bloomberg (2018) – Electric Vehicle Outlook 2018. https://about.bnef.com/electric-vehicle-outlook/

bpost signed the Green Deal Biodiversity

Proximity with wider society is part of our mission. We are in daily contact with the local communities. We therefore want to take this opportunity to improve the biodiversity and environment that surround them.

To this end, bpost Belgium has subscribed to the Green Deal Biodiversity with more than 110 companies, organizations and local governments.

A Green Deal is a voluntary agreement between public/private partners and the Flemish Government to start a joint green project. Through the Green Deal Biodiversity, bpost commits to increasing biodiversity inside and outside its corporate sites over the next three years.

Specifically, relatively simple measures are being taken to enhance the natural value of our sites. An example is the installation of an insect hotel at our head office in Brussels.

Our efforts for more inclusiveness have been awarded “Coup de Cœur 2018” by PostEurop

DUO FOR A JOB
intergenerational coaching

bpost cares about its people, but also about the community and inclusion. At bpost, we engage with society by supporting projects and organizations that align with our mission.

As a part of our efforts for increased social inclusion, we partnered with Duo for a Job. This Belgian organization matches young immigrant job seekers with over 50-year olds. Thanks to their professional skills and experiences in related fields, these over-50s can accompany and support the young professionals in their job search.

The objective of the initiative for 2018 was to have 26 bpost voluntary mentors trained and operational by the end of the year.

We value this project as it is facilitating the future employment of young people without a network while recognizing the value of the experience of older bpost employees. For both participants, the experience brings about high motivation, recognition and human impact. The initiative also made it possible for bpost to be awarded “Coup de Cœur 2018” by the jury of PostEurop.

Challenge of 2018

Together towards the future: re-establishing trust through social dialogue

bpost provides stable full-time jobs with meaningful work, especially for the 70% of our employees with low qualifications. Our employees are thus at the heart of our business. If they feel satisfied and enthusiastic, they can, in turn, enthuse our customers and earn their loyalty. This encourages bpost to work hard to promote well-being and good working conditions for our employees.

Nevertheless, our business is constantly changing, and new challenges arise all the time.

Our challenge is to find the right balance between adjusting to market changes and ensuring stable working conditions. Therefore, we try to foster a good dialogue and relationship with the unions in order to react promptly to incidents, avoid escalation and mitigate social conflicts.

We ended the year with important agreements regarding the well-being of our employees and the future of bpost. The objective was to answer our employees’ workload demands and to restore trust. This resulted in a new collective labor agreement for 2019-2020 in which, measures to increase the purchasing power, decrease the workload and secure future job preservation were laid down. This agreement will impact bpost Belgium’s cost base by about EUR 20 million annually.

In the end, those proposals bring together many positive elements which represent a breakthrough for the well-being of our employees and for the future of our company.

CSR consolidated statements

About our CSR consolidated statements

This CSR report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards (core option) and is structured based on our material aspects. The GRI Content Index can be found on our website.

Scope and boundaries

The information used for this CSR consolidated statement was collected from internal departments and is mainly based on information available through internal reporting. The information regards the 2018 calendar year and covers all of bpost's activities, including those of its subsidiaries, unless specifically stated otherwise.

The complete list of bpost's subsidiaries can be found in bpost's Financial Consolidated Statements. We define a subsidiary as an entity in which bpost owns more than 50% of the shares and that is significant in terms of turnover and employees. Subsidiaries included for our reported data are listed below.

bpost entities	*Ownership*	*Scope*	*% of FTE*	*Planet*	*People*	*Proximity*
bpost Belgium (bpost SA/NV)	100%	Yes	75	●	●	●
Radial	100%	Yes	18	●	●	◕
Landmark Group	100%	Yes	2	●	●	◕
Dynagroup (incl. Leen Menken)	100%	Yes	2	●	●	◕
Ubiway (incl. Kariboo!)	100%	Yes	1	●	●	◕
Speos	100%	Yes	1	●	●	◕
Apple Express	100%	Yes	1	●	●	◕
FDM	100%	Yes	<1	●	●	◕
Active Ants	63.6%	Yes	<1	●	●	◕
CityDepot	99.7%	Yes	<1	●	●	◕
Euro-Sprinters	100.0%	Material only for subcontracted transport	n/a	●	n/a	n/a
de Buren	51.0%	Not material based on FTE	n/a	n/a	n/a	n/a
bpost bank	50.0%	No operational control	n/a	n/a	n/a	n/a

◔ Limited data available for subsidiary

◕ Data almost complete for subsidiary

● Data complete for subsidiary

The subsidiaries in scope are included as of the date of acquisition. If the subsidiary was acquired in 2018, the data only covers the period after the date of acquisition. This is the case for the subsidiary Active Ants.

Data quality and reliability

The quality and reliability of environmental data in the CSR consolidated statement is ensured by the Environmental and Energy Department of bpost Belgium, which performs yearly data checks and analyses, develops reduction plans and works closely with the different authorities. We involved various external parties when assessing the quality of the reported data: CO_2Logic, ISW Europa and Deloitte.

The HR data in the CSR consolidated statement are mostly reported to external parties, such as the National Social Security Office.

In 2018, we took further actions in our internal reporting processes in order to improve the reliability of data provided by our subsidiaries. To this end, we formalized the definitions of our indicators. As a consequence, we made some restatements concerning 2017 data published.

External verification

DNV, an external body, verifies the quality of bpost's CO_2 emissions data according to the ISO 14064 Standards. Also, bpost has obtained ISO 14001 certification for its strategic sites in Belgium from AIB Vincotte. bpost wants to further formalize the data reporting of its subsidiaries before submitting its entire CSR report for external verification.

For more information related to our CSR governance and awards and partnerships, we refer to our website.

People

At bpost, we believe it is essential to engage and enthuse our employees in our mission to be a major part of our customers' daily lives. With employees all over the world, human capital is a priority for us. We value the wide array of skills, competences and unyielding loyalty our employees offer our company.

It is our duty to provide all of our employees with the best corporate culture, safeguarding good working conditions, ethical behavior, health, safety and wellbeing at work. We achieve this by taking various actions within the different countries, businesses and business units to strengthen and anchor this "culture shaping" process. For instance, the bpost Code of Conduct was revised in 2018 to align our values within all bpost subsidiaries.

By measuring the employee engagement score and absenteeism level, we are able to keep an eye on how our people feel about their jobs. Since these indicators are outcomes of our employee-related policies, such as health and safety, training and development, ethics and diversity and social dialogue, they provide good insight into our company culture and help us to make modifications when and where necessary.

People – Strategic KPIs		*bpost Belgium*				*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Employee engagement[1]	Score	4.9	4.8	n/a		n/a	n/a
Absenteeism[2]	%	7.61	7.57	7.85		n/a	n/a

(1) The next bpost Belgium survey will be performed in Q1 2019. Moreover, we are currently investigating the possibilities for consolidating employee engagement measurements from our different subsidiaries.

(2) Due to different legislations and associated definitions regarding health and safety figures among our subsidiaries, we are not able to consolidate the figures at the group level.

Employee health and safety

People – Employee health and safety	*Unit*	*bpost Belgium 2016*	*bpost Belgium 2017*	*bpost Belgium 2018*	*Trend*	*Subsidiaries 2018*	*bpost Group 2018*
Health and safety of own employees							
Occupational accidents of own employees	Number	921	918	944	↗	138	1,082
Lost days of own employees	Days	31,432	30,850	30,890	↗	1,313	32,203
Severity rate of own employees	Lost days per 1,000 hours worked	0.91	0.9	0.9	↔	0.1	n/a[1]
Frequency rate of own employees	Accidents per 1,000,000 hours worked	26.84	26.83	27.48	↗	8.46	n/a[1]
Absenteeism of own employees	%	7.61	7.57	7.85	↗	n/a	n/a[1]
Total number of fatalities own employees	Number	n/a	1	0	↘	0	0
Health and safety of temporary staff							
Occupational accidents of temporary staff	Number	n/a	57	86	↗	41	127
Lost days of temporary staff	Days	n/a	365	294	↘	76	370
Severity rate of temporary staff	Lost days per 1,000 hours worked	n/a	0.19	0.14	↘	0.01	0.04
Frequency rate of temporary staff	Accidents per 1,000,000 hours worked	31.23	29.87	42.36	↗	5.16	12.73
Total number of fatalities temporary staff	Number	n/a	0	0	↔	0	0
Total number of hours worked by temporary staff (actual)	Hours worked	n/a	1,908,050	2,030,019		7,949,699	9,979,718

(1) Due to different legislations and associated definitions regarding health and safety figures among our subsidiaries, we are not able to consolidate the figures at the group level.

People – Employee health and safety		*bpost Belgium*				*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Road safety[1]							
Blameworthy road traffic incidents on behalf of the entity per 100,000 km[2]	%	n/a	3.63	3.44	↘	3.07	3.41
Shared blameworthy road traffic incidents on behalf of the entity of total road traffic incidents	%	62	77[2]	75	↘	40	75
Number of road fatalities drivers/ million km (during working hours) on behalf of the entity	Number per million km driven	n/a	0.01[2]	0.00	↘	0.00	0.00

The wellbeing of our employees is paramount for bpost's operations. We therefore have a strict prevention policy to avoid occupational and road accidents, stress and illness and to ensure that our employees remain safe and healthy. In this regard, we comply with and anticipate regulations, monitor risks for safety and wellbeing, and continuously strive to improve those aspects.

In Belgium, our employee wellbeing policy is based on the Federal Government's Act of 4 August 1996 on well-being of workers in the performance of their work[3]. This is enforced by an external committee[4] that performs random compliance inspections. It also performs regular inspections for specific subjects. For instance, in 2018 bpost Belgium was checked on its processes for occupational accidents. Both trade unions as well as employees can request inspection through the Belgian Federal Government.

Looking at our subsidiaries, the health and safety processes at Radial are compliant with OSHA (Occupational Health and Safety Act). Dynagroup, in The Netherlands, works according to the Dutch national occupational health & safety legislation (Arbo) based on health & safety Risk Inventories with associated control measures. Risk Inventories are also performed and formally assessed by an external company. Furthermore, Apple Express in Canada is compliant with OHSAS 18001 (Occupational Health and Safety Assessment Series) requirements and Ubiway and Landmark have a health and safety management system in place.

The most prevalent safety incidents in our business are slipping, falling, tripping or the improper use of vehicles. To limit the risks of accidents and health issues, we perform regular risk analyses. The identified risks are communicated within the organization together with clear measures to be taken. In 2013, a risk analysis was performed for our business division "Mail". Since the number of parcels is increasing, we will perform an update in 2019. There is also a work safety and ergonomics analysis planned at all our sorting centers, and a risk analysis for vehicle-related incidents.

We implemented several successful initiatives concerning health and safety, which led to a significant decrease in occupational accidents between 2010 and 2014. Examples are the use of a safety corner on the shop floor, encouraging employees to report any type of safety incident, and safety communication campaigns. A Safety Register helps to follow safety checks in a structured manner. From the Safety Register, we can draw important lessons learned, which are then communicated to our employees.

To even further improve this performance and boost safety culture, bpost launched three initiatives in Belgium in 2018. The first initiative was the "Safety Performance Barometer", which is an improved well-being instrument that measures safety performance. It was tested in 2017 and is now used by our management.

(1) The figures on road safety only contain the bpost entities with a delivery fleet: bpost NV/SA, DynaGroup, Euro-Sprinters and CityDepot.

(2) Restatement based on standardization of definition.

(3) Belgian Law: Act of 4 August 1996 on well-being of workers in the performance of their work, "Codex over het welzijn op het werk" or "Le Code sur le bien-être". http://www.employment.belgium.be/defaultTab.aspx?id=556

(4) "Toezicht op het welzijn op het werk" or "Contrôle du bien-être au travail": http://www.emploi.belgique.be/cbe.aspx

It works as follows: by consolidating different, already existing, safety performance indicators, we gain insight in the overall safety performance of a region and can prioritize where and for which aspects the need is greatest. The safety performance barometer is linked to the bpost Safety Register.

Secondly, we trained our employees on safety using a safety game. An application sends them two questions per day on issues related to any health and safety matter to refresh their memory. There is a total of fifty questions, and they vary depending on the season. For instance, in winter there will be questions on road safety, in summer on drinking enough water. We also included questions on healthy food. For every correct answer the employee can win ten stamps. The third initiative in 2018 is an e-learning module about fire prevention for all members of a fire prevention team. These employees followed a complete online training with animations on everything related to fire prevention and safety and what to do in case of an emergency. After the training, the employees were tested on the content of the module.

Road safety is also a key concern for us. We aim to totally eliminate road accidents. In 2018, we ran a large training project concerning road safety in Belgium. For every vehicle (including e-bicycles and internal transport), it was mandatory to receive driving training at bpost's driving school (FRAC[1]). The trainings focus on improving driving knowledge and skills; three different levels are proposed, depending on the current qualifications of the driver.

We also want to make sure our employees remain healthy, and include psychosocial as well as physical aspects. To this end, bpost promotes and offers access to non-occupational medical and healthcare services, such as company doctors. Our Belgian "Health Surveillance" system provides mandatory medical check-ups for all bpost postal workers: a thirty-minute check-up, including a cardiovascular and musculoskeletal screening every five years for the under 45s and every three years for the 45 plus.We even ask our employees in sorting centers to go on an annual basis. In 2018, a total of 6,300 bpost employees and 1,600 interim workers got a medical check-up. bpost employees can also get vaccinated against the flu in the Fall.

For the psychosocial wellbeing of our employees, we organize a survey to measure the level of employee engagement and organize a personalized "balance tool" so that employees can gain insight into their personal stress and motivation levels. Based on the result, we give personalized tips and tricks. Our employee Assistance Program (external psychologists) is available for more complicated individual problems. We will implement these tools on a global scale in the near future. Employees suffering from stress can ask a member of our specialized team of stress coaches for help on a voluntary basis and staff management receives psychological training on recognizing signs of distress in their employees. Also, we have a security line, which our employees can call anytime 24/24 7/7.

Moreover, we have a manager responsible for advising and integrating ergonomics in the work environment, both in the office, in our sorting centers and for our postmen and postwomen. For instance, a couple of years ago we switched from bikes with two wheels to three wheels. We also measure the different lighting and air quality settings (including humidity) to improve the working environment.

Unfortunately, in 2018, our absenteeism and frequency rate of our employees and temporary staff have increased. This is mainly due to our new sorting centre NBX, which was fully active in 2018. The sorting centre for parcels deliveries entails new activities with very different risk profile than our current mail activities. The figures are therefore not comparable with previous years. However, we aim to work on these aspects in the coming years. Our objective is a decrease of frequency rate by 3% compared to 2018 and a decrease of 5% of absenteeism compared to 2018.

(1) "Formation Rationelle et Accelérée des Conducteurs"

Employee training and talent development

People – Employee training and talent development		bpost Belgium				Subsidiaries	bpost Group
	Unit	2016	2017	2018	Trend	2018	2018
Training hours							
Total training hours per own employees	Training hours per FTE	n/a	20.89	21.52	↗	12.41	19.25
Total training hours per temporary staff	Training hours per FTE	n/a	n/a	7.71	n/a	n/a	n/a
Formal training							
Formal training hours per own employees	Training hours per FTE	n/a	5.71	5.57	↘	8.93	6.41
Formal training hours per temporary staff	Training hours per FTE	n/a	n/a	28.67	n/a	n/a	n/a
Informal training							
Informal training hours per own employees	Training hours per FTE	n/a	15.18	15.95	↗	3.48	12.84

Developing the skills and competences of our employees is something we particularly value at bpost. We are convinced that trained employees can increase efficiency and can also be more engaged. At bpost, we have our own academy for offering employees training opportunities. Over the past years, we have taken further steps to enhance our training offer to better meet the needs of specific target groups at bpost Belgium (e.g. juniors).

Besides the job-specific training sessions, all bpost Belgium employees are offered training in communication, sales, language and leadership. For example, the Summer Academy encourages employees to work on their skills and wellbeing during the low season. There, they learn about a range of personal development subjects.

Since 2011, bpost Belgium has been running the “Future me” program. This two-year program recognizes the skills and knowledge acquired on the job. As such, employees are given the opportunity to earn a higher secondary school diploma, mainly by distance learning.

Senior Belgian bpost employees can apply for vacancies at other organizations through the co-sourcing platform Experience@work, bpost’s partner since last year. The platform was created in 2015 to link up organizations that need experienced people with organizations that have an abundance of experienced people and senior employees who want to put their experience to better use. Experience@work gives these organizations the opportunity to hire senior employees at a junior pay level, and allows senior employees to use their talent, experience and expertise in a new working environment, while remaining on bpost’s payroll.

Looking at the career development of our staff, our employees receive a broad range of career development opportunities. At bpost, internal mobility is also valued. To this end, bpost has developed a solid performance management process that follows most employees over the year. As such, employees’ business objectives, performance and developments are discussed annually with the responsible manager. The agreed development plan is reviewed after six months during the mid-year review. At the end of the year, the employee and his manager review the targets set. During this process, informal touchpoints are also organized to follow-up on objectives, performance, development and career.

Alongside our own employees, we are constantly recruiting new staff. Our strong collaboration with VDAB and Forem in Belgium helps us be in direct contact with companies that are restructuring and recruiting additional staff.

Ethics and diversity

People – Ethics and diversity	Unit	bpost Belgium 2016	bpost Belgium 2017	bpost Belgium 2018	bpost Belgium Trend	Subsidiaries 2018	bpost Group 2018
Total own employees	Headcount	25,371	25,460	25,770	n/a	8,164	33,934
Total male own employees	Headcount	17,107	17,269	17,585	n/a	4,203	21,788
Total female own employees	Headcount	8,264	8,191	8,185	n/a	3,961	12,146
Total FTE	FTE	23,178	23,353	23,658	n/a	7,849	31,507
Total male FTE	FTE	16,013	16,202	16,500	n/a	4,085	20,584
Total female FTE	FTE	7,165	7,152	7,158	n/a	3,768	10,926
Diversity of own employees (in headcount)							
Share of female (own employees)	%	32.6	32.2	31.8	↘	48.5	35.8
Share of women in executive level positions	%	n/a	0.00	0.00	↔	14.29	13.04
Share of women in management positions (excl. executive level)	%	36	35.06	36.79	↗	37.79	37.23
Headcount by type of contract							
Total own employees with fixed term contracts	Headcount	282	607	613	n/a	534	1,147
Total male own employees with fixed term contracts	Headcount	n/a	296	244	n/a	312	556
Total female own employees with fixed term contracts	Headcount	n/a	311	369	n/a	222	591
Total own employees with open-ended contracts	Headcount	22,896	24,853	25,157	n/a	2,624	27,781
Total male own employees with open-ended contracts	Headcount	n/a	16,973	17,341	n/a	1,749	19,090
Total female own employees with open-ended contracts	Headcount	n/a	7,880	7,816	n/a	875	8,691

People – Ethics and diversity		*bpost Belgium*				*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Headcount by full-time/part-time							
Total own employees contracted on a full-time basis	Headcount	18,901	19,137	19,370	n/a	7,418	26,788
Total male own employees contracted on a full-time basis	Headcount	n/a	14,039	14,285	n/a	3,905	18,190
Total female own employees contracted on a full-time basis	Headcount	n/a	5,098	5,085	n/a	3,513	8,598
Total own employees contracted on a part-time basis	Headcount	6,470	6,323	6,400	n/a	745	7,145
Total male own employees contracted on a part-time basis	Headcount	n/a	3,230	3,300	n/a	301	3,601
Total female own employees contracted on a part-time basis	Headcount	n/a	3,093	3,100	n/a	444	3,544
Headcount by age group							
Total own employees ≤ 30 years old	Headcount	3,811	4,205	4,497	n/a	1,912	6,409
Total own employees within the age group 31-50	Headcount	12,922	12,717	12,601	n/a	3,957	16,558
Total own employees within the age group 50+	Headcount	8,638	8,538	8,672	n/a	2,234	10,906
Employee turnover							
Employee Turnover of own employees	%	11.30	10.94[1]	10.49	↘	41.33	17.91
Employee Turnover Male of own employees	%	11.44	11.14[1]	10.43	↘	20.99	16.27
Employee Turnover Female of own employees	%	10.97	10.51[1]	10.63	↗	20.34	20.83
Voluntary Employee Turnover of own employees	%	n/a	5.82	5.75	↘	24.24	10.20
Voluntary Employee Turnover Male of own employees	%	n/a	5.96	5.91	↘	11.59	9.11
Voluntary Employee Turnover Female of own employees	%	n/a	5.52	5.40	↘	12.65	12.14

(1) Restatement based on standardization of definition.

People – Ethics and diversity		bpost Belgium				Subsidiaries	bpost Group
	Unit	2016	2017	2018	Trend	2018	2018
Ethics							
Number of registered complaints on unethical workplace behavior	Number	16	11	10	↘	40	50
Number of registered cases of corruption and bribery	Number	n/a	0	0	↔	0	0
Monetary amount of legal and regulatory fines and settlements above 10,000 USD linked to data breaches, corruption or environment damage	Euros	n/a	0	0	↔	0	0

Diversity and inclusiveness

At bpost, we aim to attract and retain individuals from different backgrounds, cultures, perspectives and experiences by creating and supporting a collaborative workplace culture. We are convinced diversity contributes to a better connection with our customers and with our workforce, to surround ourselves with the best talent in all categories of the population and to be more agile.

We designed our Diversity Policy (available on the bpost website) based on these convictions. The policy serves as a guideline to create a culture where diversity and inclusion are a daily practice and has been translated into various policies and programs.

To continue to expand our recruitment channels, we formed partnerships, among other things, with the VDAB, WannaWork, Diversicom, and Pluribus Europe. These organizations are dedicated to inclusion in the employment market based on people's competences and promoting diversity at work. One good example was our partnership with the VDAB in Belgium in 2018 which aimed to re-integrate 20 people with health problems into the labor market. Via this project, we trained these people to become truck drivers at bpost and hence, helping them to fully or partially return to work.

In 2017, we set up and reviewed a diversity portal designed for people managers. The portal allows our people managers to get acquainted with the issues of diversity and inclusion, to identify the applicable framework, the role they need to play, and also offers them training opportunities. Additionally, we are currently creating a group of Diversity ambassadors within the organization whose function will be to promote diversity and prevent discrimination.

Since last year, we have a specific cultural exchange program, leading@bpost, which is aimed at creating a balanced leadership style among bpost group leaders. Inter alia, the program is based on curiosity and openness to others and their way of thinking.

We also partner with Duo for a Job, a Belgian organization matching young job seekers with an immigrant background to people over 50 years old. The initiative brings about high motivation, recognition and human impact, and was even awarded "Coup de Cœur 2018" by the jury of PostEurop.

The Board of Directors and Group Executive Committee have also their role to play regarding diversity. It is their responsibility to set the tone. They do so by organizing workshops around themes of diversity and inclusion, and the Board of Directors assesses every year whether diversity within the group has improved. Also, special attention is paid to diversity in the composition of the Board of Directors and Group Executive Committee. Various diversity criteria regarding gender, age, professional background and geographic diversity are taken into account when considering candidates for vacancies. For more information on the board composition, see the corporate governance statement.

Ethics

At bpost we are proud of our high profile in society and of the role we play. To us, good conduct is important to earn trust as part of our responsible corporate values. We believe every human deserves the same rights and, as a company, we cannot get in the way of that. As a public listed company, we also ensure maximal transparency in terms of governance and decision-making processes, in accordance with the highest standards in this area.

We adopt a zero-tolerance policy regarding violations of human rights or anti-corruption laws, in line with the Universal principles of Human Rights and the ILO (International Labor Organization) conventions. With this policy, bpost wants to prevent the negative fall-out arising from human rights violations,illegal or fraudulent acts or practices on humanity's well-being, our reputation, and the continuity of our business. If an employee witnesses a situation of misconduct, s/he can call our Speak-Up line (the contact information is included in our Code of Conduct). The Speak-Up line is connected to a person of trust, available 24 hours a day to answer any question or signal from employees.

This year, we decided to put diversity and business ethics forward and therefore did a deep structural redesign and revision of our Code of Conduct so that our new construction would work at group-level. Our new Code of Conduct was launched in February 2019 for the entire group. It sets out the norms, values and minimal standards of behavior and conduct expected of all our employees, contractors and consultants at any level and in any company of the bpost group worldwide. It further enables appropriate measures when the Code of Conduct is not abided by. A revised version of bpost's "Religion at work" brochure will be launched in 2019 on Group level as well.

Social dialogue

People – Ethics and diversity		*bpost Belgium*				*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Average number of strike action days	strike days per 1,000 employees	n/a	1.55	2.6	↗	0	1.97
Share of own employees covered by a CBA	%	n/a	n/a	96	n/a	5	74

bpost works hard to promote wellbeing and good working conditions for all employees and thus stays aware of our employees' needs. Aspects such as working hours and wages are in line with legislation and we respect our employees' Freedom of Association rights. In Belgium, 96% of our employees and 5% of the employees at our subsidiaries are covered by a Collective Labor Agreement (CLA).

Since bpost is an autonomous enterprise with the Belgian state as its largest shareholder, its articles of association explicitly provide for a structure and processes at various levels to facilitate efficient negotiations, consultations and information sharing. To foster constructive dialogue and relations with the unions, bpost Belgium has its own Joint Committee and several other forums. Moreover, two senior-level directors have been appointed, which demonstrates our management's involvement in the social dialogue. This close collaboration allows us to hear and promptly react to our employees' needs in order to mitigate social conflicts.

bpost's transformation from a postal company to an international logistics and e-commerce player gives rise to new challenges, impacting both for our organization and our employees. The resulting workload increase unfortunately led to an employee strike in 2018. After constructive negotiations with our social partners, we were able to come to an agreement providing a positive response to our employees' demands. The resulting plan will make the field jobs more attractive and will re-establish trust in the company. All parties involved share the same long-term goal of meeting fast-changing customer needs as well as respecting bpost's employees.

bpost Belgium's new collective labor agreement applies to 2019-2020. Through this agreement, measures have been taken to raise purchasing power through improved financial conditions. Furthermore, the increased workload will be addressed by attracting additional field staff (1,000 FTEs), additional days off and improvement of our recruiting channels. To do so, we will establish consulting committees to tackle the existing and potential future issues. The last pillar of the agreement is to secure our future, for example through job preservation. This agreement will impact bpost Belgium's cost base by about EUR 20 million annually.

Planet

As a logistic services provider, we have an impact on the environment at different levels: through our fleet's CO_2 emissions, energy consumption, employee commutes, waste production or subcontracted transport.

bpost manages and steers its environmental pillar, "planet", using our CO_2 footprint as metric. In 2018, we set an ambitious objective for the Group: our goal is to achieve by 2030 a 20% reduction - compared to 2017 levels - in greenhouse gas emissions resulting from our activities.. The "Science Based Targets" initiative approved this emissions reduction objective. This organization aims to promote corporate climate-change-related ambitions by supporting them to set objectives in line with a global temperature increase below 2° Celsius. To decrease this environmental footprint, we focus on our buildings, our fleet and our waste.

In 2018, the CO_2 footprint scope 1, 2 and 3 for bpost Belgium decreased by 7% compared to 2017.

	Unit	*2017 (restated)[1] bpost Group*	*2018 bpost Group*	*Trend*
Scope 1	t CO_2	82,826	87,825	↗
Natural gas & heating oil	t CO_2	21,786	22,442	↗
Postal "fleet" diesel & petrol (incl. service vehicles)	t CO_2	53,193	57,266	↗
Fuel company cars	t CO_2	7,847	8,117	↗
Scope 2 (net)	t CO_2	31,569	28,642	↘
Electricity (market-based)[2]	t CO_2	30,938	28,156	↘
District Heating	t CO_2	631	463	↘
Oil for generators	t CO_2	n/a	23	↗
Scope 1 & 2	t CO_2	114,395	116,467	↗
Scope 3	t CO_2	218,016	192,390	↘
Employee commuting	t CO_2	36,320	34,147	↘
Business travel	t CO_2	1,844	1,349	↘
Subcontracted road transport	t CO_2	117,699	111,939	↘
Subcontracted air transport[3]	t CO_2	55,459	38,944	↘
Waste	t CO_2	6,694	6,011	↘
TOTAL CO_2 emissions (Scope 1+2+3)	t CO_2	332,411	308,857	↘

(1) The restated 2017 CO_2 footprint is based on 100% accounts for Radial's activity data (compared to 16.7% in 2017), and uses actual 2017 consumption for its electricity (instead of an estimation). In addition, retroactively, Ubiway data on company cars has been added.

(2) The market-based method reflects bpost's choices in terms of electricity supply, such as the purchase of electricity from renewable energy sources. This is set out in detail in contracts between bpost and its energy suppliers.

(3) Subcontracted air transport figures for subsidiaries, incl. LGI and IMEX, were excluded.

Green fleet

Planet – Green fleet[1]		bpost Belgium				Subsidiaries	bpost Group
	Unit	2016	2017	2018	Trend	2018	2018
Share of last mile alternative fuel vehicles (bikes, ebikes, etrikes, EV vans)	%	35	35[2]	33	↘	13	33
Share of EURO 5 and EURO 6 standard	%	78[2]	86[2]	96	↗	100	96
Average van fuel use	Liter per 100 km	9.3	9.3	9.4	↗	13.58	9.5
Average truck fuel use	Liter per 100 km	26.8	26.5	26.4	↘	n/a	26.4

An extensive and solid fleet is one of the most important assets for a postal and logistics company. bpost has one of Belgium's largest mail and package delivery fleets. However, this fleet is a large contributor to carbon emissions and climate change. Since bpost has decided to be a frontrunner in sustainability efforts, we are taking several measures to reduce our fleets' impact.

First of all, we are transforming our fleet by selecting vehicles with a lower -to-no carbon footprint, such as (electric) bicycles, delivery three-wheelers and electric vans. This year we started a pilot project in Mons, where we opened our first electric vans mail center, with twenty new e-vans for the distribution of mail and packages. This is only the beginning, and bpost has high ambitions. By 2022 we aim to have 600 new electric bpost vans driving around in Belgium and by 2030 50% of our last-mile fleet should be electric (about 3,400 vehicles). We are also investing in a greener fleet by replacing our older conventional trucks with newer models. Secondly, and in line with the aim to adapt further its model to the expectations and behavior of its customers, bpost has introduced the Non-Priority stamps. This allows us to bundle the mail volumes more efficiently and, hence, make the delivery schedule more efficient and environmental responsible. Thirdly, we promote eco-driving with our own and subcontracted drivers through Data Loggers. Finally, we encourage our employees to commute to work in a more environmentally friendly manner by structurally supporting alternative ways to come to work (incl. carpooling, promoting e-bikes) and/or flexible working.

(1) The figures on Green Fleet only contain the bpost entities with a delivery fleet: bpost NV/SA, Dynagroup, Eurosprinters and Citydepot.

(2) Restatement based on standardization of definition.

CSR CONSOLIDATED STATEMENTS

Green buildings

Planet – Green buildings		bpost Belgium				Subsidiaries	bpost Group
	Unit	2016	2017	2018	Trend	2018	2018
Energy consumption							
Total energy consumption per employee	kWh/ Head-count	**n/a**	**5,580**	5,370	↘	17,026	8,174
Total energy consumption	kWh	n/a	142,055,757	138,382,365	↘	138,997,379	277,379,744
Total renewable electricity consumed	kWh	69,849,643	65,862,630	67,728,515	↗	10,548,597	78,277,112
Share of renewable electricity	%	n/a	94[1]	95	↔	11	46
Total non-renewable/ grey electricity consumed	kWh	n/a	4,029,115	3,840,338	↘	86,272,565	90,112,903
Share of non-renewable electricity	%	n/a	6	5	↔	89	54
Total natural gas consumed	KWh	61,732,115	56,892,060	54,194,732	↘	40,614,887	94,809,619
Total heating oil consumed	KWh	12,418,553	12,049,785	10,110,389	↘	1,512,050	11,622,439
Total district heating consumed	KWh	n/a	3,183,941	2,470,491	↘	0	2,470,491
Other (fuel oil, diesel)	KWh	n/a	38,225	37,900	↘	49,281	87,181
Electricity production							
Share of renewable electricity produced	%	n/a	5	5	↗	0.01	2.14
Total renewable electricity capacity installed	MWp	1	3.42[1]	4.83	↗	0.05	4.88
Total surface of solar electricity capacity installed	m^2	15,000	22,133[1]	31,503	↗	354	31,857
Water consumption							
Total water consumed	m^3	n/a	n/a	144,017	n/a	n/a	n/a

(1) Restatement based on standardization of definition.

bpost is also making investments to reduce the environmental impact of all its operations, its buildings and facilities, all of which consume electricity, gas and water. Where electricity is concerned, bpost has been heavily investing in renewable electricity. Almost 100% of the electricity consumed in Belgium is renewable and we produce 5% of our electricity consumption ourselves. To do so, and to support our Science Based reduction Target, we have introduced about 8,000 m² of photovoltaic cells in our Antwerp X sorting center. We are also planning to build our first wind turbine (2.5 MW). It is our ambition to further compensate the share of non-renewable electricity consumption of our subsidiaries.

Furthermore, bpost is working hard to decrease the energy we consume by improving the energy efficiency of our operations and facilities. We invested a total of around EUR 450,000 in relighting and heating projects, both in Belgium and abroad. Examples of investments are switching to LED lighting, upgraded heat and ventilation systems, and installing sensors and timers for more efficient use of light and heating.

For instance, bpost Belgium opened two state-of-the-art low-energy buildings in Mons and the Verviers region in 2013. Also, the new Brussels X sorting center (NBX) that opened in 2017 has 100% LED lighting. This has a massive impact, since this center is by far the biggest sorting center in Belgium, with more than 70,000 m² – the equivalent of 14 football fields. Moreover, the retail stores of Ubiway are exclusively powered by renewable energy, and only LED or high-pressure lighting is installed. The Ubiway headquarters also received a BREEAM in-use certificate.

Waste management

Planet – Waste management		*bpost Belgium*				*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Total waste generated	Ton	**6,689**	**7,373**[1]	8,111	↗	38,022	46,133
Total non-hazardous waste generated	Ton	6,689	7,367	8,067	↗	37,959	46,026
Total recycled waste	Ton	4,214	4,692	5,288	↗	28,589	33,878
Share of recycled waste	%	63	64	65	↗	75	73
Total residual waste incinerated for energy recovery	Ton	2,662	2,675[1]	2,778	↗	588	3,366
Total residual incinerated without energy recovery or land-filled	Ton	0	0	0	↔	8,782	8,782
Total hazardous waste	Ton	n/a	5.78	44	↗	63	107

bpost is conscious of the resources we use and the waste we produce and manages these waste streams as responsibly as possible. At all our locations we sort according to the different waste streams and work together with a registered waste partner for recycling (paper, drink cartons, plastic bottles, metal) or disposal with energy recovery. In Belgium, 100% of all plastic, paper and cardboard waste is recycled and 100% of our unsorted waste is incinerated for energy recovery. We aim to reach the same figures at our other locations.

We are always looking for new solutions towards a more circular economy. In 2018, we launched a new initiative regarding our uniforms. bpost uniforms have a high visibility since are to be seen all over Belgium every day and it would be a pity to let that go to waste. To this end, at the end of their life at bpost, the uniforms are now reused or recycled by Terre, a social organization specialized in recycling textiles. In March, we were able to collect about five tons of textile to be used for a new purpose. Thanks to Terre, the bpost uniforms still constitute valuable raw materials at the end of their working life..

(1) Restatement based on standardization of definition.

Proximity

bpost is transforming into an international logistics company, but also values its proximity to the people surrounding the organization. We collaborate closely with both Belgian and international society, with our customers and our suppliers. We value these relationships that allow us to respond to current and future needs in Belgium and abroad. Our support to external organizations working for and with people, in Belgium and abroad, is important to us. We also encourage our suppliers to include CSR as far as possible in their business practices. For our customers, we provide them with services to facilitate their day to day lives.

Proximity – Strategic KPIs			*bpost Belgium*			*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Total donations	1,000 Euros	229	371	349	↘	41	390
Share of significant tier 1 suppliers covered by the Supplier Code of Conduct	%	85	90	100	↗	n/a	n/a
Customer satisfaction[1]	Score	87	86	84	↘	n/a[1]	n/a[1]

Proximity to society

Proximity – Proximity to society			*bpost Belgium*			*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Total donations	1,000 Euros	229	371	349	↘	41	390

bpost doesn't operate in isolation, but within society at large. This society consists of different communities, for which we are grateful: they make our work interesting and worthwhile. As bpost grows, these communities grow with us: we started as a Belgian postal operator, but our business and communities have a more international character today. To stay close to our roots, we support a number of social and biodiversity projects in Belgium.

bpost Literacy Fund

In 1997, the bpost Literacy Fund was established to improve literacy rates by supporting new literacy projects run by various organizations. Managed by the King Baudouin Foundation, the bpost Literacy Fund was boosted in 2009, when we started donating a part of the revenue of a Christmas stamp sale. Since then, the Fund has received about EUR 1.5 million. In 2018, it received EUR 130,000 worth of grants.

Doctors without borders

As an increasingly international organization, bpost also wants to help local communities abroad. Since 2017, we have established a partnership with Doctors without Borders, an organization providing medical support to local communities in emergencies. In addition to both being organizations that coordinate ourglobal operations and activities out of headquarters in Brussels, we also share common values of proximity, neutrality and inclusivity. In 2018, we contributed EUR 80,000 to Doctors without Borders.

Ninth edition of Star4U

Star4U is bpost's initiative to encourage employees to volunteer for social, cultural or environmental projects that are closely related to bpost's values. The projects are chosen by a panel of bpost employees and experts from outside the company. In 2018, 99 projects were supported this way for a total amount of EUR 75,000.

WeLoveBXL

In 2018, bpost donated EUR 35,000 to the Molenbeek-based organization WeLoveBXL. This organization enables and fosters young talent. By creating a diverse, dynamic and positive community-driven environment, the organization wants to push, inspire and stimulate

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youngsters in their personal development process. WeLoveBXL offers a physical location to provide access to both recreational and professional activities. At bpost we believe strongly that society benefits from empowering youth in the context of socio-economic challenges, and this is exactly what this organization does.

CAP48

CAP48 is an association active in the Wallonia-Brussels Federation and in the German-speaking community. The organization aims to change mentalities towards disabilities and childhood poverty. To this end, CAP48 creates awareness through campaigns and fundraising, which allows them to move things forward on the issue of disability and youth support, while financing concrete projects. Through its annual campaign CAP48 disseminates information on the difficulties faced by people with disabilities and young people with integration difficulties. This year, bpost donated EUR 20,000 to CAP48.

bpost forest

bpost helps to create natural habitats to maintain local biodiversity and flora. We contributed by freeing up for a 33-year no charge lease two pieces of land owned by bpost (one near Ekeren and another in Uccle) for a biodiversity protection initiative. Our idea is to have those pieces of land renovated to give the public access to nature. In addition, we planted a one-hectare “bpost forest” in the Waver forest in Lier together with Natuurpunt,.

Stamps for Child Focus’ twentieth anniversary

Child Focus has been engaged with the search for missing children and the fight against child abuse since the late nineties. In honor of its twentieth anniversary, bpost launched in March 2018 a stamp dedicated to the organization’s hard work. bpost also started to use its post offices to help search for missing children. They did so by displaying all-points bulletins on the screens in its post offices to alert the general public locally or nationally.

Donations through “De Warmste Week’ and ‘Viva for Life”

bpost supports several charities to help people in need, among which Child Focus, Doctors without Borders, as well as its own Literacy Fund. During the end of year period, bpost supported several of these charities by the Viva for Life (Vivacité) and Warmste Week (Studio Brussel) campaigns, and by three special bpost actions. For each Christmas stamp used, package sent on December 18, or Mobile postcard sent between December 18 and 24, a certain amount was paid to a charity.

Local initiatives

Aside from the donations to charity by bpost Group, local Belgian post offices and sorting centers also collected donations to give to different initiatives of their choice. In total, more than EUR 8,500 were donated through these local initiatives. Non-monetary donations were collected as well. For instance, through the organization Actie4Kids, 80 shoeboxes were filled with school materials, hygienic products and toys for children in less fortunate circumstances.

Green deal biodiversity

Together with more than 110 other companies, organizations and local authorities, bpost has subscribed to the Green Deal Biodiversity. Through this voluntary agreement, we commit to taking action to enhance biodiversity and the natural value inside and outside our corporate sites over the next three years. One of bpost’s actions within the requirements of the Green deal biodiversity is the installation of an insect hotel at our head office in Brussels.

Beepost

In 2016, in partnership with Made in Abeilles cooperative, we set up two beehives on the roofs of our Brussels head office. The idea was to promote a better use of our roofs while offering a response to the mass disappearance of bees and the associated loss of biodiversity. Hosting several bee colonies enables bpost to strengthen its environmental initiatives and to contribute to meeting the challenges of biodiversity while reducing its ecological footprint.

House Martins

At bpost, we have a small project contributing to the survival of the House Martins in Flanders. In this region, House Martins are on the “Red Species List” and considered to be vulnerable. Due to changes in house construction and roof design, and due to building renovation, nests are being removed or destroyed and natural nesting sites are in decline. bpost contributes by placing artificial nests under the eaves of its post offices in the perimeter of colonies of House Martins, believing that this will encourage House Martins to build nests nearby. We have installed 5x2 artificial nests under the roof edge of the post office in the City Harelbeke, and 2x2 in Anzegem.

Proximity to our suppliers

Proximity – Proximity to our suppliers			*bpost Belgium*			*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Share of significant tier 1 suppliers covered by the Supplier Code of Conduct	%	85	90	100	↗	n/a	n/a
Share of procurement spent on significant tier 1 suppliers screened on CSR by Ecovadis	%	n/a	n/a	40	n/a	n/a	n/a
Share of paper procurement spent on paper coming from certified forests (e.g. PEFC, FSC, SFI)[1]	%	99	100	100	↔	n/a[1]	n/a[1]

Since our suppliers are also responsible for the quality we deliver, it's crucial to work in close collaboration with them. Our most critical suppliers in Belgium are fleet, subcontractors and interim and sorting machines. Often, we are also one of our suppliers' larger clients. Agreeing on how to work together is therefore beneficial to both parties, as it improves our collaboration today and in the future. In these collaborations, sustainability is an important topic and is taken into account: in our procurement policy, in the products, materials and services we buy and in the assessment of our suppliers.

bpost adheres to the highest standards of business ethics, including, among others, human rights (laid down, for instance, in the Universal Declaration of Human Rights, national legislation and bpost internal regulations such as its Codes of Conduct). bpost does not intend to do business with third parties which do not fully comply with these standards.

Procurement policy

In bpost's transition towards a more sustainable business model, significant changes have been made to the procurement process. We have developed a sustainable procurement policy at bpost Belgium. We are now discussing how we can implement it in all of our worldwide subsidiaries. The foundation for the procurement policy is the requirements of the European Commission's DG Environment for Green Public Procurement (GPP). In these requirements, different product groups can be differentiated based on their technical aspects and their social and environmental performance. If a contract exceeds a predefined value and has a sustainability impact, it is held against different sustainability criteria. We are striving to have as many procurement contracts as possible covered by the sustainable procurement policy, taking into account that the procurement process is different for every kind of business and geographical location.

It is important to note that, since bpost is a semi-public company, it is not allowed to incentivize or grant contracts to suppliers with specific criteria. We can only set criteria for the product or service we procure, but not the supplier itself. However, bpost has included a clause in the Supplier Code of Conduct, which requires suppliers to perform a CSR risk assessment.

As a postal operator, responsible paper consumption is one of our highest sustainability priorities. We are committed to becoming the best in class and work together with PEFC and FSC to reach that objective. Various measures are in place, which have resulted in 100% of paper that is PEFC or FSC certified. Furthermore, 100% of or stamps are printed on FSC certified paper.

Supplier assessment

To ensure that the sustainable procurement policy is adhered to, we include both an environmental and social clause in our procurement contracts, which refers to our Supplier Code of Conduct. All bpost' requirements regarding its suppliers are clearly described in its Supplier Code of Conduct and its Supplier general terms. There, it is explicitly mentioned that bpost reserves the right to request an internal assessment or an assessment by an independent organization acting on behalf of bpost (Ecovadis or equivalent) regarding compliance with this Code and specific aspects of sustainability. If a supplier is not able to comply with bpost's requirements, we may be forced to terminate the contract in extreme cases. We are investigating whether we can apply the Supplier Code of Conduct to all of our subsidiaries.

1. This indicator is specific to the postal activities (bpost Belgium) and, therefore not monitored at our subsidiaries.

We partner with Ecovadis to ensure the compliance of our suppliers to our Supplier Code of conduct. This external party conducts supplier CSR Risk assessments and takes into account environmental (energy, water, waste, products) and social performance (health and safety, working conditions, child and forces labor). Using the Ecovadis assessment, our suppliers are given a score from 1 to 100. If they score too low, we start talks with them to see if we can help improve our supplier's CSR performance.

Since 2017, in addition to the assessments performed by Ecovadis, we also performed on-site audits on high-risk profile suppliers (e.g. textile for our new uniforms). These audits focus on child labor, human rights, working environment, possible dangers, environmentally friendly production, cleanliness and compliance with bpost requirements. Today, bpost audits show that there is a high level of safety and environmental control, that no child labor is allowed and that both employees and the environment are respected.

Proximity to our customers

Proximity – Proximity to our customers		*bpost Belgium*				*Subsidiaries*	*bpost Group*
	Unit	*2016*	*2017*	*2018*	*Trend*	*2018*	*2018*
Customer satisfaction[1]	Score	87	86	84	↘	n/a[1]	n/a[1]
Amount of letters for which the customers have offset their mail carbon emissions[2]	Million letters	148	159	162	↗	n/a[2]	n/a[2]
Total carbon emissions offset for the customers[2]	CO_2 teq.	2,056	2,404	2,533	↗	n/a[2]	n/a[2]
Total number of municipalities using bclose[2]	Number	13	7	8	↗	n/a[2]	n/a[2]

Our employees are in touch with our customers daily. Because of this proximity to our customers, we maintain our awareness of their current and future needs. Since customers care about the impact they make, we offer them responsible choices. We are doing everything we can to improve our services and make our customers happy. Our U.S.-based subsidiary Radial is specialized in services related to customer care, from which we learn and which we try to implement everywhere at bpost.

Unfortunately, customer satisfaction decreased in 2018 compared to 2017 and 2016. One of the reasons behind this decline can be related to the strikes that occurred in Q4 of 2018, which affected the timeliness and quality of the mail and parcel distribution.

Carbon Meter service

With our Carbon Meter, we help our customers make well-informed decisions that minimize their environmental impact. Depending, for example, on the type of paper, use of cardboard, size and ink, they can measure the carbon footprint of their advertising mail flows.

Carbon offsetting service

In addition to letting customers calculate their carbon footprint, we offer them the option to offset their carbon emissions generated during the delivery of their mail items. Together with CO_2logic, we raise financing for Gold Standard certified climate projects to cut greenhouse emissions in emerging countries. For each of these projects, we also contribute to key UN SDGs, such as climate action, life on land, sustainable communities, no poverty, or good health. This year, we invested in efficient cookstoves in Malawi. 93% of the Malawi population uses biomass (wood & charcoal) for the daily cooking. The Malawi efficient cookstove enables a CO_2 reduction of more than 50% compared to the usual 3-stone cooking. But it also prevents health issues linked to indoor air pollution and deforestation.

In-home delivery in collaboration with Zalando

In 2018, bpost's Future Lab collaborated with the German e-commerce company Zalando to create a smart home technology allowing to manage deliveries and returns remotely. The idea is the following: thanks

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(2) This indicator is specific to the postal activities (bpost Belgium) and, therefore not monitored at our subsidiaries.

to a “smart lock” and to a “smart doorbell”, Zalando customers can open their doors remotely, so that a trusted bpost delivery person can slide their package inside or pick it up. An app controls the entire process and enables the customer and the deliverer to interact together. This pilot solution has been tested in a dozen of participating homes in Antwerp, Belgium, where the findings of the experiment are encouraging and show that people are ready to use the new technology.

Cubee

We try to provide our customers with flexible and sustainable solutions. One of these solutions is Cubee, an independent, open network of parcel lockers for retailers, online customers and couriers. Consumers can choose to ship their parcels to a Cubee locker, which they can pick up whenever convenient using their smartphone. The Cubee lockers are conveniently located at highly visited places, for example at train stations.

bclose service

For socially isolated people in Belgium, our local postmen and postwomen are familiar faces and trusted people. By walking past every door every day, local postmen and postwomen can play a significant role in assessing whether older adults are socially isolated. Therefore, in eight Belgian municipalities, bpost started the bclose service in collaboration with the local social services. After approval by the older adults, their trusted postman or woman pays them a home visit to ask some brief questions, in order to get insight into what they might need. This information provided by our bclose’s services can be used confidentially to take action to help the isolated people and integrate them into community life. In 2018, we started a new wave of home visits in the municipality of Olen, in the province of Antwerp.

Dynasure passport delivery

Thanks to our subsidiary Dynasure, Antwerp citizens can now receive their renewed passport when its suits them best. All they have to do is go to the local government office to apply for their passport, provide their digital fingerprints and sign. Then, Dynasure delivers their passport when it is most convenient for them. This makes their life a little easier, as citizens no longer have to fit their schedules around the opening hours of local government offices.

Glossary

Absenteeism

Total number of days where employees were absent in the reporting year (due to work-related occupational accidents or illness) out of the number of days worked in the reporting year times 100.

Blameworthy road traffic incidents

The number of a road traffic incidents (leading to near-miss, injury or fatality) during working hours caused by a bpost driver (employee or temporary staff of the entity performing work on behalf of the entity).

CO_2 eq. emissions

bpost Group uses the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (Revised Edition) as well as the joint methodology of UPU (universal postal union), PostEurope and IPC (international postal corporation) – "GHG Inventory standard for the postal sector last version 2010 standard" to collect activity data and calculate emissions. bpost Group reports CO_2 emissions only. HFCs emissions from on-site refrigeration or air-conditioning are negligibly small. Emissions from NH4, N2O, PFCs or SF6 are negligible and not relevant for bpost's activities. Therefore, the IPC GHG program has not included these emissions in the scope of emissions to be monitored. The majority of the conversion factors used are derived fromIPC or provided directly by the relevant supplier.

Customer satisfaction

The bpost Belgium customer satisfaction survey is based on a 7 point scale in which level 7 and 6 designate enthusiastic customers and level 5 satisfied customers. It includes both residential and business customers.

Employee engagement

Employee engagement is determined by an independent third party via an employee engagement survey, in which the average of the question scores provides the level of engagement.

Employee turnover

The total number of employees that left the entity during the reporting period (year x) devided by the average number of employees in year x and year x-1, multiplied by 100.

Energy consumption

The total energy consumed in KWh by the buildings and by the activities within the buildings, excluding energy consumption for transportation and logistics purposes, during the reporting period. This consists of electricity, natural gas, heating oil, district heating, fuel oil consumed for generators and diesel for lift trucks.

Formal training

Planned training, instruction and/or education for employees or temporary staff, paid by bpost, during and outside working hours for the reporting period. Formal trainings are organized in collaboration with an (internal or external) educator or educational institution.

Frequency rate

The total number of work-related occupational accidents that happened in the reporting year, out of the total number of hours worked in the reporting year, multiplied by 1,000,000 hours worked.

Informal training

Informal training hours are educational activities with a high degree of self-organization (there is no educator or educational institution), about content based on the individual needs of the employees and with a direct relation to the work activity.

Lost days

The number of working days eployees did not come to work due to occupational accidents involving employees, not counting any days on which the employee would not have worked (so excluding e.g. weekends, holidays, part-time days, etc.). This number does not include the day on which the occupational accident occurred.

Occupational work accidents

Total number of occupational accidents leading to a lost-time injury or a work-related fatality during the reporting period.

Severity rate

The total lost days in the reporting year out of the number of hours worked in the reporting year, multiplied by 1,000 hours worked.

Significant tier 1 suppliers

Significant tier 1 suppliers are the suppliers that make up minimum 80% of the procurement spent during the reporting period.

Reference to external documents

For our Sustainability Governance, we refer to the following section on our website.

To read about how we engage with our stakeholders, we refer to the following section on our website.

bpost's Annual Report 2018 has been prepared in accordance with the GRI Standards: Core option. Our materiality analysis, materiality matrix, GRI content index for this report can be found on our website.

An overview of bpost's awards and partnerships, we refer to the following section on our website.

CORPORATE GOVERNANCE STATEMENT

Corporate governance statement

Reference Code and introduction

In this Corporate Governance Statement, bpost outlines the key aspects of its corporate governance framework. This framework is consistent with the rules and principles set out in the Law of March 21, 1991 on the reform of certain economic public companies, as amended from time to time (the "**1991 Law**"), the Articles of Association, and the Corporate Governance Charter.

As a limited liability company under public law, bpost is governed by the Belgian Companies Code and Corporate Governance Code, unless otherwise stipulated in the 1991 Law or other Belgian laws or regulations. In particular, any changes to bpost's Articles of Association, which have to be approved by the Shareholders' Meeting (generally requiring a 75% majority and a 50% quorum in accordance with Article 558 of the Belgian Companies Code), must also be approved by a Royal Decree following a debate in the Council of Ministers.

The latest version of bpost's Articles of Association was adopted at the Shareholders' Meeting of May 11, 2016 and was approved by the Royal Decree of September 1, 2016[1].

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

- the **Board of Directors** sets bpost's general policy and strategy and oversees operational management;
- the Board of Directors set up a **Strategic Committee**, an **Audit Committee** and a **Remuneration and Nomination Committee** to assist and make recommendations to the Board of Directors;
- the ***Ad Hoc* Committee** comprises all independent directors of the Board of Directors and intervenes when the procedure prescribed by Article 524 of the Belgian Companies Code, as incorporated in bpost's Corporate Governance Charter, is triggered;
- the Chief Executive Officer (**"CEO"**) is responsible for operational management; the Board of Directors has delegated the powers of day-to-day management to the CEO;
- the **Group Executive Committee** assists the CEO with operational management;
- there is a clear division of responsibilities between the Board of Directors and the CEO.

Corporate Governance Charter

The Board of Directors adopted the Corporate Governance Charter on May 27, 2013. The Charter has been in effect since June 25, 2013 and was last amended by the Board of Directors' decision of March 19, 2019.

The Board of Directors regularly reviews bpost's Corporate Governance Charter and adopts any changes deemed necessary and appropriate.

The Corporate Governance Charter contains rules with respect to:

- the duties of the Board of Directors, Board Committees, Group Executive Committee, and CEO;
- the responsibilities of the Board of Directors' Chairperson and Corporate Secretary;
- the requirements that apply to the Board of Directors' members to ensure that they have adequate experience, expertise, and competences to fulfill their duties and responsibilities;
- a disclosure system on mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board of Directors in a transparent way in case conflicts occur, and a prohibition on director participation in the deliberations and voting on any matter in which he or she has a conflicting interest.

Reference Code

bpost has designated the Belgian Code on Corporate Governance of March 12, 2009 (the "**Corporate Governance Code**") as its reference code[2]. The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies are required to follow the Corporate Governance Code, but may deviate from its provisions provided they disclose the justification for any such deviation.

Deviations from the Corporate Governance Code

bpost complies with the Corporate Governance Code, with the exception of the following three deviations, which were imposed under the 1991 Law (before its amendment by the Law of December 16, 2015 (the "**December 2015 Law**") that entered into force on January 12, 2016):

- The Corporate Governance Code (provision 4.2) states that the Board of Directors proposes directors for appointment by the Shareholders at a Shareholders' Meeting. However, some directors appointed before January 12, 2016 were directly appointed by the Belgian State in accordance with the former Article 18, §2 *juncto* Article 148bis/3 of the 1991 Law. As from January 12, 2016, all (new) directors are (re)appointed by decision of the Shareholders at a Shareholders' Meeting;

(1) This Royal Decree was published in the Belgian State Gazette on September 19, 2016 and has been in effect since September 29, 2016.

(2) The Corporate Governance Code is available on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

- The Corporate Governance Code (provision 6.3) states that the Board of Directors appoints the CEO. The current CEO was appointed by the Belgian State by Royal Decree following a debate in the Council of Ministers, in accordance with the former Article 20, §2 of the 1991 Law. Future CEOs will be appointed by the Board of Directors; and
- The Corporate Governance Code (provision 4.6) states that the term of a Board mandate should not exceed four years. However, the directors appointed before May 15, 2014 were appointed for six years in accordance with the former Article 18, §3 and Article 20, §2 (first sentence) of the 1991 Law. (New) directors (re)appointed after May 15, 2014 have been (re)appointed to serve a (new) term of four years.

Board of Directors

Composition

General rules governing the composition of the Board of Directors

Since the December 2015 Law entered into force on January 12, 2016, the composition of the Board of Directors has been governed as described below.

- The Board of Directors consists of a maximum of 12 directors, including the CEO, and comprises only non-executive directors, except for the CEO.
- All directors are appointed (and can be removed) by the Shareholders at a Shareholders' Meeting, on proposal by the Board of Directors and from candidates nominated by the Remuneration and Nomination Committee.
- Directors are appointed for a renewable term of four years, to the extent that the total term of their mandate (as renewed) does not exceed 12 years. To ensure continuity in the organization, the limitation of 12 years does not apply to the CEO.
- Any shareholder holding at least 15% of bpost's shares has the right to nominate directors for appointment *pro rata* its shareholding ("nomination right"). Directors nominated by a shareholder may be independent, provided they fulfill the criteria laid down in Article 526*ter* of the Companies Code, but do not have to be independent.
- All directors, other than the CEO and those appointed through the aforementioned nomination right, must be independent directors. In any case, the Board of Directors must comprise at all times at least three directors fulfilling the independence criteria laid down in Article 526*ter* of the Belgian Companies Code. The bpost Corporate Governance Charter further provides that at least half of the directors must at all times meet the independence criteria as set out in Article 3.2.4 of the bpost Corporate Governance Charter (based on the criteria laid down in Article 526*ter* of the Belgian Companies Code).
- All directors (including the directors previously appointed by the Belgian State) can be removed by decision of the Shareholders at a Shareholders' Meeting. The December 2015 Law explicitly provides that its entry into force did not terminate the current directors' mandates. These mandates were therefore continued and will expire as initially provided, notwithstanding the possibility for the Shareholders to end these mandates at the Shareholders' Meeting in accordance with the Belgian Companies Code.
- Should any director mandate become vacant, the remaining directors have the right, in accordance with Article 519 of the Belgian Companies Code, to temporarily fill such vacancy until a final appointment takes place in accordance with the abovementioned rules.

The composition of the Board of Directors should reflect:

- the gender representation requirements set forth in (i) Article 18, §2*bis* of the 1991 Law and (ii) Article 518*bis* of the Belgian Companies Code. bpost complies with these gender representation requirements;
- the language requirements set forth in Article 16 and 148*bis*/1 of the 1991 Law.

Finally, in accordance with the Law of September 3, 2017 on disclosure of non-financial and diversity information by certain large undertakings and groups, bpost applies a diversity policy in relation to its administrative, management, and supervisory bodies with regard to aspects such as, *e.g.*, age, gender, educational and/or professional backgrounds. A description of this policy, its objectives, how it has been implemented, and the results in the reporting period is provided further in this Annual Report.

The Board of Directors was, per December 31, 2018, composed of the following 9 members:

Name	*Position*	*Director since*	*Mandate expires*
François Cornelis [1]	Chairperson of the Board of Directors	2013	2019
Koen Van Gerven [2, 3]	CEO and Director	2014	2020
Jos Donvil [2]	Non-Executive Director	2017	2021
Bernadette Lambrechts [2]	Non-Executive Director	2014	2020
Michael Stone [4]	Independent Director	2014	2022
Ray Stewart [4]	Independent Director	2014	2022
Thomas Hübner [5]	Independent Director	2017	2021
Filomena Teixeira [5]	Independent Director	2017	2021
Saskia Van Uffelen [5]	Independent Director	2017	2021

Changes in the composition of the Board of Directors

At the Shareholders' Meeting of May 9, 2018:

- the mandate of Luc Lallemand, Laurent Levaux, and Caroline Ven was not renewed since the Belgian State requested to postpone the appointment of three replacement directors to be nominated in accordance with its nomination right;
- the Shareholders decided, on recommendation of the Remuneration and Nomination Committee, to renew the mandates of Ray Stewart and Michael Stone as independent directors for a term of four years until the close of the annual Shareholders' Meeting of 2022.

At the Shareholders' Meeting of May 8, 2019, the mandate of François Cornelis as independent director will expire. In addition, the Belgian State may decide to nominate three directors in accordance with its nomination right.

The Board of Directors intends to recommend candidates, nominated by the Remuneration and Nomination Committee, for appointment by the Shareholders at the annual Shareholders' Meeting of May 8, 2019 to replace the directors whose mandate has expired or will expire.

Newly elected directors can choose to participate in an induction program aimed at acquainting them with bpost's activities and organization as well as with the rules laid down in the Corporate Governance Charter. This program includes visiting operational and sorting centers.

Powers and functioning

Powers and responsibilities of the Board of Directors

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

In particular, the Board of Directors is responsible for:

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

The Board of Directors is entitled to delegate special and limited powers to the CEO and other members of senior management and can allow sub-delegation of said powers. On June 30, 2017, the Board of Directors decided to approve a delegation of authority formalizing the delegation of specific powers by the Board of Directors to the CEO and other members of the Group Executive Committee. This policy, which does not affect the powers granted to the Board of Directors by or pursuant to bpost's Articles of Association, has been published in the annexes to the Belgian Official Gazette on November 16, 2017.

Acquisition and divestiture of own shares, profit-sharing certificates or associated certificates

Following the decisions taken at the Shareholders' Meeting of May 27, 2013, the Board of Directors was authorized, without any prior decision of the Shareholders, in accordance with Articles 620 *et seq.* of the Belgian Companies Code and within the limits set out in these provisions, to acquire, on or outside the stock market, its own shares, profit-sharing certificates or associated certificates for a price respecting the legal requirements. In particular, the price should not be less than 10% below the lowest closing price in the last 30 trading days preceding the transaction and not more than 5% above the highest closing price in the last 30 trading days preceding the transaction. This authorization covered the acquisition on or outside the stock market by a direct subsidiary within the

(1) Appointed by the General Meeting of May 27, 2013 (confirmed by decision of June 25, 2013) and appointed as Chairperson of the Board of Directors by a Board of Directors decision of May 10, 2017.

(2) Appointed by the Belgian State.

(3) Appointed as CEO by Royal Decree of February 26, 2014 following a debate in the Council of Ministers.

(4) Appointed by the General Meeting of all Shareholders of bpost other than Public Institutions held on September 22, 2014. Their mandate was renewed by the General Meeting of Shareholders held on May 9, 2018.

(5) Appointed by the annual General Meeting of Shareholders of bpost held on May 10, 2017.

meaning and the limits set out by Article 627, indent 1 of the Belgian Companies Code. This authorization was valid for five years from May 27, 2013 and was not renewed at the Shareholders' Meeting of May 9, 2018.

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

Functioning of the Board of Directors

The Board of Directors meets whenever the interests of the company so requires or at the request of at least two directors. In principle, the Board of Directors meets seven times a year and in any event not fewer than five times a year. In 2018, the Board of Directors met 11 times.

In general, the Board of Directors' and Board Committees' decisions are taken by simple majority of the directors present or represented, although for certain Board matters a two-thirds' majority is required (such as, *e.g.*, decisions on the approval of all renewals or amendments to the Management Contract and certain decisions on the administrative law status of statutory employees). In the case of a tie, the Chairperson has a casting vote.

The bpost Corporate Governance Charter reflects the principles by which the Board of Directors and the Board Committees operate.

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

Evaluation process of the Board of Directors

Under the Chairperson's lead, the Board of Directors conducts regular evaluations of its scope, composition, and performance, along with those of the Board Committees, as well as the interaction with the Group Executive Committee. If needed, the Chairperson shall propose the necessary measures to remedy any weaknesses of the Board of Directors or of any Board Committee.

Following an external assessment in 2015, the Board of Directors decided to monitor and evaluate on a regular basis the main focus areas identified in the external assessment. In 2018, the Board of Directors, Board Committees, and the Group Executive Committee performed formal and comprehensive self-evaluation. The assessment focused on the composition and structure of the Board of Directors and its committees, its role and objectives, its functioning, the information flows within the Board of Directors and with the Group Executive Committee, as well as its compliance with governance standards.

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

Transactions between bpost, its Board members and executive managers

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

In accordance with Article 523 of the Belgian Companies Code, Koen Van Gerven declared to have a personal conflict of interest of patrimonial nature in connection with his annual evaluation as CEO. His annual evaluation was an item on the agenda of the Remuneration and Nomination Committee's meeting of March 12, 2018, and the Board of Directors' meeting of March 13, 2018. He informed bpost's Auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item. Below follows the extract of the Board of Directors' minutes relating to the annual evaluation of the CEO:

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

The CEO left the meeting room and did not participate in the deliberation or the decision regarding his annual evaluation. The CEO will instruct the auditors of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code.

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

Transactions between bpost and its majority shareholders

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

The Board of Directors has established an *Ad Hoc* Committee, for the purpose of the USO Management Contract, composed of all independent directors. The

Ad Hoc Committee met two times in 2018.

Committees of the Board of Directors

Apart from the *Ad Hoc* Committee, the Board of Directors has established three Board Committees which assist the Board of Directors and make recommendations in specific fields: the Strategic Committee, the Audit Committee (in accordance with Article 526*bis* of the Belgian Companies Code), and the Remuneration and Nomination Committee (in accordance with Article 526*quater* of the Belgian Companies Code). The terms of reference of these Board Committees are set out in the Corporate Governance Charter.

Strategic Committee

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

- regularly review industry developments, objectives and strategies of bpost and its subsidiaries and recommend corrective actions;
- review risks and opportunities of the strategy as identified by the Company's strategic risk assessment and other processes, and the impact of the relevant industry trends and changes, emerging or evolving competitive activity, governmental or legislative developments and the Company's performance against the financial targets agreed by the Board of Directors and communicated to the Company's shareholders;
- review the draft business plan submitted each year by the Group Executive Committee and provide guidance for the strategic planning process to ensure that the strategic implementation plan is developed, adhered to, and embedded in the Company;
- review strategic transactions proposed by the CEO or Group Executive Committee, including strategic acquisitions and divestitures, formation and termination of strategic alliances or longer-term cooperation agreements, launching of new product segments and entry into new products or geographic areas;
- monitor the implementation of such strategic projects and of the business plan including the Company's progress against strategic goals using predefined and agreed key performance indicators (KPIs) and provide feedback and advice on business tactics, merger and acquisition strategy, market capabilities, and resource requirements and allocation;
- review the execution of transactions, post–acquisition implementation and the realisation of the foreseen value of the acquisition to the Company's strategic objectives, including evaluating post-transaction audits to track performance against acquisition plan targets and the creation of value and realisation of synergies;
- make reports to the Board of Directors on its activities including an annual review of the performance of the committee and any recommendations for changes in the scope of its duties, composition, and working practices.

The Strategic Committee consists of maximum six directors, including at least three independent directors. The Strategic Committee's Chairperson is designated by the Strategic Committee's members.

The Strategic Committee was, per December 31, 2018, composed of the following five members:

Name	*Position*
Michael Stone (Chairperson)	Independent Director
Jos Donvil	Non-Executive Director
Thomas Hübner	Independent Director
Koen Van Gerven	CEO and Director
Ray Stewart	Independent Director

The Strategic Committee met two times in 2018.

Audit Committee

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

- monitoring the integrity of bpost's financial statements and bpost's accounting and financial reporting processes and financial statements audits as well as bpost's budget;
- monitoring the effectiveness of bpost's internal control and risk management;
- monitoring the internal audit function and its effectiveness;
- monitoring the performance of the Joint Auditors and the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the Joint Auditors;
- reviewing and monitoring the Auditors' independence, especially in view of the provisions of the Belgian Companies Code;
- proposing candidates to the Board of Directors for the two Auditors to be appointed by the Shareholders' Meeting;
- informing the Board of Directors on the results of the statutory audit and the performance of its tasks;
- appointing, dismissing, replacing, and annually evaluating the performance of the Chief Audit Officer.

The Audit Committee consists of maximum five non-executive directors, including at least three independent directors. The Audit Committee's Chairperson is designated by the Audit Committee's members.

Collectively, the Audit Committee's members have sufficient relevant expertise in the field of accounting and audit to fulfill their roles effectively, notably in financial matters. Ray Stewart is competent in accounting and auditing, as evidenced by his former executive positions at Nyrstar and Proximus (previously Belgacom). The other members of the Audit Committee hold or have held several board or executive mandates in top-tier companies or organizations.

The Audit Committee was, as of December 31, 2018, composed of the following four members:

Name	*Position*
Ray Stewart (Chairperson)	Independent Director
Michael Stone	Independent Director
Saskia Van Uffelen	Independent Director
Bernadette Lambrechts	Non-Executive Director

The Audit Committee met six times in 2018.

Remuneration and Nomination Committee

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

- identify and nominate Board candidates to fill vacancies as they arise, thereby considering proposals made by relevant parties, including shareholders;
- nominate for appointment candidates for the Board of Directors to be appointed by shareholders (whether or not in application of their nomination right set forth in Article 21, §2 of the Articles of Association);
- advise the Board of Directors on the appointment of the Board of Directors' Chairperson;
- advise the Board of Directors on the appointment of the CEO and on the CEO's proposals for the appointment of other members of the Group Executive Committee;
- advise the Board of Directors on the remuneration of the CEO and other members of the Group Executive Committee and arrangements on early termination;
- review any share-based or other incentive scheme for the directors, members of the Group Executive Committee, and employees;
- establish performance targets and conduct performance reviews for the CEO and other members of the Group Executive Committee;
- advise the Board of Directors on the remuneration of the directors;
- advise the Board of Directors on talent management and diversity & inclusiveness policy;
- submit a remuneration report to the Board of Directors;
- lead the process for succession planning for Board of Directors and Group Executive Committee members, taking into account the challenges and opportunities facing bpost and the skills and expertise needed in each position.

The Remuneration and Nomination Committee consists of minimum three and maximum five non-executive directors, with at all times a majority of independent directors.

The Remuneration and Nomination Committee was, per December 31, 2018, composed of the following four members:

Name	*Position*
François Cornelis (Chairperson)	Chairperson of the Board of Directors
Thomas Hübner	Independent Director
Saskia Van Uffelen	Independent Director
Filomena Teixeira	Independent Director

The Remuneration and Nomination Committee met five times in 2018.

In 2018, the Remuneration and Nomination Committee reflected, *inter alia*, on changes to the remuneration policy (*e.g.*, long-term incentive schemes, variable pay indicators) based on a new benchmark exercise with competitive companies.

Executive Management

CEO

The current CEO was appointed for a term of six years by Royal Decree of February 26, 2014 following a debate in the Council of Ministers, in accordance with the provisions of the 1991 Law before it was amended by the December 2015 Law. The next CEO will be appointed by the Board of Directors, following nomination by the Remuneration and Nomination Committee.

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

The CEO can be removed by the Board of Directors.

Group Executive Committee

bpost's operational management is ensured by the Group Executive Committee and is led by the CEO. The Group Executive Committee consists of maximum nine members, appointed (for the duration determined by the Board of Directors) and removed by the Board of Directors, following a recommendation by the CEO and advice of the Remuneration and Nomination Committee.

The Group Executive Committee convenes regularly at the invitation of the CEO. The Group Executive Committee is assisted by the Group Executive Committee Secretary.

The individual members of the Group Executive Committee exercise the special powers delegated to them by the Board of Directors or the CEO, as the case may be. Within the limits of these powers, the members of the Group Executive Committee may delegate to one or more members of bpost's staff special and limited powers. The Group Executive Committee members may allow sub-delegation of these powers.

The Group Executive Committee prepares, under direction of the CEO, a business plan assessing bpost's medium-term purposes and strategy. This business plan is submitted to the Board of Directors for approval.

The Group Executive Committee was, as of December 31, 2018, composed of the following members:

Name	Function
Koen Van Gerven	Chief Executive Officer
Henri de Romrée[1]	Chief Financial Officer
Mark Michiels	Chief Human Resources & Organization
Dirk Tirez	Chief Legal & Regulatory Officer and Company Secretary
Nico Cools	Chief IT Officer and Chief Digital Officer
Kurt Pierloot[3]	Director Mail & Retail
Luc Cloet[2]	Director Parcels & Logistics Europe and Asia
Pierre Winand[2]	Director Parcels & Logistics North America

1991 Law Committee

The 1991 Law contains several provisions detailing the composition, appointment, and functioning of a "1991 Law Committee." Since the entry into force of the December 2015 Law, the powers to be assigned to the 1991 Law Committee are limited to the negotiation of the Management Contract with the Belgian State (it being understood that the Management Contract requires the subsequent approval of the Board of Directors). Therefore, the 1991 Law Committee remains in existence only for the limited purposes and tasks assigned to it by the amended 1991 Law.

The 1991 Law Committee was, as of December 31, 2018, composed of the CEO, who chairs the Committee, and two other members of the Group Executive Committee (one Dutch-speaking member and one French-speaking member): Mark Michiels and Henri de Romrée.

Company Secretary

The Board of Directors and the Advisory Committees are assisted by the Group Company Secretary, Dirk Tirez, who is also bpost's Chief Legal & Regulatory Officer. He was appointed in October 2007. François Soenen is the Group Executive Committee Secretary.

Joint Auditors

The Joint Auditors audit bpost's financial condition as well as consolidated and unconsolidated financial statements. There are four bpost Joint Auditors: (i) two Auditors appointed by the Shareholders' Meeting and (ii) two Auditors appointed by the Court of Audit, the Belgian institution responsible for the verification of public accounts (*Cour des Comptes/Rekenhof*). The Joint Auditors are appointed for renewable terms of three years. The Shareholders' Meeting determines the remuneration of the Joint Auditors.

bpost's Joint Auditors were, as of December 31, 2018:

- Ernst & Young Réviseurs d'Entreprises–Bedrijfsrevisoren SCRL/CVBA (**"EY"**), represented by Mr. Romuald Bilem (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), De Kleetlaan 2, 1831 Diegem, Belgium (until the annual Shareholders' Meeting of 2021);
- PVMD Réviseurs d'Entreprises- Bedrijfsrevisoren SCRL/CVBA (**"PVMD"**), represented by Mrs. Caroline Baert (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), Tweekerkenstraat 44, 1000 Brussel, Belgium (until the annual Shareholders' Meeting of 2021);
- Mr. Philippe Roland, First President of the Court of Audit (*Rekenhof/Cour des Comptes*), Rue de la Régence 2, 1000 Brussels, Belgium (until September 30, 2019); and
- Mrs. Hilde François[4], Chairperson of the Court of Audit (*Rekenhof/Cour des Comptes*), Rue de la Régence 2, 1000 Brussels, Belgium (until September 30, 2021).

EY and PVMD are responsible for the audit of bpost's consolidated financial statements. For the year ended December 31, 2018, EY and PVMD received EUR 1,265,275 (excluding value added tax) in fees for the audit of financial statements of bpost and its subsidiaries and EUR 626,481 (excluding value-added tax) in fees for non-audit services. The two Auditors appointed by the Court of Audit received EUR 39,134.81 in remuneration for their services in connection with the audit of bpost's non-consolidated financial statements for the year ended December 31, 2018.

(1) Koen Beeckmans left the Company as Chief Financial Officer, Service Operations & ICT on January 15, 2018. Henri de Romrée was appointed by the CEO (empowered by the Board of Directors (decision of December 4, 2017) upon recommendation of the Nomination and Remuneration Committee), as new Chief Financial Officer and as Group Executive Committee member as of January 15, 2018.

(2) Luc Cloet and Pierre Winand were appointed, with immediate effect, by the Board of Directors, upon recommendation of the Nomination and Remuneration Committee, on April 17, 2018.

(3) Kurt Pierloot resigned as Director Mail & Retail with effect as from January 24, 2019. Henri de Romrée was appointed as new Director Mail & Retail as from January 24, 2019. Baudouin de Hepcée was appointed as Chief Financial Officer ad interim as from January 24, 2019 until a new Chief Financial Officer is appointed.

(4) By a decision dated October 3, 2018, the Court of Audit (*Rekenhof/Cour des Comptes*) decided to replace – with effect as from October 1st, 2018 – Mr. Jozef Beckers (Member of the Court of Audit) by Mrs. Hilde François (Chairperson of the Court of Audit) as bpost's Joint Auditor, for a renewable term of three years.

Shareholding structure and shareholders rights

bpost's shares are registered or dematerialized. At December 31, 2018, bpost's share capital was represented by 200,000,944 shares, listed on the regulated market of Euronext Brussels.

With, respectively, 48,263,200 and 53,812,449 bpost shares in their possession on December 31, 2018, the Belgian State and the SFPI/FPIM together had a participation of 51.04% (respectively, of 24.13% and 26.91%) of bpost issued voting shares. The remaining shares are held by individual shareholders and European and international institutional shareholders.

In the course of 2018 and in accordance with the Law of May 2, 2007 on the disclosure of significant shareholdings in listed companies and the Articles of Association, bpost published a number of transparency declarations disclosing that a notification threshold was reached (crossed upward or downward). The transparency notifications are available on bpost's website at http://corporate.bpost.be/investors/share-information/transparency-declarations.

The Company's shares are freely transferable, provided that, according to Article 147*bis* of the 1991 Law and Article 16 of the Articles of Association, the direct participation of Public Institutions in the registered capital has to exceed 50%. However, following the entry into force on January 12, 2016 of the December 2015 Law, the Belgian Government had the option, until December 31, 2018, to approve by Royal Decree following a debate in the Council of Ministers, transaction(s) that cause the direct participation of Public Institutions to drop below 50% plus one share (Article 54/7 §1 of the 1991 Law). The Belgian Government did not make use of this option.

At December 31, 2018, bpost did not hold any of its own shares.

Each share entitles its holder to one vote. Apart from the restrictions on voting rights imposed by law, the Articles of Association provide that, if shares are held by more than one owner, are pledged, or if the rights attached to the shares are subject to joint ownership, usufruct or any other kind of split of such rights, the Board of Directors may suspend the exercise of the rights attached to such shares until one person has been appointed as the sole representative of the relevant shares vis-à-vis bpost.

Remuneration Report

bpost's remuneration policy relating to the remuneration of the Board of Directors' members and bpost's management is based on current legislation, the Corporate Governance Code, market practices and trends.

bpost considers essential transparency and clear communication on the principles and implementation of the policy. It therefore shares relevant information in this report.

General remuneration policy and remuneration principles

bpost has developed a dynamic, rewarding, and responsible remuneration policy. This policy is regularly assessed and updated to ensure bpost's sustainability.

The remuneration policy has multiple objectives, *inter alia*:

- offering the company's employees a fair remuneration, in consultation with the trade unions, while remaining competitive compared to the reference markets of mail, parcels, logistics and e-commerce companies in Europe;
- stimulating performance at both the collective and individual levels to create sustainable and profitable long-term growth, while safeguarding the wellbeing of our staff. With this in mind, the remuneration plan integrates aspects related to (i) bpost's results (*e.g.*, EBIT results along with criteria relating to the wellbeing of the staff and customer satisfaction); and (ii) the individual performance and skills;
- identifying and promoting bpost's corporate values and culture;
- attracting, retaining, and motivating qualified and specialized individuals needed to achieve the company's strategic and operational goals in the transformation of its business into one of the leading e-commerce & logistics companies in Europe and beyond.

The remuneration policy described above should not substantially change in the two coming financial years.

The Remuneration and Nomination Committee regularly examines the policy's principles and their concrete application, and will continue to do so in the coming two financial years. In 2019, a limited and responsible flexible remuneration plan will be introduced, enabling management-level employees to choose between various benefits within a fixed budget at no additional costs for the company. The Remuneration and Nomination Committee will also review the pension plan for its employees, to be in line with the above reference market.

The Board of Directors and the Remuneration and Nomination Committee will also examine the possibility and feasibility of introducing a long-term incentive plan. The purpose of this plan would be to better align the actions and initiatives of management with the long-term performance of the company.

This report does not include bpost's Belgian subsidiaries, whose remuneration policy is in line with the national reference market, or bpost's foreign subsidiaries, whose remuneration policies are in line with local reference markets of relevant companies and aim to attract and retain qualified and experienced directors and managers. In that regard, the Radial Group has its own incentive plan, in accordance with US market practices.

Procedure for establishing the remuneration policy and setting the individual remuneration of the Board of Directors' members and bpost's management

As a limited liability company under public law and in compliance with the applicable corporate governance requirements, bpost has developed a specific remuneration policy for the members of its Board of Directors and management. This policy was introduced by the Board of Directors on recommendation by the Remuneration and Nomination Committee and is regularly assessed and updated. Every change in this policy shall be approved by the Board of Directors on recommendation of the Remuneration and Nomination Committee.

It is a balanced remuneration policy based on the overall remuneration policy as set out above, with the aim of (i) attracting and retaining qualified managers and directors, (ii) encouraging them to generate sustainable and profitable long-term growth, in line with the general strategy of bpost, (iii) reflecting their individual duties and skills, and (iv) aligning the interests of management and shareholders. The remuneration package of the management therefore:

- provides for a variable remuneration (as described below) based on strictly defined quantitative and qualitative performance criteria and driven by bpost's growth;
- offers remuneration in cash along with other non-financial benefits; and
- is regularly assessed in light of market practices.

bpost distinguishes three different groups for which the remuneration principles are set out below in detail:

- the Board of Directors' members;
- the CEO;
- the Group Executive Committee members.

The individual remuneration of the managers and directors depends on the category they belong to.

All amounts mentioned in this report are gross amounts before the employer's social contribution.

Principles of remuneration of the Board of Directors' members and bpost's management

Remuneration of the Board of Directors' members

The remuneration of the Board of Directors' members (with the exception of the CEO) was approved at the General Shareholders' Meeting of April 25, 2000 and continued to apply in 2018. It consists of two elements: (i) a monthly fixed remuneration and (ii) an attendance fee for each Advisory Committee meeting attended.

No other benefits are paid to the Board of Directors' members for their director's mandate, except for a company car allocated to the Board of Directors' Chairman.

Monthly fixed remuneration

The Board of Directors' members (with the exception of the CEO) are entitled to the following monthly fixed remuneration:

- EUR 3,463.04 for the Board of Directors' Chairman, who also chairs bpost's Joint Industrial Committee (*Paritair Comité / Commission Paritaire*), as indexed on March 1, 2018[1], and a company car;
- EUR 1,731.52 for the other directors (with the exception of the CEO) as indexed on March 1, 2018[1].

Attendance fees

The Board of Directors' members (with the exception of the CEO) are also entitled to an attendance fee of EUR 1,731.52 per attended Advisory Committee meeting.

These amounts are indexed[1] annually.

The CEO is not entitled to remuneration for his attendance at the Advisory Committee meetings.

Overall remuneration

For the financial year 2018, the remuneration granted to all the Board of Directors' members (with the exception of the CEO) totaled EUR 331,510.77.

The table below shows the total annual remuneration paid on an individual basis to each of the Board of Directors' members (with the exception of the CEO) based on his/her participation in the Advisory Committee meetings[2]:

Member	*Board of Directors*	*Strategic Committee*		*Remuneration and Nomination Committee*		*Audit Committee*		*Ad Hoc Committee*		*Total annual remuneration (EUR)*
	Amount (EUR)	*Amount (EUR)*	*Meetings*	*Amount (EUR)*	*Meetings*	*Amount (EUR)*	*Meetings*	*Amount (EUR)*	*Meetings*	
Luc Lallemand[3]	8,609.34	1,707.39	1/2	NA		NA		NA		10,316.73
Laurent Levaux[3]	8,609.34	NA		3,438.91	1/5[2]	NA		NA		12,048.25
Caroline Ven[3]	8,609.34	NA		NA		5,170.43	3/6	NA		13,779.77
François Cornelis (Chairman of the Board)	41,459.96	NA		10,340.86	5/5[2]	NA		3,463.04	2/2	55,263.86
Ray Stewart	20,729.98	1,731.52	1/2	NA		10,364.99	6/6	3,463.04	2/2	36,289.53
Michael Stone	20,729.98	3,438.91	2/2	NA		10,364.99	6/6	3,463.04	2/2	37,996.92
Bernadette Lambrechts	20,729.98	NA		NA		10,364.99	6/6	NA		31,094.97
Jos Donvil	20,729.98	1,731.52	1/2	NA		NA		NA		22,461.50
Thomas Hübner	20,729.98	0	0/2	8,633.47	5/5	NA		3,463.04	2/2	32,826.49
Filomena Teixeira	20,729.98	NA		10,340.86	5/5[2]	NA		3,463.04	2/2	34,533.88
Saskia Van Uffelen	20,729.98	NA		10,340.86	5/5[2]	10,364.99	6/6	3,463.04	2/2	44,898.87
	212,397.84	8,609.34		43,094.96		46,630.39		20,778.24		331,510.77

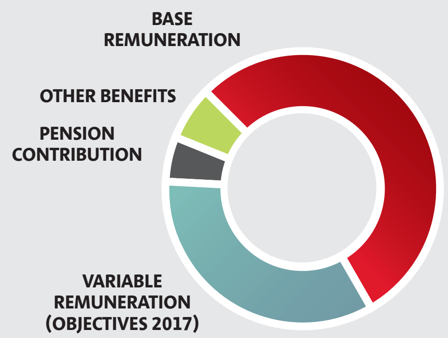
(1) The benchmark index used for the indexation is the health index.

(2) These amounts cover all amounts paid in the financial year 2018. Please note that attendance fees are paid in the month following the attended Advisory Committee meeting. This means that the amounts paid out in financial year 2018 relate to attendance to meetings of the Board of Directors or the Advisory Committee meetings held from December 2017 until November 2018.

(3) Until May 9, 2018

Remuneration of the CEO

The CEO's remuneration is approved by the Board of Directors on recommendation of the Remuneration and Nomination Committee. It consists of: (i) base remuneration, (ii) short-term incentive variable remuneration, (iii) a pension contribution, and (iv) various other benefits.



Relative importance of the various elements of the CEO's remuneration (2018)

Base remuneration

The CEO's base remuneration for the financial year 2018 amounted to EUR 488,841.75 (as indexed on October 1, 2018).

Variable remuneration

The base amount of the CEO's short-term variable remuneration varies depending on (i) the corporate objectives and (ii) individual targets. Performance is assessed annually in light of the targets.

- For the CEO, the **corporate objectives** relate to financial results: 70% of the variable remuneration allocated based on the corporate objectives depends on EBIT and 30% - on operational Cash Flow. The pay grid was established and validated by the Board of Directors on recommendation of the Remuneration and Nomination Committee (this grid is set out below in the Section on the Remuneration of the Group Executive Committee members). Depending on the results of these - audited and regularly published - criteria, the pay-out per criterion can reach 135% of the base amount of the short-term variable remuneration for this criterion.
- The **individual targets** are agreed on between the CEO and the Board of Directors at the beginning of each year. Clear and measurable targets are set, which are to be achieved within an agreed timeframe. The CEO's individual performance is measured against these targets and may vary from 0% of the base amount of the short-term variable remuneration in the event of underperformance to 160% in the event of overperformance.

The CEO's performance is assessed annually during the first quarter following the end of the financial year, as part of a Performance Management Process ("**PMP**"), directed by the Board of Directors.

Pension contribution

The CEO's pension contribution for the financial year 2018 amounted to EUR 47,724.96.

Other benefits

The CEO has other benefits, *e.g.*, an insurance covering death-in-service and disability, medical insurance, representation fees, and a company car.

Global remuneration

The global remuneration paid to the CEO, Mr. Koen Van Gerven, in 2018 for his performance during the year that ended on December 31, 2018, amounts to EUR 593,179.95 excluding variable remuneration (compared to EUR 585,977.10 in 2017 excluding variable remuneration) and can be broken down as follows:

- base remuneration: EUR 488,841.75 (gross);
- pension: EUR 47,724.96;
- other benefits:
  - insurance covering death-in-service, disability and medical coverage: EUR 33,462.72;
  - representation fees: EUR 3,300.00; and
  - leasing costs for company car: EUR 19,850.52.

In addition, the CEO received variable remuneration of EUR 308,944.00 in 2018 because the corporate objectives and the individual targets for the year that ended on December 31, 2017 were met (given that the 2017 assessment was only completed in 2018). This amount is based on (i) the performance of bpost in 2017, and (ii) the surpassing of the CEO's individual targets, and the long-term value that these achievements created. Variable remuneration for 2018 will be determined and paid in 2019, after the performance assessment.

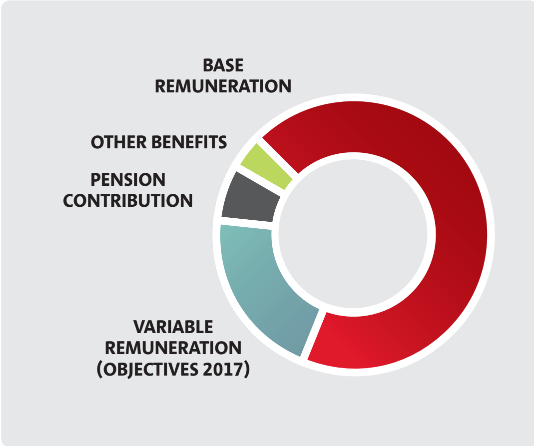
No shares, stock options, or other rights to acquire shares were granted to or exercised by the CEO, or have expired in 2018. No options under previous stock option plans were still outstanding for the financial year 2018.

No substantial changes were made to the remuneration of the CEO compared to the previous financial year.

Remuneration of the Group Executive Committee members

The remuneration of the Group Executive Committee members is approved by the Board of Directors on recommendation of the Remuneration and Nomination Committee. It is regularly reviewed on the basis of a benchmarking exercise covering large Belgian companies so as to offer a total remuneration in accordance with the median on the reference market.

The remuneration package of the Group Executive Committee members consists of: (i) base remuneration, (ii) variable remuneration, (iii) a pension contribution, and (iv) various other benefits.



Relative importance of the various elements of the global remuneration of the members of the Group Executive Committee (2018)

Base remuneration

Base remuneration reflects the responsibilities and characteristics of the position, the level of experience and the performance of the Group Executive Committee members during the past year. It is granted independently of bpost's results. It is paid every month and is revised annually based on a benchmark study that covers large Belgian companies.

Variable remuneration

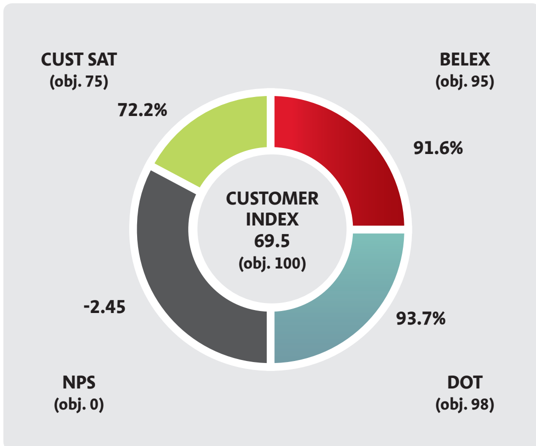
Short-term variable remuneration is a percentage of the base remuneration and aims to reinforce the performance-based managerial culture. The base amount of the variable remuneration actually allocated varies depending on (i) the corporate objectives, and (ii) individual targets. Performance is assessed annually in light of the targets.

- The **corporate objectives** are related to the financial results (70% depends on the EBIT) as well as the loyalty of bpost's customers measured through the Customer Loyalty Index (30%):
- EBIT (70%): a pay grid is determined and validated each year by the Board of Directors on recommendation of the Remuneration and Nomination Committee (see the grid below). Depending on EBIT, the payout can reach 135% of the base amount;
- Customer Loyalty Index (30%): the pay-out for this criterion is equal to the results for the given year. The Customer Loyalty Index for 2017 reached a score of 69,5% leading to a payout of 69,5% for this criterion in 2018.

  From 2018 (for the short-term variable remuneration to be paid in 2019), the corporate objectives will still include EBIT (70%) and Customer Loyalty Index (15%) and introduce a staff wellbeing dimension (15%), to be measured by the level of short-term absenteeism.

Table: Grid of 2018 remuneration (percentage of base remuneration based on EBIT)

Results (EBIT 2017)	*Variable remuneration (%)*
≤92.5%	30%
95%	60%
97.5%	80%
100%	100%
102.5%	110%
106%	120%
108%	125%
110%	130%
≥112.5%	135%



- The **individual targets** are mutually agreed on and approved by the CEO at the beginning of each year. Clear and measurable targets are set, which are to be achieved within an agreed term. The individual performance is measured against these targets and may vary from 0% of the base amount of the short-term variable remuneration in the event of underperformance to 160% in the event of overperformance.

The performance of each Group Executive Committee member is assessed annually during the first quarter following the end of the financial year, as part of a PMP, directed by the CEO.

Pension contribution

The Group Executive Committee's global pension contribution for the financial year 2018 amounted to EUR 280,134.60.

Other benefits

bpost offers other benefits to the Group Executive Committee members, *e.g.*, insurance covering death-in-service and disability, medical insurance, representation fees, meal vouchers, and a company car.

These benefits are benchmarked regularly and adapted according to standard practices.

Global remuneration

The global remuneration paid in 2018 to the Group Executive Committee members (other than the CEO) during the year that ended on December 31, 2018 amounted to EUR 3,462,033.85[1] excluding variable remuneration (compared to EUR 2,299,008.17 in 2017 excluding variable remuneration) and can be broken down as follows:

- base remuneration (including the end-of-year bonus and holiday pay): EUR 3,000,306.49;
- pension: EUR 280,134.60;
- other benefits:
  - insurance covering death-in-service, disability and medical coverage: EUR 57,086.85;
  - representation fees and meal vouchers: EUR 26,019.58; and
  - leasing costs for company cars: EUR 98,486.33.

In addition, the Group Executive Committee members (other than the CEO) received a global variable remuneration of EUR 901,423.99 in 2018 because the corporate objectives and the individual targets for the year that ended on December 31, 2017 were met (given that the 2017 assessment was only completed in 2018). The global variable remuneration for 2018 will be determined and paid in 2019 after the performance assessment of each member of the Group Executive Committee.

No shares, stock options or other rights to acquire shares were granted to or exercised by the Group Executive Committee members, or have expired in 2018. No options under previous stock option plans were still outstanding for the financial year 2018.

No substantial changes were made to the remuneration of the Group Executive Committee members compared to the previous financial year.

Clawback provisions

The current remuneration policy does not provide for a specific contractual clawback provision in favor of bpost for variable remuneration.

Changes to the composition of bpost's Group Executive Committee

The following changes in the composition of the Group Executive Committee occurred in 2018:

- Mr. Dirk Tirez, Chief Legal & Regulatory Officer and Company Secretary and Mr. Nico Cools, CIO & Chief Digital Officer, were appointed as Group Executive Committee members with effect as from December 4, 2017 and have been remunerated as members of the bpost Group Executive Committee since February 1, 2018;
- Mr. Henri de Romrée was appointed as new Chief Financial Officer and as Group Executive Committee member and was remunerated in that capacity as from January 15, 2018;
- Mr. Marc Huybrechts, Director Mail & Retail Solutions, position as Group Executive Committee member ended on April 17, 2018. He continued to work for the group until August 31, 2018 and received severance pay of a total amount of EUR 400,000;
- Mr. Philippe Dubois, Director Mail Services Operations, left the Group Executive Committee on April 17, 2018 to become Director Strategy, Transformation & Performance of bpost;
- Mr. Luc Cloet, Director Parcels & Logistics Europe & Asia and Mr. Pierre Winand, Director Parcels & Logistics North America, were appointed as new Group Executive Committee members and remunerated in that capacity as from April 17, 2018.

In addition to the foregoing changes:

- Mr. Kurt Pierloot resigned as Director Mail and Retail with effect from January 24, 2019. Mr. Henri de Romrée was appointed as new Director Mail and Retail as from January 24, 2019;
- Mr. Baudouin de Hepcée was appointed as Chief Financial Officer ad interim as from January 24, 2019, until a new Chief Financial Officer is appointed.

Termination provisions and non-compete clauses

No member of the Group Executive Committee is entitled to specific contractual termination arrangements, except for the CEO, who is entitled to a severance pay of EUR 500,000 in the event of early termination by bpost for any other reason than material breach. Additionally, the CEO is entitled to the use of a company car for six months after his departure, including all expenses relating to the use thereof, except for the fuel card.

(1) This amount comprises the *pro rata* remuneration paid to the Group Executive Committee members who resigned/started in 2018.

In the event of automatic termination on expiry of the six-year term and the appointment by bpost of another CEO, the CEO is subject to a non-compete clause for a period of one year as from the date of termination of his mandate. He will receive a non-competition indemnity of EUR 500,000, unless bpost waives the application of such clause.

All members of the Group Executive Committee, except for Mr. Mark Michiels, are subject to non-compete clauses, prohibiting them from working for bpost's competitors for a period of 12 months from the date of their resignation or termination of their contract. All such members are entitled to receive an amount equal to six months of remuneration if bpost decides to apply these non-compete clauses.

For members of the Group Executive Committee who carry out their function under an employment agreement under the Law of 3 July 1978, because of their seniority with the company, the application of the mandatory rules on the termination of their employment agreement, may result in an entitlement to a termination payment above 12 or 18 months' remuneration.

Internal control and risk management

bpost's Enterprise Risk Management ("**ERM**") framework assists bpost in managing risks effectively and in implementing the necessary controls to pursue its objectives. The ERM framework covers: (i) risk management, allowing bpost to take informed decisions on risks it is willing to take to achieve its strategic objectives, thereby taking into account external factors; and (ii) internal control activities, which include all internal policies, procedures and business practices to mitigate risks. Best practices in risk management and internal control activities (*e.g.*, international standard ISO31000) and the Commission on Corporate Governance's directions have been used as references to define the ERM framework.

In general, the objective is to provide a reasonable assurance regarding (i) compliance with applicable laws and regulations, (ii) reliability of financial and non-financial information, and (iii) effectiveness of internal processes. A "reasonable assurance level" is a high, but not an absolute level, given that all internal control systems have limitations linked to, *e.g.*, human error, wrong decisions or choices on cost/benefit of control.

The following description of bpost's internal control and risk management activities is factual and aims to cover the activities' main characteristics.

Control environment

The control environment promotes employee awareness and compliance, defines clear roles and responsibilities, publishes quality guidelines, and demonstrates the commitment of bpost's Group Executive Committee and Board of Directors.

Commitment to integrity and ethical values

"*Earning trust*" is one of bpost's key values. The Board of Directors and Group Executive Committee have approved bpost's Code of Conduct, which was first issued in 2007 and last reviewed in 2019.

The Code has general principles that describe the values and ethical standards for everybody working in the group and enables appropriate responses in the event that it is not followed. These principles are reinforced by the relevant regulations, policies and procedures that are in place across bpost's businesses, affiliates and ventures. The Code of Conduct is provided to all new employees as part of the onboarding process and systematically introduced in the bpost subsidiaries. It is also made available on bpost's intranet and referred to during trainings. Any violations of the Code of Conduct must be reported to the immediate superior or the reference person of the employee, or to the legal department of bpost, as the case may be.

Furthermore, to comply with insider trading and market manipulation regulations, bpost has adopted a Dealing and Disclosure Code. This Code is amended from time to time to be in line with the most recent market abuse laws and regulations. The Dealing and Disclosure Code aims to create awareness around possible improper conduct by employees, senior employees, and persons discharging managerial responsibilities (being members of the Board of Directors and of the Group Executive Committee) and their associated persons. The Dealing and Disclosure Code contains strict rules on confidentiality, non-use of "price sensitive" information, and dealing restrictions. The rules of this Code have been widely communicated within the Group and the Code is available to all employees, senior employees and persons discharging managerial responsibilities.
In conformity with the Market Abuse Regulation of April 16, 2014, persons discharging managerial responsibilities at bpost have been informed of their obligations in relation to insider trading under the Market Abuse Regulation.

Commitment to corporate governance fostering accountability

The Board of Directors supervises the Company's operational management. The Audit Committee advises the Board of Directors on accounting, audit, and internal control matters. Without prejudice to the monitoring role of the Board of Directors, the Group Executive Committee establishes risk management and internal control guidelines and procedures and monitors their effective roll-out. A "three lines of defense" model has been implemented:

- The operational management is responsible for the design and maintenance of risk management and internal controls (first line);
- The second line functions, such as Legal, Compliance, Health & Safety, Security or Integrity, provide expert support to the first line operational management. The overall roll-out and coordination of the risk management and internal control activities is centralized within the Risk & Control department. All second line functions report at least annually to the Group Executive Committee on the risk evolution in their respective domains;
- Finally, Corporate Audit, responsible for the internal audits of bpost Group, constitutes the third line of defense. The Corporate Audit Director reports to the Audit Committee's Chairperson and CEO.

Commitment to employee development and competence

Good leadership is invaluable and generates better results for bpost. In September 2015, bpost rolled-out the "Leading@bpost" program that identifies accountability and continuous learning as two key values. To develop skills, bpost has established its own training center. Technical courses are held in the business units (*e.g.*, training on the International Financial Reporting Standards ("**IFRS**") used to prepare bpost's consolidated financial statement) and *ad hoc* courses are developed on a need-to-have basis. Personal development is driven by clear job descriptions and a structured bi-annual evaluation. *Ad hoc* coaching sessions are promoted.

Risk assessment

The purpose of risk management, embedded in the ERM framework, is to deliver a consistent corporate approach and establish a sound risk management culture. Three types of risk management activities are performed. First, a strategic risk assessment takes place as part of the process to define/ revise bpost's strategy. Each Business Unit further assesses its operational risks on a semi-annual basis. Finally, there is risk and internal control management at a process, product or project level. This includes an evaluation of the adequacy of the most important internal controls to mitigate risks at a process, product or project level. The same structured risk management process is applied to the following three types of risk activities:

- Identification of the risks that may have an impact on realizing the objectives;
- Assessment of risks in order to prioritize them;
- Decision on risk responses and action plans to address key risks;
- Monitoring action plan implementation and overall risk evolutions and identification of emerging risks.

The coherence of the three different types of risk activities is ensured by using a single framework of risk evaluation criteria to assess the risks. This ensures the right risks are circulated, both top-down and bottom-up.

More information can be found in the "Risk Management" section of the annual report (note 6.5).

Control activities

In general

A process management framework is defined based on the Business Process Methodology ("**BPM**"). Policies and procedures are established for the key processes (accounting, procurement, investments, treasury, *etc.*). They are subject to regular controls. Internal control dashboards are monitored where relevant.

All Group companies use an Enterprise Resource Planning ("**ERP**") system or accounting software to support efficient processing of business transactions, to perform accounting and to deliver data for consolidation. These systems provide management with transparent and reliable information it needs to monitor, control, and direct business operations. A close monitoring of potential conflicts of separation of duties in the ERP system is carried out on a regular basis. bpost has established management processes to ensure the implementation of appropriate measures on a daily basis to sustain the performance, availability and integrity of its IT systems. The adequacy and effectiveness is monitored through internal service level agreements as well as periodic performance and incident reporting to the different Business Units involved.

Specifically related to the financial statements

Systematic and structured finance processes ensure a timely and qualitative reporting. These processes include the following main activities or controls:

- Careful and detailed planning of all activities, including owners and timing;
- Communication by the Group Finance Department prior to the closing of guidelines, including on all IFRS accounting principles, to be applied by all legal entities and operating units;
- Separation of duties between the accounting teams in the different legal entities actually performing the accounting activities and the departments responsible to review the financial information. The review is performed more specifically by (i) business controllers responsible, *inter alia,* for the review of financial information in their area of responsibility, and (ii) the Group Finance Department, which is responsible for the final review of the financial information of the different legal entities and operating units and for the preparation of the consolidated financial statements;
- Systematic account justification and review after the closing triggering follow-up and feedback of the timelines, quality and lessons learned in order to strive for continuous improvement.

Information and communication

The Internal Communication department uses a wide variety of tools, such as the Company's intranet and employee newsletters, to circulate messages in a structured and systematic way both from top management and operational level.

Financial and performance information is shared between operational and financial management and the Group Executive Committee. Besides the monthly reporting analysis prepared by the Business Controllers, the Group Executive Committee conducts a thorough quarterly review of the different Business Units' performance.

Proper assignment of responsibilities and coordination between the relevant departments ensures an efficient and timely communication process for periodic financial information. The Group Finance Department communicates on a regular basis all IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities and operating units, to the accounting teams of the different legal entities and operating units.

Externally, the Press Relations and Public Affairs department manages stakeholders, *e.g.*, press and public authorities. This department centralizes and validates external communications with a potential impact at Group level. This includes, but is not limited to, financial information.

Financial information is made available to the market on a quarterly, semi-annual and annual basis. Prior to external publication, financial information is subject to (i) an extensive internal validation process, (ii) review by the Audit Committee, and (iii) approval by bpost's Board of Directors.

Monitoring

Corporate Audit (internal) and Joint Auditors (external)

bpost has a professional internal audit department that works in line with the Institute of Internal Auditors' standards. The department is subject to an external quality review every five years. Corporate Audit conducts an annual risk assessment with a semi-annual revision to determine the audit program. Via its audit assignments, Corporate Audit provides reasonable assurance on internal control effectiveness in the different processes or projects reviewed.

The Joint Auditors provide an independent opinion on the full year statutory and consolidated financial statements. They perform a limited review on the half-year interim condensed financial statements and the statutory BGAAP figures of bpost NV/SA per end of October, which serves for the distribution of an interim dividend. In addition, they review material changes to the IFRS accounting principles and evaluate the different identified key controls on the processes that support the set-up of the financial statements.

Audit Committee and Board of Directors

The Audit Committee advises the Board of Directors on accounting, audit, and internal control matters.

To do so, the Audit Committee receives and reviews:

- All relevant financial information to enable the Audit Committee to analyze the financial statements;
- The quarterly treasury update;
- Any significant change of the IFRS accounting principles;
- Relevant findings resulting from the activities of the Corporate Audit Department and/or the Joint Auditors;
- The Corporate Audit's semi-annual status report on the follow-up of audit recommendations and annual activity report;
- The Group Executive Committee's annual conclusion on the effective execution of bpost's risk management and internal control activities as well as periodic information on the main business and related risk evolutions.

The Board of Directors ultimately ensures the establishment of internal control systems and procedures. The Board of Directors monitors the functioning and adequacy of the internal control systems and procedures, considering the Audit Committee's review, and takes the necessary measures to ensure the integrity of the financial statements. A procedure is in place to convene bpost's appropriate governing body on short notice if and when circumstances so dictate.

More detailed information on the composition and functioning of the Audit Committee and the Board of Directors is included in the section of this Corporate Governance Statement on the Board of Directors and the Audit Committee.

CORPORATE GOVERNANCE STATEMENT

Diversity

Creating a culture of Diversity and Inclusion

bpost is a highly diverse company in terms of its workforce and is committed to creating and supporting a collaborative workplace culture. Such a diverse environment allows the group to optimize interaction with its customers and stakeholders, and respond to challenges in different and efficient ways.

In that context, bpost has designed a Diversity Policy (available on bpost's website) aimed at creating diversity and inclusion awareness within the group. The purpose of this Diversity Policy is to support bpost employees and management in building a culture where diversity and inclusion are a daily practice.

The program focuses on engagement, awareness, and involvement. The Board of Directors sets the tone at the top and is the true sponsor of the diversity and integration workshops organized for teams investing in diversity and inclusion awareness and/or dealing with specific topics within the diversity and inclusion framework.

Diversity within the Board of Directors and the Group Executive Committee

bpost adheres to the view that diversity of competences and views of the Board of Directors and Group Executive Committee facilitates a good understanding of the business organization and affairs. It enables the members to constructively challenge strategic decisions, ensure risk management awareness, and be more open to innovative ideas.

bpost complies with the provisions of Article 518*bis* of the Belgian Companies Code in terms of gender diversity, but the Diversity Policy for the members of its management goes beyond this strict legal minimum.

In the composition of the Board of Directors and Group Executive Committee, special attention is paid to diversity in terms of criteria such as age, professional background, gender, and geographic diversity. When considering candidates for vacancies, the Remuneration and Nomination Committee takes into account balanced scorecards of such diversity criteria.

Diversity aspects that are taken into account in relation to the bpost Board of Directors and Group Executive Committee members are the following:

- **Gender**: gender diversity promotes a better understanding of the market place, increases creativity, produces more effective leadership and promotes effective global relationships. To achieve greater gender diversity within its management, bpost aims to (i) identify potential female talents at an early stage, (ii) provide opportunities that allow women to reach their full potential, (iii) enroll women in development programs that prepare them for management roles.
- **Age**: age diversity in the workplace is part of the human capital and provides a larger spectrum of knowledge, values, and preferences. Such age-diverse management will provide a more dynamic environment with continuous movement. To achieve age diversity, bpost aims to ensure that is management counts (i) older talents, with breadth and depth of work experience, and (ii) high-potential younger talents who are eager to learn.
- **Professional background**: to stay competitive in a changing environment, bpost must attract and retain talent with diverse professional backgrounds. Diversity of professional backgrounds provides bpost with a range of expertise and experience necessary to respond to the complex challenges it faces. To achieve professional background diversity within its management, bpost aims to identify people who (i) have distinct professional backgrounds, and (ii) come from various sectors at different points in their career.
- **Geographic diversity**: geographic diversity is significant and positively correlated with firm performance, especially in increasing business and strategy internationalization. To stimulate geographic diversity, bpost takes into account foreign elements in the profile and the path of its candidates.

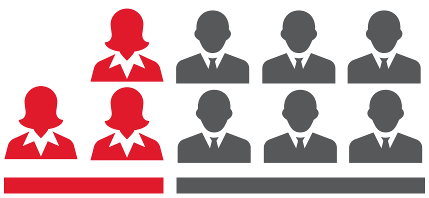
The Board of Directors assesses annually whether diversity within the bpost management has improved.

Diversity aspects – Implementation & outcome

On December 31, 2018, the outcome of diversity aspects in relation to the bpost Board of Directors and Group Executive Committee members is the following:

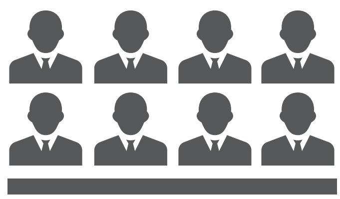
Board members | GEC members

Gender diversity



1/3 women

2/3 men



100% men

Age diversity

50-59 years: 5 members

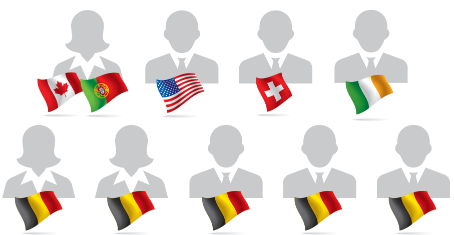
60 years and +: 4 members

40-49 years: 2 members

50-59 years: 4 members

60 years and +: 2 members

Geographical diversity



Professional Background

Board		GEC
17%	Finance & Accounting, Risk Management, Audit	16%
19%	Transport & Logistics, Fullfilment, Warehousing, E-commerce	18%
8%	Banking	9%
13%	Postal services	17%
18%	Parcel services	15%
7%	Retail	7%
10%	Digital, Technology, Telecommunication, Innovation	9%
8%	Human Resources Management	9%

Report of the Joint Auditors to the General Meeting of bpost SA de droit public / bpost NV van publiek recht for the year ended 31 December 2018

As required by law and the Company's articles of association, we report to you as statutory joint auditors of bpost SA de droit public / bpost NV van publiek recht (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2018 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable. We have been appointed as statutory joint auditors by the Shareholders Meeting of 9 May 2018, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and on recommendation of the Workers Council. Our mandate expires at the Shareholders Meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2020. We performed the audit of the Consolidated Financial Statements of the Group during 10 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of bpost SA de droit public / bpost NV van publiek recht, which consist of the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of EUR 3,345.1 million and of which the consolidated income statement shows a profit for the year of EUR 263.6 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2018, and of its consolidated results and its consolidated cash flows for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Long term employee benefits

Description of the key audit matter

Provisions for long term employee benefits amount to EUR 308.4 million as of 31 December 2018 and are disclosed in note 6.27 to the Consolidated Financial Statements. This area is important to our audit because of the magnitude of the amounts, the judgments involved concerning the key actuarial assumptions (such as discount rates, inflation, mortality, increase in salaries and medical costs, …) and the technical expertise required to evaluate these provisions and to properly reflect the impacts in the Consolidated Financial Statements in accordance with IAS 19. In addition, appropriate internal control procedures are important to ensure that the underlying participant data (such as population, age, years of service, wage, …) are correctly managed and the amendments to the plans are properly and timely reflected in the Consolidated Financial Statements.

Summary of the procedures performed

- We have performed a detailed review of the actuarial report prepared by the external actuary engaged by the Company to ensure that all characteristics of the plans have been properly considered in the actuarial calculations.
- We have assessed the expertise, independence and integrity of the external actuary engaged by the Company.
- We have compared the input data used for the calculation of the provisions by the external actuary (such as population, age, years of service, wage, …) with source information of the human resources department of the Company.
- We have assessed the appropriateness of the key actuarial assumptions (such as discount rates, inflation, mortality, increase in wages and medical costs, …) with the assistance of our internal actuarial specialists.
- We have verified that the actuarial calculations are properly reflected in the provisions recorded in the Consolidated Financial Statements and ensured that impacts are correctly recorded in accordance with IAS19.
- We have performed detailed analytical reviews on the important long term employee benefits plans by reviewing the roll-forward of the provisions to understand the changes in the valuation of the provisions compared to last year.
- We have assessed the adequacy and completeness of the disclosures presented in the note 6.27 of the Consolidated Financial Statement based on the requirements of IAS19.

Business Combination

Description of the key audit matter

In the recent past, the Company entered in several significant business combinations leading to a total carrying value of goodwill recognized for EUR 683.6 million as of 31 December 2018 and for which earn-out liabilities are estimated based on the contingent consideration arrangements (EUR 10.7 million as of 31 December 2018). As described in notes 6.6 and 6.19 to the Consolidated Financial Statements, several significant purchase price allocation exercises have been completed during the year in accordance with IFRS 3. Goodwill amounting to EUR 4.9 million is still provisional considering that the Company has one year to perform the purchase price allocation in accordance with IFRS 3.

The purchase price allocation exercise requires the alignment of the accounting records of the acquired entities with the accounting polies of the Company and involves significant judgments and estimates by the management to assess the fair value of the assets acquired and liabilities assumed in accordance with IFRS 3. In addition, the valuation of the earn-out liabilities requires also significant judgements on the underlying assumptions used in the calculation models which are mainly based on budgeted Key Performance Indicators' s (KPI's) as determined in the share purchase agreements.

Summary of the procedures performed

- We have performed audit procedures on the financial information of the acquired entities at the date of acquisition. We have assessed and discussed the key findings identified during the due diligence procedures performed by the external experts engaged by the Company. Finally, we have validated the alignment of the local financial information with the accounting policies of the Company.
- We have validated, with the assistance of our internal valuation experts, that the methodologies used by the Company for the estimation of the fair value of assets acquired and liabilities assumed are in accordance with IFRS 3 and industry practices.
- With the assistance of our internal valuation experts, we have assessed and benchmarked the key inputs and assumptions (underlying opening balances, business plans, discount rates, EBITDA margins, growth rates, …) used in the purchase price allocation calculations prepared by the Company with assistance of the third party valuation experts.
- We have assessed the competence, independence and integrity of the third party valuation experts used by the Company.
- We have validated all significant accounting entries relating to the fair value impacts on assets acquired and liabilities assumed resulting from the purchase price allocation.
- With respect to the valuation of the earn-out liabilities, we have analyzed the contractual agreements and verified whether the conditions are correctly reflected in the valuation of the estimated earn-out liabilities. We have assessed and discussed the business plans of the acquired entities that are used as basis to determine the earn-out liabilities. Finally, we have assessed the mathematical accuracy of the detailed calculations supporting the valuation of these earn-out liabilities.
- Furthermore, we have assessed the adequacy and completeness of the disclosures in notes 6.6 and 6.19 to the Consolidated Financial Statements based on the IFRS requirements.

Impairment of long term assets

Description of the key audit matter

As described in note 6.19, relating to impairment testing on long term assets (including goodwill), the Company reviews the carrying amounts of its cash generating units ("CGU") annually of more frequently if impairment indicators are present. The impairment assessment involves a comparison of the estimated value in use of the CGU to its carrying amount. The assessment is a judgmental process which requires estimates concerning the projected future cash flows associated with the CGU, the weighted average cost of capital ("WACC") and the growth rate of revenue and costs to be applied in determining the value in use.

This area is important to our audit because of the magnitude of the amounts, the judgments and the technical expertise required to perform the impairment testing on long term assets.

Summary of the procedures performed

- We have assessed the design and implementation of the internal controls relating to management's impairment testing of goodwill and long term assets.
- We have tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data.
- We have challenged each of the key assumptions employed in the annual impairment test. These key assumptions include the WACC, the growth rates and projected cash flows. We have involved our internal valuation specialists to assess and benchmark those assumptions to comparable independent data. We have tested the reasonableness of projected cash flows in the light of the Group's historic forecasting accuracy and compared these projections with the long term plan as approved by the Board of Directors.
- We have concluded on the reasonability of conclusion reached by management not to impair the goodwill or when an impairment was necessary on the valuation of the impairment loss.
- We have assessed management's sensitivity analyses and the appropriateness and completeness of the sensitivity disclosures.
- We have assessed the appropriateness and completeness of the disclosures in accordance with IAS36 as included in note 6.19 to the Consolidated Financial Statements.

Revenue recognition

Description of the key audit matter

Revenue recognition is a key audit matter in our audit resulting considering the amounts involved (EUR 3,850.2 million of operating income for 2018) and the complexity and assumptions used to estimate several revenue streams at year-end in accordance with IFRS 15. The main risk areas relate to:

- Revenue relating to the financial compensation for Services of General Economic Interest ("SGEI") and for the distribution of press and periodicals that are estimated at year-end based on complex calculations and principles contractually agreed and which amounts to EUR 271.4 million for 2018 as disclosed in note 6.8 to the Consolidated Financial Statements. These contracts include various calculation models for the determination of the annual financial compensation for which the lowest compensation is granted and thus taken into consideration for the revenue recognition. These calculation models are based on various input data (such as actual volumes, quality targets, incurred costs relating to the concerned services, …) and involves management estimates.
- Revenue of December 2018 for Radial that is estimated at year-end and will be billed to customers in January of the next year. Radial is providing E-commerce outsourcing services (Technology services, payment processing services, shipping and handling services, 24/7 customer services related to the webstores, order management and fulfillment) and other professional services to its customers. The estimation of the December 2018 revenue in accordance with IFRS 15 is complex considering the various input data used in the calculations, the volume of transactions and the specific contractual conditions agreed with customers.
- Revenue with other postal operators ("terminal dues") that is estimated based on complex calculations involving various input data. The estimation of these revenues is based on volumes exchanged (in kilogram's and per item), the prices agreed with the foreign postal operators and also other contractual conditions (e.g. quality of service of the mail distribution).

Summary of the procedures performed

- We have gained an understanding of internal control environment relating to the revenue processes, performed walkthroughs of the significant revenue classes of transactions and evaluated the design and operating effectiveness of key internal controls. We have also evaluated the IT general controls and key IT application controls supporting the revenue processes with assistance of our internal IT experts.
- We have assessed the management's estimation process and challenged their calculations by performing (i) an assessment and comparison of the key inputs and assumptions in the calculation models, with the contractual agreements, (ii) a validation on whether the transfer of risks and rewards are properly reflected based on the contractual agreements and (iii) a reconciliation of the key underlying data used in the revenue calculation models (e.g. volumes, prices, …) with underlying IT systems, contracts and other documents provided by external parties.
- We have performed analytical procedures on the important revenue streams to detect unusual trends or transactions by comparing revenue with last year and performing an monthly analysis of revenue.
- We have performed subsequent events procedures by reviewing significant transactions recorded during 2019 and comparing these transactions with estimates recorded at year-end.
- We have assessed the adequacy and completeness of the disclosures on revenue in the Consolidated Financial Statements based on the IFRS requirements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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 selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group'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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors 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 Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report.

Responsibilities of the Joint Aud itors

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report, as well as to report on these matters.

REPORT OF THE JOINT AUDITORS

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Company Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Overview of the key figures;
- Message to the stakeholders;
- Key events of the year;

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide reasonable assurance regarding the Board of Directors' report and other information included in the annual report.

The non–financial information required by article 119, § 2, of the Belgian Company Code has been included in the annual report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiatives Standards. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiatives Standards. We do not express any form of reasonable assurance regarding the individual elements included in this non-financial information.

Independence matters

Our audit firms and our networks have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements as referred to in Article 134 of the Belgian Company Code have been correctly disclosed and detailed in the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 19 March 2019

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