



Annual report 2023

Staying resilient in volatile times



How to read this report

Management summary

Readers looking for the highlights of 2023 are advised to read chapter 1 until 5, and the first pages of chapter 6 until 9.

Report of the Board of Management

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

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

Forward-looking statements

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

Versions of this document

Pursuant to section 5:25c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), PostNL has filed the Annual Report 2023 with the Dutch Financial Markets Authority (AFM) in the European single electronic reporting format (ESEF package). The ESEF package is available on <https://annualreport.postnl.nl/2023/> and includes a human readable XHTML version of the Annual Report 2023. The PDF, online and printed versions of the Annual Report 2023 of PostNL are prepared for the ease of use. The ESEF package prevails in case of discrepancies with the other formats in which the Annual Report 2023 is published.

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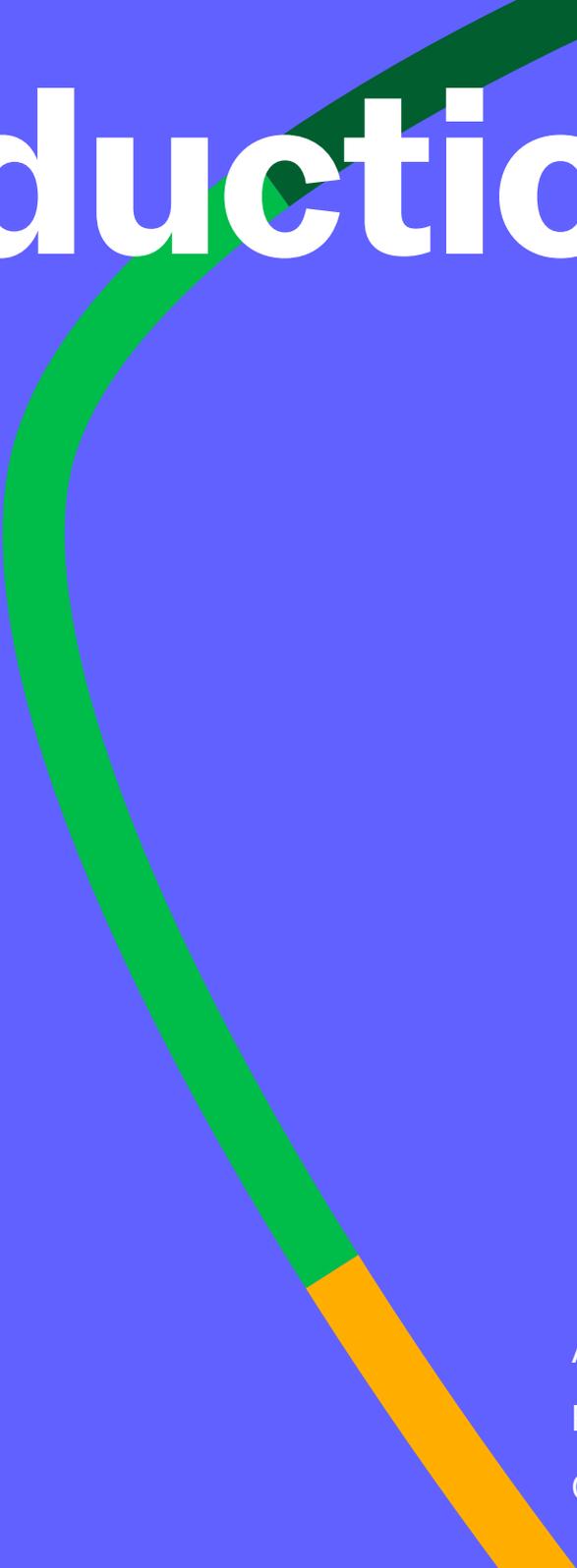
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Introduction



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At a glance

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Key figures (at year end)

Average number of letters delivered per working day

6.9 million

2022: 7.4 million



Average number of parcels delivered per working day

1.1 million

2022: 1.1 million



Number of PostNL employees

33,488

2022: 35,647



Unique PostNL accounts

8.9 million

2022: 7.8 million



Active business customers on mijnpostnl.nl

110,589

2022: 110,098

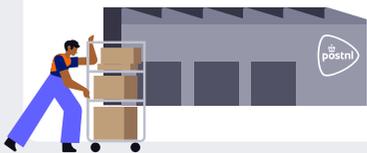


Sorting centres

(31 parcel, 5 mail, 1 international)

37

2022: 34



Retail locations

5,795

2022: 5,494



Automated Parcel Lockers

903

2022: 517



Total kilometers transported in the Benelux

(on average per calendar day)

1.1 million

2022: > 1.2 million



Total GHG emission

181 ktCO₂e

2022: 201 ktCO₂e



At a glance

Overview of our network and services



At a glance

Performance 2023

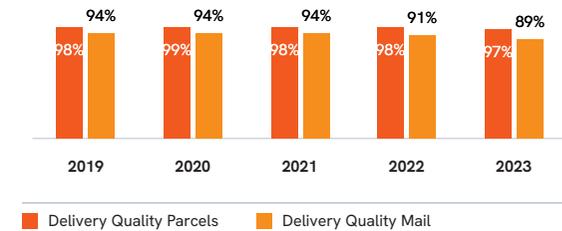
as indicated	2022	2023	change
Customer value			
		Average Nr.	
Net Promotor Score ¹	not reported	1 position	
Delivery quality Parcels in NL	98%	97%	(0)
Delivery quality Mail in NL ²	91%	89%	(3)
Social value			
Employee engagement	78%	68%	(10)
Absenteeism (share of total working days)	7.4%	7.7%	+0.4
Recordable accidents (per 100 FTE)	3.8	5.2	36%
Share of total females in management positions	32%	32%	+1
Share of females in senior management positions	31%	33%	+2
Environmental value			
CO ₂ efficiency (in grammes per km)	152	136	(10%)
Share of emission-free delivery of mail and parcels in the last-mile	22%	24%	+1
Total gross scope 1 emissions (in kilotonnes CO ₂)	26	22	(14%)
Total gross scope 2 emissions (in kilotonnes CO ₂)	0	0	0%
Total gross scope 3 emissions (in kilotonnes CO ₂)	175	159	(9%)
Total gross emissions (in kilotonnes CO ₂)	201	181	(10%)

1 First reported in 2023

2 Letters delivered within 24 hours

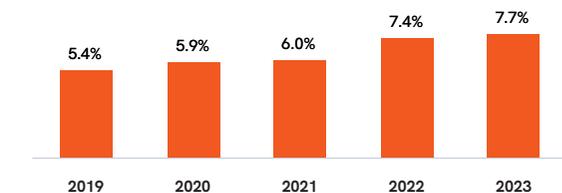
Delivery quality

In percentages



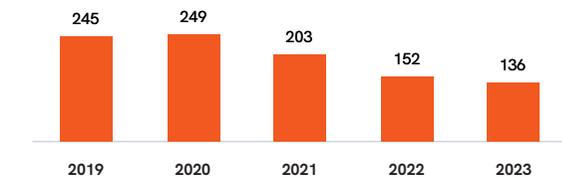
Absenteeism

Share of total working days



CO₂ Efficiency

In grammes per km



NPS

Average No. 1 position in relevant markets



Employee engagement

68%
2022: 78%



Emission-free delivery

24%
2022: 22%



At a glance

Performance 2023 (continued)

in € million, unless indicated otherwise	2022	2023	change
Results			
Revenue	3,144	3,165	1%
Operating income	(1,291)	84	
Normalised EBIT	84	92	10%
Profit for the year	(993)	56	
Profit for the year (2022 adjusted) ¹	14	56	294%
Normalised comprehensive income	90	52	(42%)
Free cash flow	40	52	29%
Closing balance positions			
Adjusted net debt	(467)	(462)	1%
Consolidated equity	177	198	12%
Cash and cash equivalents	556	518	(7%)
Operational results			
Parcel volume (in million items)	344	343	(0.2%)
Parcel volume growth/(decline)	(10.2%)	(0.2%)	+10.0
Addressed mail volume (in million items)	1,884	1,745	(7.4%)
Addressed mail volume growth/(decline)	(8.0%)	(7.4%)	+0.6
Ratios			
Normalised EBIT margin	2.7%	2.9%	+0.2
Earnings per share (in € cents) ¹	2.8	11.3	300%
Leverage ratio (adjusted net debt/EBITDA)	1.9	1.7	(11%)
Return on invested capital ¹	4.1%	5.3%	+1.2

¹ 2022 excluding change in pension accounting classification

Adjusted net debt

462 million 

2022: 467 million

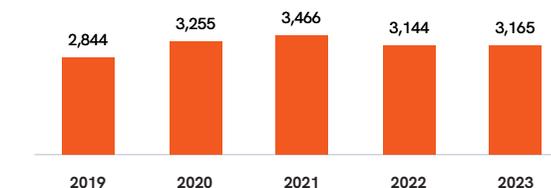
Free cash flow

52 million 

2022: 40 million

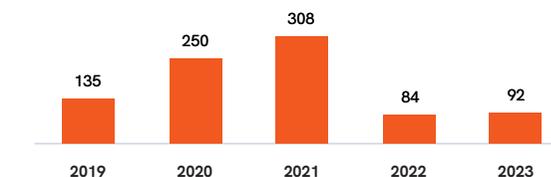
Revenue

in € million

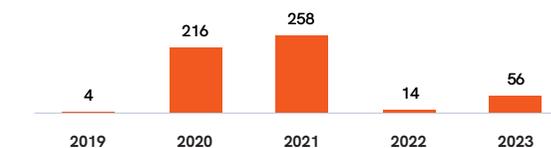


Normalised EBIT

in € million

Profit for the year¹

in € million

¹ 2022 excluding change in pension accounting classification

Reflecting on 2023 with our CEO 2



“Being around for 225 years means that we are able to transform, to adapt to the needs and preferences of our customers, to take courageous steps to innovate, and to be resilient in testing circumstances.”

Can you reflect on 2023?

Overall, 2023 was a difficult year for many people around the world. We once again witnessed the terrible impact of war, as the conflict in Ukraine continued and hostilities in the Middle East flared up. First and foremost, we have to acknowledge the profound human impact of these conflicts.

Across our markets, high inflation levels caused a decrease in the purchasing power of companies and consumers, leading to low consumer confidence and consumer spending. In the Netherlands, the impact of shortages in the labour market continued, which has led to greater competition for employees among companies. Taken together, this impacted our company and led to a disappointing year financially despite the hard work of our team.

What did this volatile world mean for PostNL in 2023?

At Parcels, volume growth was essentially flat. We saw a shift to more international parcels, negatively impacting the average price per parcel. In order to balance our network with volumes, we consolidated our sorting activities in parts of our network and optimised delivery routes as a way to reduce costs and to more efficiently process lower volumes. And we finalised our plans to reduce 200-300 staff FTEs at our head office and at Parcels, helping us bring down costs.

Meanwhile, at Mail in the Netherlands, we saw wage increases, the growing impact of labour market shortages and high sick leave, which also impacted quality levels. All of which was set against the backdrop of operating in a declining mail market and a continuing shift from ‘next day’ delivery to the lower yield of non-24-hour mail. The number of letters being sent

decreased by 8 percent in 2023, positively helped by election mail. Simultaneously, inflationary pressures have increased our operating costs.

And of course, we continued to transform our mail operations in 2023. We implemented major cost-saving plans, different ways of working for our people, and reduced overheads by a total of €39 million. And we will continue to do so.

How do you maintain course in these uncertain times?

We are focused on our long-term strategy: to deliver distinctive customer and consumer experiences to be the leading e-commerce and postal services provider in, to and from the Benelux. And in a volatile environment you have to stay the course and identify a mixture of short-term actions and longer-term activities that steer you towards your goal.

In 2023, we made our Parcels’ network more flexible, meaning we are better able to respond to fluctuations in volume.

We are focused on accelerating the success of our business customers, the web shops, and are executing a full-funnel strategy geared especially towards small- and medium-sized enterprises, making it easier for them to connect to our services and, therefore, enabling them to better help their customers. This is one of the many fully digitalised customer journeys that we created in 2023.

We are also zeroing in on consumers’ needs, and in 2023 expanded the out-of-home options available to consumers by adding more automated parcel lockers. And we are always nearby, also digitally. By the end of the year, there were almost 9 million PostNL accounts.

Reflecting on 2023 with our CEO

At the same time, we made sure that sustainability is fully embedded in our strategy. Throughout the year, we remained focused on combatting climate change by steering on greenhouse gas (GHG) emission reduction initiatives, which decreased by 10 percent in 2023, enabling us to further progress towards our long-term, science-based reduction targets. Once again, we were ranked as one of the most sustainable companies in the transport sector worldwide by the Dow Jones Sustainability Index (DJSI), scoring the highest in the Environment & Climate section within our sector.

How do you view PostNL's financial performance over 2023?

Our team has dedicated itself persistently to navigating the volatile environment, but we have to recognise that the financial performance was not good enough. We implemented several measures to reduce costs and improve our cash position and were also able to increase prices. But this was not sufficient to mitigate the severe cost pressures in a tight labour market with rising wages, and the impact from the unfavourable development in our customer and product mix.

While normalised EBIT came in below our expectations, we were able to create a substantial increase in free cash flow. Our focus on capex and strict working capital management contributed to a strong cash flow performance, well above our outlook. With an expected leverage ratio of around 1.7 at year-end 2023, our financial position is solid. This provides a good base for the €0.09 dividend per share to be proposed to the AGM, in line with our long-term strategy and our dividend policy.

Looking ahead, what are the trends that impact the e-commerce market?

Let me start by saying that the circumstances we saw in 2023 will transfer into 2024. When it comes to the e-commerce market, we are ready to capture future growth. In that respect, we identify two main market drivers: online penetration and longer-term economic growth. And we believe that there are a number of societal trends that will shape e-commerce

positively. The consumer is front and centre, even more so in the future of e-commerce. We believe that out-of-home delivery options will increase. In many markets, but especially e-commerce, digitalisation will accelerate, and with this comes the further growth of networks and platforms. And, as I said before, the entire e-commerce logistics sector has the obligation to operate in the most sustainable way.

And what are your focus areas in 2024?

We aim to structurally deliver a return that exceeds its cost of capital.

As our Parcels strategy is geared towards capturing growth in e-commerce, we are dedicated to improving profitability towards the average margin over the 2019-23 period in our Parcels business over time. We are focused on a number of specific actions to balance volume, value and capacity for our company, our people and our customers.

For instance, further simplifying our product and pricing policies will enable us to pass on actual costs to customers and enhance the attractiveness of specific parcels by reflecting their true value in the prices we set. Additionally, we are further adjusting our operational network to make sure that we are able to both scale up and down in a cost-effective way. The improvement of our network includes opening a sorting centre in the Dutch city of Alphen aan de Rijn and a mini hub in the city of Utrecht. Both locations are essential to handle peak moments and ensure we can offer the right quality in set moments. And we are redesigning our range of delivery options, such as same-day and Sunday delivery, to better balance customer demands and financial feasibility. Also, we are exploring new opportunities, such as the integration of our transport services, to further improve our collection and sorting processes.

As inflation levels are still high and consumer spending is down, we know that volumes in our domestic markets will take time to recover. We are taking further cross-border initiatives to attract volumes by retaining and acquiring e-commerce

clients from Asia and Europe. For CBS Europe specifically, we will develop additional propositions, such as expanding fulfilment options for our cross-border clients.

Exploring additional opportunities is crucial given our position as an integrator in the e-commerce value chain, and is therefore on our roadmap for 2024. For example, by opening up our automated parcel lockers to third parties. We've seen that digitalisation has shown a significant step-up in EBIT contributions, and this will only develop going forward.

For Mail in the Netherlands, our focus will be on realising our cost-saving plans and tariff increases. This will be alongside the new programmes we have started to fill as many mail deliverer vacancies as possible.

Mail in the Netherlands faces a challenging situation, with a continuous annual volume decline of 7 to 9 percent. Furthermore, the demand for mail to be delivered within a day has decreased even more significantly. This trend, combined with the sharp increase in labour costs, means that the universal service obligation (USO) will be loss-making from 2024 onwards, which will eventually apply to the entire mail business. Despite these challenges, it is our mission to keep postal services accessible and reliable, while maintaining realistic quality. After all, mail still plays a relevant role in our society.

This situation requires a fundamental change in our service framework, enabling PostNL to continue adapting to the declining volumes and changing customer demand in a socially and societally responsible manner. To make this necessary transformation possible, a change in the current regulations is needed. We ask the ministry and politicians to address this issue and to engage in dialogue about changing postal services. Together, we can ensure that we can sustainably maintain postal services in the Netherlands in the future. Through these changes, the postal company can achieve a return that is higher than the costs of capital for

Reflecting on 2023 with our CEO

Mail in the Netherlands, ensuring that mail remains reliable and accessible for everyone in the Netherlands.

Any concluding thoughts you would like to add?

A birthday card for your special day brought to you by your well-known mail deliverer. A welcome home present delivered by our parcel deliverer. Your PostNL app that is always on hand and allows you to choose how and where you want your parcel delivered. These are all special moments that PostNL – a company that has been at the heart of society for 225 years – delivers every day. Being around for so long means that we are able to transform, to adapt to the needs and preferences of our customers, to take courageous steps to innovate, and to be resilient in testing circumstances.

On behalf of the Board of Management and the entire Executive Committee, I would like to thank our employees, customers, shareholders and all other stakeholders that are part of our company and our journey to shape the next phase of postal services and e-commerce.

Kind regards,

Herna Verhagen

Our operating context

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Introduction

PostNL has successfully transformed from a business dominated by mail, to a full-service e-commerce logistics and postal provider for customers and consumers in, to and from the Benelux. We are the designated universal service provider (USP) in the Netherlands and we play an important role in the export and import of mail and parcels.

To understand our performance over 2023, we first describe our position and role in our value chain, our broad range of e-commerce and mail products and services and our stakeholders and key partners. We then introduce key external developments around us and the defined key material topics we focus on to help us create short-, medium-, and long-term value.

Position and role in the value chain

Driven by our purpose to deliver special moments, PostNL plays a key role in the e-commerce business and postal value chain, in, to and from the Benelux and beyond. We use our wide range of physical and digital e-commerce and postal services to connect senders and receivers and deliver distinctive customer and consumer experience. In our value chain we focus on the following key elements:

Collect

The first step in the value chain is collecting parcels, mail, and goods from customers. This is vital to our entire logistics process, and requires us to match customer and consumer (end user) expectations by ensuring timely pick-up and processing.

Sort

The second step involves sorting and processing parcels and mail, based on destination and specific customer and consumer requirements. An efficient sorting process helps to ensure that we are able to deliver to the right location, on-time.

Deliver

The final step is delivery, and this is when we are truly able to 'deliver special moments' to customers and consumers. Our focus is on creating a memorable connection between sender and receiver, and we help ensure this by taking into account any special delivery instructions, such as delivering to a pre-agreed location.

The way we carry out these vital steps and operate our business is heavily influenced by our customers, consumers and partners, our competitive position, as well as market and technological developments. For example, Digital Next is helping us deliver distinctive customer experiences and helping us realise our ambition to be the favourite deliverer across society. Digitalisation is helping us transform the way we do business and further develop our core activities to provide our customers with smart e-commerce solutions, improve our competitive position, and further advance customer interaction and experience. One example is the PostNL app, which consumers can use to access a range of information about their deliveries or purchase digital stamps and delivery labels for parcels.

Our broad range of products and services

PostNL provides customers and consumers with a broad range of services, helping ensure they can access their preferred delivery option.

At Parcels, our solutions range from delivering standard parcels to more tailored solutions, such as time-critical delivery. And we offer consumers multiple delivery options, and ensure e-tailers can offer these options using our data-driven and algorithm-based digital services. These activities are supported and complemented by our range of digital capabilities and services to enhance customer experience and streamline operations.

Within logistics, we are broadening and strengthening the digital e-commerce business chain, such as by supplying e-tailers with fulfilment solutions or providing pharmacies

and hospitals with medicine delivery directly to patients at home. Through our international subsidiary Spring, we provide global e-commerce solutions to international businesses and connect them to consumers around the world.

Through our mail services, we offer customers a vital physical communication means alongside their digital options, helping them better connect with consumers and their own customers. As the designated universal service provider (USP) in the Netherlands, we have the responsibility to provide accessible and reliable postal services at affordable prices.

Our stakeholders and key partners

Our company is shaped by the relationship we have with business customers, partners, consumers, suppliers and society. The infographic on the previous page visualises our position in the value chain and our connection with business customers and consumers as we work to fulfil our ambition to be the favourite deliverer in the Benelux.

Our stakeholder groups are our customers, consumers, our people, works council, capital markets, government bodies, business partners, media, opinion leaders, unions, and society and other market players. PostNL engages with each of them in different ways, on different levels, and on different topics to better understand their interests and the way our activities affect their decision-making process. We also work with stakeholders who are partners along the value chain, and who help us provide our services and operate our business effectively. More information about our stakeholder engagement can be found in 'Stakeholder engagement'.

Responsible value chain

We believe that operating a responsible value chain creates value for society while addressing sustainability challenges and ensuring long-term business success. We do this in a number of ways, such as by effectively managing the environmental, social, and economic impact of our goods and services throughout their life cycle, ensuring compliance with due diligence obligations, and addressing sustainability

Our operating context

issues to protect human and environmental rights. Across Mail in the Netherlands, last-mile delivery is carried out in almost all cases by a combination of foot and bike, or by e-bike, with mail deliverers making the largest contribution to our emission-free delivery.

Key supply partners

We work with a number of key supply partners in our value chain, with almost 50% of supplier costs coming from transport-related services mostly on delivery partners, followed by information and communication services, hiring and advice, human resources, and properties and facilities. Based on the amount we spend on suppliers, 95% are from the Netherlands and Belgium. We take our value chain (supplier and sub-supplier) relationships into account when including relevant criteria in our procurement practices on sustainability related topics. For example, when selecting our suppliers and setting up our procurement processes, besides price, quality and delivery times, we also take social and environmental aspects into account. Our ambitions in this area for the 2019-2030 period include scope 3 carbon reduction of 10% by 2030, waste reduction (packaging) of 20% by 2025, achieving a 75% share of contracted suppliers with certification or satisfactorily assessed/evaluated on sustainability by 2025, and working with fewer but larger delivery partners. More information on our procurement policy can be found on our website here.

“We believe that operating a responsible value chain creates value for society”

PostNL Our position in the value chain



Out-of-home network

We also work to strengthen the e-commerce value chain and improve our competitive position, for example by innovating and collaborating with partners. A key aspect of this is the growth of our out-of-homenetwork, which makes it particularly easy for small- and medium-sized enterprises (SMEs) and consumers to collect and return parcels and enables us to efficiently carry out our services. The large retail network we operate in conjunction with partners across the Benelux is an important element in this, as is the ongoing expansion of the number of parcel lockers we operate. The lockers provide consumers with greater freedom to pick up and drop off parcels at a moment that is convenient for them.

Because we believe that an open model offers consumers a smart solution, and that it is more sustainable and economical than each carrier building its own network, in 2023 we announced that other carriers would be able to access our parcel lockers. From March 2024, GLS Netherlands will become the first party to take advantage of this, when consumers will be able to collect packages delivered by PostNL and GLS Netherlands from one of the over 900 PostNL parcel lockers located throughout the Netherlands. Many of the lockers can be found at retail partner locations, such as supermarkets or do-it-yourself (DIY) stores.

Integrator role

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

At PostNL, we operate an asset-light network outside the Benelux to service customers internationally, to and from the Benelux. This involves working with partners to digitally link logistics services to ensure that our customers receive exactly

the services that meet their specific needs, such as the most sustainable, cheapest or highest quality delivery.

The MyParcel, Shops United and CheapCargo platforms we operate are examples of digital networks, where we offer services from various providers that best meet the needs of our customers. Offering third-party services via our digital platforms enables us to provide a value chain role, or act as an integrator, enabling us to serve a broader range of customer needs and leverage a variety of our own and third-party networks and assets.

Creating value along the chain

At PostNL, we work to create value along our value chain in different ways and for different stakeholders. We use our distinctive experience and innovative business models to help partners develop their business, for example through the use of software to synchronise data flows at a large e-tailer, which enables new orders in their system to be automatically created as a shipment in PostNL.

Industry associations

We work with industry associations, public-private initiatives, trade unions and benchmarking institutes to further the e-commerce and postal sectors. To fully contribute to the strategic focus and the expertise of some of our bigger industry associations, PostNL currently holds seats on the Board of VNO-NCW-MKB Nederland, PostEurop and IPC. We welcome membership of such organisations. For example, as a trade association that represents European public postal operators, PostEurop helps us promote postal services, including our diverse mail and parcel services, and supports us as we navigate an evolving market while promoting our interests to all relevant stakeholders.

PostNL Special Moments Fund and sponsorship

We also strengthen the value chain by looking for ways to create greater connection, contact, and consideration for one another across society. One example is the PostNL Special Moments Fund, which in 2023 continued to develop new

social activities and maintain existing ones, such as by rolling out additional parcel lockers at Salvation Army community centres in the Netherlands. The Fund taps into PostNL's unique delivery network, where our mail and parcel deliverers visit every street every day, to support projects that help reduce social differences. During the year we also announced that from 2024 we will be engaging in a sport partnership with Team dsm-firmenich PostNL, a professional cycling team at UCI WorldTeam level. We view cycling as a perfect example of a sport that connects people and gets society moving, and this is a key investment in our brand and ambitions.

External developments

The domestic and international e-commerce and communication markets in which we operate are dynamic, as we again saw in 2023, with external developments creating an unsettled operating environment. Macroeconomic pressures are impacting customers and consumers, who had to contend with more expensive goods and services in 2023, while the tight labour market is making it difficult for companies across a range of sectors, including ours, to fill vacancies. At the same time, customer and consumer expectations are increasing, as IT innovations, including AI-driven solutions and robotics, make it easier for consumers to order and customers to send. In this section, we explain in greater detail how these external developments influenced PostNL in 2023.

Geopolitical and economic developments

As well as causing awful human suffering, the ongoing impact of Russia's invasion of Ukraine and the outbreak of hostilities in the Middle East in October had a knock on effect across the world. These conflicts, coupled with rising interest rates, high inflation leading to more costly goods and services and rising wages resulted in severe global macroeconomic pressure. And while consumer confidence rose in 2023 compared to 2022, it remained negative during the year.

Our operating context

While parcel volumes returned to growth earlier than expected in the first half of the year, macroeconomic pressures continued to weigh heavily. Market conditions remained volatile in the fourth quarter, and while parcel volumes were up, we delivered fewer parcels than expected. Meanwhile, we had locked-in costs to be able to operate at maximum capacity. At Mail in the Netherlands, mail volumes further declined and we see that an increasing number of customers are transferring from 24-hour mail to non-24-hour mail.

At the same time, rising inflation led to cost increases in areas such as salary expenses, which we were not fully able to absorb through regular price increases. These issues also affected our customers, partners and suppliers. Rising energy and other costs made the transportation of goods more expensive, while ongoing global supply chain issues led to delays in the availability of products. While PostNL took adaptive measures to mitigate these pressures this impacted our profitability.

Details of steps we took to mitigate these issues can be found in the 'Risk and opportunity management' chapter.

Growth in e-commerce

The complex economic circumstances described above, including high inflation and reduced consumer confidence, meant e-commerce growth domestically in 2023 was below expectations. These economic pressures also impacted our customers, who experienced lower growth, higher costs, and less room to invest during the year. We continue to see long-term growth potential in e-commerce, driven by online penetration, shifting market share from offline. However, macroeconomic developments continue to be a volatile and uncertain factor. At CBS, we see volumes from international customers increasing, partially driven by consumers purchasing cheaper parcels from China. Across our Spring operations, we expect the strengthening of current business to fuel growth in Europe in the coming years, while

we will continue to expand and diversify our customer base in Asia.

We believe our comprehensive networks, proximity to the consumer, and coverage across the Benelux enable developing sectors to grow online. In response to the growing e-commerce ecosystem, we continuously invest in our networks while increasing the flexibility of our operations. Detailed insights into what we are doing to help customers grow their e-commerce business can be found in the 'Customer value' chapter.

Labour market

The labour market in the Netherlands remained tight in 2023, illustrated by low unemployment rates and a high number of open vacancies. The tight labour market is caused by a number of factors, including an ageing population, greater segmentation in the labour market, and a higher percentage of the population that works part-time. This made it difficult for PostNL to recruit in some regions, with Mail in the Netherlands particularly badly affected. With more jobs available than workers, the tight labour market makes it easier for deliverers to exchange jobs for new positions, within and outside the sector. Alongside the tight labour market, PostNL also faced higher labour costs in 2023, following significant increases in the statutory minimum wage in the Netherlands. The labour shortage also led to delivery delays across a number of postal routes, impacting delivery quality levels. Details on how we responded to these developments can be found in the 'Social value' chapter.

Ongoing digital transformation

Rapid developments in technology impact the way businesses operate. Trends that will influence our sector include the use of data, which will help e-commerce companies manage demand peaks, provide insights into supply and demand forecasts, and help with route optimisation. This will lead to benefits for customers and consumers. At the same time, the growth in the use of data requires a greater focus on cybersecurity systems to prevent the increased risk of data breaches.

This involves properly managing cybersecurity risks across the company, including implementing fundamental security measures, such as multi-factor authentication and encryption, and being prepared in case it happens.

Digitalisation will also lead to smoother ordering, automatic fulfilment services, and better payment and delivery processes, creating a more efficient value chain. Yet alongside opportunities, digitalisation is also driving digital alternatives for mail, such as electronic invoicing, social media, and other digital marketing services, which continue to contribute to declining mail volumes.

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

Consumer in control

The voice of the consumer has never been more important than today, and we help e-tailers and consumers connect. Consumers increasingly expect digital alternatives to traditional services, and want greater control over their shipments. Examples include the purchase of (digital) stamps, re-routing of parcels and preparation of returns. In 2023, we also continued to see the rise of multi-vendorship models, where consumers purchasing online are able to select the logistics company that delivers their order.

Consumers also want to be notified about the shipment of their parcels conveniently and reliably, and this increasingly takes place through the PostNL app, which saw around a 14% increase in the number of downloads in 2023. For PostNL, this means we need to focus continually on enhancing the

consumer experience and consumer journey, ensuring that we remove disruptions. More information on how we help the consumer to remain in control can be found in the 'Customer value' chapter.

Sustainable logistics

Sustainable logistics is seen as an increasingly important way to reduce the environmental impact of global supply chains, and the sector is rolling out a range of innovative solutions to reduce its carbon footprint, such as the use of electric vehicles and switching to biofuels. At the same time, customers are looking for help to develop sustainable packaging, for example through the use of eco-friendly materials and multi-use packaging.

At PostNL, we are proud of our focus on operating a company with sustainability at its core, making progress on a range of environmental, social and governance topics driven by our own convictions and a changing regulatory landscape. This includes the growing concern about climate change, increased attention for human rights, the focus on regulatory compliance and operating in accordance with social laws, greater attention on diversity and inclusion, being more transparent about how we conduct business responsibly, and employing people with a distance to the labour market. For example, while new European sustainability regulations require both attention and investments from PostNL, they can also be viewed as opportunities to increase our sustainable value and provide customers and consumers with more sustainable products and services.

Sustainability is about being a responsible business. It is also a driver for operational changes, for example by transitioning towards emission-free last-mile delivery, and enhancing our employment models, which includes safeguarding sustainable labour practices along our value chain. More information can be found in the 'Environmental value' chapter and 'Social value' chapter.

Competitive landscape

Parcels

Competition among logistics companies is fierce as large e-tailers spread their volumes through dual or multi-vendorship models, impacting the market share of operators in the sector. Logistics companies have invested in new parcel processing centres and out-of-home networks, such as lockers, while appealing to the sustainability demands of customers and consumers by shifting to low-emission delivery, all of which increases market competition. At the same time, the development of e-commerce has made the market interesting for both existing and new e-tailers.

While our competitors and clients face the same market and cost pressures as we do, we believe our customer focus, partly due to our efficient network and our strategy, including our digital transformation, enables us to create distinctive customer experiences. Going forward, and taking into account some potential loss in market share, we aim to maintain our market-leading position in the Netherlands in the B2C segment by enhancing the customer and consumer experience through digital innovations, our sustainability profile, competitive pricing, investing in and expanding our network, and focusing on further improving quality and customer satisfaction.

Internationally, the e-commerce arena is becoming more competitive. Traditional players are seeking to strengthen their position, while other players, for example those focusing on value-chain orchestration, end-to-end logistics or digital support, are growing. Large e-commerce and/or platform businesses are also expanding their geographical coverage and role in the logistics value chain, selecting the best logistic partnerships or, if needed, setting up their own logistics networks. For PostNL, our flexible and customer-focused approach enables us to respond quickly to, and profit from, market dynamics when expanding our logistical network. In Asia, for example, our cross-border activities have continued to grow as we process greater volumes from international customers.

Mail in the Netherlands

We provide a vital communications function through our postal services. While substitution by digital communication has led to a continuous decline of mail items sent in recent years, we are convinced about the long-term value of postal products for both customers and consumers (see the 'Changes needed for a sustainable mail business' box later in this chapter). For many, physical mail provides a valuable connection between friends and loved ones, especially when they receive greeting cards, personal letters, or presents. While for those who do not have easy access to the internet or digital technology, physical mail is an essential means of communication.

Many institutions, such as government agencies, law firms, and financial institutions, rely on physical mail to send contracts, bank cards, and other important items for security and privacy of sensitive information. Physical mail also has a strong social impact in other areas. For example, we work with a number of social organisations that help us provide employment for people with a distance from the labour market, including as mail deliverers. In 2023, 3,275 people with a distance from the labour market worked with or for us, and of those over 1,400 worked directly for us. In 2024, we aim to have 7.5% of all delivery hours in the Netherlands carried out by people with a distance from the labour market. At the end of 2023, this was approximately 7%.

In the Dutch postal market we see two types of competitors. A few postal operators have built a position in niche segments by combining mail volumes into large consignments and handing these to PostNL. Additionally, we see a large number of small, locally active postal operators connected to social enterprises offering postal services in their local areas, and we work together by outsourcing the delivery of our mail to them. Mail destined for outside these areas is primarily handed to PostNL.

Changes needed for a sustainable mail business

We are proud of our postal services in the Netherlands

Throughout our 225 year history, our postal network has provided a critical service to society by connecting senders and receivers, whether individuals or businesses. From a personal letter, voting card or a marketing item, society counts on PostNL to deliver. We are proud of our heritage as the postal service provider and the way we have balanced accessible, reliable and affordable services with financial stability through numerous transitions. As the designated universal service provider (USP), we are required to meet a variety of criteria defined in the Postal law, such as mandatory mail delivery of at least five days a week and delivering 95% of consumer mail within 24 hours.

How structural external factors are impacting a sustainable mail business

Over the last decade we have faced mail volume decline of around 8-10% annually, fuelled by the ongoing rise of digital communication. And while at the beginning of the century we delivered on average three letters a day to each household, today this is less than four letters a week. We also see our customers' needs and expectations changing. Today, far fewer customers require and expect the 24-hour delivery window that was once the industry standard. This situation is not unique to the Netherlands, and various countries across Western Europe have made

clear changes to their regulatory service levels, replacing 24-hour delivery targets for consumer mail with 48-hour or even 72-hour delivery targets. Our current network and the costs associated with it are no longer in proportion to the current and expected 24-hour volume. These trends have led to a sharp autonomous increase in the cost per mail item, which is further raised by the ongoing growth in organic costs in both labour and other operations-related expenditures. This puts pressure on our financial position, as can be evidenced in our 2023 results. At the same time, structural shortages in the labour market mean we are trying to fill over 1,000 mail delivery vacancies that have a direct influence on, for example, quality.

Our response

PostNL has always successfully taken on the challenge of adapting to changing external circumstances. For more than 10 years we have deployed a wide range of measures to improve efficiency, cut costs, and keep our mail business financially healthy. Examples include centralising sorting locations, implementing new sorting machines capable of highly automated mail processing, using digitalisation in our processes, and introducing efficiencies to our delivery routes. We have also optimised our pricing to stay profitable while taking into account price elasticities. And in 2019 we acquired Sandd, which led to an increase in our volume

base, although substitution means volumes have continued to shrink since then. However, 24-hour volume has declined significantly, while we are still obliged to deliver within 24 hours and five days a week. While we have done everything possible, we foresee this strategy of cost savings and price optimisation no longer being sufficient to provide the sound financial base we need to invest in our people, our network, and the future of postal services for our customers.

Change is required

If we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail business need to evolve with this. Without these changes the USO, as of today, and over time the entire mail organisation, will be structurally loss-making, which is unsustainable. PostNL is committed to sustaining an accessible and dependable postal network for all residents in the Netherlands, irrespective of their location. A change in regulation is necessary which will allow us to adapt our operations while continuing to fulfil our mandate as the national postal service provider, and engagement with the necessary stakeholders has started.

Regulatory themes

Markets are developing rapidly, as a world driven by innovation, digitalisation and greater connection leads to a wide variety of business opportunities, such as through increased collaboration along the supply chain. Yet with these opportunities come risks.

Two of the most pertinent compliance-related risks that we have identified are supply chain accountability and legal & regulatory developments. For supply chain accountability, working with third-party suppliers to deliver products and services to our customers comes with corresponding risks. Our company could potentially face accountability for regulatory non-compliance by our suppliers, including in some cases their failure to comply with labour laws, environmental standards, transport safety regulations, or ethical guidelines. This could result in legal disputes, fines, and damage to our reputation, potentially undermining the stability and trust in our company.

For legal & regulatory developments, we are witnessing an increase in both the number and complexity of regulatory requirements in the markets in which we operate, covering a broad range of topics including postal services, labour, transport, competition, international trading, data protection and privacy, and environmental management. Steps we are taking to mitigate these risks can be found in the 'Risk and opportunity management' chapter.

Our approach is to proactively engage with governments and other regulators on a regular basis to better understand the impact of upcoming regulatory changes. This helps us prepare effectively so that we can comply fully and in time. We are also in ongoing dialogue with regulators on existing rules and regulation in order to continuously improve on our compliance in an ever-changing operational context. PostNL's position on why we believe regulatory changes are needed to operate a sustainable mail business can be found in the separate box earlier in this chapter, and in the 'Financial value' chapter.

Compliance is vital to successfully doing business, safeguarding sound business conduct, protecting the rights and well-being of people, and operating commercially within predefined boundaries. The chapter 'Ethics and compliance' provides a detailed overview of our approach towards compliance and the chapter 'Regulatory Developments' provides the most relevant developments in different laws and regulations.

Impact assessment

CSRD readiness

In 2022, we began preparing for the introduction of the Corporate Sustainability Reporting Directive (CSRD), which for PostNL takes effect from financial year 2024. Initial preparations involved gaining high-level insights into the general scope and our conceptual requirements for CSRD, including timelines and an initial double materiality assessment (DMA). During 2023, we performed a bottom-up DMA, initial technical gap assessment, and set up a CSRD governance structure and programme organisation. In 2024, we will focus on implementation, including closing identified gaps with our current ESG reporting, embedding CSRD into relevant processes, and reporting accordingly in our Annual Report.

Double materiality assessment

Ahead of the upcoming CSRD implementation, in 2023 we followed up our initial high-level double materiality assessment from 2022. Based on the main ESG topics we identified, we carried out an in depth assessment on the impacts, risks and opportunities connected to ESG-related subtopics and, where applicable, sub-subtopics. In the assessment, we considered both topics as defined in the CSRD as well as company-specific topics, where applicable. Our aim in 2023 was to take all relevant requirements from the European Sustainability Reporting Standards (ESRS), which were finalised during the summer, into account in our

approach. Based on the scope of the assessment and the level of detail required, we involved additional specialists to facilitate more detailed internal discussions and enable us to score and validate both inside-out and outside-in impacts. To date, we are in the finalisation phase of the assessment and our goal is to complete the internal and external validation of the outcomes before the end of the first quarter 2024.

Our operating context

Key material topics

In 2022, we identified 11 key material high-level ESG topics. However, as a result of the bottom-up analysis we carried out in 2023, we deemed the topic 'Customer experience and digital solutions' primarily material from a business perspective to our value creation. This leaves 10 key material high-level ESG topics for 2023 in scope of our ESG reporting.

As we are transitioning towards reporting in accordance with the CSRD, the list of topics are expected to be updated for 2024. The infographic shows the relative impact of these topics both from an outside-in (financial) and an inside-out (societal) perspective based on the assessment carried out in 2022. The accompanying table provides additional details on the key material ESG topics identified and the extent to which these are already linked to PostNL's value creation and business practices.

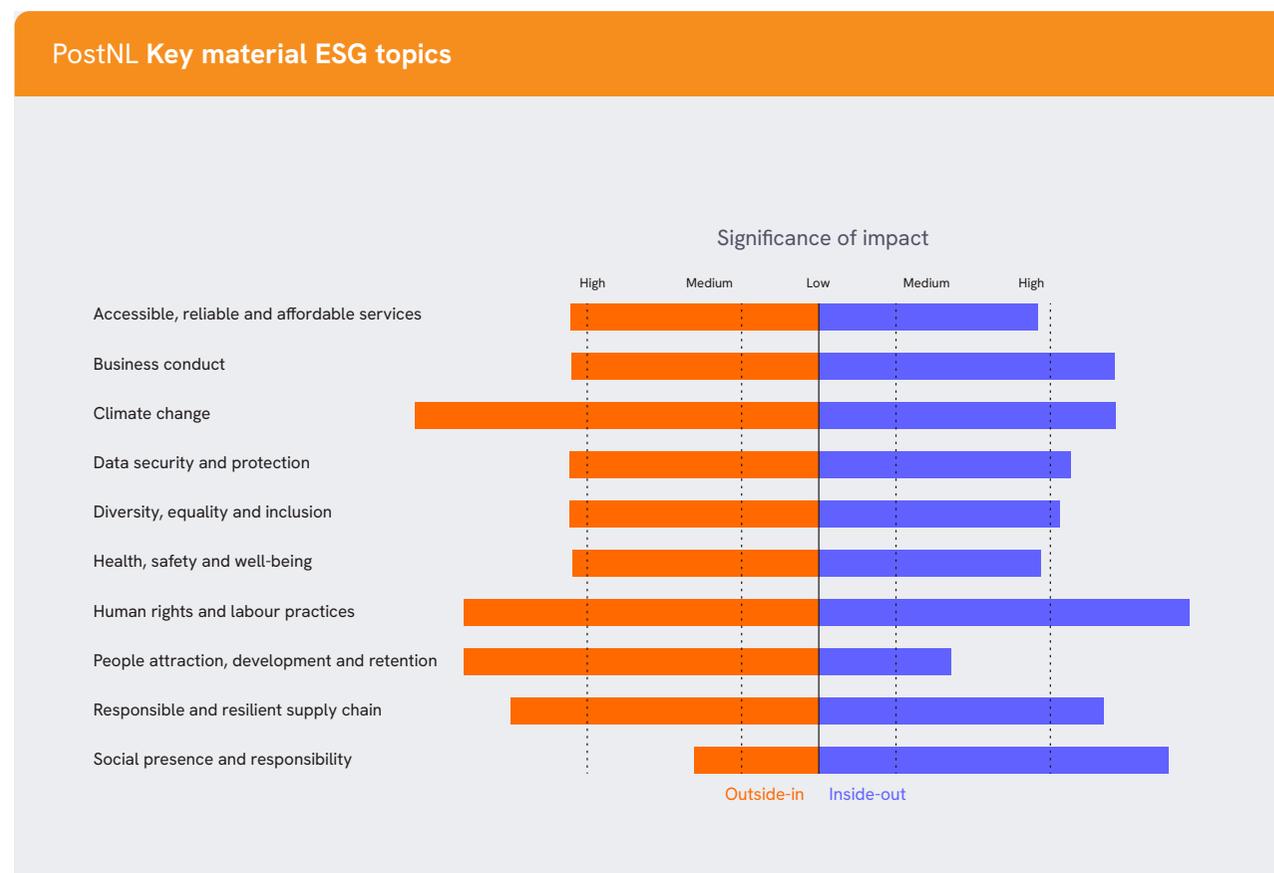
In addition to the ESG topics, we also identified key material topics in relation to the business value of PostNL for customers and shareholders. We apply an integral approach in our value creation, based on the Integrated Reporting principles, which includes both the societal and business value aspects. These topics include the non-ESG key material topics from our latest traditional materiality assessment in 2021, which were still relevant for 2023. As a result, we also connected the following material topics from a business perspective to our value creation:

- Customer experience and digital solutions
- E-commerce growth
- Financial performance and position.

We have made connections to relevant material topics related to our disclosures about performance and developments in 2023 throughout the Value chapters.

More information about the steps taken towards CSRD compliance, how we conducted our double materiality assessment, and how PostNL aligns the key material topics to the GRI standards applied, can be found in the 'Non-financial statements'.

PostNL Key material ESG topics



Our operating context

PostNL Key material ESG topics

Key material topic	Tag words	Primary impact	Examples of impact areas	Disclosures in this report
Accessible, reliable and affordable services	Access to products and services; affordable prices; compliance with postal laws; connecting senders and receivers	Own operations	SDG 8.2 Higher levels of economic productivity	Customer value
Business conduct	Corporate culture; integrity; anti-corruption and bribery; protection of whistleblowers; compliance	Own operations and value chain	Trusted company	Corporate Governance
Climate change	Climate change mitigation; reduction of GHG emissions; energy	Own operations and value chain	SDG 13.2 Implement climate change measures in strategy and planning	Environmental value
Data security and protection	Privacy; customers and end-users data protection; cybersecurity; IT security; incident remediation	Own operations	Breach of privacy, data leaks, continuity issues	Corporate Governance
Diversity, equality and inclusion	Equal treatment; inclusive organisation; gender equality; equal pay for equal work; non-discrimination; remediation mechanisms for violence or harassment	Own operations	SDG 10.2 Promote inclusion of all	Social value
Health, safety and well-being	Workplace safety; accidents; illness; mental health; absenteeism, road safety; prevention; remediation	Own operations	SDG 8.8 Labour rights, safe and secure work environment for all, equal pay SDG 3.6 Road traffic accidents	Social value
Human rights and labour practices	Respect human rights; favourable labour conditions; adequate wages	Own operations and value chain	SDG 8.8 Labour rights, safe and secure work environment for all, equal pay	Corporate Governance Social value
People attraction, development and retention	Employment; working time; training skills and personal development	Own operations	SDG 8.5 Full and productive employment for all	Social value
Responsible and resilient supply chain	Responsible procurement; screening & monitoring; ESG events disrupting international supply chains; data availability	Value chain	SDG 9.4 Upgrade infrastructure and retrofit business model to make it sustainable	Environmental value Corporate Governance
Social presence and responsibility	Strategic engagement programmes with local communities; corporate citizenship	Own operations	SDG 1.2 Reduce poverty Connected society	Social value

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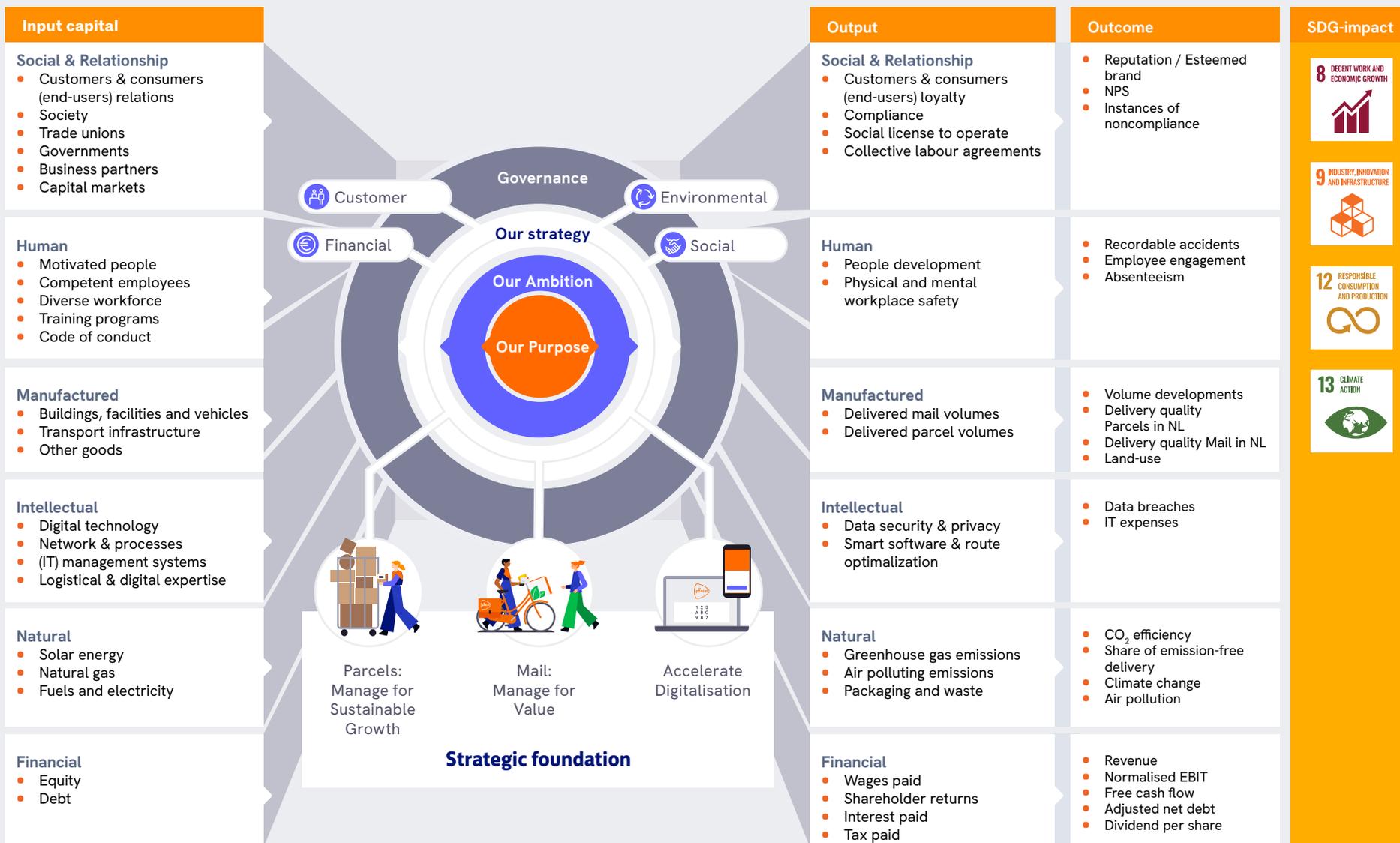
How we create value

4



How we create value

PostNL Our value creation model



Key material topics

Our value creation model

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

We make use of a range of resources to carry out our business model and convert these into outputs, creating value for the company and our stakeholders. The capital categories are aligned with the International Integrated Reporting Framework of the IIRC¹. All capitals are interrelated and business activities often require the use of a mix of capital. We aim to allocate our resources based on these capitals effectively by maximising their potential value and minimising their negative impacts as part of our continuous drive to improve. We connect our long-term value creation with the UN Sustainable Development Goals to optimise the impact we have across society.

Social & relationship capital

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

Human capital

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

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

Manufactured capital

Manufactured capital are those goods and assets that enable us to carry out our role as a logistics and postal service provider, such as vehicles, buildings and machinery. We select these goods and assets based on our specific needs and available sustainable options.

Intellectual capital

The assets that drive digitalisation, the use of data, automation and robotisation, are our intellectual capital. They play an increasingly important role in our business, such as the process and information-related technologies that we use to improve the value of our business activities. Another example is the growing use of automation, such as the use of robots, to boost logistics and productivity while supporting 24-hour processes. Automation will perform complementary roles, assisting workers with planning, fulfilment and last-mile deliveries, while reducing the burden of physically heavy work. As a logistics expert we have created state-of-the-art networks, smart processes and management systems that have enabled us to become a front-runner in our rapidly changing markets. These are continually refined to help PostNL deliver high-quality services, optimise our operations and develop new value-adding operations.

PostNL is a people company. Our human capital refers to the expertise of our people, which is used to provide customer, social, environmental, and financial value. Intellectual capital is the knowledge and skills that are present within PostNL that we use to create value across society. Our people execute

our strategy and ensure the delivery of our services. This includes our own employees and people working for us through collaboration with logistics partners.

Natural capital

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

Financial capital

Shareholders and other relevant players in capital markets, such as bondholders and banks, provide PostNL with funds used to invest in our assets and operations. We use this financial capital to operate and grow our business and generate sustainable growth and cash flow, thereby creating long-term value for us and our stakeholders.

¹ International Integrated Reporting Council

Our business model

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

We are focused on offering consumers and customers the best delivery options, both within the e-commerce market and in mail delivery, while managing our networks to adapt to the growth in e-commerce and decline in mail. This involves remaining flexible, by continuously aligning our network capacity with volumes, as well as optimising routes, staffing and our fleet within the constraints of a tight labour market. This includes maintaining a staffing overcapacity, when necessary, to create a buffer, enabling us to maintain the necessary levels of flexibility to deal with peak seasons, thereby safeguarding customer and consumer service levels. Our committed people play a crucial role in fulfilling, and where possible exceeding, the promises we make to customers.

Parcels

Our ambition is to be the favourite deliverer for customers, consumers and across society. We are helping to shape the growth of e-commerce by creating a strong sending and receiving network, providing customers with data and insights to help them develop their e-commerce offerings. Our Parcels solutions range from delivering standard parcels to more tailored services, such as time-critical delivery. E-commerce is shaping the future of retail, and we help drive this vital sector through IT, network and infrastructure investments, such as processing small parcels. At the same time, our digital platforms enable us to offer e-tailers and consumers greater control over sending and delivery. Together, these factors enable us to focus on optimising our revenues while creating greater customer value by providing more data and insights, helping them develop their e-commerce offerings. Within logistics, we are broadening and strengthening the e-commerce logistics chain. For example, we help e-tailers grow online by supplying fulfilment solutions, we offer customers time-critical services, and we enable small- and medium-sized enterprises (SMEs) to collect and return parcels easily and efficiently. We provide customers with international delivery solutions through Spring, a provider of global e-commerce solutions. Spring is also providing customers with more options in logistics solutions. And we are increasingly using the integrator model, which enhances and strengthens our existing physical services and involves integrating operators' services into our own.

Mail in the Netherlands

Physical mail continues to have value for society. For many, physical mail provides a valuable connection between friends and loved ones, and especially when they receive greeting cards, personal letters, or presents, mail is an essential means of communication. At the same time, direct mail marketing enables businesses to focus on the sensory experience of their customers, with both look and feel impacting buying decisions and helping strengthen B2C connections, thereby unlocking a potential new customer base for e-commerce players.

As the designated universal service provider (USP) in the Netherlands, our duty is to provide accessible, reliable and affordable nationwide postal services with specific delivery quality targets, while also providing employment for many thousands across the country.

However, over the last decade we have faced mail volume decline of around 8-10% annually, fuelled by the ongoing rise of digital communication. Today, far fewer customers require and expect the 24-hour delivery window that was once the industry standard. Our current network and the costs associated with it are no longer in proportion to the current and expected 24-hour volume. At the same time, structural shortages in the labour market mean we are trying to fill over 1,000 mail delivery vacancies with a direct influence on, for example, quality.

For more than 10 years we have deployed a wide range of measures to improve efficiency, cut costs, and keep our mail business financially healthy. However, while we have done everything possible, we foresee this strategy of cost savings and price optimisation no longer being sufficient to provide the sound financial base we need to invest in our people, our network, and the future of postal services for our customers. If we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail business need to evolve with this. Without these changes the USO, as of today, and over time the entire mail organisation will be structurally loss-making, which is unsustainable. More information on PostNL's position can be found in the 'Our operating context' chapter.

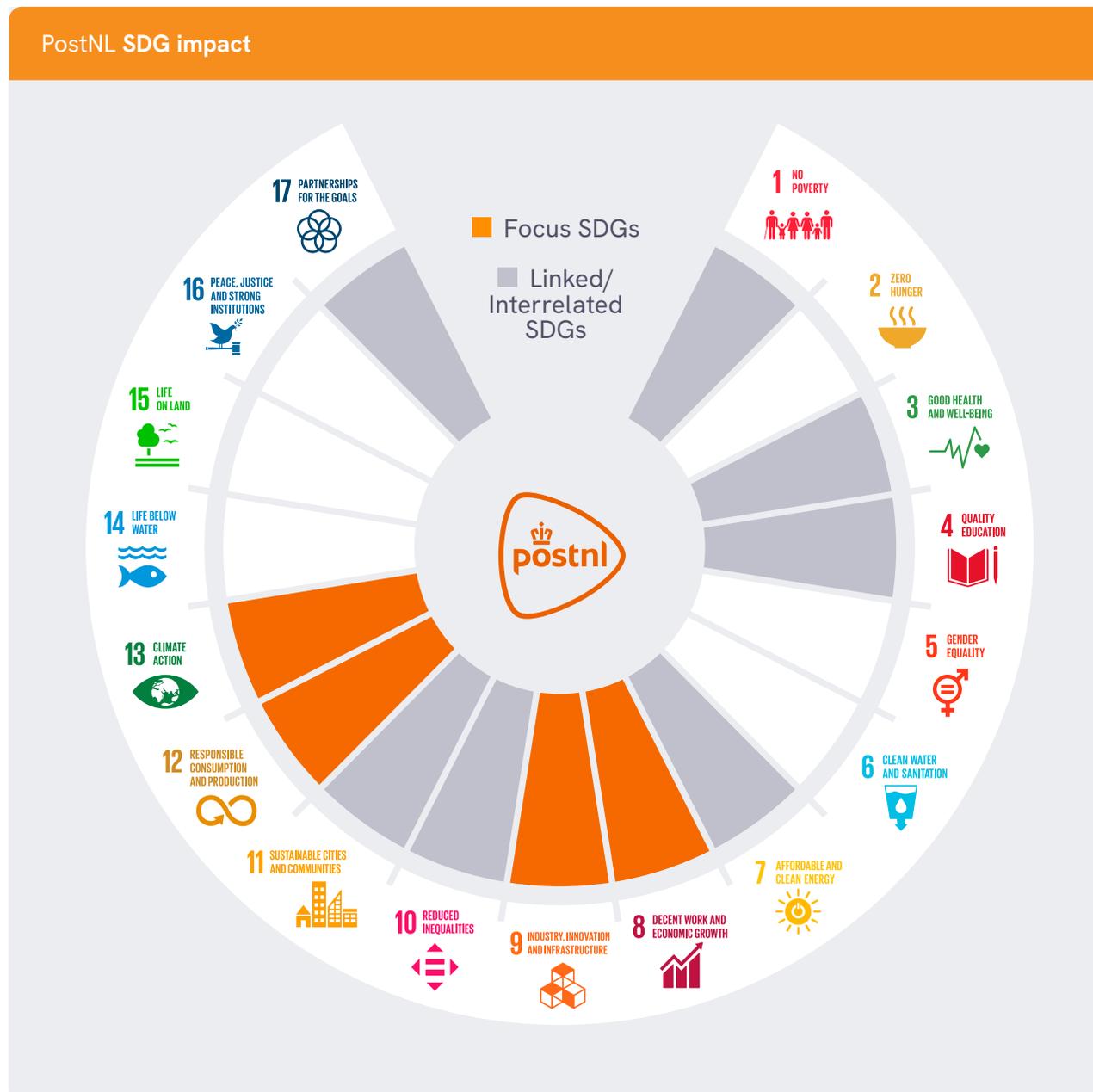
How we create value

Impact on sustainable development

As a large company, we create value across society in a number of ways, from our daily presence at millions of front doors, through the people who work for and with us, and the communities we serve. We believe that being a responsible business partner and a good employer, ensuring fair compensation, safeguarding labour and human rights, stimulating diversity & inclusion, preventing discrimination, and protecting privacy, while focusing on the needs of all our stakeholders, including our shareholders, have helped us become the company we are today. Our strategy also focuses on the long-term value we create and on a broader range of societal topics. We have based the output and outcomes of our value creation model on our key material topics and linked these to our longer-term impact on the UN's Sustainable development goals (SDGs), as highlighted in the infographic.

Our focus and our progress

We have identified four focus SDGs that our business activities have the greatest impact on. From our own operations, decent work and economic growth (SDG 8) is our most relevant SDG, followed by climate action (SDG 13). Through collaboration along our value chain, we focus on making progress on industry, innovation and infrastructure (SDG 9) and responsible consumption and production (SDG 12). Because all SDGs are interrelated, the actions we take to make headway with our four focus SDGs impact all other SDGs. We have developed our approach towards our focus SDGs and identified relevant interrelations between other SDGs based on specific SDG sub targets, as defined by the United Nations (UN). We have mapped the material topics to the focus SDGs and the contribution they make to the linked SDGs, as seen in the table below. More information about our contribution to the SDGs can be found in 'Non-financial statements'



How we create value

PostNL Connecting value creation to SDGs

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

Our strategy

5



Introduction

Our purpose is to deliver special moments and our ambition is to be the favourite deliverer of customers, consumers and across society. To deliver on these, our strategy is focused on accelerating our customers' success, ensuring consumers can count on us, that our people can take pride in the work we do, and that we make a positive impact on society. Together, these will enable us to be the leading e-commerce and postal services provider in, to, and from the Benelux. Within this overarching strategy, we have fully embedded our environmental, social, and governance (ESG) strategy, which will enable us to drive a sustainable future.

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

Strategic foundation

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

“Our ambition is to be the favourite deliverer of customers, consumers and across society”

Manage Parcels for sustainable growth

In the e-commerce market, PostNL aims to help its e-commerce customers grow by offering logistics and other services, providing a distinctive experience for customers and consumers. With a state-of-the-art network that offers customers high-quality service across the Benelux, we are ideally positioned to drive and capture further e-commerce growth. To safeguard sustainable growth, we actively steer on balancing volumes and value by providing a range of services, such as fulfilment solutions, alongside our e-commerce logistics. Our focus is on further enhancing customer and consumer interaction and delivering smart logistics solutions, while continuing to work towards our sustainability goals. We will do this while managing our network capacity and utilisation of infrastructure. Together, these enable us to enhance customer value while continuing to make efficiency improvements and increase capacity.

Manage Mail in the Netherlands for value

In the communication market, PostNL aims to keep the medium of physical communication relevant, by offering accessible, reliable and affordable postal services. In the Netherlands, we offer senders and receivers a range of postal services, while focusing on strengthening the value of mail and enhancing the customer experience, where this contributes to or supports the relevance of physical communication. However, over the last decade we have faced mail volume decline of around 8-10% annually, fuelled by the ongoing rise of digital communication. We are also facing growth in organic costs in both labour and other operations-related expenditures, and we see far fewer customers require and expect the 24-hour delivery window that was once the industry standard. Our current network and the costs associated with it are no longer in proportion to the current and expected 24-hour volume. For more than 10 years we have deployed a wide range of measures to improve efficiency, cut costs, and keep our mail business financially healthy. If we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail

business need to evolve with this. Without these changes the USO, as of today, and over time the entire mail organisation will be structurally loss-making, which is unsustainable. More information on PostNL's position can be found in the 'Our operating context' and the 'Financial value' chapters.

Accelerate digital transformation

At PostNL, we accelerate our digital transformation to further improve the customer and consumer experience, reshape our business model, and optimise our operations. We want to be the most efficient and innovative logistics platform for e-commerce and mail in, to and from the Benelux. Seamlessly integrated with customers, consumers and partners. We achieve this in various ways, for example by using artificial intelligence (AI) across the company in a number of areas, from process automation to robotics. But one of the most important applications is in data and algorithms, which together help us deliver a distinctive customer experience and drive efficiency.

To ensure distinctive digital experiences, we continuously improve key customer journeys to fit their needs and focus on net promoter score (NPS) to measure customer satisfaction. This transformation yields financial benefits, enhancing commercial effectiveness and cost efficiency in customer, consumer, and data domains.

Our business keeps pace with a changing market, which is why we are further developing our capability to realise e-commerce-related services as an integrator, enabling us to move up the e-commerce value chain. Going forward, this will involve giving the shipping platforms in our portfolio, such as MyParcel, Shops United and CheapCargo, the space and freedom to take advantage of ongoing market developments, while continuing to provide (large) e-commerce companies across the Benelux with our growing array of end-to-end logistic services. We are witnessing a rise in the percentage of parcels being sent via shipping platforms, especially in the small- and medium-sized enterprises (SMEs) segment, as the e-commerce environment continues to develop. More on our integrator model can be found in our 'Customer value' chapter.

An IT operating model to support our future business

We are investing heavily across the organisation to strengthen our digital capabilities, enabling us to develop new capabilities and propositions that create customer value and support them in their e-commerce growth ambitions, such as enabling delivery preferences in the PostNL app or sending registered mail digitally. These investments, such as in a cloud strategy, digital technology building blocks, and implementing an agile way of working, have also helped us become more efficient. One example is by developing scan gloves that help cut costs or tracking roll containers with digital beacons (additional examples of these developments can be found in the 'Customer value' chapter).

In the coming one to two years, our IT goal is to build on these investments while remaining flexible enough to adapt to market changes. We will achieve this by focusing on the four key areas detailed below.

Digital transformation

Digital transformation is one of the pillars of our strategy. This transformation will include scaling our digital services and business models beyond our core, for example by providing consumers with distinctive experiences, services and platforms. Internally, we will target being an employer of choice for digital talent in e-commerce logistics.

Security & resilience

Cybersecurity and compliance are key issues both internally and externally, including among customers, regulators, insurers and partners. We are taking several measures to strengthen our capabilities and our capacity to ensure we remain highly resilient if and when a cyber attack occurs, including professional and dedicated IT and cybersecurity management at group level, supported by de-centralised cybersecurity coordinators on all relevant IT systems used by PostNL.

Employee journey

We are continuing to emphasise our employee journey, from hiring to retiring, to ensure we attract and retain the right talent. From working with HR on an employer branding campaign to developing internal processes for onboarding, career development, or coaching, IT will continue to play a pivotal role in this vital area going forward.

IT transformation

In recent years, we have invested heavily in our IT transformation, setting the company up for a future of digitalisation and agility through cloud-based platforms, agile ways of working, and data and insights. But given the pace of change in the industry, we know that we need to remain at the forefront of IT development and transformation to help achieve our ambition of being the favourite deliverer of customers, consumers and across society.



SDGs



Strategic objectives

Our strategy is to deliver distinctive customer and consumer experiences to become the leading e-commerce and postal service provider in, to and from the Benelux. We have identified four strategic objectives, which are described below and in detail in the infographics later in this chapter, which we steer on to help us realise this strategy. These objectives help us translate our strategy into practical steps and action plans through which we evaluate our progress.

Customer value: Accelerate our customers' success and consumers can count on us

Realising our ambition means focusing on the desired customer and consumer experience in everything we do. We aim to strengthen our competitive position in e-commerce by accelerating our customers' success and ensuring consumers can count on us by focusing on high delivery quality and simple and smart digital journeys, for example by using Digital Next to accelerate our digital transformation and support the initiatives that enhance the customer experience. We offer customer value through propositions that meet their specific needs within the e-commerce journey. In the communication market, we realise value by keeping physical communication a relevant communication option for our customers. We develop reliable, affordable and accessible services tailored to our customers' needs, taking into account the digitisation of communication as a whole. Physical communication receives noticeably more attention than equivalent forms of digital communication, which in turn offers substantial value for our customers.

Social value: Our people take pride in their work and PostNL makes a positive impact on society

Our societal impact comes from our role as a major employer and our corporate citizenship. Our people create our success, and we want them to take pride in their work while feeling engaged and motivated to work with or for us, whether they

are employed by PostNL directly or work for delivery partners, while PostNL makes a positive impact on society. Our Orange compass, which influences our culture and behaviour and helps us steer our organisation in the way we want to do business, helps create the right work environment for people to carry out their duties effectively.

We believe that by offering strong employee benefits, providing excellent people support, and promoting health and well-being, we are able to attract and retain the right people. We also believe that to be a leader in our sector, and continue to fulfil our social role and responsibilities, we need to continue to grow the number of people we employ. This is why we are working to add thousands of parcel deliverers to our own payroll over the next few years. We also continue to focus on regulatory compliance and operating in accordance with all social laws. At the same time, diversity and inclusion are integral elements of PostNL and we work hard to ensure equality across the company and connection within society.

The PostNL Special Moments Fund, which we further developed in 2023, aims to contribute to greater connection, contact, and consideration for one another across society by initiating new social activities and continuing existing ones and is tapping into PostNL's unique delivery network, where our mail and parcel deliverers visit every street every day.

Environmental value: Reduce our environmental impact

We want to reduce our environmental impact, and strategically this involves primarily focusing on climate change mitigation by significantly reducing greenhouse gas emissions from our own operations and our outsourced activities, while our ambition is to deliver all letters and parcels emission-free in the last mile in the Benelux by 2030. This is why we are working to drive a sustainable future and significantly reduce our environmental impact and contribute to our reputation as a sustainable company. At the end of 2023, for example, we submitted updated ambitious emission

reduction targets to the Science Based Targets initiative (SBTi), which include significant emission reduction levels across our value chain to a residual level in line with the 1.5C scenario by 2040. To achieve this, we are investing across the business to create a more efficient network, offer green products and services, and make our buildings as sustainable as possible.

Financial value: Generate sustainable growth and cash flow

Organic growth is our main focus for short- and long-term value creation for our customers, our people, society and investors. To achieve this, we are executing our strategy with a strong focus on capital allocation. In our rapidly changing environment, it is crucial that we invest in our business and digital transformation such as network capacity, digital solutions, our labour model to recruit thousands of parcel deliverers onto our own payroll and electrification of our vehicles. These investments define the pace at which our strategy can be executed. During the year we announced that from 2024 we will be engaging in a sports partnership with Team DSM-Firmenich PostNL, a professional cycling team at UCI WorldTeam level. This is a key investment in PostNL's brand and ambitions. Our dividend develops in line with business performance and our dividend policy. We follow a disciplined approach on mergers and acquisitions based on strategic fit and return criteria. We apply a structured approach towards the allocation of financial capital based on the following four steps, in order of priority:

- Investments in our business
- Accelerate digital transformation
- Dividend
- Mergers and acquisitions

How we performed on our strategic objectives in 2023 can be found in the 'Customer value', 'Social value', 'Environmental value' and 'Financial value' chapters later in the report.

Our strategy

We deliver special moments



PostNL Our Strategy

Strategic foundation



Parcels: Manage for Sustainable Growth



Mail: Manage for Value



Accelerate Digital Transformation

Strategic objectives

Customer value
Accelerate our customers' success
Consumers can count on us

Secure a sustainable mail business

Social value
Our people take pride in our work
Make a positive impact on society

Environmental value
Reduce our environmental impact

Financial value
Generate sustainable growth and cash flow



Focus areas

- Customer and consumer experience distinctiveness
- Manage network capacity
- Future proof through business model innovations
- Market the value of physical mail

- Keep mail accessible, reliable and affordable

- Providing the right HR services
- Hiring and retaining the right people
- Promoting health and well-being
- Strengthening employee engagement
- Realising change while creating agility
- Acting responsibly to make a positive impact on society

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

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

Key performance indicator

- Net Promoter Score
- Parcel volume growth
- Delivery quality Parcels in NL

- Delivery quality Mail in NL

- Employee engagement
- Absenteeism

- CO₂ efficiency
- Emission-free delivery

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

Customer value: Accelerate our customers' success and consumers can count on us

Key material topics

- Customer experience and digital solutions
- E-commerce growth
- Accessible, reliable and affordable services



Focus Areas

Customer and consumer experience distinctiveness

Focus on offering distinctive customer and consumer experience in the key moments of truth. Keep it simple and convenient for customers to do business with PostNL.

Drive and capture e-commerce growth

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

Manage network capacity

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

Future proof through business model innovations

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

Market the value of physical mail

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

Keep mail accessible, reliable and affordable

As much as possible, fulfil the USO requirements for service delivery, country-wide coverage and quality. In the meantime, we are adapting our organisation to the market decline. Cost efficiency and participation in the regulatory dialogue are both necessary.



Key performance indicators

Net Promoter Score

2023

Average No. 1 position in relevant markets

Parcel volume growth

2022	2023
(10%)	(0)%

Delivery quality Parcels NL

2022	2023	Goal 2023
98%	97%	98%

Delivery quality Mail NL

2022	2023	Goal 2023
91%	89%	95%

Social value: Our people take pride in our work and PostNL makes a positive impact on society

Key material topics

- People attraction, development and retention
- Health, safety and well-being
- Diversity, equality and inclusion



Focus Areas

Providing the right HR services

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

Hiring and retaining the right people

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

Promoting health and well-being

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

Strengthening employee engagement

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

Realising change while creating agility

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

Acting responsibly to make a positive impact on society

We take the world around us into account in everything we do, ensuring we take responsibility for both our role in and our impact on society.



Key performance indicators

Employee engagement

share of engaged employees

2022	2023	Goal 2023
78%	68%	78%

Absenteeism

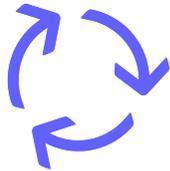
share of total working days

2022	2023
7.4%	7.7%

Environmental value: Reduce our environmental impact

Key material topics

- Climate change



Focus Areas

Network efficiency

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

Clean kilometers

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

Sustainable buildings and facilities

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

Green products and services

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

Key performance indicators

CO₂ efficiency in g/km

2022	2023	Goal 2023
152	136	143

Emission-free delivery

share of emission-free last-mile kilometers

2022	2023	Goal 2023
22%	24%	24%



Financial value: Generate sustainable growth and cash flow

Key material topics

- Financial performance and position



Focus Areas

Solid cash flow and capital management

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

Smart yield management

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

Operational excellence

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

Cost savings at Mail in the Netherlands

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



Key performance indicators

Revenue in € million

2022	2023
3,144	3,165

Normalised EBIT in € million

2022	2023
84	92

Free cash flow in € million

2022	2023
40	52

Adjusted net debt in € million

2022	2023
467	462

Dividend per share in €

2022	2023
0.16	0.09

Customer value

6



Customer value



Customer value

Key performance indicators and trend compared to prior year

Customer experience
Net Promotor Score
Average No. 1 position in relevant markets

E-commerce growth
Parcel volume growth
(0)% ↑
2022: (10%)

Accessible, reliable and affordable services
Delivery quality Parcels in NL
97% ↓
2022: 98%

Accessible, reliable and affordable services
Delivery quality Mail in NL (preliminary)
89% ↓
2022: 91%
(Letters delivered within 24 hours)

We accelerate our customers' success and ensure consumers can count on us

In 2023, we continued to focus on strengthening our business model by accelerating our digital transformation and executing our strategy. This is enabling us to deliver a distinctive customer and consumer experience to be the leading e-commerce and postal services provider in, to and from the Benelux. In a market with challenging external developments, we are innovating to adjust to the changing needs of our customers and consumers. We measure customer and consumer experience using net promoter score (NPS)(see text below), while our focus areas to drive and capture e-commerce growth and provide accessible, reliable and affordable services are measured through volume growth and delivery quality. In this chapter we provide an overview of our performance and the steps we took in 2023 to create more customer and consumer value.

Performance summary Customer experience

PostNL NPS as indicated
2022 - 2023

Year ended at 31 December	2022	2023	Outlook 2024
		Average No. 1 position in relevant markets	Average No. 1 position in relevant markets
Net Promotor Score	not reported		

In 2023, we switched to using net promoter score (NPS) to measure customer experience. As a customer loyalty metric, NPS measures the likelihood of customers recommending a company, product, or service to others by asking them to rate, on a scale of 0 to 10, how likely they are to recommend the business. We obtained an average number one position in our

relevant markets, which relate to post, parcels and international delivery, and our ambition is to maintain this leading position. How we worked on continuously improving our company and service offerings in 2023 is explained throughout this chapter.

E-commerce growth

PostNL Volume development as indicated
2022 - 2023

Year ended at 31 December	2022	2023
Parcel volume (in million items)	344	343
Development compared to prior year	(10%)	(0%)
Addressed mail volume (in million items)	1,884	1,745
Relative development compared to prior year	(8%)	(7%)

Parcel volumes were essentially flat in 2023. The drop in consumer spending impacted domestic parcel and logistics volumes. While consumers in the Netherlands purchased fewer goods domestically, they bought more from Asia, and increasingly purchased smaller, lower-value goods. This positive trend at our cross-border activities resulted in increased revenues at Spring, most strongly in Asia.

“We want to offer all of our customers the experience they expect and demand”

Accessible, reliable and affordable services

PostNL Delivery quality Share of items delivered on time

2022 - 2023

Year ended at	2022	Goal 2023	2023	Outlook 2024
Delivery quality				
Parcels in NL	98%	98%	97%	95% - 98%
Delivery quality				
Mail in NL	91%	95%	89%	

Delivery quality at Parcels was 97% in 2023, just below our 98% goal. While delivery quality was impacted by the spike in parcel volumes we experienced in May, as consumers ordered more than the market anticipated, we believe the figure we achieved reflects our ability to react swiftly to volume developments, the organisational changes we have introduced that highlight our commercial and operational focus towards e-commerce, and the ongoing hard work of our people.

At Mail in the Netherlands, delivery quality of consumer mail by the next delivery day was 89%, below the regulatory requirement of 95%. The very tight labour market and high rates of absenteeism (see the 'Social value' chapter for more information) strongly impacted delivery quality. Because the shortage is structural and impacts the entire economy, it remains a difficult issue to solve. However, PostNL was able to achieve a 96% delivery rate of these letters within two days. More information on the issues PostNL is facing in this area, as well as our position on the future of Mail in the Netherlands, can be found in the 'Our operating context' and the 'Financial value' chapters.

Customers and consumers experience distinctiveness

We want to offer all of our customers the experience they expect and demand, no matter how they interact with us. To achieve this, we continue to develop innovative ways to help them send, collect, and communicate with us, such as through parcel lockers or the PostNL app. We also understand that not all our customers have the same needs, so we ensure we are there to support them in the relevant parts of their journey. For small- and medium-sized enterprises (SMEs), for instance, we can take care of the entire logistics process and help them improve their sales using our digital services, such as finding customers, increasing purchases via their website or improving their check out process. And for larger customers, we offer reliable delivery, the ease of doing business with us, a better returns proposition, or even helping them realise their sustainability ambitions by reducing air in parcels or offering innovative packaging solutions.

For consumers, we act as the reliable link. We are continually adapting to consumers' needs to make it easier for them to order, receive, or return their parcels. Key to this is the growth of our out-of-home network, which makes it particularly easy for consumers to collect and return parcels and enables us to efficiently carry out our services. The large retail network we operate in conjunction with partners across the Benelux is an important element in this, as is the ongoing expansion of the number of parcel lockers we operate. The lockers provide consumers with greater freedom to pick up and drop off parcels at a moment that is convenient for them.

At the same time, we need to measure what our customers think of our service and understand how we can improve. Below we highlight a number of initiatives we took in 2023 to enhance the customer experience.



Social and helpful

Mike Dijkstra from Haarlem is very happy with his delivery driver, André. "You can tell that André is very involved with the neighbourhood because he knows everyone by name. That surprises me every time. He sees your name on a package and remembers it immediately. This quickly builds trust in someone. How would I describe André? Inspiringly enthusiastic! I've never seen him grumpy. Even when it's raining, he stands at the door with a smile." Mike is also a business customer with PostNL. "It involves fragile, valuable items. I prefer not to squeeze them into my own car, and sometimes I don't have a van available. André once suggested picking up a package for me. That saved me a lot of hassle at the time. Such actions make André truly unique."

SDGs



Growth of PostNL accounts and PostNL app

Our digital connection with consumers continued to grow in 2023, and by the end of the year we had close to 9 million unique PostNL accounts registered and over 110,000 active business customers on mijnpostnl.nl. Satisfaction rates with the PostNL app were high, as users enjoyed its ease of use and options, with almost 48% of app users giving it a 9 or 10 as an NPS score, which typically translates into loyal and enthusiastic customers. In the Apple and Play stores, the app was given a 4.5/5 by iOS users and 4.2/5 by Android users.

Innovating within the PostNL app

We are continually working on new consumer features in the PostNL app. We introduced the option for receivers to select their own delivery preference in the app (see the story box 'Selecting your own delivery preference' later in this chapter). We also enriched track & trace within the app and online through dynamic delivery times, which provides consumers with more detailed insights into the real-time delivery moment when the driver is en route. During the year we launched a feedback option in the app that lets consumers rate how satisfied they are with the delivery process immediately after they have received their parcel. If something has gone wrong, we can contact the driver directly and attempt to resolve any issues quickly and efficiently.

In addition to introducing innovations to our core services in the app, we also highlight new functionalities that we are testing and validating with consumers. In May we introduced a feature called the Innovation Corner (IC), which enables us to focus on solutions that consumers really want. Our aim is to add a number of new innovations in the IC each quarter.

Opening up parcel lockers to other carriers

In 2023, we made the commitment to open up our parcel lockers to third-party carriers. From March 2024, GLS Netherlands will become the first external party to begin using our network, when consumers will be able to collect

A roadmap to facilitate a better customer experience

Our ambition is to be the favourite deliverer for customers, consumers and across society, which is supported by delivering distinctive customer experiences. The degree to which we are able to deliver such experiences is defined by NPS, which measures customer satisfaction. In 2023, we began implementing a number of initiatives to help us achieve our ambition and improve NPS across the organisation, some of which are outlined below.

a. Fact-based prioritisation

We want customers and consumers to have the best experience possible when they deal with PostNL. Using fact-based prioritisation, we will focus our time and effort on those customer experience improvements that have the highest customer impact. For instance, making improvements in customer journeys, or continually working on innovations to the PostNL app, which plays an important role in the way consumers and PostNL connect.

b. Customer journey factory

One of the ways we are improving service quality and working towards operational excellence is through our customer journey factory. Customer journeys include a variety of touchpoints that influence the overall (delivery) experience for our customers, from areas such as parcel returns or dropping off shipments at PostNL. One example is opening up our parcel lockers to third-party carriers.

c. Implementing NPS

We use NPS to measure our strategic key performance indicators, both internally and externally. This helps us translate customer feedback into improved initiatives, such as new delivery options, products, or expanded services. We use customer feedback directly and, increasingly, combine customer feedback with operational data to make improvements. One example is studying the link between the NPS of a consumer who has received a parcel and the logistics journey of that delivery, helping us improve.



d. Specify distinctive customer experience

We are specifying the desired (distinctive) customer experience in terms of values and promises and ensuring we are able to apply this in value-based design and our day-to-day work, leading to tangible and practical changes.

e. Customer-centric DNA

We are working to create a more customer-centric mindset across the organisation. For example, we help relevant employee groups identify customer-centric behaviour and then apply this in their day-to-day work. We also develop relevant customer experience knowledge internally, for instance through our digital learning labs.

packages delivered by both PostNL and GLS Netherlands from the more than 900 lockers we operate across the Netherlands. We are currently holding discussions with other carriers who are also interested in accessing our network of parcel lockers. Throughout the year we continued to install parcel lockers at supermarkets and other locations across the Netherlands.

We believe that opening up our lockers, many of which are available to consumers 24 hours a day, 7 days a week, is more sustainable and economical than each carrier building its own network, and will benefit e-tailers and make it particularly easy for small- and medium-sized enterprises (SMEs) and consumers to collect and return parcels.

Drive and capture e-commerce growth

While the e-commerce market across the Benelux remains strong, supported by stable economies, very high internet penetration, and excellent infrastructure, in 2023 parcel volumes were disrupted by a number of macroeconomic and socio-political factors. The war in Ukraine and the conflict in the Middle East have affected lives in the region, and created wider social and financial uncertainty. High inflation and the rising cost of goods and labour have led to businesses and consumers cutting back on spending, while an overcapacity in the market creates pricing pressure.

While our focus remained on providing customers with solutions to further develop their e-commerce offerings, such as helping small businesses bring their goods online and supplying e-tailers with fulfilment solutions, the impact of the topics outlined above resulted in slowing e-commerce growth domestically.

Our cross-border volumes were higher, as consumers increasingly purchased lower-value goods from Asia. Internationally, our Cross Border Solutions (CBS) strives to

be the cross-border accelerator for e-commerce logistics in, to and from Europe by building the best market propositions, optimised hubs, processes and applications, and a robust European network.

To be future-proof in the cross-border ecosystem, we are developing our digital insights to tap into new growth opportunities and coordinate the supply chain. These growth opportunities include fulfilment capabilities in Europe to facilitate continuous growth and potential geographical expansion in Europe and Asia.

One part of our international offering is Spring, a global e-commerce solutions provider. In 2023, Spring saw good growth, driven by higher volumes from Asia. Going forward, we believe that new European consumer protection and customs regulations, such as the simplification of import processes, could potentially change the way our Asian customers do business in Europe.

Deliver smart logistic solutions

From creating emission-free city distribution to providing businesses and consumers with convenient and flexible delivery options, smart logistics ensures customers' goods are moved quickly, efficiently and sustainably from collection to delivery. We help customers and consumers by producing a convenient shopping experience, while developing and bringing new delivery options to the market. At the same time, further automation in our mail operations are aimed at increasing delivery quality and efficiency.

In 2023, we updated our Logistics solutions strategic focus, which we outline below, that aims to capitalise on new and existing market potential. As a consequence, we decided to reassess the strategic and financial value of minority shareholdings in a number of areas, including ending our involvement with Roamler Care. VersTrade Nederland ceased operations, we ended the commercial operations of JP Haarlem, which delivered and installed furniture, and sold Flora@Home.

Under this strategy, we will focus on four key target areas: Fulfilment, home & garden, health & secure, and night distribution. IT and digitalisation will sit at the heart of the new approach, enabling us to be more competitive by, for example, creating fast and seamless customer interaction.

Fulfilment

The e-fulfilment market continues to grow and e-tailers, especially smaller businesses, are looking for complete solutions, where their orders are processed and shipped accurately. Our fulfilment solution is focusing on flexible and efficient processes whilst providing a unique customer experience. We aim to target select markets, such as beauty & care and FMCG (fast-moving consumer goods) fulfilment, while improving and differentiating our core services.

Home & garden

Business customers need a trustworthy partner that offers sustainable and innovative XL distribution solutions, while consumers want their goods delivered safely, sustainably, and on time. Our home & garden offering will tap into our long experience of transporting large and unwieldy goods, such as garden furniture, washing machines and bicycles, to provide sustainable solutions in this growing market.

Health & secure

Our focus is on being the distinctive leading health & secure logistics platform in the Benelux by focusing on quality, innovation, and digitally enabled solutions. Within the health sector, we aim to expand the transport of medicines, vaccines and medical devices through our specialised network, which offers temperature-controlled pick up and delivery. We see growth potential for our Pharma@Home offering, which delivers medicines from hospitals and pharmacies direct to patients at home. We continued to develop the Medical Drone Service proposition that we established with the ANWB, a Dutch traffic organisation. We now have 15 partners (hospitals and blood banks) paying a monthly subscription so that they are first in line to use the drone service when it is licensed by the state authorities. Once this happens, we will be able to

begin flight operations to transport emergency medical orders between healthcare locations in the Netherlands. We are also focusing on the transportation of sensitive and higher value goods, such as passports, phones, jewellery, and exams.

PS Nachtdistributie

Our PS Nachtdistributie operation, which provides customers across the Benelux with overnight delivery, guaranteeing that their goods arrive before 7:00 am, continued to grow in 2023. We worked on expanding our customer base, including in the health sector, and finalised the integration of Aalberts Service, which we acquired in 2022. PS Nachtdistributie is a key player in the delivery chain for a number of large customers, including between dentists and dental laboratories, where we ensure that dental products are delivered to dental practices before they open for business in the morning. Going forward, we will continue to target growth opportunities within the health sector.

Manage network capacity

In 2023, we continuously aligned our network capacity to fluctuations in demand, within the constraints of a continuing tight labour market. Volume seasonality, with extreme peaks in the build up to and during the Black Friday to New Year period, means our network needs to be highly flexible. To deal with these changes, we continued to adapt distribution routes and scaled back operations across our sorting centres, helping to safeguard customer and consumer service levels. We also centralised the management team of Transport Services, the branch of our e-commerce network that includes our time-critical and cargo networks. The change will enable us to capture synergies and help to make small and large transport within the company as sustainable and efficient as possible.

Successful parcel delivery during peak periods

One of PostNL's busiest parcel delivery periods in the Netherlands occurs between Black Friday and New Year, as consumers take advantage of retailer discounts and order gifts online. We delivered almost 51 million parcels during this period in 2023, with over 1.8 million passing through our sorting centres on the busiest day. Despite these huge volumes, we are proud to report that we delivered 96% of parcels within a day and almost 100% within two days.

We achieved this following thorough preparation of our sorting and delivery operations, and by working closely with e-tailers and customers to agree on pick up and delivery days. However, being able to operate at maximum capacity in the peak period meant we had to secure fixed capacity earlier in the quarter. In the current tight labour market, this reduced our flexibility and led to increased costs.

Ongoing growth in Belgium

In 2023, we began constructing our second high-tech sorting and distribution centre in Belgium, as we respond to growing e-commerce demand in the country. The new centre, located near Ghent, East Flanders, will be almost 2.5 times the size of our first sorting centre in the country. And as with all our sorting locations, sustainability is an integral part of the design and construction, with solar panels providing up to half of the centre's energy requirements.

Scan gloves help generate significant cost savings

Throughout 2023, we rolled out the use of scan gloves across our depots in the Netherlands, enabling us to realise cost savings of over €2 million, expecting these cost savings increase to close to €5 million in 2024. Scan gloves are gloves with a built-in scanner that improve the efficiency of the sorting process and enables us to trace each parcel during transport and delivery. This has enabled us to significantly reduce the number of half-empty roll containers we transport



PostNL successfully audited by IKEA

"IKEA wants their customers to be as satisfied as possible, and this includes the delivery of their purchases," says Jan Wobben, an operations developer at IKEA. "We have been working with PostNL for ten years, and our customers are very pleased with the company's delivery," Jan explains. "We recently looked into whether PostNL complies with our suppliers' code of conduct in terms of sustainability. Since 2022, IKEA only works with suppliers who give us permission to carry out such an audit and who comply with the code of conduct. PostNL's results were excellent." Did the audit show any areas for improvement? "At most an advice. Our audit focused purely on PostNL, not on its delivery partners, so we advised PostNL to check whether their delivery partners also abided by our code of conduct. At IKEA, our goal is that every product shipped arrives intact, on time, and in the right place. In manageable packages and with minimal environmental impact. Together with PostNL, we are working hard to achieve that goal."

SDGs



between depots, reducing the total number of roll container movements per year by over 500,000.

Selecting delivery preference in PostNL account

Since 2023, consumers can now indicate personal delivery preferences through their PostNL account, giving them the option to have their parcels delivered to their own address, a PostNL point or a parcel locker nearby. Consumers can also select a 'non-home preference', which could be their garage or garden shed, or somewhere else that is dry, out of sight of the street, near the house, and accessible to the deliverer. The new service is designed so that more parcels will be delivered where consumers want them, first time.

Future-proof through business model innovations

We develop and bring to market innovative value propositions, with the aim of helping grow both our customers' business and our own. These propositions are aimed at enhancing our operations, by making it simpler, more efficient, and more sustainable for senders to send and receivers to receive.

Strengthening our integrator position

The percentage of parcels being sent via shipping platforms is growing, especially in the SME segment, as the e-commerce chain continues to develop. One consequence of this is that customer contact is increasingly moving from the carriers to the platforms, the most successful of which are expanding rapidly by offering e-tailers a delivery choice of multiple carriers, lower rates, and good customer experience.

We operate an asset-light network outside the Benelux to service customers internationally, to and from the Benelux. This involves working with partners to digitally link logistics services to ensure that our customers receive exactly the

services that meet their specific needs, such as the most sustainable, cheapest or highest quality delivery.

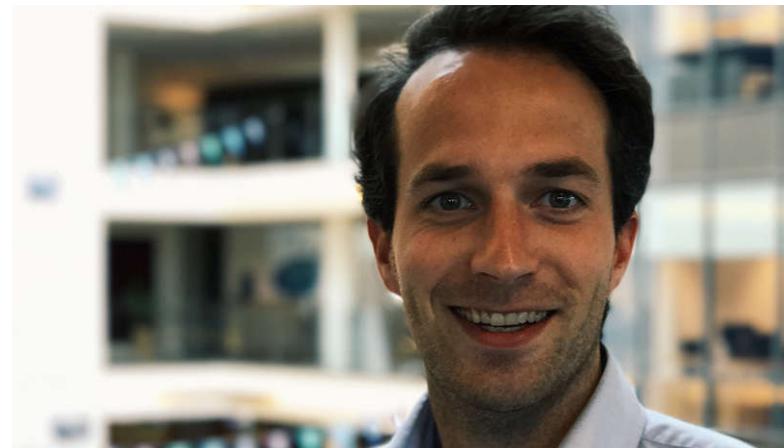
The MyParcel, Shops United and CheapCargo platforms we operate are examples of our digital networks, through which we offer services from various providers that best meet the needs of our customers. Offering third-party services via our digital platforms enables us to provide a value chain role, or act as an integrator, enabling us to serve a broader range of customer needs and leverage a variety of our own and third-party networks and assets.

Digital tracking from the letterbox

In 2023, we introduced a service that offers senders digital track & tracing from the moment a letterbox package is posted in the letterbox. The service is incredibly easy to use: the sender simply attaches the return label, scans the barcode using the PostNL app on their smartphone, and posts it in one of our letterboxes. They can then follow the progress of their letterbox package via track & trace. As soon as the shipment arrives at the sorting centre, the sender receives a digital proof of shipment in the app or by email. The new service gives senders access to track & trace on letterbox packages 24/7, providing them with the freedom to post their packages whenever it suits them.

Sending registered mail digitally

In 2023, we launched a pilot scheme offering customers a registered email service, which enables them to digitally send (confidential) documents safely and securely, while providing the convenience of not having to leave the house or office. Once sent, customers receive send and receipt confirmations, and the registered email is recognised by Dutch courts as legal evidence. We aim to roll the service out fully in 2024.



Selecting your own delivery preference

"The place where someone prefers to receive their delivery," is how senior product manager Karsten Brüne summarises what a 'delivery preference' is. "Receivers can now indicate personal delivery preferences through their PostNL account, and so far over 1.5 million people have done so," Karsten explains. "They first choose a 'default preference', which could be their own address, their at-home parcel locker, a PostNL point or a parcel locker nearby. And if they're not home? The parcel deliverer looks at their 'non-home preference', which could be an agreed place such as their garage or garden shed, or somewhere else that is dry, out of sight of the street, near the house, and accessible to the deliverer. The new service will help ensure receivers have their parcel delivered where they want it, first time. And happier receivers also makes PostNL more attractive for senders."

SDGs



Market the value of physical mail

While substitution by digital communication has led to a continuous decline in the number of mail items sent in recent years, we are convinced about the long-term value of postal products for both customers and consumers.

For many, physical mail provides a valuable connection between friends and loved ones, especially when they receive greeting cards, personal letters, or presents. While for those who do not have easy access to the internet or digital technology, physical mail is an essential means of communication.

Many institutions, such as government agencies, law firms, and financial institutions, rely on physical mail to send contracts, bank cards, and other important items for security and privacy of sensitive information.

At the same time, direct mail marketing enables businesses to focus on the sensory experience of their customers, with both look and feel impacting buying decisions and helping to strengthen B2C connections.

Delivering millions of season's greetings

In the run up to Christmas and over the New Year, we delivered millions of season's greetings in the Netherlands as people sent cards to let friends and family know they were thinking of them. While on a normal day more than 15,000 mail deliverers across the country deliver on average 7.4 million mail items, over the festive period this volume can increase by a factor of 1.5. We are proud that the delivery process over the holiday season was smooth and cards were received on time.

Delivering voting cards for the Dutch general election

PostNL delivered more than 12 million voting cards and almost 6 million candidate lists to over 300 municipalities across the Netherlands in the run up to the Dutch general election

in November, helping to ensure that the voting process progressed smoothly. A dedicated election-post team worked with suppliers and municipalities following the election's announcement in July, and a special code was added to the envelope of voting cards so that we could track their progress through the mail network. By integrating traditional and digital communication in this way, we are able to improve the customer experience.

Launch of PostLab

In today's increasingly crowded digital arena, direct mail campaigns delivered through the letterbox are an extremely powerful tool for customers to connect with, inspire, and encourage consumers to shop. In 2023, we launched PostLab, a service that helps business customers develop, produce and send creative commercial mail concepts that set them apart in the market. The service proved particularly popular with e-commerce customers, enabling them to (re)discover the power of physical mail and open up new target groups for themselves through direct mail. During the year, we saw that customers typically began with a test campaign and, after a positive result, indicated they intend to increase their mail volumes in 2024.

Research shows that mail receives noticeably more attention than banners, e-mail, or a social advertisement, and leads to a higher conversion rate among consumers. For example, research has shown that for 100 people who read mail from a direct mail campaign, the conversion factor is 6.6. For 100 people who receive an e-mail from a direct campaign, the conversion factor is 1.58.

We believe that PostLab will help business customers reach consumers more effectively than other options in the market. PostLab is using innovative solutions to accurately identify customers' target group, ensuring the message reaches the right people.

PostNL launches two new crypto stamps

We launched two new crypto stamps in 2023, following the successful introduction of the Netherlands' first crypto stamp in 2022. The new stamps were launched in collaboration with the national postal operators of Austria and Luxembourg, with each company simultaneously releasing its own crypto stamps based on the same design concept. The crypto stamps are made up of two parts, a physical stamp and a digital twin, with the twin an image that you can collect, swap and trade in the blockchain.

Keep mail accessible, reliable and affordable

We want to keep mail reliable, accessible and affordable for everyone in the Netherlands. However, for more than 10 years we have deployed a wide range of measures to improve efficiency, cut costs, and keep our mail business financially healthy. Examples include centralising sorting locations, implementing new sorting machines capable of highly automated mail processing, using digitalisation in our processes, and introducing efficiencies to our delivery routes. We have also optimised our pricing to stay profitable while taking into account price elasticities. And in 2019 we acquired Sandd, which led to an increase in our volume base, although substitution means volumes have continued to shrink since then. However, the current position of Mail in the Netherlands is untenable, with the volume of 24-hour mail declining significantly, while we are still obliged to deliver within 24 hours and five days a week.

While we have done everything possible, we foresee this strategy of cost savings and price optimisation no longer being sufficient to provide the sound financial base we need to invest in our people, our network, and the future of postal services for our customers. If we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail business need to evolve with this. Without these changes the

“The current position of Mail in the Netherlands is untenable”

USO, as of today, and over time the entire mail organisation will be structurally loss-making, which is unsustainable. More information on PostNL's position on the future of Mail in the Netherlands can be found in the 'Our operating context' and the 'Financial value' chapters.

Continuing to adapt to market developments

In 2023, we began preparing for changes to the management structure within Operations at Mail in the Netherlands, which we will introduce later in 2024. The new structure will divide management activities between personnel processes and logistics processes, enabling us to increase knowledge within each area while managing more efficiently. As part of this change, we plan to switch to a task-oriented working method, where data is analysed to detect deviations in our processes. These deviations are translated into concrete tasks that are then dealt with by managers, so that underlying issues are resolved more quickly and effectively. These changes are necessary to adapt to the changing mail market, with decreasing volumes requiring a different approach to how we operate and manage our Mail in the Netherlands business, including appropriate adjustments to costs.

At the same time, these advances are part of our continuous use of digitalisation, both commercially and operationally, to improve customer interaction, supply chain planning and our operational management model. Modernisation and innovation of our services helps to make Mail in the Netherlands future-proof and include services that combine digital simplicity with physical delivery, such as the digital stamp code and delivery preferences in the PostNL app, to benefit customers and consumers.

Extending efficiencies across delivery routes

During the year, we further implemented the New Mail Route, an efficiency-led model that we began introducing in 2022. The New Mail Route enables us to make better use of our locations and resources, work more efficiently, save costs, and improve quality. One example is the optimisation of mail deliverers' routes, where routes are laid out in logical patterns rather than by postcode, creating greater efficiency and helping to lower costs.

By the end of the year, we had updated around 70% of delivery routes to the new format, from around 1% at the beginning of 2023, and expect to have transferred all routes by the middle of 2024. We also continued to replace old depots with New Mail Route depots, all of which use e-bikes or e-cargo bikes for delivery, meaning delivers can carry more mail and routes can be extended.

Optimising our delivery and sorting process

We introduced a range of delivery and sorting developments in 2023, which enable us to streamline our processes to be more cost-effective, adapt to changing customer demands, and improve quality. At the same time, we are working to offer our people more attractive working options.

These changes involve streamlining delivery days for non-24-hour mail, to reflect declining volumes and the needs of bulk mail customers. We also changed the way we bundle and deliver mail, leading to a more efficient and stable preparation process, improving both quality and our capacity to process the growing number of letterbox packages we deliver. We have reduced the amount of early morning sorting that has to be done by hand by introducing new mail preparation cabinets. These cabinets are wider and have twice as many preparation compartments, helping to reduce the number of sorting steps and simplifying the total process chain. Finally, in the afternoons, large non-24-hour mail is sorted directly into bags ready for delivery the next day.

Introducing a new delivery process for registered mail

We began preparing a new delivery process for registered mail towards the end of 2023, which aims to create a more reliable and higher quality delivery service. We plan to roll the service out nationally starting in the first quarter of 2024.

Adjusting our business while focusing on our people and the environment

Although the developments outlined above were necessary, it is clear that they had an impact on our people, who had to contend with many changes over a short period of time. This impacted their enthusiasm for the job and engagement levels. How we are tackling this is covered in the 'Social value chapter later in the report.

While our mail business will continue to have to adapt, in 2024 we will focus more on improving the way in which we change and ensure that we do not launch too many changes at the same time, drawing on the experiences and feedback of our people and our customers.

Over 82% of deliveries carried out by Mail in the Netherlands are emission-free over the last mile. We currently deliver letters and letterbox parcels emission-free to 96% of residential addresses in the Netherlands. Actions we are taking to reduce our environmental impact can be found in the 'Environmental value' chapter.



The quality of our mail delivery

PostNL has to comply with the Postal Act in the Netherlands, which requires a next-day delivery level of 95% for consumer mail, while each year we make additional delivery agreements with customers. "But whatever promise you make, you want to keep it" says Sipke Spoelstra, director of operations Mail in the Netherlands. And PostNL is working continually on ways to deliver even more mail on time. "One of the ways we increase delivery time and quality is by introducing more machine capacity in our sorting centres so that we can sort faster. But the amount of mail that deliverers can handle mainly depends on how many deliverers there are at the depot. And at the moment, in a labour market that makes it very challenging to hire mail deliverers, it can become a real challenge to deliver all the post that comes in. But we are working very hard on staffing levels," Sipke says. "Everyone who now joins us as a postal worker receives a permanent contract. And we try to reach new target groups, such as people over 65. We also consider people with additional support needs and, while they often cannot immediately take on a full-time job, we provide them with help from a job coach. It's really uplifting to see!"

SDGs



Social value

7



Social value



Social value

Key performance indicators and trend compared to prior year

People attraction, development and retention
Employee engagement

68% ↓

2022: 78%

Health, safety and well-being
Absenteeism

7.7% ↓

2022: 7.4%

Our people take pride in their work and PostNL makes a positive impact on society

Ensuring our people take pride in their work is vital if we are to be a responsible employer and remain a competitive business in today's changing market. Motivated people feel connected to the company and want to remain with us for the long term, help foster a positive work culture, reduce turnover costs, and increase productivity. For example, our Orange compass influences our culture and behaviour and helps us steer our organisation in the way we want to do business, supporting us as we create the right environment for people to carry out their work effectively and feel connected. We believe that by offering strong employee benefits, providing solid people support, and promoting health and well-being, we contribute to our people taking pride in their work.

During the year, we continued to focus on regulatory compliance and operating in accordance with social laws, and had regular dialogue and collaboration with the Dutch labour inspectorate, including discussions on developments in labour regulations and inspections both within PostNL and among our delivery partners.

In this chapter, we provide detailed insights into how we worked to attract and retain motivated people, how we helped our people grow and develop, the initiatives we undertook to create engagement across the company, and how we realised our HR strategy in 2023. For example, in the 'Hiring and retaining the right people' section we cover the many steps we took to retain and hire new people across both Parcels and Main in the Netherlands, and discuss the progress we made during the year.

PostNL aims to make a positive impact on society through our unique delivery network where our mail and parcel deliverers visit every street every day as well as through the PostNL

Special Moments Fund to support projects that help reduce social differences.

Performance summary

We are a company that is represented by its people on a daily basis, as we deliver in villages, towns and cities across the Netherlands and Belgium. We are proud of the direct and indirect employment we provided to more than 50,000 people, on average, in 2023. Around 67% were our own employees and 33% were those employed through delivery and other partners. However, the tight labour market in the Netherlands continued to create challenges for the company, from filling mail delivery vacancies and attracting and retaining parcel deliverers, to filling IT and digital positions.

PostNL Headcount own employees Total number of PostNL employees 2022 - 2023

Year ended at 31 December	2022	2023
Headcount start of year	37,365	35,647
New hires	7,866	7,662
Turnover	9,584	9,821
Headcount closing balance	35,647	33,488

At year end, we employed 33,488 people. Although we continuously aim for improving efficiency in our organisation and further automating our processes, the headcount drop was in large part due to the ongoing tight labour market, making it both difficult to recruit and, for some positions, retain the right people. We had, for example, over 1,200 vacancies at Mail in the Netherlands.

Social value

People attraction, development and retention

PostNL Employee engagement Share of engaged employees

2022 - 2023

Year ended at	2022		2023		Outlook
31 December	2022	Goal 2023	2023	2024	
May survey	80%	-	72%	-	
October survey	77%	-	64%	-	
Average score	78%	78%	68%	64% - 67%	

In 2023, the average employee engagement score was 68%, while our goal for the year was 78%. While this is far below the level of engagement we aimed for, 2023 was a year of challenges and changes for many people across PostNL. This became clear from engagement scores at Mail in the Netherlands, where a combination of factors impacted our people. The tight labour market that led to employee shortages in certain functions increased pressure on our people, while the reorganisations that we are undertaking to adapt to a changing postal market have contributed to how engaged our people feel.

At Parcels, we saw contrasting engagement levels across departments. We were pleased to see that our Operations' employees reported an increase in the enjoyment and energy they get from their work, areas in which we placed a great deal of attention in 2023. We aim to learn from this approach and replicate it across other departments in 2024.

We also improved our employee engagement scoring method in 2023, helping us enhance the evaluation of the survey outcomes. More information on employee engagement can be found in the 'Strengthening employee engagement' section later in this chapter.

Health, safety and well-being

PostNL Absenteeism Percentage

2022 - 2023

Year ended at 31 December	2022	2023
Absenteeism (share of total working days)	7.4%	7.7%

The physical and mental health and the safety of our employees, and the employees working indirectly for us, remained a top priority in 2023. However, absenteeism remained high, increasing compared to 2022. We further intensified our focus on tackling the issue across the company. While adhering to certain legislation limits on collecting and analysing data that could help us pinpoint specific causes of absenteeism, we undertook a number of actions to better understand and reduce absenteeism. These, and the steps we aim to take in 2024 to tackle the issue, are covered in detail under the 'Promoting health and well-being' section later in this chapter.

Providing the right HR services

HR services and support are essential for our people, enhancing the overall employee experience, promoting career development, ensuring fair treatment, and contributing to a positive work environment. This results in greater job satisfaction, productivity, and employee loyalty, benefiting both our people and PostNL as a whole. We have a mix of people working for and with us, from internal employees to those employed through logistics partners.

Equal pay for equal work

PostNL believes in equal pay for equal work, irrespective of gender or background. We stand for equal opportunities for all. We respect the statutory minimum wage levels and have a payment policy that does not discriminate based on gender or background. And as importantly, given our place in society, we

think it is essential to set an example in fair and equal pay and have a positive social impact.

We aim for equality, transparency and consistency in our pay policies, which is reflected in our job grading system and salary structure. Those are mainly embedded by collective labour agreements (CLAs), which have been agreed upon with trade unions.

For 2023, we are reporting on our gender pay gap for the first time. The unadjusted gender pay gap discloses the difference between average gross hourly earnings of male and female employees in the Netherlands. The adjusted gender pay gap gives a more specified and balanced outcome, taking various CLAs, job levels and age groups into account. With this adjusted reporting figure, we strive to provide more specific information on how we deal with equal pay for equal work.

Our unadjusted gender pay gap over 2023 amounted to 9.27%. This gap is predominantly an indication that there are more male employees in higher salary scales than female employees. In comparison, the gender pay gap in Europe averaged 13 % (2021), while in the Netherlands it was 16.4 % (2022). Calibrated, the adjusted gender pay gap over 2023 amounted to -0.05% which means that, on average, within PostNL women and men are paid more or less equally. While we are clearly pleased with this outcome, in 2024 we intend to conduct further analyses on our gender pay gap and embed these analyses within our regular processes.

It is expected that in 2026 the EU Pay Transparency Directive will be translated into national law. In preparation of this, we will continue to analyse our pay structure and policies, increasing transparency where possible. Our ambition is to prevent any non-neutral decisions on pay determination and pay increases and to improve equal opportunities in career paths for men and women at all pay levels.

Collective labour agreements

At the beginning of 2023, we announced an agreement with the trade unions BVPP and CNV on a new CLA for PostNL and one for Saturday deliverers (the CLA for PostNL applies to nearly 18,000 people, while the one for Saturday deliverers covers around 200. Mail deliverers have their own CLA). The agreements specify a total wage increase of up to 9.5% over two years. In addition, in February 2023, PostNL made a one-time payment of 1.5% of annual salary. Both CLAs are effective as of 1 April 2022 and end on 31 March 2024.

Changes to the minimum wage in the Netherlands

In the Netherlands, the statutory minimum wage was increased significantly at various moments in 2023. An initial increase of 10.15% was implemented on 1 January 2023. The regular biannual indexation on 1 July 2023 (3.15%) and 1 January 2024 (3.75%) were higher than previous years, as the overall CLA wages in the Netherlands increased more. Additionally, on 1 January 2024 a new law came into force that introduces a statutory minimum hourly wage instead of a statutory minimum monthly wage, resulting in additional wage increases. A further increase to the minimum wage of 1.2% on top of indexation is expected as of 1 July 2024, but this still needs to be formalised in law.

As of 1 January 2024, the minimum wage had increased by 22%-29% compared to 31 December 2022. For PostNL, and depending on the applicable collective labour agreement, in 2024 this will result in higher wages paid of €40 million - €45 million compared to 2023. We expect 18,000 employees from across the company to benefit from this.

Hiring and retaining the right people

The continuing tight labour market in the Netherlands has created a range of challenges for PostNL, from filling mail delivery vacancies to attracting and retaining parcel deliverers. While this is a sector-wide issue, with an estimated shortage of 15,000 people across the transport branch in the Netherlands alone, the issue impacted our people and the company in a number of ways. Working with a shortage of colleagues put our people under greater work pressure, which we are obviously unhappy about and worked to remedy throughout the year. The shortage was also one factor that impacted the delivery quality of mail (more information on the issues affecting delivery quality, as well as PostNL's position on the future of Mail in the Netherlands, can be found in the 'Our operating context' and the 'Financial value' chapters).

We continued to put a great deal of effort into the hiring and retention of the right people during the year, introducing a number of initiatives across the company to target new employees and keep existing ones. These are explained in greater detail later in this chapter.

Managing employee attraction and retention

PostNL Employee turnover In percentage
2022-2023

Year ended at 31 December	2022	2023
Turnover rate (share of total headcount)	26%	28%
Voluntary turnover rate	17%	16%

While we were already experiencing a labour shortage, in 2023 the turnover rate also increased compared to 2022. The continuing tight labour market is a primary cause, leading to greater competition among employers within the sector. The greatest number of vacancies was for mail deliverers, and we run distinct programmes and support mechanisms to help us attract and retain the right people.

Attracting and retaining parcel deliverers

In 2023, the turnover rate among newly hired parcel deliverers reached 50%, which is around 10 percentage points higher than we have seen in the past. We recognise that parcel delivery is a physically demanding job, and employees are often attracted to positions outside the company that are perceived to have more attractive employment conditions. However, it is vital that we boost retention and ensure our people remain motivated.

To address this, during the year we increased training for current and new employees. This starts at the moment people join us with a central onboarding programme. Because the first few weeks are crucial to retaining deliverers, we now employ additional trainers at the depots who help and guide new recruits during their first weeks on the job. We also introduced targeted training and instruction, including on safety and health, and began a phased increase in the number of delivery stops deliverers make when they begin working. Additionally, we matched the deliverers with a permanent trainer who acts as a 'buddy'. We are monitoring the success of these measures while intensifying our efforts to attract the right people through the following initiatives.

More flexible working hours

We created a range of propositions to appeal to a broader target group, such as evening delivery requiring fewer hours and part-time propositions.

Broadening our recruitment campaigns

We broadened and intensified our recruitment campaigns, with the aim of hiring drivers from a wider demographic. We also began recruiting at local job markets, organised open days, and used flyers to gain attention for our vacancies.

Receiving a permanent contract earlier

We began offering new parcel deliverers a permanent contract after seven months, which we expect will lead to more deliverers staying with us for longer.

Starter's premium

At depots that have the most trouble filling vacancies, we introduced a starting bonus for parcel deliverers of €250 net after three months employment.

Increase in 'Tip a winner' bonus

In 2023, we continued the increased bonus parcel workers are offered for recommending a new colleague, which was €250 (this was previously increased from €100).

Attracting and retaining mail deliverers

The labour shortage in the Netherlands is impacting mail delivery quality, which affects both senders and receivers. In 2023, over 90% of the work carried out at our Mail in the Netherlands delivery operations was by our own employees, 98% of whom were on permanent contracts. At 25%, the turnover rate among mail deliverers remained virtually unchanged year-on-year (2022: 24%). We began holding telephone interviews with mail deliverers who chose to leave the company, to discuss their reasons and help us introduce improvements, where applicable. Previously, this was done via a digital form. This new way of working has given us more personal insights into why postal deliverers choose to leave and enabled us to examine how we can incorporate their feedback into learning opportunities for the company. We will translate these insights into actions.

Despite hiring over 7,500 new colleagues to fill our vacancies in 2023, the ongoing tight labour market continued to make it challenging to fill more than 1,000 vacancies for mail deliverers. However, we continued to work hard to fill the vacancies and retain staff, running or launching fifteen programmes, which we highlight below. These will continue into 2024.

Pilot evening mail delivery

We launched a pilot programme that extended mail delivery times until 8 p.m. By extending delivery times till later in the day, we provide mail deliverers with more control over their own schedule, promoting a greater work-life balance.

Attracting pensioners to the company

We launched a recruitment campaign across the Netherlands to actively attract pensioners to the company.

Offering permanent contracts

Since 1 August 2022, postal workers have received a permanent contract from the moment they joined us, while all mail deliverers already working with us have had their contracts converted (with their agreement) to an indefinite period. Drivers now receive a permanent contract after one year working with us, and we also approached all temporary workers with the offer to continue working as postal workers with a permanent contract. After reaching state pension age, postal deliverers are now also eligible for a contract for an indefinite period. This applies to both current and newly recruited deliverers.

New collective labour agreement for mail deliverers

In mid-May 2022, we agreed a new collective labour agreement with the trade unions for mail deliverers for a period of two years, including a structural pay rise of 4% effective 1 January 2022 and another 4% effective 1 January 2023. Mail deliverers' wages increased even more during this period due to significant increases of the statutory minimum wage.

Youth wage allowance

We began offering postal workers up to 20 years of age a supplement to their hourly wage upon joining.

Starter's premium

In those areas most impacted by labour shortages, we began offering postal deliverers a one-off gross premium of up to €250 three months after starting employment.

Increase in 'Tip a winner' bonus

We increased the bonus postal workers are offered for recommending a new colleague to €250 from €100.

Hiring English speakers

After a successful pilot, we began hiring English-speaking mail deliverers.

Guidance for employees who are at a distance from the labour market

Working alongside a number of specialist agencies, we recruited mail deliverers with a distance from the labour market, who are then supervised by job coaches. We work closely with sheltered workplaces and through our own job coaches to offer jobs to people with a distance to the labour market. Currently, close to 7% of total delivery hours is done by people that fall into this category and our aim is to increase this number to 7.5% by 2025.

Incentive premium for contract extensions

We continued to offer mail deliverers a one-off financial premium to extend their contract, from a minimum of one hour per day up to three hours or more per day.

Employee delivery

From September, non-mail delivery employees were able to 'adopt' a neighbourhood to help provide delivery support, and they were also able to offer their help during our busy end-of-year period.

Newspaper deliverers and postal deliverers pilot

We established a pilot programme with DPG Media, a media company that publishes newspapers, where PostNL mail deliverers also delivered newspapers, and DPG Media's newspaper deliverers also delivered mail.

Greater cooperation with temporary employment agencies

We intensified our cooperation with temporary employment agencies, in a bid to boost the number of temporary workers we employed as mail deliverers.

Local flyers and career fairs

We distributed vacancy flyers across various towns and cities in the Netherlands to advertise mail delivery vacancies, and

also attended job fairs and placed recruitment stands at universities and colleges in a bid to attract and offer students part-time delivery work.

Second chance interviews

Employees with a PostNL contract that was about to expire were interviewed by a recruiter to offer them the chance to continue working at the company as a mail deliverer.

Targeted office-based FTE reduction

While we continue to experience labour shortages in some areas of the company, such as mail deliverers, the challenging market conditions in 2023 meant we maintained our focus on improving efficiency across the organisation. One aspect of this was a reduction of 200-300 staff-function FTEs at our head office and Parcels, to further reduce indirect costs and improve efficiency. We will achieve this reduction in 2024, with the desired €25 million - €30 million cost savings. The majority of those who left were voluntary redundancies.

Promoting health and well-being

Healthy employees are central to a well-functioning company, and in 2023 we focused on ensuring that our people were both healthy and safe, enabling us to operate a well-functioning company that contributes to and reflects society.

Safeguarding occupational safety

PostNL Safety As indicated

2022- 2023

Year ended at 31 December	2022	2023
Fatal accidents	3	0
Recordable accidents (per 100 FTE)	3.8	5.2

The occupational safety of our people also remains one of our priorities. PostNL already has several measures in place to ensure a safe and healthy working environment, such

as working instructions and tools to reduce the physical load. Additionally, we continually investigate and test new measures and tools to make improvements. Our certified ISO:45001 management system helps us with the structured management of the health and safety of people working with or for us. This includes identifying and following up on areas for improvement.

In 2023, the number of recordable accidents was 5.2 (per 100 FTEs) from 3.8 (per 100 FTEs) in 2022. This increased recordable accident rate was partially due to adverse weather conditions, with a series of storms hitting the Netherlands in 2023. We deem the number of recordable accidents as being relatively low, compared to the exposure our large workforce has on a daily basis. In 2023, we had 0 fatal accidents across our operations (2022: 3).

Focusing on lowering absenteeism

While absenteeism levels remained high in 2023, we worked hard to better understand why this occurs and to tackle the problem. This involved introducing a number of key initiatives that focused on helping both employees and managers. For example, for employees we implemented additional programmes aimed at staying healthy at work, introduced people coaches who worked directly with employees to help prevent absenteeism, and paid greater attention to the causes of absenteeism from psychological issues and physically demanding work. We also set up an absenteeism task force.

For managers, we rolled out an e-learning module to help them recognise and deal with psychological complaints, and we provided them with practical tools to help them hold productive discussions with employees, for example before absenteeism becomes an issue. By the end of the year this targeted approach had made an impact, and we saw lower absenteeism levels in December compared to a year earlier.



The Engagement Monitor

Our people create our success, and we want them to feel engaged and motivated to work with or for us. Lilian Veneboer supports teams and managers across the company to help motivate employees. "One of the tools I use to achieve this is the Engagement Monitor," Lilian explains. "Twice per year we send out a questionnaire; in the spring the monitor focuses mainly on PostNL's strategy and policy, while in the autumn we zoom in on employees' daily activities. For example, if there is high absenteeism somewhere, we ask questions about health and safety. We still see big differences in what happens to the results. It takes time to go through the feedback and find solutions, and some managers simply don't have that time. Or sometimes the feedback is acted upon, but it remains invisible for a long time. Then it mainly happens behind the scenes. For example, if we need a change in policy. That is why it is so important that management continue to communicate, making it clear that we always take feedback seriously. It is vital that we get rid of the feeling that nothing happens with employees' responses, and that's what I work hard every day to achieve."

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We also developed new approaches to deal with absenteeism, which we will implement in 2024. These will include:

- Introduce logistics coaches to work on developing tasks to reduce physical complaints, for example within Parcels
- Create a dedicated Absenteeism department within the HR organisation
- Provide people on sick leave with extra support during the first six weeks of their absence
- Promote the resumption of work by temporarily deploying employees to other suitable work
- Continue to study and implement best-practice examples from across the company.

Winner of the Diamond Award Cultural Diversity 2023

PostNL was delighted to receive the Diamond Award Cultural Diversity 2023 from the Talent to the Top Foundation. The award recognises our focus and progress on diversity and inclusion across the organisation, where we work to create an environment in which everyone feels safe and is provided with development opportunities to maximise their potential.

To be the Netherlands' favourite deliverer we need to reflect Dutch society, and a study by the national statistics office, Statistics Netherlands (CBS), provided insight into the composition of our entire workforce with regard to Dutch, Western and non-Western backgrounds. With over 100 nationalities working for the company, we truly reflect a diverse society.

Making progress in all areas of diversity and inclusion

The cornerstone of the progress we make in diversity and inclusion is our diversity policy, which is structured around six key themes: gender equality, multicultural diversity, acceptance of the LGBTIQ+ group, age differentiation, diversity in thinking power, and helping people regain and maintain access to the labour market.

With a diverse workforce that reflects society, we believe it is important to fully utilise our talent and create a place where everyone feels at home, at all levels of the company. Every four years we carry out research into diversity and inclusion through our company-wide Diversity Index, which provides valuable insights into whether our people feel accepted at work and are given equal opportunities.

In 2023, we continued to promote diversity and inclusion across the company and beyond. PostNL complies with the binding diversity quota for the Supervisory Board. Additionally, PostNL has determined ambitious and appropriate outlook figures for the Board of Management and senior management. We also continued to ensure that everyone who works with or for us feels comfortable and safe, regardless of origin, orientation, religion, or social background, and we have discussions with our partners to ensure these values are imprinted along our value chain and promote our company-wide Diversity Index to other organisations.

We train our recruiters and managers on how to be aware of prejudices and help them develop the skills to work with people from different cultures. We also take this into account in our recruitment and selection processes, and we are PSO certified (Performance Ladder Social Entrepreneurship). This means that we go above and beyond to help vulnerable groups in the labour market find work.

To help make our key themes reality within the company, we pay particular attention to the following four main areas:

PRIDE

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

Women Inclusion Network (WIN)

WIN works to empower women in their work, and encourages them to develop and realise their ambitions. It also operates a proven mentoring programme, which includes senior

management acting as mentors for talented and ambitious women to help them grow and prepare for senior positions within the company.

Young PostNL

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

Multicultural diversity

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

Each of the four areas are sponsored by Executive Committee (EC) members and the EC periodically updates our Supervisory Board on diversity and inclusion developments within the company, ensuring that diversity and inclusion is given the full support of the company.

PostNL Gender diversity Percentages

2022-2023

Year ended at 31 December	2022	2023
Share of females in operational management positions	25%	28%
Share of females in middle management positions	35%	34%
Share of females in senior management positions	31%	33%
Share of total females in management positions	32%	32%
Share of female PostNL employees	47%	46%

Strengthening employee engagement

Measuring employee engagement provides us with valuable insights into how connected and passionate people are with their work, and it is an important indicator of how people experience the company's labour practices. We then tailor our improvement measures to the different work dynamic between business units, operational locations and (head) office functions. Relevant improvement areas include providing the right tools for our people to carry out their job and increase collaboration between departments.

Steering on people engagement

PostNL Employee engagement Share of engaged employees
2022 - 2023

Year ended at 31 December	2022	2023	Outlook 2024
Average score	78%	68%	64% - 67%

Employee engagement fell to 68% in 2023, as measured by our independent service provider, below our 78% goal. The continuing very tight labour market increased pressure on some areas of our business, particularly Mail in the Netherlands, which dealt with a shortage of mail deliverers in many parts of the country. At the same time, we implemented a range of business changes within this part of the organisation, including extending efficiencies across delivery routes. We believe these factors had a clear impact on engagement levels. While our Mail in the Netherlands business will continue to have to adapt, in 2024 we will place additional focus on addressing how we change, ensuring that we do not launch too many adjustments at the same time, drawing on the experiences and feedback our people shared in the survey.

At our Parcels business, the survey highlighted differences between departments. While employee engagement at our Parcels Commerce and Operations departments was 72%

and 73% respectively, below our goals, we were pleased to see that people at Operations reported an increase in the enjoyment and energy they derive from their work - an area in which we have placed a great deal of attention recently. Company-wide, people also mentioned they are proud of their work and the contribution their department makes to the company. Feedback is followed up departmentally and falls under the responsibility of (senior) management, and management discuss scores per team.

Monitoring satisfaction of delivery partners

Within Parcels, we work with delivery partners across more than 70% of our routes. In 2023, more than 95% of delivery partners in the Netherlands and around 85% in Belgium employed their deliverers via a labour contract. As these deliverers represent PostNL in their daily work, it is important that we also understand their engagement levels and motivation. Throughout the year, we continued to develop solid partnerships with the more than 200 delivery partners we work with in Belgium, including periodically discussing their compensation with them, adapting their compensation, and reviewing their compliance on several relevant social laws. Through our annual collaboration barometer we measure the satisfaction of both delivery partners and their deliverers.

In the Netherlands and Belgium, we saw a slight increase in the percentage of satisfied delivery partners, who said they remained positive about working with PostNL. The main areas for improvement, which we will continue to work on, were listening to our partners, focusing on information sharing, and the ambience at our depots. We were happy to note that the number of satisfied deliverers increased in Belgium compared to 2022, although a slight decrease was noted for deliverers in the Netherlands.



Benefiting from delivering mail

Petra Bergman (80) has been a mail deliverer in the Dutch city of Zwolle, in the neighborhood where she lives, for fifteen years. As a diabetic, it is good for her to exercise for at least an hour a day. "Thanks to this job, I've really been given a boost," Petra says. "Soon after I started working I felt better, and I now no longer need any medication. The outdoors, the people I meet and my helpful colleagues: I feel quite blessed. I also deliver mail to primary schools. Children sometimes give me a drawing or ask for a hug. Amazing, right? I'm not thinking about quitting yet. Then I'll get bored!"

SDGs



Social value

In the Netherlands, 65% of delivery partners said they were (highly) satisfied with PostNL as a customer (2022: 63%), while 68% of delivery partners said they were satisfied with the cooperation with the PostNL depot they worked with (2022: 71%). In Belgium, 69% of delivery partners said they were satisfied with PostNL as a customer (2022: 67%), while 77% said they were satisfied with the cooperation they had with their depot (2022: 72%).

PostNL Collaboration barometer percentage

2022 - 2023

Year ended at 31 December	2022	2023
NL		
Percentage of (highly) satisfied delivery partners	63%	65%
Percentage of (highly) satisfied deliverers	73%	71%
BE		
Percentage of (highly) satisfied delivery partners	67%	69%
Percentage of (highly) satisfied deliverers	69%	81%

Realising change while creating agility

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

Talent management

Learning agility is vital to employee's growth and development, enabling them to learn new skills, absorb new information, and apply that learning as circumstances develop and change. Discussing our learning agility is an integral part of the annual talent and performance management cycle, helping create a working environment where there is space for constructive conversations about potential, development, movement and promotion. This is carried out in two parts:

Objective

By means of Learning Agility assessments for management, which help us track team members' ability to adapt to changes and navigate complex situations.

Subjective

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

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

Launch of Digital Learning Labs

In 2023, we transformed the Digital Next Academy (2020/2021) and Agile Academy (2022) into Digital Learning Labs, an online learning platform that enables our people across the company to gain knowledge and develop skills in today's digitalising world. The programme is designed to both create awareness and help our people expand their knowledge and skills in all areas needed to accelerate digital transformation, leading to a distinctive customer experience. Going forward, we will produce and launch new learning labs based on the latest trends and developments in three main areas: customer experience, our digital acceleration and an agile way of working.

PostNL makes a positive impact on society

We take the world around us into account in everything we do, ensuring we take responsibility for both our role in and our impact on society. Our ambition is to continue to operate at the forefront of environmental, social, and corporate governance (ESG) topics and make a positive impact on society.

We have tailored our ESG agenda to the most material topics as defined by our stakeholder engagement process and materiality assessment, and have linked these to the UN Sustainable Development Goals (SDGs), which helps us focus on those areas where we can make a material impact. More information can be found in the 'How we create value' chapter.

We are working to ensure our people take pride in their work by further developing on our strategic focus areas as laid out in this chapter. This not only benefits our organisation and our people but we believe we also make a positive impact on society by providing over 50,000 people direct and indirect employment. Currently, close to 7% of total mail delivery hours is carried out by people that fall into the category people with a distance to the labour market and our aim is to increase this number to 7.5% by 2025. In 2023, we continued to recruit mail deliverers with a distance from the labour market, who are then supervised by job coaches after employment.

We look beyond our own operations and proactively engage with partners in our value chain, for example through stakeholder engagement. The stakeholder dialogues we undertake help us better understand our stakeholders' interests and the way our activities affect their decision-making process. Understanding the expectations of stakeholders helps us allocate resources effectively on relevant topics while focusing on adding short-, medium-, and long-term value. More information on stakeholder engagement can be found in the 'Stakeholder engagement' chapter.

As an important player in the value chain, we also take responsibility to positively impact a range of key material topics, including working conditions, equal treatment and opportunities, and human rights. The progress we made on these areas in 2023 are described throughout this Annual Report.

Social presence & responsibility in communities

Our purpose is to deliver special moments, and in 2023 the PostNL Special Moments Fund continued to look for ways to create greater connection, contact, and consideration for one another across society. The Fund, which plans to launch new social activities and maintain existing ones, is tapping into PostNL's unique delivery network, where our mail and parcel deliverers visit every street every day, to support projects that help reduce social differences.

Continuing to support the fight against loneliness

We further expanded our cooperation with municipalities across the Netherlands to tackle loneliness in 2023, following the success of a project that sees deliverers report cases of possible loneliness they encounter to municipalities. The project was expanded to mail deliverers during the year, adding to the parcel deliverers who were already active. In a round table with Queen Maxima, she complimented PostNL employees who report loneliness.

Stichting Jarige Job

In 2023, we continued to work with Stichting Jarige Job, a foundation that provides poor children in the Netherlands with a gift box to celebrate their birthday. We deliver these birthday packages to families at home. Each year, more than 100,000 children celebrate their birthday with the charity's help, and in January tens of thousands of gifts were collected through a special 'Mooi Gebaar' (nice gesture) campaign. Throughout the year, around 200 PostNL employees volunteered to pack boxes with presents during team outings, which were organised as a way of giving back to society.

Opening additional parcel lockers at the Salvation Army

During the year, we rolled out additional parcel lockers at Salvation Army community centres in the Netherlands, where local residents can drop off and pick up their parcels. We began working with the Salvation Army in 2022, with the aim of raising the profile of their community centres among local residents. We are also providing the charity with a fee for each parcel delivered or sent from the parcel lockers.

Donations for local associations and foundations

We started a new initiative in 2023, aimed at helping local associations and foundations. Alongside their regular work, PostNL employees are often active in these organisations, which are indispensable for club life. PostNL employees who participate can request a donation for the club they support, and twice a year PostNL provides 100 donations of €250 per local association or foundation.

Stichting Kinderpostzegels Nederland

Since 1924, PostNL has issued Children's Welfare Stamps to raise money for Stichting Kinderpostzegels Nederland. There is a surcharge for each stamp, and the proceeds from all the surcharges go to the foundation's projects, which are aimed at supporting vulnerable children. Additionally, we helped Stichting Kinderpostzegels Nederland set up a national alliance to make sure there is a buddy for every child.



Joop helps to reduce loneliness

In Liemers, the Netherlands, parcel deliverer Joop Tolhuisen takes the concept of 'noaberschap' (taking care of one another) seriously. Joop is an important presence in the neighbourhood, where everyone knows Joop and Joop knows everyone. So, it's not surprising that he participates in our scheme to reduce loneliness. "I have already passed on a few locations where I feel residents could benefit from some company," says Joop. "One involved a lady who had recently lost her husband and had not seen her son for over a year. I thought, before she ends up too isolated, I think it would be wise to pass this on. We remain anonymous when we make such a report, and the social workers contact you to see if they can help. You would think that it's only older people who feel lonely, but young people do too." So does Joop practice 'noaberschap'? "I had never heard of it, but I've seen how important it is."

SDGs



Environmental value

8





Environmental value

Key performance indicators and trend compared to prior year

Climate change
**CO₂ efficiency in
grammes per km**

136



2022: 152

Climate change
**Emission-free last-
mile delivery**

24%



2022: 22%

Reduce our environmental impact

We are aware of the impact we have on the environment, and in recent years have been working to reduce this by integrating environmental objectives into our overall strategy. Throughout 2023, we continued to develop and implement initiatives aimed at improving our broader environmental impact and contributing to our reputation as a company with a clear roadmap to become sustainable. We remained focused on combatting climate change by steering on greenhouse gas (GHG) emission reduction, enabling us to further progress towards our long-term, science-based reduction targets.

We also take a broader view on our environmental impact, in line with the wider societal discussion taking place on this topic. The protection and restoration of ecosystems and biodiversity are crucial to enhance resilience in the face of population growth, intensified land use, and climate change. At PostNL, we are dedicated to operating in harmony with nature, which means we are committed to conserving and, when necessary, restoring biodiversity and ecosystems in relation to our own operations. Our primary impact stems from the use of our vehicle fleet, which results in CO₂ and nitrogen emissions. We are dedicated to reducing emissions of CO₂, nitrogen and particulate matter by transitioning to emission-free vehicles for the last mile of our operations, with a target of accomplishing this no later than 2030. By 2025, we aim to achieve zero emissions for deliveries in at least 25 inner cities. These efforts will undoubtedly contribute to the mitigation of climate change, biodiversity loss and air pollution.

In April 2023, we published the PostNL Green Bond Report 2022, our fourth, which provides stakeholders with insights into the progress and impact of investments made using the proceeds of the Green Bond, allocated to finance new and existing climate projects. In doing so, we contribute to two Sustainable Development Goals of the United Nations, namely 'decent work and economic growth' and 'climate action'. The report can be read in full here. We have also published a

Taskforce on Climate-Related Financial Disclosures (TCFD) report 2022, in which we disclose the relevant aspects of the TCFD recommendations in the context of our operations and value chain in more detail. The report can be found here.

During the year, we offset any remaining CO₂ we emitted by purchasing Gold Standard credits and VCS credits. Through these credits, we invest in environmentally friendly projects in developing countries. These include projects to install wind turbines or solar panels, or to plant new forests. From 2024, we will no longer use large-scale carbon offsetting, but instead will make more effective investments to make our company more sustainable.

Throughout 2023 we worked towards formally re-enforcing our climate mitigation strategy, resulting in the submission of updated ambitious emission reduction targets to the Science Based Targets initiative (SBTi) at the end of the year. The update was planned, as our current SBTi targets were validated in 2019 and the SBTi requires targets to be resubmitted every five years. We have submitted a long-term, science-based target that includes significant emission reduction levels across our value chain to a residual level in-line with the 1.5°C scenario by 2040.

In 2023, we were once again ranked as one of the most sustainable companies in the transport and logistics sector worldwide by the Dow Jones Sustainability Index (DJSI), scoring the highest in the Environment & Climate section within our sector. We also significantly improved our biodiversity score compared to 2022, partly thanks to an extensive analysis carried out to implement improvements in this area. This benchmark evaluates listed companies on economic, social and environmental transparency and performance.

Environmental value

We achieved an A- score in the CDP benchmark, a global environmental disclosure system. While this score is unfortunately slightly lower than our score in 2022, we continue to be at the forefront of our sector in terms of our sustainability benchmarks, based on the strong ratings and scores we receive from independent analysts, including from DJSI and EcoVadis.

We continue to use our four-pillar approach to reduce our environmental footprint by reducing our impact on climate change and broader environmental topics. Our focus areas are: network efficiency, clean kilometres, sustainable buildings and facilities, and green products and services. Our developments in these areas in 2023 are discussed further in this chapter.

Performance summary Climate change

PostNL CO₂ efficiency as indicated

2022 - 2023, Target 2030

Year ended at 31 December	Goal		Outlook		Target
	2022	2023	2023	2024	2030
CO ₂ efficiency in grammes per km	152	143	136	126	45

Our CO₂ efficiency in grammes per kilometre improved by 11% compared to 2022 and was 5% ahead of our 2023 goal. This was due to the ongoing greater use of renewable fuels combined with fewer diesel kilometres driven, and the shift to electric vehicles (see below for more details). In 2023, renewable diesel (HVO100) and bio-LNG for large trucks were used in 58% of the kilometres we drove (2022: 54%).

In 2023, as in 2022, we helped our logistics partners make the switch to electric transport, providing financing and starting bonuses for those who transitioned from diesel to electric vans. They are also able to make use of charging infrastructure at our parcel sorting centres.

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

2022 - 2023, Target 2030

Year ended at 31 December	Goal		Outlook		Target
	2022	2023	2023	2024	2030
Emission-free last-mile delivery	22%	24%	24%	28%	100%

Across Mail in the Netherlands, last-mile delivery is carried out in almost all cases by a combination of foot and bike, or by e-bike. This means that our mail deliverers make the largest contribution to our emission-free delivery. In 2023, over 47 million kilometres, or 82% of all mail delivery kilometres, were emission-free in the last mile (2022: 78%). We deliver to over 95% of all addresses in the Netherlands emission-free in the last mile.

We use cars to deliver mail in the most rural areas, which is where we also have to drive a (relatively) high number of kilometres to deliver each mail item. To make these rural routes emission-free, we are switching to electric cars and are installing charging points at our locations. By the end of 2023, we had more than 180 electric cars on the road, helping us cut the amount of diesel we use for mail delivery in the last mile by 30% year-on-year (320,000 litres in 2023 versus 461,000 litres in 2022).

From 1 January 2025, municipalities in the Netherlands are allowed to classify an urban area as being a zero-emission zone, where vans and trucks that pollute are prohibited. We expect that around 30 to 40 Dutch cities will have zero-emission zones, although when they come into effect will vary from city to city.

As a vital link in the delivery chain, we are very well prepared for this development. We are making steady progress in reducing our environmental footprint, and in recent years have invested continually in new initiatives focused on emission-free delivery, including electric vehicles and charging capacity across a number of Dutch cities. We expect to scale up the

share of electric vehicles in our own fleet as quickly as feasible, and by 2025 aim to be able to deliver parcels and mail emission-free within at least 25 city centres in the Netherlands and all those cities with zero-emission zones.

PostNL Carbon footprint In Gross CO₂ e

2017, 2022 - 2023, Target 2030

Year ended at 31 December	2022		Target	
	2017 ¹	2022	2023	2030
Scope 1 GHG emissions ²	30	26	22	12
Scope 2 GHG emissions	0	0	0	0
Subtotal scope 1 and 2				
GHG emissions	30	26	22	12
Scope 3 GHG emissions	200	175	159	186
Total GHG emissions	230	201	181	198³

1 Base year

2 2017 includes carbon offsets for buildings

3 The target for 2030 is based on our current formal SBTi Target. We have submitted new and more ambitious long-term Science-Based Targets, which were submitted at the Science Based Target initiative, but not yet formally approved. For more information, we refer to the chapter <Environmental value>.

We reduced absolute gross scope 1 carbon emissions by over 15% compared to 2022. This change was positively influenced by a number of factors, including an increase in the use of renewable diesel and bio-LNG and the roll-out of additional e-vehicles. The electricity we source is also sustainably generated, through solar and wind energy (including guarantees of origin), resulting in our scope 2 emissions being reported as zero.

For outsourced transport, our scope 3 emissions relate to networks within Parcels, Mail in the Netherlands and CBS (international), as well as employee commuting, business travel and company cars for employees. In total, our scope 3 emissions decreased by 9% compared to 2022.

For our SBTi submission, we put forward targets aimed at reducing over 90% of our scope 1 and 2 GHG emissions

by 2030 compared to our base year 2021. For our scope 3 emissions, we set a reduction target of around 45% compared to the base year. Our new targets are far more ambitious than our previous targets, which aimed for a 60% reduction in our scope 1 and 2 emissions and a 10% reduction in scope 3 emissions by 2030 compared to a 2017 base year.

These updated targets reflect how seriously we take our environmental objectives, as we continue to invest in, develop and implement initiatives that help us reduce our broader environmental impact.

In addition, we increased the coverage of scope 3 GHG emissions' categories compared to our current scope. This means that we have added emissions from the following categories in the submission:

- Purchased goods and services
- Capital goods
- Fuel and energy-related emissions (including well-to-tank emissions)
- Waste
- Upstream leased assets.



Due to a submissions backlog at SBTi, we do not expect to have our new targets validated by the SBTi until the second quarter of 2024. We will include the reporting of these new categories in our future Annual Reports to provide transparency about the progress against our new targets.

At PostNL, we have made concrete annual reduction projections towards 2030 in line with the SBTi criteria. Our long-term strategy is to continue investing in and focusing on emission reduction after 2030, building upon our current strategic approach, and expect to realise emission reduction to a level that is in line with the 1.5°C scenario by 2040. Uncertainties in our targets primarily relate to the dependency of progress on carbon reduction in our supply chain, as well as technological developments in relation to zero-emission long-haul transport. We currently do not foresee negative side effects in realising our carbon reduction targets.

Four focus areas in our approach

To achieve our objectives, we continue to use our four-pillar approach to make our operations more sustainable and engage with business partners to stimulate environmental progress in our value chain. Our focus areas are: network efficiency, clean kilometres, sustainable buildings and facilities, and green products and services.

While our primary focus has been on climate change, within the four focus areas we are also broadening our strategic attention to make progress on other environmental topics, such as pollution, circularity and biodiversity. Throughout this chapter we outline how we are working with our customers, employees, and our partners on these areas.

Network efficiency

We are accelerating our transition to a lower-carbon business, and one element in achieving this is to increase the efficiency of our network. We are doing this in a number of ways, such as by optimising our collecting, sorting and delivering capacity, so that we can respond to fluctuations in demand during volatile periods. For example, effectively managing capacity in our network helps reduce the number of routes we operate, cutting the number of kilometres we drive and reducing our emissions.

We are also increasing the number of parcel lockers located around the Netherlands, which gives consumers the option to send and collect parcels when it is convenient for them. In 2023, we developed the first parcel lockers with urban gardens. These special parcel lockers are printed with information and images of local flora and fauna that are on the Red List (indicating that they are endangered), and the roofs are designed to provide shelter for these specific species. We hope to make a small contribution to the preservation of local biodiversity while drawing attention to the subject and encouraging others to contribute.

Using AI to create more efficient route planning

Every day, we deliver more than 1 million parcels across the Netherlands and Belgium, and these parcels are transported between depots 24/7. But the delivery market is changing rapidly, and alongside fast-changing consumer demands, it is becoming progressively more difficult to forecast the volume needs of e-tailers.

Environmental value

To help us remain both flexible and sustainable, in 2023 we implemented a planning algorithm that creates a weekly schedule and determines the most efficient routes for our truck drivers. This smart software automatically links individual journeys together in a logical manner, taking into account distances, the individual preferences of truck drivers, and the best route to avoid traffic jams and delays. The result is we travel fewer kilometres using fewer vehicles to deliver the same number of parcels.

Clean kilometres

On average, we transport mail, parcels and goods over 1.2 million kilometres across the Benelux daily. In addition to optimising our network efficiency, each year we increase the share of renewable fuels we use and grow the number of owned and leased e-vehicles in our fleet. During Green Postal Day in September, PostNL and 22 other postal operators from around the world highlighted the need to accelerate the roll-out of alternative fuel options and loading facilities to further develop long-distance transport. PostNL reiterated its commitment that by 2030 at least 50% of its transport will run on sustainable alternative fuels or be electrified, while providing emission-free last-mile delivery in the Benelux. This means switching to cleaner transport, such as electric vehicles (vans, LEFVs and e-scooters) and renewable (HVO100) diesel, for our inter sorting-centre transport and last-mile parcel delivery. Longer term, our goal is to become net zero by 2050.

Transitioning towards cleaner ways of transportation

While the vast majority of our last-mile mail delivery is done predominantly on foot or by bike, to truly reduce our own environmental footprint we need to increase the number of clean kilometres we drive and travel. In our efforts to increase our clean kilometres, we try to find the most suitable transportation method.

One example is our ongoing focus on switching from road to rail for international routes. In 2023, we began shipping post and parcels on a truck-train route to Italy, which enables us to cut our scope 3 CO₂ emissions along the route by 65% annually. This follows our reintroduction of rail transportation after a 25-year break in 2022, when we began sending a weekly container from the Netherlands to Oslo, Norway. This continued in 2023, helping us cut scope 3 CO₂ emissions on the route by 70% annually versus plane or truck transport, which equates to around 30 tons of CO₂.

Electrification of our vehicles

We want to achieve emission-free delivery, which is why we are determined to electrify our fleet, from vans to trucks. We currently deliver letters and letterbox parcels emission-free to 96% of residential addresses in the Netherlands. To enhance the sustainability of our delivery services nationwide, in 2023 we incorporated 162 electric vans into our postal network and replaced the last remaining petrol scooters with electric ones. This enabled us to reduce our fuel consumption, leading to a decrease in CO₂ emissions of 34 tons. At Parcels, we added over 350 electric vans, while we grew our time-critical delivery fleet by 30 electric vans. The electric vehicles in our fleet, such as electric trucks and LEFVs, are distinguished by a green leaf symbol to signify their eco-friendly status.

Simultaneously, we installed more charging stations at our facilities, bringing the total count at year end close to 900. While we continue to make progress, we foresee future bottlenecks, as grid operators are increasingly denying permission to expand connections in depots and other buildings because of growing congestion on the electricity grid. This could make our transition to emission-free delivery more complex.

Zero-emission zones

Over the past few years, we have made significant progress in shifting our fleet from diesel vans to electric vans, and by the end of 2023 used 650 electric vans for last-mile parcel delivery. This shift is crucial to achieving emission-free last-



Optimising charging capacity

With an increasing number of electric vehicles in our fleet, managing the charging infrastructure effectively is essential, especially considering the challenges related to network capacity.

Madeleine Schrama, a strategic programme manager with sustainability, explains how we handle this. "By leveraging intelligent data, we have been able to optimise the daily charging schedule for our electric fleet, specifying precisely when each vehicle should be charged. This has helped reduce the loading stress for deliverers, as they now always have an electric vehicle available to use.

This approach has enabled us to improve charging efficiency by 20% as we require fewer charging stations. Additionally, we have been able to increase the deployment of electric vehicles by 17%."

SDGs



mile delivery in the 27 Dutch cities that have announced a zero-emission zone in their centres by 2025. However, we still have work to do. By the end of 2023, we were carrying out 13% of the planned routes in the zero-emission zones emission-free, below our internal goal.

One way we are working to improve this figure, while effectively reducing our scope 3 emissions, is to accelerate our collaboration with delivery partners. For example, we are running a programme that supports delivery partners in their shift to electric vehicles, providing consultancy services, procurement facilities, and compensation for additional costs. This has helped grow the number of electric vans delivery partners in the Netherlands operate to 102, with another 136 on order. In Belgium, the first 16 electric vans are now operating in and around the city of Mechelen, with another 58 vans on order.

For our own vehicle fleet, we are focusing on the switch to electric driving. For example, we have equipped depots with a dashboard that provides insights into the usage of their electric fleet. Additionally, we are using data-driven intelligence to optimise our charging stations (see story box in this chapter for more information).

City-friendly delivery in inner cities

We deliver to every street in the Netherlands. But as urban congestion increases, we have expanded our focus from emission-free delivery to include minimising disruption. One example is increasing the use of light electric freight vehicles (LEFVs), which in 2023 we began using in Den Bosch and Amersfoort in the Netherlands and Ghent in Belgium, bringing the number of cities in which we operate LEFVs to seven.

As well as being emission-free and quiet, LEFVs are also narrow and manoeuvrable, resulting in reduced congestion compared to vans. They also use less electricity than electric vans, and can carry up to three roll containers that can be smart-packed at the sorting centre and loaded directly onto the vehicle at the city hub. We aim to continue introducing

LEFVs at other cities across the Netherlands and Belgium. We also began using electric cargo bicycles on a number of routes in Ghent.

Transitioning towards renewable fuels

We are piloting a route from the Netherlands to Denmark that uses renewable (HVO100) diesel, which will cut CO₂ emissions along the route by 90% during its life cycle compared to fossil diesel. If the pilot proves successful, we will start using HVO100 fuel for all mail and parcel deliveries to Denmark, which we calculate will result in a 36% CO₂ reduction door to door. As part of our focus on reducing our CO₂ emissions and realising last-mile, emission-free delivery across the Benelux by 2030, we have held discussions with truck manufacturers and producers about the possibility of developing fleet vehicles that run on hydrogen, a clean fuel that releases water (vapour) only when burned, and which can be made from water and (sustainable) electricity. We will provide any progress updates in our 2024 Annual Report.

Sustainable buildings and facilities

Our buildings and facilities are an important part of our ongoing focus on reducing our environmental footprint. We have significantly reduced the environmental impact of our buildings and facilities in recent years, and have achieved the satisfying position of only using zero-emission energy in our buildings. This was attained by installing solar panels on the roofs of our buildings, making a series of energy-efficiency improvements and sourcing only renewable energy. In 2023, our head office in The Hague officially received the BREEAM-NL In Use Excellent certificate. The transformation into a sustainable and healthy work environment resulted in the most sustainable national monument in the Netherlands.

Our sustainable sorting centres

Continuing our commitment to developing leading, sustainable logistics solutions, in 2023 we opened our 27th parcel sorting centre in the Netherlands. Located in Hoogeveen, the centre enables us to better manage e-commerce volumes in a building that has sustainability at the heart of its design and construction.

A first for PostNL, the centre is equipped with batteries that are charged using solar energy during the day and are then used to recharge the centre's fleet of electric vehicles overnight. The building has also been developed to comply with BREEAM-NL New Construction certification 'Excellent', meaning that it employs the latest technologies and concepts to increase sustainability performance, including solar panels, LED lighting, and heat recovery systems. Since 2017, all of our parcel sorting centres have been built in accordance with the BREEAM-NL New Construction guidelines and need to comply with legal and regulatory requirements, including measures to prevent impact on adjacent Natura 2000 areas. This involves nitrogen impact assessments and studies on local plant and animal life. This study provides recommendations on how local biodiversity can be supported. The company has identified the projects' effects on local biodiversity and is implementing recommendations to foster positive environmental outcomes or recovery. This included providing an ecological green structure (green roof and various planting areas around the property) to promote local biodiversity. There are now close to 190 nesting boxes for birds, bats and other nesting animals, such as hedgehogs, almost 30 insect hotels, and at various locations more than 1,500 m² of ivy on and around the bicycle sheds.

By the end of 2023, we had over 34,500 solar panels on the centres' roofs. The solar panels on the roofs of the parcel sorting centres in the Netherlands generated around 49% of their electricity needs. We managed a significant 29% reduction in our gas usage compared to 2022 by implementing hybrid heating and cooling systems at our Mail in the Netherlands sorting centres, monitoring energy

consumption, and raising awareness of saving energy among employees. This drop follows the 30% reduction in gas usage we achieved in 2022 versus 2021. We also introduced smart water metres at all major PostNL sites (around 60 locations) to help us monitor our water usage, and ultimately help us reduce our water consumption.

Expansion of charging infrastructure

We continue to grow the charging infrastructure across our sorting centres and locations, and by year end had almost 900 charging stations, including over 250 for regular vehicles and more than 600 for parcel vans.

Reducing our waste streams

We introduced a redesign of the waste streams within our Mail in the Netherlands sorting centres in 2023, and by the end of the year the first three sites were operational. Currently, 64% of our waste is being recycled and our goal is to raise that to 80%.

Reusing furniture from 4,000 retail locations

As part of our focus on reduce, reuse, recycle, we have begun working with a company that develops circular interiors for organisations with sustainable ambitions. We have asked them to come up with ideas to give new life to furniture we are replacing at around 4,000 franchise retail locations in the Netherlands, with the aim of having three circular initiatives up and running by 2025. We will provide a progress update in our next report.

Green services and products

Successfully transitioning towards a decarbonised business means being reliant on the market and third parties for products that are cleaner, more efficient, and more sustainable. Examples include the speed with which electric trucks and vans are widely available, the implementation of a stable, Benelux-wide electric charging network, and the impact that air freight has on our scope 3 CO₂ emissions. To solve these issues, we need to work with our customers and partners along the supply chain, looking for ways to reduce social and environmental costs while improving efficiencies. At the same time, we need to invest in developing technologies to help accelerate the rate of change.

As part of our engagement with customers, we have been working on increased transparency of the sustainability of our services. One example is periodic communication to customers about the CO₂ emissions in grammes per parcel and mail item for delivery in the Benelux, which is becoming an increasingly important topic as part of the customer journey. In 2023, average CO₂ emissions per parcel were 350 grammes and per mail item 12.2 grammes (based on 'well-to-wheel' emissions). These figures, which have only been collated since 2023, include emissions from our large truck transport and our delivery partners.

Supplying customers with this type of information provides them with important insights and helps them offer sustainable choices to consumers. Going forward, we will continue to work on digitalisation and data management to help us deliver more detailed CO₂ data from across our delivery operations.

Developing green services Greater customer choice through delivery preferences

In 2023, we continued to add functionality across our digital accounts, including expanding the delivery preferences available for both the PostNL app and web accounts. This

enables consumers to indicate a default preference and an away-from-home preference, so that your parcel is delivered where you want it to. Consumers can choose from one of the standard delivery preferences, which are delivered to your address, a neighbour, a nearby PostNL point, or to a parcel locker near by. Additionally, consumers can choose to have a parcel delivered to an agreed location around their house, such as in the garden, the shed, a storage box, garage or a parcel locker at home. The only exceptions are for deliveries that require a signature. Adding choice removes the number of parcels automatically rerouted to a PostNL parcel point, helping to reduce unnecessary consumer journeys.

Helping customers create sustainable direct mail campaigns

During the year we introduced a service that helps customers produce a sustainable direct mail campaign. While many customers recognise the advantages of direct mail campaigns, including higher response rates, more targeted messaging, and greater cost effectiveness, not all were aware that direct mail can also be a sustainable option.

Called 'Launch a sustainable direct mail campaign in 5 steps', the service guides customers through the decision-making process of creating a campaign and helps them choose the most sustainable option at each step. We believe leveraging these advantages in the most sustainable way helps companies effectively engage with their target audiences and achieve their marketing objectives.

Clothing donation points with Dobbi and Salvation Army

In 2023, we opened 800 clothing donation points across the Netherlands in collaboration with Dobbi, the online laundry and dry cleaning service in which we hold a stake, and the ReShare division of the Salvation Army, which collects and sorts donated clothing.

Members of the public can hand in clothing they no longer wear to one of the participating PostNL points, which is then

brought to ReShare by Dobbi. As the global market leader in textiles collection, each year ReShare processes around 26 million kg of donated clothing. In the Netherlands, the organisation offers employment to over 300 people with a distance to the labour market.

We believe that working together with both organisations will help improve the collection and processing chain of unwanted clothes, reducing waste and helping those that will most benefit from second-hand clothing.

Developing green products

Smart and circular packaging for a greener planet

Recycled bags

We collaborate with customers, suppliers and industry organisations to explore sustainable packaging practices. For instance, we transport products from our customers without packaging and annually reduce the percentage of air in parcels and roll cages, and in 2023 reduced the amount of air in the parcels we delivered by 6.2% (2022: 4.4%). One of the key benefits is that less air in parcels means smaller parcels and less packaging material, which is better for the environment and results in a more efficient logistics process.

Customers can order sustainably produced packaging in a wide variety of sizes through our Smarter & Sustainable packaging website. One example is the Do Good Bag, designed to reduce, reuse and recycle. Made from recycled materials, the bag can be reused if the consumer wants to return the goods. We are currently investigating which reusable packaging we can add to our product range.

Reusable packaging pilot

In 2023, we collaborated with Dutch e-tailer Bol.com to look into the feasibility, viability, and, most importantly, desirability of reusable packaging in e-commerce. For this initiative, we deployed hundreds of reusable packages from various suppliers to assess their impact on our operations. As part of the project, these packages were randomly dispatched to a range of consumers, who were then requested to return

them to Bol.com through PostNL. A flyer accompanied each package, detailing return options, from PostNL retail points to Albert Heijn supermarkets, or direct handover to the parcel deliverer.

The return rate at the conclusion of the pilot was 55%, above expectations, despite participants not being offered any rewards or compensation. This outcome instils confidence in the intrinsic motivation of consumers to contribute to reducing environmental impact. Notably, consumers overwhelmingly preferred PostNL's hand-in options for reusable packaging, citing convenience in choices, including mailbox drop-offs and retail locations. We have actively shared the results and insights from this project across various platforms within the broader e-commerce community. The forthcoming Packaging and Packaging Waste Regulation (PPWR) stipulates that by 2030, 10% of e-commerce packaging should be reusable. This will impact our customers significantly. Our goal is to serve as an inspiration and collaborator within the value chain, working with partners to foster the development of a scalable and sustainable system.



Using collapsible, reusable pallet boxes internationally

In 2023, we introduced collapsible, reusable pallet boxes in our international sorting centres. According to Amber Kapaan, Logistical Project Manager, this innovation is a great step towards zero waste. "These pallet boxes replace single-use materials like wood and carton and have a 7-10 year lifespan. They offer a recyclable solution that support the circular economy." These boxes also provide efficiency gains in our operations, she adds: "The design of these boxes allows for a higher internal fill rate and easier stacking, effectively reducing the number of trucks needed on the road."

SDGs



EU taxonomy on sustainable activities

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

The Taxonomy is a classification system for companies to disclose the extent to which business activities are covered by and aligned with specific sustainability criteria. The main objectives of the EU taxonomy are to provide a reference framework aimed at orienting financial and business investment strategies towards sustainable activities and to accelerate the green and sustainable transition of economic players. Reaching these objectives is essential to meet the European Union (EU) ambition of becoming climate neutral by 2050.

The EU Taxonomy prescribes quantitative and qualitative reporting on predefined key performance indicators (KPIs). On the following pages we present the share of PostNL's consolidated total operating revenue and capital expenditure (capex) for the reporting period 2023.

Identification of economic activities

An economic activity is considered Taxonomy eligible if it is described in the Taxonomy Delegated Acts, irrespective of whether that activity meets any or all of the technical screening criteria laid down in the Delegated Acts.

An economic activity is considered Taxonomy aligned when the activity contributes substantially to one of the six environmental objectives, Do No Significant Harm to the other five objectives in accordance with the do no significant harm (DNSH) criteria, and complies with Minimum Safeguards.

Assessment of technical screening criteria

In 2021 and 2022, the technical screening criteria for substantial contribution was specified by the EU for environmental objectives:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)

These criteria relate to how an economic activity can contribute substantially to one or more of the environmental objectives, in combination with criteria for doing no significant harm to the other environmental objectives. PostNL has analysed the technical screening criteria for the additional activities for the first two environmental objectives. No new activities have been identified for PostNL.

On 27 June 2023, the European Commission adopted final delegated acts supporting the Taxonomy Regulation for the other four environmental objectives:

- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems.

The related reporting obligations will apply for annual reporting periods as of 2023. For the four new environmental objectives, only eligibility is mandatory. PostNL has analysed

the technical screening criteria and related reporting obligations for the new activities pursuing these remaining four environmental objectives. No new activities have been identified for PostNL.

Minimum safeguards

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

EU Taxonomy KPIs

For 2023, PostNL reported on the KPIs' total operating revenue (turnover), capital expenditures and operating expenditures. The mandatory tables with the amounts which are in scope and the percentage of eligibility and alignment per KPI of the EU Taxonomy activities PostNL has recognised can be found in the chapter 21 EU Taxonomy Statement.

The alignment with relevant financial statement line items is the starting point of our Taxonomy allocation methodology. The reported figures have been determined based on the allocation of activities to the Taxonomy, derived bottom-up for all PostNL reporting units. The figures are based on the actual amounts represented in the general ledger accounts as included in PostNL's consolidated financial statements. In addition, the split between transport by road and air in our international business is based on expected transport modes between countries for our trade lanes.

Environmental value

PostNL Taxonomy KPI turnover

2022 - 2023

	Aligned activities			Eligible activities but not aligned			Eligible and non-eligible activities	
	Absolute turnover (in € million)	Proportion of turnover 2022	Proportion of turnover 2023	Absolute turnover (in € million)	Proportion of turnover 2022	Proportion of turnover 2023	Absolute turnover (in € million)	Proportion of turnover 2023
Economic activities								
Transport by personal mobility devices	246	7%	8%	0	0%	0%	246	8%
Transport by light commercial vehicles	103	3%	3%	1,050	32%	33%	1,153	36%
Freight transport	0	0%	0%	793	24%	25%	793	25%
Sorting activities	607	21%	19%	0	0%	0%	607	19%
Real estate activities	0	0%	0%	1	0%	0%	1	0%
Taxonomy eligible activities							2,800	88%
Taxonomy non-eligible activities							365	12%
Total turnover	957	31%	30%	1,844	56%	58%	3,165	100%

Turnover

This KPI covers the external revenue recognised in line with IAS 1 par. 82(a) and therefore reconciles to the 'Total operating revenue' as included in the consolidated income statement. To determine which part of the net turnover was earned by Taxonomy-eligible activities per revenue-generating activity, PostNL assessed to which extent this activity is included in the EU Taxonomy. The turnover considered to be eligible

under the EU Taxonomy almost entirely consists of revenue streams primarily related to collecting, sorting and delivering parcel and mail items. Therefore, the eligible and aligned turnover under the EU Taxonomy is entirely related to these logistic activities. The non-eligible revenue under EU Taxonomy consist of revenue related to the transportation of mail and parcels by air, service provider activities, and the organisation of logistic activities. The allocation of revenue

over the different EU Taxonomy economic activities is based on the relative operational costs of the individual activities. For the full table regarding the turnover, see chapter 21 EU Taxonomy Statement.

The EU taxonomy aligned turnover 2023 is in line with prior years.

PostNL Taxonomy KPI Capex

2022 - 2023

	Aligned activities			Eligible activities but not aligned			Eligible and non-eligible activities	
	Absolute capex (in € million)	Proportion of capex 2022	Proportion of capex 2023	Absolute capex (in € million)	Proportion of capex 2022	Proportion of capex 2023	Absolute capex (in € million)	Proportion of capex 2023
Economic activities								
Transport by personal mobility devices	2	1%	1%	0	0%	0%	2	1%
Transport by light commercial vehicles	0	1%	0%	40	11%	18%	40	18%
Freight transport	0	0%	0%	5	1%	2%	5	2%
Sorting activities	95	47%	43%	0	0%	0%	95	43%
Taxonomy eligible activities							141	65%
Taxonomy non-eligible activities							78	35%
Total Capex	97	49%	44%	45	13%	20%	219	100%

Capital expenditures

This KPI covers the additions to Property, plant and equipment under IAS16, Intangible assets under IAS38, as well as additions (including reassessments) to Right-of-use assets under IFRS 16 (see notes 3.2-3.4 to the Consolidated financial statements for more information).

From the total capital expenditures, it is assessed which portion is Taxonomy eligible by assessing per asset category to which economic activity this asset category relates and to what extent this activity is included in the EU Taxonomy. The capital expenditures that are considered to be eligible under the EU Taxonomy include transport, infrastructure for transshipments (sorting activities) and real estate activities. The non-eligible capex under EU Taxonomy mainly relate to software and other equipment. The aligned capex for activity CCM 6.4 (Operation of personal mobility devices, cycle logistics) of €2 million relates entirely to Property, plant and equipment (PPE). The breakdown of the aligned capex for activity CCM 6.15 (Infrastructure enabling low-carbon road transport and public transport) shows expenditures for PPE of €80 million and for RoU assets of €15 million. For the full table regarding the capex, see chapter 21 EU Taxonomy Statement.

Operating expenditures

For operating expenses (opex), where the operational expenditure is not material for the business model, the EU Taxonomy allows for an exemption (Article 8 Delegated Act Annex I section 1.1.3.2). PostNL is a people driven and asset-light company. The denominator of the total opex in scope for the EU Taxonomy amounts to €59 million, which represents around 2% of PostNL's total €3,087 million operating expenses in 2023. As PostNL applies a materiality threshold of 5%, the relative share of opex in scope of the EU Taxonomy compared to the total operating expenditures of PostNL is deemed not material for PostNL's business model. As a consequence, the amount of eligible opex is exempted from the calculation of the numerator of the opex KPI for the EU Taxonomy and is therefore reported as being equal to zero. For the full table regarding the opex, see chapter 21 EU Taxonomy Statement.

Looking forward to 2024

The current technical screening criteria provide little room for postal operators for making progress in alignment. Detailed analysis and discussions within a working group facilitated by PostEurop shows that meeting certain DNSH criteria is practically and economically unfeasible. Therefore, PostEurop submitted a proposal for postal-specific economic activities and screening criteria to the European Commission via a stakeholder progress on behalf of its members, including PostNL. The aim of this proposal is to set criteria which are suitable in the context of postal business models. Through sector-specific criteria, postal operators in Europe can make meaningful investments in sustainable activities that fit within their business models while at the same time allowing postal companies to achieve higher alignment in its EU Taxonomy reporting.

Financial value

9



Financial value



Financial value

Key performance indicators and trend compared to prior year

Financial results and position

Revenue

in € million

3,165 ↑

2022: 3,144

Financial results and position

Normalised EBIT and margin

in € million and %

92^{2.9%} ↑

2022: 84/2.7%

Financial results and position

Free cash flow

in € million

52 ↑

2022: 40

Financial results and position

Adjusted net debt

in € million

462 ↑

2022: 467

Financial results and position

Dividend per share

in €

0.09 ↓

2022: 0.16

Generate sustainable growth and cash flow

The ongoing challenging macroeconomic and geopolitical environment continued to strongly impact the company. The uncertainty that surrounds macroeconomic developments makes it difficult to determine short-term developments in the e-commerce market, where volume projections are becoming increasingly volatile, both for our customers and thus for us. At the same time, the company continues to deal with additional cost pressures that are mainly related to our main financial risk of total cost of labour, due to a very tight labour market, high levels of sick leave, and rising wages.

PostNL is taking all necessary adaptive measures and is focusing on strict cost control in the near term. The effect of severe inflationary pressure, with organic cost increases of €178 million, was largely offset through €150 million in price increases. In 2022, we announced a reduction of 200-300 staff-function FTEs at our head office and Parcels, and further measures to reduce indirect costs. The FTE reduction plan was finalised during 2023, leading to cost savings during the year of €5 million and we are on track to achieve the expected savings of €25 million in 2024. However, our strategic aims remain unchanged. We remain confident in our longer term strategy and the growth potential of the e-commerce market, and will remain focused on solid cash flow and capital management, smart yield management, operational excellence and cost savings at Mail in the Netherlands.

Our strong focus on capex as well as strict working capital management contributed to a cash flow performance well above our outlook, while we continued to fund further growth of our business.

We aim to capture value through smart yield management, for example by driving value through smart services and delivery options, enhancing pricing strategies based on data and insights, and balancing volumes and value for effective margin management.

We continue to invest in the performance of our operations, both in terms of network capacity, synergies and digitalisation, while enhancing cost efficiency and delivering high-quality services. At Parcels, we worked to balance volume, value and capacity.

At Mail in the Netherlands, our continued focus on cost savings was helped by the optimisation of delivery routes and digital supply chain planning. However, if we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail business need to evolve with this. More information on PostNL's position on the future of Mail in the Netherlands can be found in the 'Current position of Mail in the Netherlands is untenable' box later in this chapter and in the 'Our operating context' chapter.

Our goal remains to provide short- and long-term financial value to allocate our financial resources to optimise our value creation model and to enable our financial stakeholders to obtain an attractive return.

Throughout this chapter we provide detailed insights into how we performed on our strategic objective to generate sustainable growth and cash flow in 2023.

Financial value

PostNL Business performance in € million

2022 - 2023

Year ended at 31 December	Volume		Revenue		Normalised EBIT ¹	
	2022	2023	2022	2023	2022	2023
Parcels	344	343	2,165	2,260	56	47
Mail in the Netherlands	1,884	1,745	1,495	1,373	107	50
PostNL Other			215	245	(80)	(5)
Intercompany			(731)	(713)		
PostNL			3,144	3,165	84	92

¹ Note: Normalised figures exclude one-offs in 2023 €7 million and in 2022 €1,375 million.

Performance summary**Revenue and normalised EBIT**

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

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

Group

In 2023, revenue increased by 0.7% to €3,165 million (2022: €3,144 million). The global macroeconomic and geopolitical environment impacted domestic volumes at Parcels, although international volumes grew strongly, with both Asia and Europe contributing to the result. The ongoing volume decline continued at Mail in the Netherlands. In 2023, 62% of our revenue was generated from e-commerce-related activities (2022: 61%).

In 2023, normalised EBIT amounted to €92 million (2022: €84 million). The resulting margin, being normalised EBIT divided by total operating revenue, was 2.9% in 2023 (2022: 2.7%). Compared to 2022, normalised EBIT increased by €8 million in 2023.

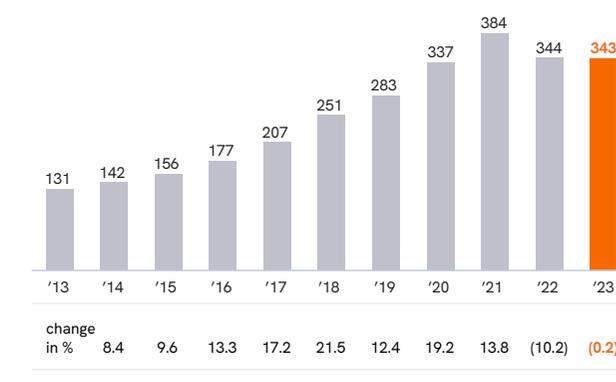
Normalised EBIT in 2023 includes a €178 million organic cost increase, of which around €127 million is explained by pressure on labour costs due to collective labour agreement increases, minimum wage increases and indexation of delivery partners. The remaining €50 million is caused by higher inflation, energy prices and international transportation costs.

Normalised EBIT development in € million

Normalised EBIT excludes exceptional items, which amounted to €(7) million in 2023 (2022: €(1,357) million; the main part of this normalisation is caused by the accounting impact of the amended pension plan). The amended pension plan resulted in a positive impact of €75 million in normalised EBIT, visible in PostNL Other.

Parcels

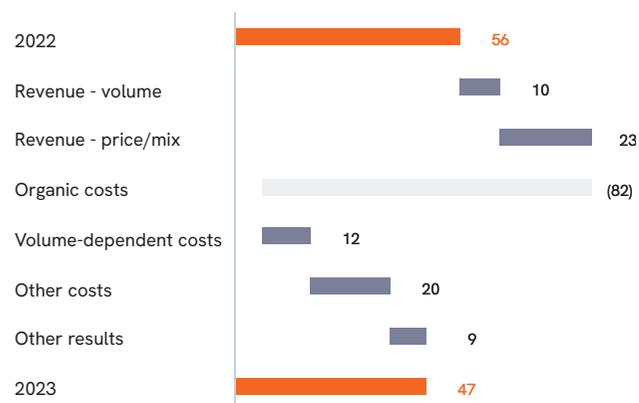
In 2023, we delivered 343 million parcels. There were no Covid-19-related volumes in 2023 (2022: 2 million). This resulted in a (0.2)% volume decline compared to 2022.

PostNL Volume development Parcels in million

Financial value

Revenue grew to €2,260 million (2022: €2,165 million). However, the shift in product and customer mix was unfavourable while prices increased. Revenue at Spring was up, mainly driven by Asia.

Normalised EBIT Parcels in € million



Normalised EBIT decreased by €9 million, from €56 million in 2022 to €47 million in 2023.

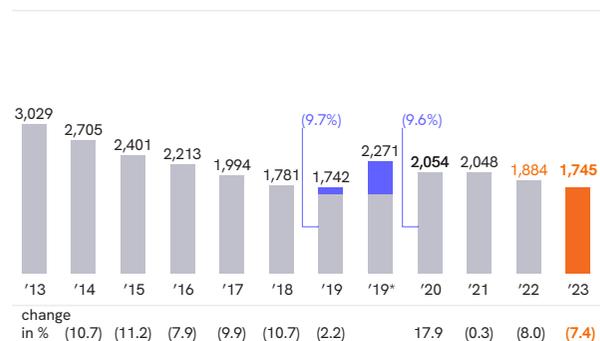
Organic costs increased by €82 million due to collective labour agreement increases, higher wage costs as the minimum wage increased, indexation of delivery partners and higher energy costs. Other costs decreased by €20 million, mainly caused by efficiency improvements.

The other results were €9 million, mainly caused by higher normalised EBIT from Spring, driven by higher revenues.

Mail in the Netherlands

In 2023, we delivered 1,745 million items of mail. This resulted in a reported volume decline of (7.4)% compared to 2022. The underlying domestic and international volumes in 2023, excluding the impact from non-recurring volumes related to Covid-19, decreased by (5.9)% compared to 2022.

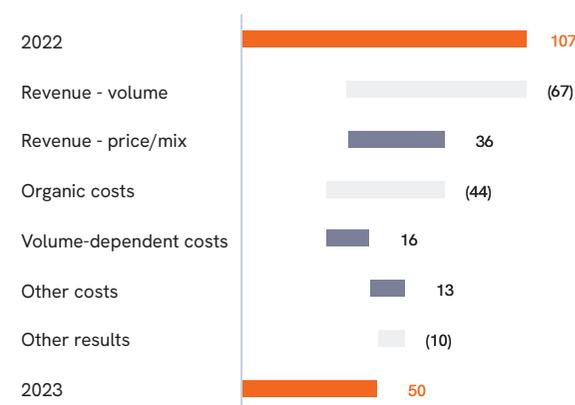
PostNL Volume development Mail in the Netherlands in million



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

Revenue at Mail in the Netherlands decreased to €1,373 million (2022: €1,495 million), mainly showing the impact of the ongoing volume decline in addressed mail. The volume decline, combined with a positive price effect partly offset by a negative mix effect caused by a shift in products, had an impact on the result of Mail in the Netherlands, which amounted to €(31) million.

Normalised EBIT Mail in the Netherlands in € million



Normalised EBIT decreased by €57 million to €50 million (2022: €107 million). The net volume price/mix effect of €(31) million was partly compensated by lower volume-dependent costs of €16 million. Organic costs increased by €(44) million mainly due to collective labour agreement increases, increases to the minimum wage, inflation and higher energy costs.

Other costs improved by €13 million, as cost savings of €39 million were offset by additional costs related to illness rates, staff shortages and some other, partly non-recurring, effects. Other results were down €(10) million, mainly explained by international mail.

PostNL's position on the future of Mail in the Netherlands can be found in the box below and in the 'Our operating context' chapter.

Current position of Mail in the Netherlands is untenable

PostNL is committed to sustaining an accessible and dependable postal network for all residents in the Netherlands, irrespective of their location. Over the last decade we have faced mail volume decline of around 8-10% annually, fuelled by the ongoing rise of digital communication. We also see our customers' needs and expectations changing. Today, far fewer customers require and expect the 24-hour delivery window that was once the industry standard. This situation is not unique to the Netherlands, and various countries across Western Europe have made clear changes to their regulatory service levels, replacing 24-hour delivery targets for consumer mail with 48-hour or even 72-hour delivery targets. Our current network, in relation to customer demand and the costs associated with it, are no longer in proportion to the current and expected 24-hour volume. These trends have led to a sharp autonomous increase in the cost per mail item, which is further raised by the ongoing growth in organic costs in both labour and other operations-related expenditures. At the same time, structural shortages in the labour market mean we are trying to fill over 1,000 mail delivery vacancies that have a direct influence on, for example, quality.

The steps we have taken

PostNL has always successfully taken on the challenge of adapting to changing external circumstances. For more

than 10 years we have deployed a wide range of measures to improve efficiency and cut costs and keep our mail business financially healthy, leading to cost savings of over €500 million. We have also optimised our pricing to stay profitable while taking into account price elasticities. And in 2019 we acquired Sandd, which led to an increase in our volume base, although substitution means volumes have continued to shrink since then. However, further change is necessary. If we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail business need to evolve with this. Without these changes the USO, as of today, and over time the entire mail organisation will be structurally loss-making, which is unsustainable.

How quality is impacted

We see two key structural developments that are impacting the delivery quality of mail.

- It is now extremely challenging to maintain the required very high turnaround times for a rapidly shrinking share of mail items within the 24-hour service level segment.
- The ongoing labour shortage, evidenced by the structurally high number of open vacancies, especially

for mail deliverers in certain areas of the Netherlands, makes it very difficult to maintain the required 95% level for 24-hour mail. However, in 2023 we delivered 96% of mail within two days.

How financial performance is impacted

A combination of external factors is impacting our ability to deliver a sustainable financial performance at Mail in the Netherlands.

- Volume decline.
- The negative mix effect in revenues due to the shift from 24-hour to non-24-hour mail volumes by customers.
- The sharp increase in organic costs per mail item due to a number of factors, including:
 - Cost of labour due to CLA increases, minimum wage increases, and inflation
 - Additional costs to respond to staff shortages
 - Inflation of other autonomous costs.

When taken together, and considering the current regulatory landscape as well as our objective to keep the postal network in the Netherlands accessible, reliable and affordable, these negative impacts can only be partially countered by price increases, cost-saving projects, new ways of working for our people, and reduced overheads.

PostNL Other

Revenue at PostNL Other in 2023 amounted to €245 million (2022: €215 million). This revenue is mainly inter-company revenue related to IT. Normalised EBIT of €(5) million was more or less in line with 2022, when adjusted for the positive impact of €75 million related to the accounting impact of the amended pension plan.

Pensions

Pension expense and regular pension contribution in 2023 each amounted to €92 million (2022: €172 million pension expense; €97 million pension contribution). The switch to a collective defined contribution scheme as at 31 December 2022 is the main reason for the lower pension expense as of 1 January 2023.

Accounting impact of change in pension accounting classification in 2022

The accounting consequence of the amended pension plan was a change from defined benefit accounting to defined contribution accounting per 31 December 2022. The settlement result as recorded in the statement of profit or loss comprised the release of the positive funded status and the reduction of the unconditional funding obligation. As a separate sequential step, the recorded asset ceiling adjustment was reversed within other comprehensive income.

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

Financial income and expense

In 2023, the net financial expense amounted to €2 million (2022: €19 million). The increase of other interest and similar

income of €17 million mainly relates to higher interest on cash and cash equivalents.

Income taxes

In 2023, the income tax expense amounted to €24 million (2022: €21 million, excluding the tax effect on the change in pension accounting classification). The increase of €3 million is predominantly explained by the increase in operating income.

Profit from continuing operations

In 2023, the profit from continuing operations amounted to €54 million (2022: €26 million, excluding the impact of the change in pension accounting classification). On top of the increase in normalised EBIT as explained earlier, the profit of continuing operations mainly includes a better result on financial expenses and income.

Discontinued operations

In 2023, the result from discontinued operations was €1 million (2022: €(11) million). For further details on discontinued operations see note 2.4.3 Profit /(loss) from discontinued operations to the Consolidated financial statements.

Key figures

PostNL Key figures in € million

2022 - 2023

Year ended at 31 December	2022	Change in pension		2023
		2022 excl. change in pension accounting classification	2022 excl. change in pension accounting classification	
Revenue	3,144		3,144	3,165
Operating income	(1,291)	(1,357)	66	84
Profit for the period	(993)	(1,007)	14	56
Profit from continuing operations	(981)	(1,007)	26	54
Total comprehensive income	79	13	66	47
Free cash flow	40		40	52
Return on invested capital			4.1%	5.3%
Adjusted net debt	467		467	462
Consolidated equity	177		177	198

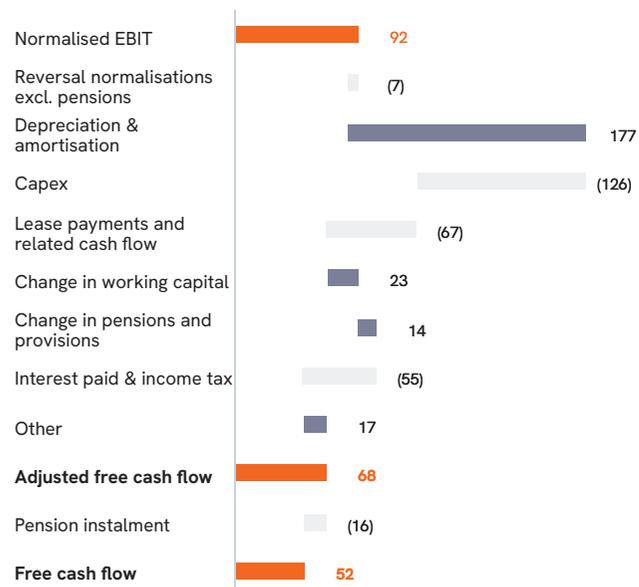
“Our strong focus on capex as well as strict working capital management contributed to a cash flow performance well above our outlook”

Financial value

Free cash flow

Free cash flow in € million

2023



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

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

Our free cash flow increased by €12 million to €52 million in 2023 (2022: €40 million). The strong focus on capex as well as strict working capital management contributed to the cash flow performance.

Return on invested capital

Our aim is to generate a positive spread of the return on invested capital (ROIC) over the post-tax WACC (8.1% for the Group). PostNL defines ROIC as net operating profit less adjusted tax (NOPLAT) divided by invested capital. For 2023, the ROIC for the Group was 5.3% (2022: 4.1%). The negative spread over the WACC in 2023 was (280) basis points. The increase of the ROIC compared to 2022 is for a large part explained by an increase in the NOPLAT. The bond buyback programme of 2023 also had a positive impact of around 20 bps by lowering the level of invested capital.

PostNL Return on invested capital in € million, unless

indicated otherwise

2022 - 2023

Year ended at 31 December	2022	2023
Operating income ¹	66	84
Less adjusted tax	(17)	(22)
Net operating profit less adjusted tax (NOPLAT)	49	63
Total equity	179	200
Adjusted net debt	467	462
Add back cash and cash equivalents	556	518
Invested capital	1,202	1,179
Return on invested capital (ROIC)	4.1%	5.3%

¹ 2022 excluding change in pension accounting classification

Adjusted net debt

As at 31 December 2023, adjusted net debt amounted to €462 million (2022: €467 million). The improvement of €5 million mainly resulted from positive net cash from operating and investing activities of €120 million and a decrease in pension liabilities of €16 million, partly offset by dividend payments of €29 million, new leases of €41 million, new loans related to the building of new Parcels' sorting centres of €25 million and negative net cash from discontinued operations of €16 million. See note 4.1 Adjusted net debt to the Consolidated financial statements for more information.

PostNL Adjusted net debt in € million

2022 - 2023

At 31 December	2022	2023
Short- and long-term debt	745	740
Long-term interest bearing assets	(17)	(15)
Cash and cash equivalents	(556)	(518)
Net debt	172	207
Pension liabilities	18	2
Lease liabilities (on balance)	331	320
Lease liabilities (off balance) ¹	29	9
Deferred tax assets on lease liabilities ²	(83)	(76)
Adjusted net debt	467	462

¹ The lease liabilities (off balance) are the net present value of the Off balance sheet commitments relating to leases from note 3.10 of €10 million (2022: €34 million).

² The deferred tax assets relate for €74 million (2022: €75 million) to on balance lease liabilities, see note 3.8 Deferred income taxes and for €2 million (2022: €8 million) to off balance lease liabilities.

Financial value

Leverage ratio

The leverage ratio, being adjusted net debt divided by adjusted EBITDA, improved from 1.9 in 2022 to 1.7 in 2023, below our target to not exceed 2.0.

PostNL Leverage ratio in € million, unless indicated otherwise

2022 - 2023

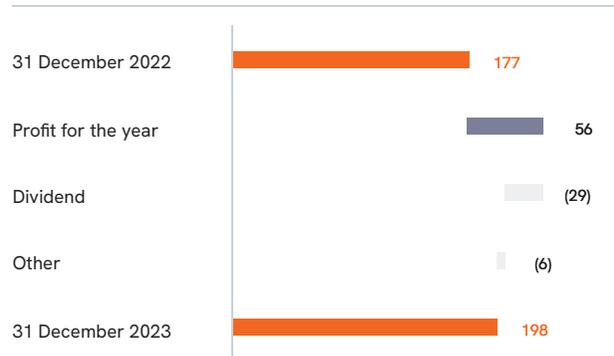
Year ended at 31 December	2022	2023
Adjusted net debt	467	462
Operating income ¹	66	84
Depreciation, amortisation and impairments	156	177
Proxy for short-term leases and leases of low-value assets	4	4
Normalisations on EBIT ¹	17	7
Reversal of normalised depreciation, amortisation and impairments	(0)	(1)
Adjusted EBITDA	243	271
Leverage ratio	1.9	1.7

¹ 2022 excluding change in pension accounting classification

Consolidated equity

Total equity attributable to equity holders of the parent company increased to €198 million at 31 December 2023 (2022: €177 million).

Consolidated equity development in € million



The increase in 2023 is mainly explained by net profit for the year of €56 million, partly offset by the payments of cash dividends of €29 million and other comprehensive income of €(8) million mainly related to a decrease in value of our investment in Whistl.

Liquidity and solvency

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, PostNL attempts to maintain flexibility in funding by keeping available a committed multi-currency revolving credit facility of €200 million, which expires in 2028.

As at 31 December 2023, the company's current assets and current liabilities amounted to €943 million and €1,280 million respectively. The current assets contained €518 million of cash and cash equivalents. This position does not contain any restricted cash. Included in the current liabilities is an upcoming Eurobond repayment of nominal €353 million due in November 2024. Based on its ability to realise its assets and its proven cash flow-generating capability, the company expects to be able to discharge its liabilities in the normal course of business. Should the need arise, the company has (re)financing options available, backed by its committed credit facility of €200 million and an investment grade credit rating.

As mentioned, PostNL has a €200 million revolving credit facility in place. With the facility, PostNL secures the availability of future financing at updated terms and lower costs, in line with its financial policy. PostNL wants to be the driver of sustainable logistics in the Benelux. Therefore, the margin PostNL pays is partly dependent on the successful execution of its emission-reduction strategy. As at 31 December 2023, the committed credit facility of €200 million (maturity date: December 2028) was undrawn (2022: undrawn).

Our current S&P Global Ratings credit rating is BBB with negative outlook. The terms and conditions of PostNL's material long-term and short-term debts, as well as its material drawn or undrawn credit facilities, do not include any financial covenants. There are no obligations to accelerate repayments of these debts and committed facilities in the event of a credit rating downgrade.

Subsequent events

There are no subsequent events to report.

Financial value

Dividend proposal 2023

In 2023, PostNL's normalised comprehensive income amounted to €52 million (2022: €90 million).

PostNL Normalised comprehensive income in € million
2022, 2023

Year ended at 31 December	2022	2023
Profit for the year¹	14	56
Other comprehensive income ¹	52	(8)
Comprehensive income	66	47
Normalisations on EBIT (less statutory tax) ¹	13	6
Normalise result from discontinued operations	11	(1)
Normalised comprehensive income	90	52

¹ 2022 excluding change in pension accounting classification

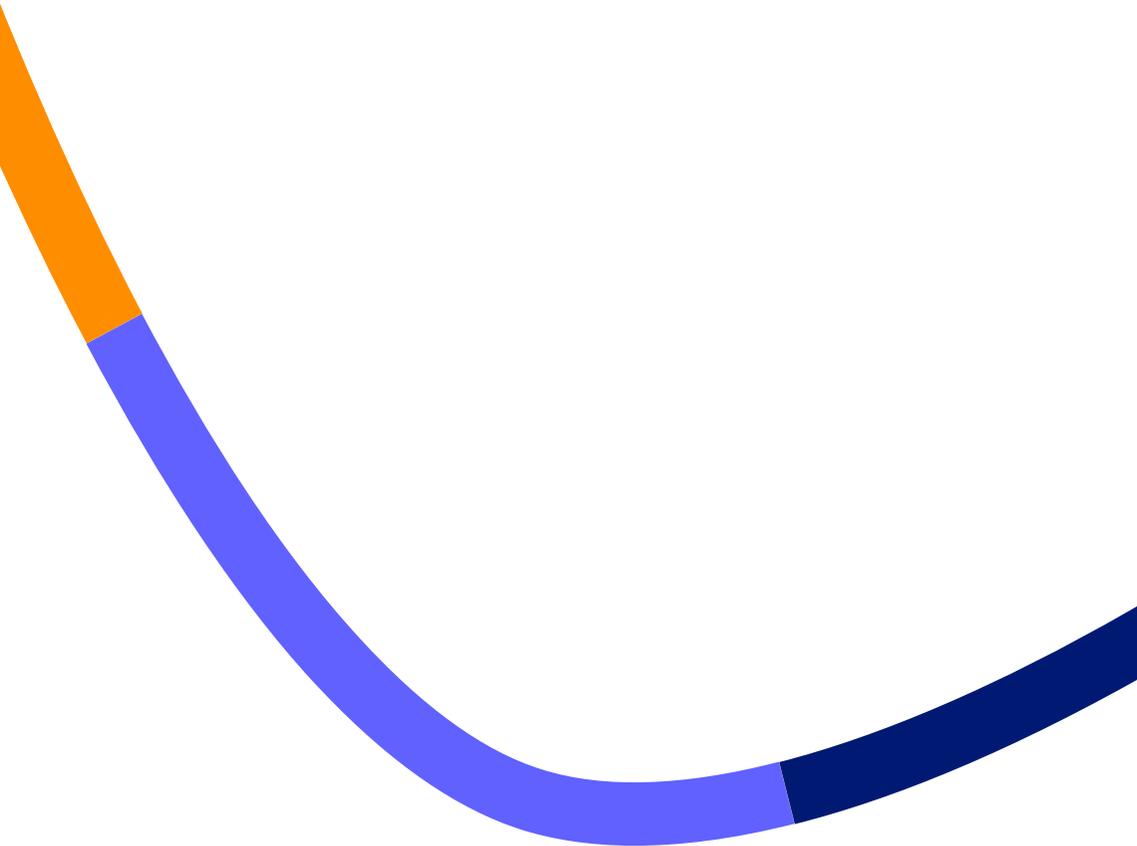
Our dividend policy states that dividend distribution is conditional on being properly financed in accordance with our financial framework. PostNL is steering for a solid balance sheet with a positive consolidated equity, aiming at a leverage ratio not exceeding 2.0 and applying strict cash flow management. This condition was met at the end of 2023. As a result, PostNL will recommend to the Annual General Meeting of Shareholders a pay-out of 80% of normalised comprehensive income for 2023, being a dividend of €0.09 per ordinary share (2022: €0.16). €0.06 was paid as an interim dividend, so the final dividend to be paid in May 2024 will be €0.03 per share. This will be proposed to the Annual General Meeting of Shareholders.

Dividend

PostNL Dividend in € million

	2023
Result attributable to the shareholders	55
Appropriation in accordance with the articles of association:	
Reserves adopted by the Board of Management and approved by the Supervisory Board (article 31, paragraph 2)	(19)
Dividend on ordinary shares	36
(Interim) dividend paid in cash	(21)
Final dividend	15

Outlook 2024



10



External developments, strategy and outlook

We expect 2024 to be another year where consumer confidence remains fragile and parcel volumes changeable, and foresee the market circumstances we witnessed in 2023 continuing. Our expectations on consumer spending and internet penetration remain modest, which we believe will directly impact e-commerce volume growth. At the same time, inflation levels are expected to remain high.

Our focus in 2024 will be on taking measures to improve our short- and long-term financial performance. For our people, we will continue to target motivation and engagement, while aiming to lower the level of sick leave. We will also intensify our efforts to attract and retain motivated people, by providing a safe and inspiring work environment.

With our strategy geared toward capturing growth in e-commerce, we are dedicated to significantly improving margins in our Parcels business over time. And we will make necessary changes in our Mail in the Netherlands business to manage it for value.

Below we outline some of the strategic steps we will take in 2024, the 225th anniversary of when we began proudly providing a critical service to society by connecting senders and receivers, whether individuals or businesses.

Executing on our strategy

Our strategic objective is to deliver distinctive customer and consumer experiences to become the leading e-commerce and postal service provider in, to and from the Benelux. In 2024, we are introducing nine strategic priorities (see visual on the next page) to help support us in achieving this objective.

Parcels

In the e-commerce market, PostNL aims to help its customers grow by offering logistics and other services, providing a

distinctive experience for customers and consumers. With a state-of-the-art network that offers customers high-quality service across the Benelux, we are ideally positioned to drive and capture further e-commerce growth. The aim is to capture further e-commerce growth by balancing volume, value and capacity.

Cross-border initiatives

We will further develop cross-border initiatives to attract volumes by retaining and acquiring e-commerce clients from Asia and Europe. In Europe, for example, we will develop additional propositions, such as expanding fulfilment options for our cross-border clients.

Business customers

We are working to accelerate the success of our e-tailers and will use a targeted approach for the SME segment by scaling new digital services and insights to fuel customers' growth ambitions.

Targeting consumers' needs

The consumer is increasingly front and centre in e-commerce, and they increasingly expect digital alternatives to traditional services, and want greater control over their shipments. In 2024, we will continue to redesign our range of delivery options, such as same-day and Sunday delivery, and aim to expand out-of-home delivery options. For example, we will add parcel lockers across the Netherlands and expect additional third-party operators to begin using our lockers, joining GLS Netherlands, who from March will become the first party to take advantage of this.

Cost control

At the same time, we will implement strict cost control and network rationalisation. For example, by achieving the full €25 million cost savings benefits from the reduction of 200-300 FTEs in overhead, mainly at Parcels, and other measures to reduce indirect costs and improve efficiency, as announced in 2023. And by simplifying and rationalising

products and services by redesigning delivery options, and improving network efficiencies.

Mail in the Netherlands

At Mail in the Netherlands, our focus will be on realising our cost-saving plans and tariff increases. This will be alongside the new programmes we have started to fill as many mail deliverer vacancies as possible.

Changes required for sustainable mail business

Over the last decade we have faced mail volume decline of around 8-10% annually, fuelled by the ongoing rise of digital communication. We are also facing growth in organic costs in both labour and other operations-related expenditures, and we see far fewer customers require and expect the 24-hour delivery window that was once the industry standard. If we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail business need to evolve with this. Without these changes the USO, as of today, and over time the entire mail organisation will be structurally loss-making, which is unsustainable.

As a result, we will start to discuss with the government on changing the postal regulation to enable us to adapt our network. This is required to safeguard a financially viable postal service in the Netherlands, which provides job security to thousands of people, now and going forward. This will also contribute to the profitability of the mail business enabling us to invest in the future of Dutch postal services.

Digital transformation

We will continue with our digital transformation, delivering a distinctive customer experience, driving efficiency, and scaling our platforms and digital business models. We will strengthen our competitive position by building on our platform, integrating customers, consumers and solutions through simple and smart digital journeys that aim to improve customer satisfaction.

The 9 strategic Priorities to achieve our Objectives

Purpose:

“Deliver special moments”



Ambition:

“To be your favourite deliverer”



Strategic Objective:

“Delivering distinctive customer and consumer experience to be the leading e-commerce and postal services provider in to and from the Benelux”



Market strategies

- 1 Win the hearts and minds of the consumer by delivering distinctive consumer experience in the key moments of truth in e-commerce
- 2 Win in the e-commerce market by offering segment specific customer value propositions (CVPs)
- 3 Keep the physical communication medium relevant by offering an optimal price/quality balance

Driving strategies

- 1 Accelerate the digital transformation of commercial and logistics engine to improve customer experience and efficiency
- 2 Lower costs per item while ensuring reliable network performance in e-commerce
- 3 Connecting, developing and scaling new (digital) business models to move up in our value chain

Organization Strategies

- 1 Deliver on our key ESG responsibilities to meet the expectations of all our stakeholders
- 2 Invest in our people to enhance employee engagement and health & well-being
- 3 Drive goal-oriented execution of our strategy to speed up our company

CSRD readiness

In 2022, we began preparing for the introduction of the Corporate Sustainability Reporting Directive (CSRD), which for PostNL takes effect from financial year 2024. In 2024, we will focus on implementation, including closing identified gaps with our current ESG reporting, embedding CSRD into relevant processes, and reporting accordingly in our next Annual Report.

Financial outlook 2024

PostNL acknowledges that the external operating environment in 2024 remains challenging. Overall, organic cost increases will be significant and are expected to be around €155 million, mainly related to rising labour costs. Targeted yield management both at Parcels and Mail in the Netherlands will absorb around €135 million. PostNL assumes €25 million in annualised run-rate cost savings (2023: €5 million) from the reduction of 200-300 FTEs in overhead, mainly at Parcels, and other measures to reduce indirect costs and improve efficiency, as announced last year.

PostNL assumes domestic parcel volume to grow by 2%-4%, in line with market growth. Volumes from international customers are expected to show double-digit growth, driven by Asian web shops. Together, this will result in volume growth at Parcels of between 7% and 10%. Overall, prices will be up, but the development in product and customer mix will continue to put pressure on margins. The focus on strict cost control and network rationalisation will already contribute around €35 million to normalised EBIT.

At Mail in the Netherlands, PostNL assumes a volume decline of between 7% and 9%. PostNL expects to achieve around €40 million in cost savings, based on further adjustments of processes in the current business model.

Capex is expected to be around €110 million, continuing a clear focus on the strategy whilst staying disciplined on cash flow management.

The company aims to pay a dividend that develops substantially in line with operational performance.

For 2024, PostNL assumes:

PostNL Financial performance in € million

2023 - 2024

Year ended at 31 December	2023	2024 outlook
Normalised EBIT	92	80 - 110
Normalised comprehensive income	52	40 - 70
Free cash flow	52	0 - 40

In the next sections we disclose our non-financial outlook for 2024 per value domain.

Customer value objectives

Providing customer value is a key driver within the company, and we believe that in recent years we have demonstrated the many ways we achieve this. We aim to accelerate our customers' success and ensure consumers can count on us by offering the best delivery options and simple and smart digital journeys.

In 2024, we will focus on our three customer value-related key material topics. The first is 'customer experience and digital solutions' where we want to ensure that customers can do business with us simply and conveniently. In 2023 we reported on our NPS performance for the first time, and our 2024 outlook is to maintain our average number one position in our relevant markets. The second is 'e-commerce growth', where we aim to capture further e-commerce growth by balancing volume, value and capacity. We have set a parcel volume growth outlook of between 7% to 10% for 2024. The third is 'accessible, reliable and affordable services', where a delivery quality of Parcels of 98% is our marker. As the main driver for improving the delivery quality of Mail in the Netherlands, we will continue to focus first and foremost on the annual net inflow of mail deliverers. These objectives contribute to our ambition to be everyone's favourite deliverer.

Social value objectives

We expect the tight labour market to continue during 2024, making it challenging to hire sufficient people in certain parts of the company, particularly mail deliverers. It remains crucial to attract, develop and retain the people working with and for us. Our people's engagement will remain a key focus area in this respect. At the same time, changes to the minimum wage in the Netherlands are expected to result in substantially higher wages being paid in 2024 compared to 2023.

In 2024, we will concentrate on three social value-related key material topics. The first, 'people attraction, development and retention', will involve further strengthening engagement with our people across the company, making our people feel motivated about the vital role they play at PostNL, and remaining committed to making a difference. We have set our outlook on employee engagement at a score between 64% and 67% for 2024. The second is 'health, safety and well-being', where we want to maintain a safe and inspiring work environment, and aim to visibly improve our absenteeism rate from 7.7% in 2023 to 7.0% in 2024. We will continue to introduce a number of initiatives to help lower our absenteeism rate. The third is 'diversity, equality and inclusion', and we will continue to promote diversity and inclusion across the company and beyond.

Environmental value objectives

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

For 2024, our plans translate to a CO₂ efficiency (for our own operations) of 126 gr/km and a share of emission-free delivery of parcels and mail in the last-mile in the Benelux at 28%. We will continue to focus on the electrification of our fleet, and will make additional steps forward in areas such as charging infrastructure. In 2023, we submitted updated ambitious emission reduction targets to the Science Based Targets initiative (SBTi). Due to a submissions backlog at SBTi, we do not expect to have our new targets validated until the second quarter of 2024. And from 2024, we will no longer use large-scale carbon offsetting, but instead will make more effective investments to make our company more sustainable.

The following table summarises our non-financial key performance indicators' actual results for 2023 and outlook for 2024.

PostNL Non-financial performance as indicated

2023 - 2024

Year ended at 31 December	2023	Outlook 2024
	Average No.	Average No.
	1 position in	1 position in
	relevant markets	relevant markets
Net Promotor Score		
Parcel volume growth	(0%)	7% - 10%
Delivery quality Parcels in NL	97%	95% - 98%
Share of engaged employees	68%	64% - 67%
Absenteeism	7.7%	7.0%
CO ₂ efficiency in grammes per km	136	126
Emission-free last-mile delivery	24%	28%

Risk and opportunity management

11



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

Risk and opportunity management approach

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

Introduction to risk and opportunity management

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

Understanding strategic, operational, compliance, financial and reporting risks is a vital element in our management decision-making process. Our risk management and control systems are designed to reduce the likelihood of errors, incorrect decisions and unforeseen circumstances as much as possible. They provide reasonable, but not absolute, internal assurance against material misstatement or loss. Management of the business segments and head office departments are responsible for the effectiveness of the local risk management and opportunity process, including

timely identification and assessment of significant risks and the development of appropriate risk response plans.

Risks and opportunities are identified in our structured risk management process by means of both a bottom-up (line management) and a top-down (executive management) approach, covering the entire business. For those risks deemed material, management develops and reviews comprehensive risk-response plans. When management decides to mitigate a risk by implementing an internal control, these controls are formalised in our internal control framework and assessed regularly by means of internal control management self-assessment. For the related opportunities, line management is required to develop comprehensive action plans.

All business segments and head office departments are engaged in this company-wide risk management process, which includes:

- Mandatory participation in risk management workshops by relevant management team members
- Assessing risks on impact, likelihood of occurrence and control effort
- Developing appropriate risk response plans, including risk mitigating actions for the significant risks in the outcome of the entity risk assessment
- Inclusion of the key mitigating risk actions in the internal control framework, including management self-assessment
- The key compliance risks identified in the risk workshops are covered by our compliance risk management system
- Mandatory e-learning on integrity for management.

We have built a comprehensive portfolio of Group policies and controls, ensuring discipline in our business processes. These support the Board of Management in its statutory and fiduciary obligations to stakeholders in developing and achieving its strategic, operational, compliance, financial and reporting objectives.



The Board of Management and the Supervisory Board monitor the effectiveness and efficiency of the enterprise risk management and internal control framework. They are supported by Internal Audit.

We are making improvements to our risk management and control systems on a continuous basis, and for the coming year these improvements are mainly related to the implementation of the CSRD standards, along with the associated reporting requirements, where a focus is placed on how we manage our sustainability risks. Additionally, in 2024 we will explore how we can best integrate the Double Materiality Analysis (DMA) process into our current ERM process.

Risk appetite

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

The risk profile is compared with PostNL's established risk appetite after each risk management workshop. Where there is a difference between the actual risk level and the risk appetite bandwidth, management is required to initiate an action plan. The risk appetite is discussed with and endorsed by the Audit Committee.

In 2023, we began defining our risk appetite 'per risk' instead of 'per risk type'. When determining this, we have taken into account factors such as geopolitical uncertainties, the tight labour market, and economic rationalisation.

Risk appetite

Behaviour towards risk

← Low Prudent Balanced Considerable High →

Averse Prudent Balanced Considerable Seeking

Strategic risks					
We aim to deliver on our strategic ambitions and priorities and are willing to accept balanced to considerable risks to achieve this.					
• Competition	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○
• Geopolitical tension and CBS growth	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○
• Climate change	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○
• Implementation of strategic change projects	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○
• Sustainable financial situation MailNL	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○
• Network capacity and flexibility	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○	○ ○ ○ ○ ○
Operational risks					
We face operational challenges which require an appropriate level of management attention. The overall objective is to avoid risks that could negatively impact our aim to achieve operational effectiveness and efficiencies.					
• Employee attraction, development and retention	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ● ● ● ●	● ○ ○ ○ ○	○ ○ ○ ○ ○
• Execution of cost-saving initiatives	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○	○ ○ ○ ○ ○
• Availability of energy resources	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○	○ ○ ○ ○ ○
• Information technology and cybersecurity	○ ○ ○ ○ ○	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○	○ ○ ○ ○ ○
Compliance risks					
We strive to be fully compliant with our business principles as well as national and international laws and regulations in relation to the markets in which we operate and we do not accept deviations.					
• Supply chain accountability	○ ○ ○ ○ ○	○ ○ ● ● ●	● ● ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
• Legal and regulatory developments	○ ○ ○ ○ ○	● ● ● ● ●	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
Financial risks					
Our financial strategy is focused on a solid financial position and creating long-term value for our shareholders. Our aim is to have a leverage ratio of adjusted net debt / EBITDA not exceeding 2.0 and only accept risks that do not threaten this.					
• Total cost of labour	○ ○ ○ ○ ○	○ ○ ● ● ●	● ● ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
• Liability for loss or damage	○ ○ ○ ○ ○	○ ○ ● ● ●	● ● ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○

Sensitivity analysis

Strategic, operational, compliance, financial and reporting risks could impact our revenue. Therefore, we have analysed the sensitivity of our normalised EBIT for changes in our revenue and different cost items. The table below illustrates the impact a single percentage point change would have in million euros.

The first part of the table highlights sensitivity to a change in revenue development for PostNL as a whole, comprised of the segments Parcels and Mail in the Netherlands. Revenue growth at Parcels is mainly driven by year-on-year e-

commerce growth, while revenue development at Mail in the Netherlands is mainly driven by year-on-year substitution of traditional mail to digital communication, partly compensated by price increases.

Given the expected further decline of our mail business and continued growth of e-commerce, we expect that sensitivity for e-commerce revenues will gradually increase in the coming years.

The second part of the table gives the sensitivity on several cost lines. Due to the cost structure of PostNL, the sensitivity for labour costs and work contracted out is substantially higher compared to the sensitivity on depreciation and cost of materials. Given the expected revenue increase, we expect all cost sensitivities to increase in the coming years.

PostNL Sensitivity analysis in € million

2022, 2023

Driver	Change	Impact on	2022	2023
Revenue Parcels	+/- 1%	Revenue	19	20
Revenue Mail in NL	+/- 1%	Revenue	12	12
Total revenue PostNL	+/- 1%	Revenue	31	32
Cost of materials	+/- 1%	Normalised EBIT	1	1
Work contracted out and other external expenses	+/- 1%	Normalised EBIT	16	16
Salaries, pensions and social security contributions	+/- 1%	Normalised EBIT	11	11
Depreciation, amortisation and impairments	+/- 1%	Normalised EBIT	2	2

Internal control framework

Senior management is accountable for the effectiveness of the internal control environment within their area of responsibility and are required to perform self-assessments on the design and operating effectiveness of our internal control environment. This is regularly measured and monitored by the Risk Management and Internal Control department (RMIC), and the results are discussed in the Internal Control Committee (ICC) meetings.

The ICC is composed of the CFO, the director Audit & Security, the director Group Finance, and the director Accounting & Reporting. The external auditor also attends the ICC meetings. The ICC met five times in 2023. Risk management and internal control reports are discussed with the Board of Management and the Audit Committee of the Supervisory Board. As part of this process, management is required to follow up on risks deemed to be inadequately mitigated by internal controls. In some cases, this may require additional actions, including performing and evaluating compensating controls and activities, to reduce the risks of a misstatement in the financial and non-financial reporting.

In 2023, we continued to invest in improving the design and effectiveness of our internal controls related to both financial and non-financial reporting, aiming for a good balance between preventive and detective controls. We are

satisfied that the number of IT-related controls we can rely on increased in 2023. These relate to application controls, interface controls, and IT-dependent manual controls. In 2024, we will extend the use of IT-related controls to other risk processes for a more robust and mature internal control framework. In addition, the implementation of SAP4Hana, an ERP system, will influence numerous IT automated controls in our IC framework. RMIC will collaborate with the business to evaluate the need for new controls and the implications of these changes on the existing automated control design.

We have conducted comprehensive maintenance activities as part of our ongoing commitment to enhancing our privacy framework, initially implemented in 2018. These activities included a baseline assessment by management to ensure the accuracy and completeness of the processing activities recorded in our central OneTrust register. Additionally, for high-risk processing activities, we conducted a Data Protection Impact Assessment (DPIA). In 2024, we will continue to refine and optimise our privacy framework.

For 2024, our key focus will be on implementing CSRD which may require new or revised internal controls. We will continue to optimise the existing controls related to the identified material topics, their associated (K)PIs and other disclosures that are required under the ESRS standards.

Main risk events

We identify main risk events as specific scenarios or occurrences that could trigger those risks identified in the risk assessment. In the 'Our Operating Context' chapter, we identify and describe the external developments that had the greatest impact on PostNL in 2023, which were challenging geopolitical and economic developments and the tight labour market. These key risk events adversely impacted our performance and led to a strategic focus on reducing operational costs, adapting our network capacity, and managing our staffing capacity, which we outline below.

Reducing operational costs

Rising inflation led to cost increases in areas such as salary expenses, which we were not fully able to absorb through regular price increases. At the same time, rising energy and other costs made the transportation of goods more expensive. To help counter this, we are taking all necessary adaptive measures and implementing cost control measures across the organisation. During the year, this included implementing a reduction of 200-300 staff-function FTEs at our head office and Parcels, which we will finalise in 2024 with the desired €25 million - €30 million in cost savings. At Mail in the Netherlands, we continued to optimise our delivery and sorting process and extended efficiencies across delivery routes, both of which will help to reduce costs and boost efficiency. However, if we want to keep mail reliable, accessible and affordable for everyone in the Netherlands, we need to look at changes to the current service framework, and both the universal service obligation (USO) and the entire mail business need to evolve with this. More information on PostNL's position on the future of Mail in the Netherlands can be found in the 'Our operating context' and the 'Financial value' chapters.

Adapting our network capacity

One of the consequences of the challenging macroeconomic situation was reduced consumer confidence, which meant

e-commerce growth domestically was below expectations in 2023. We had to continuously align our network capacity with volumes throughout the year, within the constraints of a tight labour market. Volume seasonality, with extreme peaks in the build up to and during the Black Friday to New Year period, means our network needs to be highly flexible. To deal with these changes, we continued to adapt distribution routes and scaled back operations across our sorting centres, helping to safeguard customer and consumer service levels.

Managing our staffing capacity

The labour market in the Netherlands remained tight in 2023, with an ageing population, greater segmentation in the labour market, and a higher percentage of the population that works part-time as the key causes. While this made it difficult for us to recruit in some regions, with Mail in the Netherlands particularly badly affected, we introduced a number of initiatives across the company to target new employees and keep existing ones, including offering more flexible working hours, broadening our recruitment campaigns, and offering a starter's premium.

More information on these topics can be found in the 'Customer value' and 'Social value' chapters of this Annual Report.

Main risks and opportunities

Strategic risks and opportunities

PostNL Strategic risks and opportunities

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
Competition	Financial performance and position	● ● ●	=	Pressure on market share, volumes and pricing impacting revenues and profitability	<ul style="list-style-type: none"> Outperforming market with high delivery quality and network coverage Investments in Digital and initiatives to increase our customer satisfaction As a company, we invest in the 'Special Moments Fund' and sports sponsorship, which also contributes to branding
Geopolitical tensions and CBS growth	Financial performance and position	● ● ○	↑	The significant growth of international customers through Spring, a provider of global e-commerce solutions, elevates PostNL's geographic risk exposure, particularly regarding international regulations, market volatility, and the increasing dependence on the China-Europe trade lane, potentially impacting financial performance and customer concentration risk.	<ul style="list-style-type: none"> The development of new markets in Asia Targeting of new major customers in China Further growth of our business in (Eastern) Europe and Canada/USA Diversification and reduced dependency on Benelux market.
Climate change	Climate change	● ● ●	↑	Failure to achieve our long-term carbon emission reduction goals can have an adverse impact on our licence to operate, reputation and financial performance	<ul style="list-style-type: none"> Providing innovative solutions to help logistic partners (outsourced transport) accelerate towards low carbon operations through value chain collaboration Influence policymakers to make more subsidies available to achieve our sustainability goals more quickly The acceleration of emission-free city logistics creates potential to help other, less well-prepared parties, with logistic services in zero-emission zones in cities
Implementation of strategic change projects	Customer experience and digital solutions	● ● ○	=	Delay in digital transformation and achieving our business objectives due to challenges executing a broad range of large change projects at the same time. This may impact our medium-term targets on customer experience and operational efficiency	<ul style="list-style-type: none"> Strengthening our governance, capabilities and investments in digital domain as foundation for acceleration of our digitalisation Solid prioritising initiatives to shorten time to market of relevant changes through our agile operating model and customer journey factory

Risk and opportunity management

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
Sustainable financial situation MailNL	Accessible, reliable and affordable services	● ● ●	↑	Acceleration of decline in physical mail impacting revenues, combined with significant labour cost increases and tight USO requirements on service levels including next day delivery impacting operating expenses, has a noticeable impact on the profitability of MailNL, and as such on the sustainable financial situation of MailNL.	<ul style="list-style-type: none"> • Demonstrating the value of physical mail as relevant communication channel for customers; Stimulate growth in letterbox packages • Ongoing cost reductions within the regulatory framework • Our product pricing in accordance with USO regulation results in annual tariff adjustments, which partially offsets the impact of volume decline on revenue
Network capacity and flexibility	Customer experience and digital solutions; Accessible, reliable and affordable services	● ● ○	=	Network not flexible enough to scale up or down swiftly enough in response to increase/decrease in volumes, which imposes higher risk of operational failures, inefficiency, higher costs and a decrease in customer satisfaction which may have an impact on our competitive position.	<ul style="list-style-type: none"> • Creating flexibility in our network capacity enabling us to scale up or down swiftly in response to market volatility to safeguard customer and consumer service levels • Collaborating closely with e-commerce partners and customers to manage volume expectations and optimise operational volumes during peak periods can lead to improved customer satisfaction and potentially increased market share.

Risk description

Competition

Competition continues to put pressure on our market share, volumes, and prices in e-commerce-related activities, which could have an adverse effect on revenues and profitability. Our delivery quality levels, which are critical drivers of our success, are strongly affected by the tight labour market. If our competitors overtake our lead in delivery quality and customer satisfaction decreases, it could have significant implications for our market share. Additionally, there is a risk of losing customer volume due to dual vendorship, whether this arises from an inability to guarantee the requested capacity or not. In the competitive landscape, three main areas relate to developments by established logistics players:

- New entrants with significant funding are entering the traditional market with innovative, digital and data-driven business models, to attract both smaller and larger customers
- Large platform businesses are becoming more dominant leading to concentration of volumes and increased purchasing power
- Value chain integration is developing rapidly, enabling parties to offer distinctive customer experiences.

Geopolitical tensions and CBS growth

The robust growth of international customers through Spring, a provider of global e-commerce solutions, increases PostNL's geographic risk profile, particularly due to heightened exposure to international regulations and market volatility. As Spring becomes a larger part of our revenues, factors such as political instability abroad, customs complexities, sanctions legislation, and currency fluctuations have a greater impact.

One concern is the growing dependence on the China-Europe trade lane, increasingly impacting our financial performance (both in terms of balance sheet and P&L). The market growth in international parcel deliveries further exposes us to Chinese regulatory requirements and heightens our dependence on a select group of key accounts, which may lead to an increased risk of client concentration.

Response

Mitigation

- Margin management, efficiency improvements, leveraging from economies of scale
- Accelerating our digital transformation, redesign of our customer journeys with a standardised methodology, and further improving sustainability across the company to improve NPS
- Multiple commercial initiatives, including service-level differentiation, (new) products and pricing, and quality improvements in relation to network coverage and operational excellence
- Be even more customer centric in improving our business by ensuring flexibility during the peak season, thereby safeguarding customer and consumer service levels
- Establishing collective labour agreements with robust wage structures, including monitoring of delivery partners' rate setting.

Further information regarding competition can be found in the chapter '[Our strategy](#)'.

Mitigation

Our de-risking strategy involves diversification, spread across different countries in Asia to minimise concentration risk, regularly assess potential threats, and implement measures to mitigate them. Stay informed about market trends, geopolitical developments, and emerging risks to make informed decisions. Additionally, we mitigate risk by expanding our footprint in both Europe and Asia to make us less dependable on China - EU flows.

Further information can be found in the chapter '[Our strategy](#)'.

Risk description

Climate change

The growth of our business not only means we require more energy for our buildings and transport, it also places greater urgency on reducing our greenhouse gas emissions. We have set ambitious targets towards 2030 to significantly decarbonise our business and have identified three key risk factors that could impair our ability to meet these targets.

- a. Our dependency on reducing the emissions of outsourced transport, which accounts for a significant percentage of our transport activities
- b. Our dependency on technological innovations, such as the availability of zero-emission or low-carbon vehicles, and the availability of the required (electric) charging infrastructure and energy
- c. The agility of our logistics business model, particularly at Parcels. Not being able to adapt our business and operational model in a commercially viable way in time to meet the increasing climate-related expectations of customers and society in general will negatively impair our reputation and financial performance. This could lead to a loss of revenue based on customer decisions and increased costs due to expensive investments or carbon taxes. Additionally, our ability to align the progress and advancements we make in sustainable practices with the societal perception of visible sustainability is crucial to avoid disconnect and further uphold our reputation and financial performance.

Sustainable financial situation at Mail in the Netherlands

The ongoing trend of increased digital communication in society is leading to continuing decline in the physical mail market. Substitution, coupled with an acceleration in cost development, is impacting our revenue and profitability. As the universal service provider (USP) under the universal service obligation (USO), it is becoming infeasible to meet the stringent USO requirements with the corresponding necessary fixed costs, while ensuring that the network is profitable. It is important to adjust our whole postal network to the market circumstances. As a result, we will start to discuss the future USO with the ministry of 'Economische Zaken and Klimaat' (EZK).

Response

Mitigation

- Executing and refining our concrete action plan in the short, medium, and long term, including delivering all parcels and letters emission-free in the last mile in the Benelux region by 2030 and becoming net zero by 2050., focusing primarily on the transition towards an electric fleet and renewable fuels and energy as a transitional measure to cut carbon emissions
- Realise network efficiencies through innovative solutions to cut the number of kilometres we travel, and become less carbon intensive in our operations
- Working together with customers on reducing greenhouse gas emissions in the value chain, for example by focussing on creating a more equal flow in both transport and last-mile delivery and developing solutions for sustainable packaging
- Engaging with delivery partners on awareness, strategy on mutual objectives, financial incentives to help transition to an electric fleet, and ensure sufficient charging infrastructure
- Use sustainable finance to fund our environmental investments
- Continue to enhance the climate impact and energy efficiency of our buildings and facilities to reduce our emissions.

More information on our climate change performance can be found in the '[Environmental value](#)' chapter.

Mitigation

- Taking commercial initiatives to slow down or adapt to substitution, for example by introducing a range of new services and solutions, and the rationalisation of existing services, service levels and solutions
- Marketing the value of physical mail, for example by helping e-commerce players discover the power of physical direct mail
- Adapting our operational business model to become more flexible in our response to further volume decline and (labour) cost increases
- Reassess the service levels we offer under the current USO.

More information can be found in the '[Our operating context](#)', '[Customer value](#)' and '[Financial value](#)' chapters.

Risk description

Implementation of strategic change projects

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

Implementing strategic changes requires us to focus on effective stakeholder and project management so that we can adequately prioritise the allocation of resources.

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

Network capacity and flexibility

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

Response

Mitigation

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

Mitigation

- Effective management and coordination of our network access to prevent operational congestion. This approach enhances our capability to preserve network integrity and consistently deliver a relatively high-quality service
- PostNL regularly adjusts its network capacity to the projected and (where possible) actual volume developments within the limits of a tight labour market. The necessary flexibility for peak season will be maintained to safeguard customer and consumer service levels
- Collaborating with customers and partners in the e-commerce value chain to manage volume expectations and to manage the peak moments in our operational volumes
- We are developing additional capabilities to more rapidly and precisely adjust our network capacity to changes in demand. Reducing the critical path in lead time for scaling up and down is essential to follow volume developments.

Operational risks and opportunities

PostNL Operational risks and opportunities

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
Employee attraction, development and retention	People attraction, development and retention; Health, safety and well-being	● ● ●	↑	The tight labour market, high turnover rates, and human rights' concerns among delivery partners pose risks to PostNL's ability to attract and retain qualified personnel, potentially impacting employee well-being, safety, and overall service quality. A lack of motivated employees due to a tight labour market and/or not being an attractive employer.	Strengthen employee branding of PostNL by promoting the company as an attractive employer and as a diverse global company. Improving employee satisfaction and well-being Increased productivity and stronger corporate image
	Execution of cost-saving initiatives	● ● ●	=	Unsuccessful or delayed cost-saving initiatives, impairing cost savings and employee engagement	Use our experience in realising cost savings as example for implementing other similar initiatives Job mobility opportunities from Mail in the Netherlands to Parcels and vice versa
Availability of energy resources	Customer experience and digital solutions; Accessible, reliable and affordable services	● ● ○	=	High prices and scarcity of energy resources leading to unavailability may impact the quality and continuity of our business processes, our cost effectiveness and our reputation	Price advantage by buying energy on the futures market PostNL contributes to a social goal when becoming more sustainable Less consumption and more self-generation lead to less dependence on the volatile energy market and energy infrastructure
	Information Technology and Cybersecurity	Customer experience and digital solutions; Data security and protection	● ● ○	=	Ineffective IT management systems leading to issues in e.g., availability, integrity, and confidentiality may impair the quality of our business processes, cost effectiveness and/or reputation

Risk description

Employee attraction, development and retention

People are at the heart of the services we provide to our customers. The labour market has become extremely tight, in both our operations and specialist functions. Employee turnover rates are relatively high compared to other sectors, while the reports of alleged human rights breaches, despite mutual agreements with delivery partners (such as a lack of fair remuneration for employees in the chain), may also negatively impact the reputation of PostNL as an attractive employer. These factors impose risks for PostNL in attracting, developing and retaining qualified personnel. In a difficult contest for employees in our markets, it is important to be distinctive and attractive as an employer.

To maintain and enhance the highest level of physical, mental, and social well-being of our employees, we are dedicated to creating a workplace that protects our people's health and safety, with a focus on preventing work-related injuries and illnesses. Occupational safety remains a critical priority for us. Insufficient attention to working conditions and adherence to safety standards may result in unsafe work environments, a risk that we are proactively addressing. Additionally, the tight labour market has led to increased workloads and decreased job satisfaction among employees in certain sectors of the organisation, thereby heightening the risk of increased absenteeism. This rise in absenteeism can have a direct impact on our productivity and the quality of service in both Mail in the Netherlands and Parcels, and, over the long term, affect our corporate culture. The absenteeism percentage rose to 7.7% in 2023 (2022: 7.4%), exceeding the broader trend observed in the Netherlands.

Execution of cost-saving initiatives

Due to market decline in our Mail in the Netherlands business and flattening volume growth in parcels, realising cost savings is one of the key elements for a sustainable business performance. Examples include streamlining our workforce, enhancing the efficiency of our infrastructure, and reducing overhead costs. Delays in, or ineffective execution of, cost-saving initiatives could lead to inefficiencies, negatively impacting the quality of our services as well as impacting employee motivation levels. Also, for MailNL it is more and more difficult after all the optimizations to find sufficient cost savings. These may result in lower profitability, cash flow and damage our reputation.

Response

Mitigation

- Innovation through online recruitment techniques and continuously improving the employee experience, for example by investing more in employer branding in addition to recruiting for individual jobs
- Prioritising the safety and well-being of people more effectively in challenging times, thereby demonstrating the care we have for our people, by continuing to invest in training and health and safety measures. Our certified ISO:45001 management system helps us with the structured management of the health and safety of people working with or for us. This includes identifying and following up on areas for improvement
- To increase PostNL's attractiveness as an employer, we are investing in recruitment campaigns for potential employees, as well as retraining, retention, and development of our current staff.

More information on these and similar initiatives can be found in the '[Social value](#)' chapter.

Mitigation

- Cost-savings projects are executed via enhanced programmes and are monitored continuously by a transformation office
- Mechanisms to adjust to changing circumstances have been implemented and are reviewed periodically. Execution via pilots and in close collaboration with the Works Council enables smooth implementation on a larger scale
- Digitise our core logistics process and systems as well as our commercial processes, where this helps to improve our business in the short term, and invest for the longer term, as long as the pay-back period is less than three years.

Additional information on these initiatives can be found in the '[Customer value](#)' chapter.

Risk description

Availability of energy resources

The risk of disruption due to high prices and/or scarcity of energy resources may impact the quality of our business processes, cost effectiveness and/or reputation. Fuel and energy represent a substantial expense for our company and is an important aspect of our logistical operating model. Network congestion in the Netherlands may lead to delays in the transition towards an electric fleet, as the necessary charging infrastructure may not be placed in time across the entire country. The added complexity and uncertainty associated with the climate-related changes may affect our operational, sustainability and financial performance through higher than anticipated organic costs and/or scarcity of energy resources.

Information technology and cybersecurity

In an increasingly data-driven and digitised world, PostNL recognises the growing dependency on information technology (IT) and data-driven strategies to maximise customer benefits and logistics optimisation. Threats to the availability, confidentiality or integrity of our IT networks, systems or (customer) data caused by IT disturbances, cyberattacks or lack of appropriate security and infrastructure measures may disrupt our business activities, thereby affecting our ability to provide our services as required and to the high quality levels we demand. They may also result in the loss or theft of customer data, material cost increases, penalties, as well as damage to our reputation.

As a logistics company, we use logistics optimisation/ prediction models, applying techniques including artificial intelligence, machine learning and robotics. These models contain personal and sensitive data, which inherently carries the risk of insufficient protection against data breaches or unauthorised access, posing a threat to privacy. Such breaches have the potential to not only result in legal sanctions and financial losses, but also to damage our reputation and the trust relationship with our customers. It is critical to continuously evaluate and improve our data privacy protocols and security strategies to meet both legal requirements and the ethical expectations of our stakeholders.

Response

Mitigation

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

Mitigation

- Professional and dedicated IT and cybersecurity management at Group level supported by de-centralised cybersecurity coordinators on all relevant IT systems used by PostNL, including continuous improvement based on issues identified and IT and cyber-related developments
- Improvements in our data management based on monitoring and steering by our Data Governance board
- Evaluating and improving the resilience of critical applications based on frequent measurements and testing against stringent criteria, and implementation of action plans to keep our applications up to date
- Continuing to phase out legacy systems to improve the overall stability of IT applications and infrastructure.

Compliance risks and opportunities

PostNL Compliance risks and opportunities

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
Supply chain accountability	Business conduct; Human rights and labour practices; Data security and protection	● ● ○	==	Working with third-party suppliers poses supply-chain accountability and operational risks, including legal disputes, fines, and reputational damage, while outsourcing IT and cloud-based technologies also heightens cybersecurity, data security, and system reliability risks.	Strategic Partnerships: Leveraging expertise and innovation from quality suppliers IT Security: Strengthening protections against IT breaches
Legal and regulatory developments	Business conduct; Accessible, reliable and affordable services	● ● ○	==	Non-compliance with current or inadequate adaptation with future laws and regulation adversely impacting business operations, our reputation and on our financial performance	Continuing management focus on understanding and implementing new and revised regulatory requirements and anticipating on potential impacts Continuous dialogue with governmental and non-governmental stakeholders about compliance requirements to manage our compliance effectively

Risk description

Supply chain accountability

Working with third-party suppliers to deliver products and services to our customers entails supply chain accountability with corresponding risks. Our company could potentially face accountability for regulatory non-compliance by our suppliers, including in some cases their failure to comply with labour laws, environmental standards, transport safety regulations, or ethical guidelines. This could result in legal disputes, fines, and damage to our reputation, potentially undermining the stability and trust in our company.

Outsourcing these services not only introduces significant compliance risks but also operational risks. Disruptions or inefficiencies in the supply chain, resulting from the suboptimal performance of these external entities, can potentially negatively impact our delivery quality and customer satisfaction. This risk is particularly evident in three sectors: delivery partners, IT services, and staffing agencies. Finally, reliance on outsourced IT and cloud-based technologies impacts risks related to cybersecurity and data security, system reliability, and potential breaches.

Legal & regulatory developments

Regulatory requirements are increasing and becoming more complex in the markets we operate in. These regulations cover a broad range of topics, including postal law, transport and safety law, competition law, regulation related to dangerous and prohibited goods, customs regulations, labour practices, data protection and privacy, and environmental standards.

In relation to our responsibilities as the universal service provider (USP) under the universal service obligation (USO), changes to the postal law (which are in development) and the ruling on the Sandd takeover may lead to additional operational costs. It may also impose additional legal and administrative costs.

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

Response

Mitigation

- We are modifying contracts with staffing agencies to include a 'right to audit' clause, for regular monitoring and assurance of compliance with labour conditions and compliance requirements
- New due diligence process for delivery partners to thoroughly assess their operational and compliance capabilities
- Management of cloud suppliers through robust assessments based on a strict control framework
- Closely monitoring emerging societal expectations and increasing compliance demands to proactively anticipate and respond to them.

Mitigation

- Continuous implementation and improvement of appropriate policies, processes and internal control procedures to limit exposure to complex legal and regulatory requirements, such as human rights, health and safety, transport and due diligence for delivery partners
- Operating a robust integrity programme that includes business principles and creating awareness. One example is the release of a mandatory e-learning on integrity
- Have dialogue with governmental and non-governmental stakeholders on a continuous basis about the interpretation of, and compliance with, regulations. For example, in relation to the USO regulations on national and EU levels
- Ensure we adapt our operations in time to legal and regulatory requirement changes.

Financial risks and opportunities

PostNL Financial risks and opportunities

Topic	Key material topic	Risk level	Trend	Risk summary	Opportunity summary
Total cost of labour	Financial performance and position	● ● ●	↑	Higher than anticipated total cost of labour and opportunity costs due to operational disruptions	Realising agreements with trade unions on mutually beneficial conditions based on good relationships Timely and effective conclusion of collective labour agreements for our people
Liability for loss or damage	Financial performance and position	● ● ○	═	Exposure to claims for loss or damage adversely impacting our financial performance	Using data and analysis to identify the most impactful improvement areas in our loss prevention and quality levels

Risk description

Total cost of labour

Being a good employer is vital to us. One aspect of this is the terms and conditions under which we hire our personnel and employ outsourced labour. These terms and conditions, including salaries and other secondary benefits, represent a substantial company expense and are an important component of our operating model. Our financial performance could be affected by higher than anticipated total costs of labour and/or other related expenses, which we may not be able to efficiently or promptly adjust within our pricing model.

Opportunity costs due to operational disruptions as a result of action by trade unions and/or action triggered by media attention may impact our financial performance. The current economic climate is characterised by rising labour costs and increased collective labour-related indexations due to relatively high inflation. We expect that wages will further increase in 2024, due to minimum wage increases. Employee expectations regarding salary increases may be higher than we can offer financially to achieve our strategic objectives while taking into account the highly competitive market.

Liability for loss or damage

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

Response

Mitigation

- Establishing collective labour agreements with robust wage agreements. In addition, the impact of the WML (moving to a 'minimum hourly wage' instead of a 'minimum wage') will take effect from 1 January 2024
- Maintaining good relations with the trade unions and social partners based on mutual recognition of shared interests. Additionally, we are evaluating the sustainability and financial feasibility of our labour model and are researching alternative solutions, as an attractive employer, to make it future-proof.

Mitigation

- Maintaining insurance policies in relation to our business and assets with reputable underwriters and/or insurance companies against claims for loss or damage to the extent not covered by conventions, and to the extent that is usual for companies like ours
- A dedicated loss prevention steering committee with a strong focus on:
 - Strengthening contractual agreements with customers, clearly defining liability limits and conditions
 - Taking data as the foundation in the form of a 'digital twin' to monitor and analyse the physical flow of packages
 - Strengthening physical security management.

Emerging risks

Emerging risks are risks we do not expect to materially impact the company in the short term, but which do require prompt mitigation actions to prevent them from exceeding our risk appetite in the mid to long term. In 2023, we pinpointed two such risks: 'Labour shortage and ageing workforce' and 'Reliance on technological advancements for a sustainable energy transition'. These are seen as exacerbating our main operational strategic risks, namely 'Employee attraction, development, and retention' and 'Availability of energy resources', respectively.

Risk description

Labour shortage and ageing workforce

We are facing a very tight labour market in the Netherlands, illustrated by low unemployment rates and a record number of open vacancies which we already identified as . This is compounded by an ageing population and increased demands for better working conditions and higher compensation. These market dynamics are driving up labour costs, potentially challenging the economic sustainability of our operating model and threatening our ability to attract, develop, and retain the skilled workforce essential for delivering high-quality service.

Reliance on technological advancements for a sustainable energy transition

At the end of 2023, we submitted updated ambitious emission reduction targets to the Science Based Targets initiative (SBTi), which include significant emission reduction levels across our value chain to a residual level in line with the 1.5C scenario by 2040. Key to achieving this is transitioning to a fleet of electric vehicles and using renewable energy sources. However, this transition introduces risks concerning the accessibility and reliability of renewable energy sources and limitations on grid infrastructure. This is further intensified by the shifting nature of the energy market and the rapid advancement in sustainable energy technologies. This risk poses the threat of extended transition periods, increased dependence on unstable energy markets, and potential delays in achieving our sustainability objectives. Financially, this could lead to higher operational costs and affect our reputation as a leader in sustainable logistics.

Response

Mitigation

Addressing this requires focus on recruiting and retaining talent across our Parcels and Mail in the Netherlands operations. At the same time, we need to further develop customised HR solutions tailored to meet diverse employee needs for benefits and career advancement, utilising predictive analytics. We will also invest in automation and training initiatives to decrease reliance on manual labour, thereby enhancing operational resilience and our appeal to skilled professionals.

Mitigation

- Securing the required contract/supply capabilities per location
- Regular monitoring of the risk by external energy advisors and discussions with metering companies and grid operators
- Further control of energy data so that we know for sure what the needs are and what, if any, required capacity is still available
- Generate maximum own-use in order to be less dependent on external sources in the future (e.g. working towards self-sufficient buildings)
- Reduce energy consumption by making assets more sustainable
- Alternative forms of (temporary) energy generation/self-sufficiency
- View energy storage in grid congestion areas - connect batteries
- Participate in local initiatives to share/jointly utilise capacity.

Regulatory developments

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

Introduction

PostNL operates in a highly regulated environment. This is, amongst other reasons, due to the fact that PostNL is designated as the provider of the universal service obligation (universal service provider, USP) in the Netherlands. PostNL is also a transport company and a labour-intensive company, both areas in which there are many rules and regulations at local, national, EU and international level. Politicians, public authorities, and other relevant stakeholders have a major impact on rules and regulations that affect our sector and our business.

Consequently, PostNL maintains contacts with policymakers and stakeholders on developments in the sector and the development and implementation of rules and regulations. We strongly believe that advocacy by stakeholders is crucial in the creation of qualitative and meaningful new rules and regulations that will benefit all stakeholders in society. PostNL is always available to share its sector-specific knowledge and market experiences.

As many regulatory issues do not only affect PostNL but also other companies in our sector or region, we work closely with different industry associations. These associations work on different issues of relevance to our sector from a different

perspective (a list of associations and contributions can be found in the "GRI Content Index").

Within these associations, we not only develop common positions towards future regulation, but we also exchange knowledge and best practices, organise joint trainings, and create voluntary sectoral initiatives. These associations publish their strategic priorities and objectives, and we regularly check that their activities are in line with our business principles and ESG-priorities. We do not make any financial contributions to political parties or parties and politicians' election campaigns. We are registered at the EU Transparency register and apply its code of conduct.

Our policy priorities are directly derived from our strategic objectives and are centered around sectoral postal legislation, the labour market, and sustainability. On all these issues, we inform policymakers of developments and changing expectations in the market and share challenges and obstacles we are faced with in our daily operations.

For postal regulation, we advocate a flexible regulatory framework that enables us to carry out our postal and parcel services in a future-proof way, taking into account changing consumer and client expectations, and changing markets due to digitalisation.

On social issues, we proactively inform policymakers and politicians on the concrete steps we take as a major employer to adapt to the expectations of (potential) employees in the labour market and emphasise the challenges we experience in recruiting, hiring and retaining people from different segments of the labour market.

In order to meet our ambitious sustainability goals, we need underlying supporting policy regulations and incentives. We therefore plea for sufficient capacity on the electricity network to build adequate charging infrastructure; making sufficient subsidies available for the introduction of sustainable vehicles, especially for smaller entrepreneurs; removing

further boundaries for the deployment of smaller electric vehicles to deliver mail and parcels; and unambiguous sustainability frameworks and definitions in e-commerce and mail operations.

Main regulatory developments

Postal regulations

In March 2020, the Dutch minister of Economic Affairs and Climate published proposed amendments on the Postal Law, but discussions in parliament were put on hold. In July 2023, the minister informed parliament in general terms on the progress of tightening up the proposed amendments, focusing on a clear division of roles between the ministry and the Dutch regulatory authority (the Netherlands Authority for Consumers & Markets, ACM) regarding the continuity of the USO, the protection of end users, and the access conditions for other postal operators.

Following the fall of the cabinet on 7 July, in September 2023 the Postal Law was declared controversial. Given the economic developments since the Ukraine war (such as high cost increases and the developments in the labour market) and the ongoing volume decline, it is necessary that parliamentary proceedings on this legislation will continue. Furthermore, it is important that the secondary legislation is also adjusted, in order to be able to adapt to ongoing market developments. PostNL will start to discuss this with the ministry of Economic Affairs and Climate.

Social legislation changes in the Belgium Postal Law recently came into effect. The new law imposes a joint liability from 7 January 2024 for contractors, such as PostNL, and direct subcontractors, such as delivery partners of PostNL, on various topics regarding social and labour laws. The framework law also imposes a minimum tariff between a contractor and a subcontractor, obliges market parties to implement a time registration for parcel deliverers, and

foresees the introduction of a coordinator within all operators that has to focus on health and safety. These parts of the law need to be worked out in royal decrees and are expected to be implemented during the course of 2024 and 2025. With regard to the new rules around joint liability, PostNL already regularly reviews the compliance of delivery partners on several relevant social laws and will take additional measures if necessary in line with the upcoming royal decrees. Going forward, PostNL will closely monitor the developments of the royal decrees and comply with new legislation when it takes effect.

The European Commission (EC) is preparing a market development study for the postal services sector which should provide policy recommendations on the future USO, competition in the sector, environmental and social issues, and digitalisation. We contributed to this process by participating in a workshop and a survey on identifying megatrends that impact developments in the sector. The study is expected to be finalised in 2024 and will most likely contain recommendations to the new European Commission (2024-2029) for adjustments of the EU Postal Services Directive (PSD).

UPU

In October 2023, the Universal Postal Union (UPU) adopted a new strategy for 2026 - 2029 aimed at increasing innovation, sustainability, and financial inclusion of the postal sector.

Additionally, several resolutions were adopted on various topics, including the requirement for all UPU member countries to offer a mandatory inbound product with tracking features. This will create a global product that is available to all consumers and businesses worldwide who want to track their items. Another significant resolution was adopted that will change the registration (signing) service to only apply to items containing documents. The new strategy and resolutions will assist in modernising the postal sector and making it more relevant to the needs of both consumers and businesses. It will also help to ensure that the postal

sector continues to play a vital and sustainable role. PostNL welcomes these developments.

Competition Consolidation / Sandd

After the decision of ACM (September 2019) not to grant a license for the acquisition of Sandd, which PostNL has appealed, the state secretary of Economic Affairs and Climate Policy approved the acquisition by PostNL in September 2019, after which the acquisition took place in October 2019. The appeal of PostNL against ACM's decision of September 2019 has been continued after the annulling on appeal by the CBB in June 2022 of the decision of the state secretary.

In September 2023, the court declared PostNL's appeal unfounded. In response to the court decision, ACM stated that because it is a unique situation as the integration took place several years ago, it wants to discuss the consequences of the ruling with all the market participants involved. ACM stated it will focus on monitoring the quality of postal delivery. PostNL has started an appeal against the court decision at the CBB. The decision of ACM and the court's ruling contain a number of deficiencies that may be relevant in the future. PostNL wants to get more clarity on these matters.

Quality of delivery

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

For funeral announcements and medical mail we delivered on target in 2023, achieving a level rounded to the 95%. Since 2022, the performance of the overnight service has been increasingly affected by the tight labour market across the Netherlands. In 2023, we achieved 89% for next-day delivery. We will continue our efforts to increase the quality of service. For the years 2019, 2021 and 2022, procedures are ongoing. In those years, next-day delivery was below target,

due to circumstances beyond our control, such as the Covid pandemic and the impact of the tight labour market. For 2019, ACM imposed a fine. That decision is under appeal at the CBB. In February 2024, ACM imposed a fine for 2021. PostNL studies the decision and examines possible legal actions. For 2022 the ACM decision is still pending.

Spotta

PostNL and Kiesjefolders submitted enforcement requests to ACM against Spotta, following Spotta's decision to start its own delivery service of personalised flyer packages. PostNL and Kiesjefolders argued that Spotta is a postal transport company and should register with ACM. As a registered postal transport company Spotta would be required to adhere to specific obligations under the Postal Law, for example that 80% of delivery personnel must work based on an employment contract. ACM concluded Spotta is not a postal transport company and does not need to register, because it delivers items on the instructions of receivers. According to ACM, the chain of activities that qualify as postal transport starts with receiving addressed postal items from senders. PostNL appealed this decision because the activities of Spotta are comparable with other postal transport companies. PostNL wants to keep mail accessible, affordable and reliable for everyone. It is therefore important, especially in a shrinking postal market, that there is a level playing field.

Labour

Focus on social legislation

Over the past few years, the Dutch labour inspectorate has found several breaches of the Foreign Nationals Employments Act (Wet Arbeid Vreemdelingen) at a few of PostNL's delivery partners. Based on the findings, the labour inspectorate imposed several fines on PostNL, stating that through the chain of responsibility, PostNL is also accountable. This despite PostNL not being the legal employer of the employees concerned.

PostNL has filed objections against the labour inspectorate decisions, the proceedings of which are still ongoing. That

does not alter the fact that PostNL strives to always comply with applicable laws and regulations. In light of these cases, we have started implementing additional improvement measures in the check-in process of new employees of delivery partners and ourselves, and started entry checks at several large locations. In 2023, we continued to improve the developments in this area and expanded the scope of the measures across our operations. PostNL also implemented measures with regards to employment agencies. All measures are based on the principle of correct registration of new workers via internal and external checks and daily checks before the work starts. The labour inspectorate has announced that it will pay more attention to the safe and healthy working environment. This is also at the heart of PostNL's strategy to invest in our people and enhance employee engagement and health & well-being.

PostNL already has several measures in place to ensure a safe and healthy working environment, such as working instructions and tools to reduce the physical load. Additionally, we continually investigate and test new measures and tools to make improvements. In December 2023, PostNL was informed by the labour inspectorate of its intention to impose a requirement of compliance regarding parts of the sorting process of parcels. This process is highly automated but requires physical work at a few parts. The labour inspectorate found that potential risks to health from working with heavy parcels had not been properly identified. PostNL was already in the process of taking additional measures and shared its view on the intended compliance requirement with the labour inspectorate.

In Belgium, the labour inspectorate filed several criminal cases against (among others) PostNL Belgium in 2022, regarding alleged breaches of applicable social laws and regulations of delivery partners. The expected final court session in the criminal cases will take place in Q2 2024, followed by a judgment. In 2022, the investigative judge initiated a criminal investigation into PostNL, which has not yet been finalised. We are still conducting daily checks at the entrances of

our facilities and regularly review the compliance of delivery partners on several relevant social laws regarding their company and parcel deliverers.

Minimum wage

In the Netherlands, the statutory minimum wage was increased significantly at various moments in 2023. An initial increase of 10.15% was implemented on 1 January 2023. The regular biannual indexation on 1 July 2023 (3.15%) and 1 January 2024 (3.75%) were higher than in previous years, as the wages in the collective labour agreements increased more. Additionally, a new law came into force on 1 January 2024 that introduces a statutory minimum hourly wage instead of a statutory minimum monthly wage. This has a significant cost increase impact on PostNL. A further increase to the minimum wage of 1.2% on top of indexation is expected as of 1 July 2024, but this needs to be formalised in law. Minimum wage per 01-01-2024 increased by 22%-29% compared to 31-12-2022, depending on the collective labour agreement, resulting in higher costs of €40 million - €45 million in 2024 compared to 2023. We expect 18,000 employees from across the company to benefit from this.

Environmental

PostNL is committed to reducing the environmental impact of its activities. Our main focus is on climate change mitigation by significantly reducing greenhouse gas emissions (GHG) from our own operations and our outsourced activities. Because governmental policies at all levels can help or hinder our efforts in reaching our sustainability goals, we maintain regular contact with different governmental stakeholders on the impact and effect of these measures aimed at stimulating the green transition. However, it remains uncertain whether government funding for climate investment in the coming years will be made available by the new, and still to be formed, government.

Because of the weight of electric trucks, due primarily to the heavy battery, drivers would normally need to be in possession of a truck drivers license. However, a temporary

exemption is in place until 1 July 2024. A revision of the EU Driving License Directive might incorporate a permanent solution on this issue. This directive is still under negotiation.

The Belgian federal government has introduced two legislative initiatives around the greening of the parcel sector. The first, which was approved in December 2023 by the council of Ministers, is an executive decree which imposes additional reporting obligations on postal operators on several environmental indicators, such as the average (carbon) footprint of each delivery mode (average emission, km, % green fleet and energy) on postal operators' websites. PostNL is aware of the new obligations and already reports on several of the indicators. Whether this is sufficient is not yet known as we are still waiting for the regulator to develop detailed reporting methods.

The second initiative is a bill that obliges e-retailers to propose a minimum of two delivery methods, one of which has to be sustainable. Exact requirements and the timing of this bill are not yet known. The impact of this bill on PostNL will be determined as soon as the requirements and timing are made public.

ACM has announced that one of its focus areas for 2024 is dealing with misleading sustainability claims. PostNL fully agrees with the importance of being transparent on its own goals and achievements regarding sustainability.

CSRD

The European Commission (EC) has put forward several new legislative proposals as part of their ongoing efforts to make Europe climate-neutral by 2050, boost the economy through green technology, create sustainable industry and transport, and cut pollution.

At the end of July 2023, the EC adopted the European Sustainability Reporting Standards (ESRS) that should be used by all companies subject to the Corporate Sustainability Reporting Directive (CSRD). These standards cover the full

Regulatory developments

range of environmental, social, and governance issues, including climate change, biodiversity and human rights that PostNL needs to report on. PostNL is preparing for the implementation of CSRD, which is formally required from financial year 2024.

Green claims

There is a new proposal for a directive on how to use voluntary B2C Green Claims on products and services such as 'CO₂ neutral' or 'sustainable'. The proposal is expected to be finalised by mid-2024. It prescribes criteria that need to be met for Green Claims, with the Claims requiring ex-ante verification by a third party. When communicated, any Green Claim needs to be accompanied by a URL or QR-code explaining the Claim.

The proposal on Green Claims should be looked at in conjunction with the proposal on empowering consumers in the green transition, which is also expected to be finalised by mid-2024. This proposal is aimed at banning the use of generic environmental claims without proof of recognised excellent environmental performance relevant to the claim, as well as claims based on emissions' offsetting schemes that a product has neutral, reduced or a positive impact on the environment.

Packaging waste

The EC also proposed new rules on the reduction of packaging and packaging waste, aimed at reducing packaging by 15% by 2040, compared to 2018. New targets are proposed on re-use, refill, recycled content, labelling, and packaging minimisation. As PostNL is offering packaging and packaging materials to its customers, we are working on integrating these new standards into our packaging solutions.

Count Emissions

Also relevant is the proposal of a new regulatory common framework to calculate and report transport-related GHG emissions for the entire transport chain (including last-mile delivery). It establishes a methodological framework for any entity, such as PostNL, that wants to disclose information on GHG emissions from transport services, which will have to adhere to the Count Emissions EU rules. Once finalised, the regulation will apply no sooner than 2028.

Other regulatory developments
Revision of the Union Customs Code

The EC has proposed significant changes to the Union Customs Code (UCC), aimed at modernising customs processing across Europe to better deal with the significant increase in e-commerce, a fast-growing number of EU standards that must be checked at the border, and shifting geopolitical realities and crises. These challenges should be addressed by modifying existing IT systems and introducing new IT systems, simplifications to the current customs legislation, a more uniform application of customs controls, and a fully-fledged analysis and coordination capacity at EU level.

PostNL is currently examining the impact of the proposal, but welcomes the modernisation of these rules while asking for recognition of the differentiated nature of postal traffic and USPs within the EU, operating as part of a single global postal territory, governed by the UPU. Aim is that most of the new rules will have to be implemented from January 1st 2028 onwards. The more complicated new requirements, like the EU Customs Data Hub and the Trust & Check Trade status will have to be operational in 2037 according to the current proposal which is still under discussion.

Network and Information Security Directive (NIS2)

NIS2, which came into force in January 2023, aims to enhance the cybersecurity of critical infrastructure and digital service providers in the EU. This updated legislation expands the scope of companies covered, reinforces incident reporting requirements, and introduces new obligations to implement security measures. The impact on PostNL involves adherence to stringent security measures and intensified incident reporting protocols. This necessitates a focus on ensuring robust protection against cyber threats to uphold the integrity of services provided. In recent years, we have invested heavily across the organisation to strengthen our digital capabilities, and cybersecurity and compliance are key issues both internally and externally. In 2023, we continued to strengthen our capabilities and our capacity to ensure we remain highly resilient if and when a cyber attack occurs.

NIS2 must be implemented into national law by October 2024. An online consultation on this legislation was planned for the summer of 2023, but was postponed until January 2024. The aim is still to meet the mandatory implementation deadline. Meanwhile, there is a call to proactively prepare to align with forthcoming regulatory obligations and ensure cybersecurity measures are in place, despite the consultation delay. PostNL has a detailed security roadmap that includes compliance with NIS2. PostNL aims to be compliant with NIS2 at the end of 2024.

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Report of the Supervisory Board 13

This Report of the Supervisory Board sets out the manner in which the Supervisory Board fulfilled its duties and responsibilities in 2023. PostNL's organisational structure and remuneration report forms part of the Report of the Supervisory Board and is disclosed in the 'Corporate governance' and 'Remuneration report' chapters.



In conversation with our chairman

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

Looking back on 2023, how do you feel about the year and PostNL's performance?

In terms of performance, 2023 proved to be a better year than 2022. While we saw the positive impact of measures initiated in 2022 to mitigate the impact of the macroeconomic situation and inflationary pressure, the ongoing challenging macroeconomic and geopolitical environment continued to strongly impact the company. In this regard the second half of the year reconfirmed the uncertainty that surrounds macroeconomic developments. This made it difficult to determine short-term developments in the e-commerce market, where volume projections are becoming increasingly volatile, both for our customers and thus for us. At the same time, the company continues to deal with additional cost pressures, which are mainly labour-related. This has resulted in a result which ended up in line with our initial outlook, but below the range guided on 6 November, as communicated on 25 January 2024 already. At the same time, focus on capex and strict working capital management contributed to a strong cash flow performance with a free cash flow well above our outlook.

That said, there were opportunities and many things to be proud of. The organisational changes, made to reflect the shift in the company's commercial and operational focus towards e-commerce, including the changes made to the structure, way of working, and the composition of the Executive

Committee as of 1 January 2023, have paid off. The Supervisory Board understands that the changes led to effective, to-the-point discussions and enhanced decision-making, and ultimately to synergy advantages. One example is the creation of the central Strategy and ESG department, which plays an important role in strategic (ESG) discussions.

Additionally, PostNL made further progress in areas such as ESG, while the acceleration of the company's digital transformation continues and is accretive to the results. We see that consumers and customers are increasingly digitally connected to the company's platform. We also agreed new collective labour agreements (CLAs) in 2023, implemented a further roll out of automated parcel lockers, and successfully delivered voting cards for November's national election, and delivered a well-executed peak season. We also announced that from 2024 we will be engaging in a sport partnership with Team dsm-firmenich PostNL, a professional cycling team at UCI WorldTeam level. This is a key investment in PostNL's brand and ambitions. These were among the topics the Supervisory Board focused on in 2023, and which have had an influence on PostNL's strategic direction and the sustainable long-term value it creates for stakeholders. And as a Supervisory Board, we were particularly proud of our people and our partners, working day and night to ensure we can deliver parcels and mail responsibly.

How does the Supervisory Board look at the company's strategy?

As a Supervisory Board, we fully support the company's strategy, and the continuation of the current strategy in these challenging times. At the same time, the Supervisory Board also recognises that as circumstances change, the pace at

which our strategy is executed also needs to be adjusted, for example by adjusting the view on the pace of certain investments. Despite such changes, key elements, such as the digital transformation and our sustainability goals, are still progressing well. The Supervisory Board fully supports the execution of the strategy while adhering to the company's financial policy.

The company's competitive position, competition, and market share were discussed regularly with the Board of Management, and were deep-dive topics. In June, we held our regular strategic plan update with the Board of Management and the Executive Committee. The Supervisory Board's role is to challenge the establishment of the strategy in a constructive and critical manner. Furthermore, the Supervisory Board was further involved on small- and medium-sized enterprise (SME) and integrator propositions, and the strategy of Mail in the Netherlands in light of the applicable regulatory requirements. In light of our digital transformation, accelerating digitalisation across the company will enable us to strengthen our competitive position and further develop customer satisfaction, as well as reducing our cost base and attracting new customers. Consequently, PostNL's IT strategy, the speed of digitalisation, (the impact of) artificial intelligence, and cybersecurity were discussed regularly and fully with the Board of Management, the Executive Committee, and management, and we acknowledge the importance of compliance with the GDPR and digital ethics.

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

As can be read throughout this annual report, and which the Supervisory Board believes strongly, working together with customers to understand their needs, and how PostNL can improve its services to meet these needs, is essential in achieving our ambition of being everyone's favourite deliverer. The change in customer and consumer demands and expectations, as well as the speed of change, are regular

discussion topics in the Supervisory Board, and in 2023 the Supervisory Board was kept up to date and had regular discussions on initiatives initiated by PostNL to further develop customer value, such as the roll-out of automated parcel lockers. The Supervisory Board was provided with updates on the development of the digital KPIs and investments in digitalisation, and shown the latest improvements such as the scan glove, planning algorithm and the progress on consumer E-ID. An important aspect for PostNL is the net promoter score (NPS), which is used as a key client satisfaction indicator and an important KPI for PostNL. The Supervisory Board was updated on NPS and the NPS measurements within PostNL, and will be kept informed on the outcome of the NPS measurements. And, of course, the Supervisory Board was updated on the potential and the use of AI within PostNL, which will remain an attention point going forward.

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

ESG is an important topic with a number of different dimensions that cover the environment, the responsibility companies have for their employees and their impact on society, and governance. The Supervisory Board believes ESG is a vital element in our strategic development, and to reflect the importance of ESG internally and externally, in July the Supervisory Board established a dedicated ESG Committee. Additionally, the Supervisory Board held a deep-dive with the Board of Management, senior management, and an external speaker to discuss ESG from both an inside-out and an outside-in perspective. More information on the scope of the ESG Committee and the meetings held in 2023 can be found in the paragraph 'Meetings of the committees of the Supervisory Board'.

In terms of environmental progress during 2023, PostNL continues to steadily reduce its environmental footprint, and improved the average carbon efficiency of its own fleet compared with 2022. The Supervisory Board discussed the importance of tackling climate change and the environmental goals set by the company with the Board of Management and

senior management, including the underlying plans on how to reach those goals.

With PostNL one of the largest employers in the Netherlands, offering thousands of people the certainty of having a job, a stable income, security and opportunities for personal development and growth, the importance of the social dimension of ESG is clear. The Supervisory Board was closely involved in developments connected to the company's employment model, as well as the scarcity of labour and absenteeism, and the impact these issues have on the company's operations, such as delivery quality within Mail in the Netherlands. The Supervisory Board discussed the status of PostNL in Belgium during the year, including with external legal advisors in attendance. Currently, we are awaiting the outcome of the legal proceedings scheduled in May 2024, and also the outcome of the investigation by the investigative judge. We look forward with confidence to the outcome of both. The Supervisory Board also discussed compliance as a whole, labour conditions along our value chain, employee engagement, and diversity and inclusion, PostNL's culture, and negotiations on the PostNL CLA and CLA for Saturday deliverers.

Through the Audit Committee, the Supervisory Board is continuously updated on the progress the company is making in relation to the reporting obligations of the EU Taxonomy and the CSRD. We are proud that PostNL has once again been ranked as one of the top three most sustainable companies in the transport and logistics sector worldwide in the Dow Jones Sustainability Index (DJSI) and that PostNL is the winner of the Diamond Award Cultural Diversity 2023. ESG as a whole was a regular topic of discussion in the Supervisory Board, and will continue to be an important topic for discussion in 2024.

Additionally, the Supervisory Board discussed the ambitious and appropriate targets for the Board of Management and senior management to promote gender diversity, as well as succession planning through the Nomination Committee. Other topics included the organisational changes

(as mentioned earlier) to reflect the shift in the company's commercial and operational focus towards e-commerce, including the changes made to the structure, way of working, and the composition of the Executive Committee as of 1 January 2023. Furthermore, several members of the Supervisory Board met with the daily management of the Central Works Council, and regular sessions were held between members of the Supervisory Board and PostNL employees and senior management, to get their view on the company. And, of course, performance reviews were held with Herna and Pim.

In relation to governance, why did the Supervisory Board decide to nominate Martin Plavec, connected to your largest shareholder, as a Supervisory Board member?

As elaborated on during the 2023 AGM, the Supervisory Board had been in discussion with VESA Equity Investment on the addition of a Supervisory Board member. And given the considerable interest of VESA Equity Investment in PostNL, this is in line with their policy. This has been discussed thoroughly and critically with VESA Equity Investment, and of course also with the full Supervisory Board, and as such a thorough process was run. After careful consideration, the Supervisory Board decided to be in favour of adding a new Supervisory Board member and, in agreement with VESA Equity Investment, decided to nominate Martin Plavec, who was subsequently appointed at the General Meeting. Martin fits well in the profile of the Supervisory Board, and adds to the diversity within the Supervisory Board. And he also provides the Supervisory Board with a valuable addition to the existing knowledge in e-commerce and last-mile delivery.

Given the position of Martin within VESA Equity Investment, he is considered a non-independent member of the Supervisory Board. What is important to mention, however, is that under Dutch law, Supervisory Board members are appointed on personal titles, and always need to take into account the best interests of the company and all its stakeholders. This applies equally to independent and non-independent Supervisory Board members.

Can you reflect on the company's financial situation?

Given the challenging macroeconomic environment, the Supervisory Board fully supports the Board of Management in securing the company's robust financial position, the measures taken to mitigate the impact from cost increases, and the adjustment to investments to align with volumes and strictly manage working capital. Throughout the year we had in-depth and thorough discussions with the Board of Management, in particular on the business and financial performance. The overall financial position, and as such the financial resilience of the company, was a recurring discussion topic, in conjunction with the company's credit rating.

How do you see the future?

We saw that 2023 was a year of continuing challenging circumstances, with rising costs and geopolitical volatility impacting consumer sentiment and our customers. While PostNL adjusted as well as possible to these conditions, we expect 2024 to be another year where consumer confidence remains fragile, and parcel volumes changeable. Furthermore, in relation to Mail NL we have to face that we have exhausted our options to adapt to the declining mail volumes, and if we want to keep mail reliable, accessible and affordable for everyone in the Netherlands need to look at changes in the current applicable rules and regulations.

That said, we are convinced that the Board of Management will continue to take the right decisions and actions to steer the company forward, and that we have talented, motivated people and management teams in place to tackle any issues that come our way. We continue to learn and adapt and, more than ever, PostNL is ready to deliver.

In closing, I would again like to thank our people for their hard work and commitment in 2023, and to compliment them for the way they are working together to succeed in today's fast-changing environment. I also want to thank our other stakeholders for their trust in PostNL and for their constructive feedback. It helps us to continuously improve the way we deliver on our purpose and our strategy.

Meetings of the Supervisory Board

In addition to the topics mentioned in the conversation with the chairman, the Supervisory Board discussed a wide range of other topics during the year. These included business, financial, market, and regulatory developments in PostNL's business segments, and the Strategic Plan. The 2022 annual results, the 2023 quarterly and half-yearly results, and the 2024 budget were also discussed. Deep dives were held with internal and external experts present on ESG, competitive position, competition, and market share, the integrator proposition, CBS and IT.

Other topics discussed include PostNL's financial position, the tender offer for the bond buyback as finalised on 14 November 2023, no longer being part of the AMX but of the AScX as per early 2023, IT developments and cybersecurity, business continuity, compliance, (interim) dividend and PostNL's dividend policy, growth, the company's culture and investor feedback after management roadshows, as well as the remuneration policies for the Board of Management and Supervisory Board. And the appointment of Maurice Unck as successor of Bob van Ierland as director Mail NL and member of the Executive Committee per 1 January 2024 was discussed.

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

The Supervisory Board also receives an update on integrity, including the fraud & whistle-blower report, twice a year. The outcome of the risk management process, the main risks identified, and the mitigation plans in place to manage these risks were shared with the Audit Committee and with the Supervisory Board. The progress on CSRD was also discussed

in the Audit Committee and Supervisory Board. A description of PostNL's major risks and its risk management can be found in the 'Risk and opportunity management' chapter.

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

Additionally, the 2022 auditor's report by PostNL's external auditor KPMG and the 2022 Annual Report (including Financial Statements and Non-Financial Performance Statements) were discussed. For 2023 KPMG reported on their overall view on internal control and more specifically in relation to IT and non-financial reporting. In relation to internal control KPMG concluded that PostNL has a mature internal control framework with a good balance between preventive and detective controls, where there is room for further automation. Also KPMG provided recommendations for further improvement of the internal control, and provided their observations and recommendations on non-financial reporting including the step-up to reporting under the CSRD in 2024. The audit work of KPMG was carried out on site, with conversations and discussions taking place in a cooperative and constructive way.

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

During 2023, all regular meetings between the Supervisory Board and the Board of Management were once again

held face-to-face, and additional meetings were mostly held digitally. Overall, the quality of the meetings was good and constructive. Building on earlier evaluations, the Supervisory Board ensures that it plans in sufficient time for Supervisory Board-only discussions by having this as a recurring item on the agenda of each meeting. Further information on the 2023 evaluation of the Supervisory Board can be found in the 'Evaluation of the Supervisory Board' paragraph.

Report of the Supervisory Board

Number of meetings and attendance rate

The Supervisory Board met eight times in person and had one digital meeting in 2023. All meetings were also attended by the full Board of Management, apart from the agenda item Supervisory Board only. The deep dive in June on ESG was held at an external location. Furthermore an informal dinner was held with the members of the Supervisory Board, Board of Management and Executive Committee in December. The individual attendance and overall attendance percentages per meeting are presented in the table below.

Meetings of the committees of the Supervisory Board

Audit Committee

The Audit Committee met five times in 2023. In general, all meetings are attended by the CFO, director Audit & Security, director group Finance, director Accounting & Reporting and the external auditor, KPMG. The CEO attends the Audit Committee meetings when the half-year and full-year results are being discussed. The chairman of the Audit Committee regularly meets the external auditor without management present. Additionally, the director Audit & Security regularly meets the chairman of the Audit Committee without management, and meets the chairman of the Supervisory Board at least once a year.

At each meeting, the Audit Committee discusses the results of and developments in PostNL's business segments, as well as the progress in relation to reporting under the CSRD. In 2023, the Audit Committee discussed PostNL's full-year 2022 results, the outlook for 2023, the 2023 first-quarter, half-year and third-quarter results, and the related press releases, and the preliminary 2024 budget, in conjunction with the uncertainty as a result of macroeconomic circumstances

PostNL Attendance Supervisory Board members

2023

Name	Supervisory Board (incl. calls and digital meetings)	Audit Committee	Nomination Committee	Remuneration Committee	ESG Committee
Jan Nooitgedagt	9/9	5/5	3/3	-	-
Marike van Lier Lels	9/9	5/5	3/3	-	-
Ad Melkert	9/9	5/5	-	7/7	-
Jeroen Hoencamp	9/9	-	3/3	-	1/1
Nienke Meijer	9/9	-	-	6/7	1/1
Koos Timmermans	9/9	5/5	-	7/7	-
Hannie Vlug	9/9	-	-	7/7	1/1
Martin Plavec ¹	6/6	3/3	-	-	1/1
Overall attendance rate	100%	100%	100%	96%	100%

going forward. Also, the tender offer for the bond buyback as finalised on 14 November 2023 was discussed. Furthermore, the Audit Committee discussed the Eumedion, VEB and VBDO focus letters, the risk paragraph and the quantity and quality of the explanatory notes in the financial reports of the 2022 Annual Report and the preparation of PostNL's 2023 Annual Report.

The main financial factors influencing the strategic plan and PostNL's financial performance, including volume developments, pricing, cost savings, competition and market share, regulatory developments, economic developments, pensions, and employee conditions, were discussed. The Audit Committee also discussed the development of working capital, the strategy of Parcels, development of cost savings at Mail in the Netherlands, (interim) dividend and dividend policy, the capital allocation framework, and the relevant 2023 tax matters, including matters such as transparency, tax planning, and tax risk management. Cybersecurity and IT, including digital ethics, were also recurring items on the agenda of the Audit Committee. The Audit Committee discussed reports on internal control and risk management (reports which are, if necessary, also discussed in the Supervisory Board). Reports from the internal audit function and the external auditor, including the internal audit and KPMG's audit plan and KPMG's

board reports, were discussed regularly. The Audit Committee receives and discusses half-yearly updates on integrity issues (including the fraud & whistle-blower report), claims and litigation, compliance and any actions taken by management, if applicable. Fortunately, no material fraud-related incidents were reported in 2023.

The external audit fees were discussed and approved, and the evaluation of the performance of KPMG over the financial year 2022 was discussed. Furthermore, contemplated changes in the laws and regulations governing financial reporting, the quality assessment and performance of PostNL's internal audit function, and the development of the actions to mitigate the deficiencies reported by the external auditor and internal auditor function over 2022, were also discussed. In relation to changes in laws and regulations governing financial reporting, the reporting obligations of the EU Taxonomy and the future reporting obligations of the CSRD, as well as the role of the Audit Committee, were addressed and discussed regularly.

Nomination Committee

The Nomination Committee had three meetings in 2023. The Nomination Committee discussed the overall composition of the Supervisory Board and its committees, and discussed the appointment of Maurice Unck as member

of the Executive Committee. Furthermore, the Nomination Committee discussed the progress in relation to the adaptations to the organisation to reflect the shift in the company's commercial and operational focus towards e-commerce, including the changes made to the structure, way of working and the Executive Committee as of 1 January 2023.

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

Remuneration Committee

In 2023, the Remuneration Committee had seven meetings. 2023 was earmarked for the evaluation of the remuneration policy of the BoM and the SB in order to keep attracting, rewarding and retaining qualified Board members in the future, and a roadshow was held in relation to changes to such policies. The Remuneration Committee furthermore discussed the remuneration of the members of the Board of Management and the Executive Committee and of senior management, the remuneration related impact of the new Corporate Governance Code and the newly installed ESG Committee, PostNL's remuneration policies and the preparation of the discussion of the remuneration policy at the 2023 AGM. Feedback was again requested from investors in relation to their view on the Remuneration Report as included in the 2022 Annual Report. Further details on the discussions in the Remuneration Committee and the remuneration for the Board of Management and the Supervisory Board can be found in the 'Remuneration report' chapter, which includes a further explanation of the remuneration policy and the actual remuneration and relationship between remuneration and performance of members of the Board of Management for 2023, and provides further insight into the remuneration policies as adopted at the AGM in 2023.

ESG Committee

The ESG Committee held one meeting in 2023. The ESG Committee discussed the scope of the ESG Committee in conjunction with the scope of the Audit Committee, the agenda for the 2024 meetings, and the cooperation with the Audit Committee for instance in relation to the progress of reporting under CSRD. Furthermore the ESG Committee discussed the ESG strategy of PostNL and the governance structure set up in relation to ESG.

Evaluation of the Supervisory Board

The Supervisory Board is responsible for the quality of its own performance. As such, the Supervisory Board evaluates and discusses its functioning and that of its committees and members annually, and at least every four years with the help of an external evaluator. For 2023, the Supervisory Board performed a self-evaluation. The evaluation process consisted of an open and constructive reflection-session during a dinner based on questions asked beforehand by the chair and vice-chair of the Supervisory Board, and a further discussion of the outcome of the session in a meeting of the Supervisory Board only. The questions asked were on the role of the members of the Supervisory Board, the composition of the Supervisory Board as a whole and a reflection on 2023 and expectations for 2024. The sessions were held with the Supervisory Board members only with the company secretary present.

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

within the Supervisory Board itself, but also in the discussions with the Board of Management.

The Supervisory Board feels the relationship between the Board of Management and Supervisory Board is healthy, open and with mutual trust. In this regard it was discussed how to further develop on the way the Supervisory Board members can support the Board of Management in using the available competences and knowledge available within the Supervisory Board and act as sounding board and sparring partner even more. And how to potentially take a more proactive approach at times in its supervision in these times where the company is sensitive to fluctuations and copes with difficult macro-economic circumstances.

The Supervisory Board is positive about the professionalism and quality of the management reports and the information provided by - and transparency of - the Board of Management which are engaging in the advice provided by the Supervisory Board. It values the deep-dives held in various subjects as these allow for further discussion and understanding on certain topics, not only with the Board of Management but also with the members of the Executive Committee and senior management of PostNL.

Points for further development to allow for even more constructive discussions between the Supervisory Board and Board of Management were noted. For instance to what extent there is potentially more room for the Supervisory Board to gain even further insight in certain topics. Furthermore the predictability towards the market is reflected on and the role the Supervisory Board can play in this regard, which is considered an important subject for 2024. At the same time it is noted that the uncertainty that surrounds macroeconomic developments makes it difficult to determine short-term developments in the e-commerce market, where volume projections are becoming increasingly volatile, both for our customers and for us.

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

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

Concluding remarks

2023 was a tough year for society as a whole, as well as for PostNL. While 2024 is expected to be yet another challenging year, we are convinced our motivated people and strong management teams are well equipped to tackle the challenges ahead. We want to take this opportunity to reiterate our appreciation for the contributions made by former Executive Committee member Bob van Ierland. We also want to thank the Board of Management, Executive Committee, and all other PostNL employees worldwide for their continued drive throughout the year. We look forward to 2024.

Additional information

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

The Hague, the Netherlands, 26 February 2024

Corporate governance

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

Board Structure, Composition and responsibilities

Board of Management

The Board of Management and its duties

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

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

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

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

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

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

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

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

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

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

Composition and biographies Board of Management

At year-end 2023, the Board of Management consisted of two members: the chairman and chief executive officer (CEO) Herna Verhagen and the chief financial officer (CFO) Pim Berendsen.



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

Herna Verhagen became chief executive officer on 24 April 2012. She was appointed member of the Board of Management per 31 May 2011, reappointed per 14 April 2015 and 16 April 2019 for a period of four years, and reappointed per 18 April 2023 for another four years. She started working for one of the legal predecessors of PostNL in 1991 as sales manager. Subsequent roles included marketing & sales director, coordinating managing director Mail NL in the Mail division and managing director Group HR of TNT.

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

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

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

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

Pim Berendsen is responsible for finance, legal, procurement & services, investor relations, M&A, tax and the integrator proposition. He is chairman of the board of advice of Endeit Investment Fund, chairman of the Johan Cruijff Foundation, non-executive member of the board of Whistl and a member of the executive committee and general board of the Confederation of Netherlands Industry and Employers (VNO-NCW).

Pim Berendsen holds no positions as referred to in article 2:132a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

The Executive Committee, composition and duties

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

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

At year-end 2023, the Executive Committee composed of the following nine members:

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

As per 1 January 2024 Bob van Ierland stepped down as member of the Executive Committee, and was replaced by Maurice Unck as responsible for Mail in the Netherlands.

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

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

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

Supervisory Board The Supervisory Board and its duties

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

In performing its duties, the Supervisory Board acts in accordance with the interests of PostNL and considers the relevant interests of the company's stakeholders. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole. Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the company's

business. Members of the Supervisory Board may take views that differ from those of the Board of Management. PostNL's Supervisory Board is responsible for the quality of its own performance, which is reviewed annually.

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

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

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

Appointment and dismissal

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

The Supervisory Board member may subsequently be reappointed again for a period of two years, and this appointment may be extended by at most two years. PostNL's articles of association provide that members of the Supervisory Board shall resign periodically in accordance

with a rotation plan drawn up by the Supervisory Board in order to limit the number of simultaneous appointments or reappointments. The rotation plan is available on our website. Further details on the appointment and dismissal of members of the Supervisory Board can be found in our articles of association.

Composition

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

The Supervisory Board ensures that its composition meets the required profile and is as independent and diverse as possible, assuring sufficient knowledge of mail and communication, logistics, corporate responsibility, digitalisation, sustainability, management, public affairs, IT, finance, corporate governance and the capital markets. A Supervisory Board member must be capable of assessing the broad outline of the company's overall policy and should have the specific expertise required to fulfil the duties assigned to their designated role within the framework of the profile. Each member should have sufficient time available for the proper performance of their duties.

The Supervisory Board evaluates its profile regularly and discusses the profile at the Annual General Meeting of Shareholders and with PostNL's central works council when it amends the profile. The profile of the Supervisory Board is available on our website.

Chair

The chair of the Supervisory Board determines the agenda and presides over meetings of the Supervisory Board. The chair is responsible for the proper functioning of the Supervisory Board and its committees. In addition, the chair arranges an introduction and training programme for new members of the Supervisory Board and initiates the evaluation of the performance of the members of the Supervisory Board and the Board of Management. The chair of the Supervisory Board may not be a former member of PostNL's Board of Management.

Composition and biographies of the Supervisory Board

At the Annual General Meeting of Shareholders held on 18 April 2023, the shareholders appointed Martin Plavec, and reappointed Marike van Lier Lels, as member of the Supervisory Board for a period of four years. For the Annual General Meeting of Shareholders in April 2024, the Supervisory Board has nominated Ad Melkert en Jeroen Hoencamp for reappointment as Supervisory Board member for a period of four years. At year-end 2023, the Supervisory Board consisted of eight members.

Jan Nooitgedagt (1953, Dutch, male) – Chair Supervisory Board

Jan Nooitgedagt was appointed member of the Supervisory Board on 17 April 2018 and chair of the Supervisory Board on 19 June 2018, and reappointed as member of the Supervisory Board per 19 April 2022 for a period of four years. His current term expires in 2026. He is chair of the Supervisory Board of Invest-NL. Jan qualifies as independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code.

Jan Nooitgedagt was formerly chair of the Supervisory Board of TMG and SNS Reaal, vice-chair of the Supervisory Board of Rabobank, Robeco and Bank Nederlandse Gemeenten, chair of the board of VEVO (Association of listed AEX companies), chair of the Nyenrode Foundation board, member of the

executive board and CFO of AEGON and held different positions at EY, ultimately as managing partner for the Netherlands and Belgium.

Jan Nooitgedagt holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Marike van Lier Lels (1959, Dutch, female) – Vice chair Supervisory Board

Marike van Lier Lels was appointed member of the Supervisory Board on 16 April 2019. Her current term expires in 2027. She is a member of the Supervisory Board of RELX and Dura Vermeer. Marike qualifies as independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code.

Marike van Lier Lels was amongst others a member of the Supervisory Board of NS, Eneco, Imtech, KPN, USG People and Connexion, Vice-chair of the Supervisory Board of TKH Group, Executive vice president and Chief Operating Officer of Amsterdam Airport Schiphol, member of the executive board Deutsche Post Euro Express and Director Van Gend & Loos Benelux.

Marike van Lier Lels holds three positions as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Jeroen Hoencamp (1966, Dutch, male)

Jeroen Hoencamp was appointed member of the Supervisory Board on 14 April 2020. His current term expires in 2024. He is CEO of VodafoneZiggo, the Dutch joint venture of Vodafone the Netherlands and Ziggo. Jeroen qualifies as independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code

Corporate governance

For over 20 years Jeroen Hoencamp fulfilled various senior management positions within Vodafone, such as CEO of Vodafone Netherlands, Ireland and Great Britain.

Jeroen Hoencamp holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Nienke Meijer (1965, Dutch, female)

Nienke Meijer was appointed member of the Supervisory Board on 20 April 2021. Her current term expires in 2025. Nienke is Co-founder and partner of Foundation De Buitenboordmotor, member of the supervisory board of Achmea, and chair of the board of Foundation De Volkskrant. Nienke qualifies as independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code

Nienke previously was Chair of the board of Fontys Hogescholen, member of the Advisory council for science, technology and innovation, member of the supervisory board of the LUMC and Deloitte, and held several commercial and managerial roles within Wegener and VNU.

Nienke Meijer holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Ad Melkert (1956, Dutch, male)

Ad Melkert was appointed member of the Supervisory Board on 14 April 2020. His current term expires in 2024. His positions include chair of the Dutch Association of Hospitals, the supervisory board of Florence and the supervisory board of De Alliantie, and Extraordinary Councillor at the Council of State. Ad qualifies as independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code

Previously Ad Melkert served as Dutch Member of Parliament, Minister of Social Affairs and Employment, Executive Director at the World Bank and Under-Secretary-General of the United Nations.

Ad Melkert holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Martin Plavec (1988, Czech, male)

Martin Plavec was appointed member of the Supervisory Board on 18 April 2023. His current term expires in 2027. Martin is member of the executive board of DODO Group, investment manager at VESA Equity Investment and investment associate at Czech Media Invest. Martin qualifies as non-independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code.

Martin previously was amongst others investment associate at EP Logistics International, chief financial officer at EP Resources, financial analyst at Energetický a průmyslový holding and Advisor to the minister at the Ministry of Industry and Trade of the Czech Republic.

Martin Plavec holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Koos Timmermans (1960, Dutch, male)

Koos Timmermans was appointed member of the Supervisory Board on 20 April 2021. His current term expires in 2025. He is a member of the supervisory board of FMO, member of the supervisory board of Port of Rotterdam Authority, chair of the supervisory board of Stadsherstel Amsterdam and external advisor Bain & Company. Koos qualifies as independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code.

Previously Koos held various senior management positions within ING, ultimately as CFO, he was member of the board of Association VNO/NCW, member of the supervisory board of the Duisenberg School of Finance and the Amsterdam Institute of Finance.

Koos Timmermans holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Hannie Vlug (1964, Dutch, female)

Hannie Vlug was appointed member of the Supervisory Board on 19 April 2022. Her current term expires in 2026. She is chair of the Samenwerkingsorganisatie Beroepsonderwijs Bedrijfsleven. Hannie qualifies as independent within the meaning of the by-laws of the Supervisory Board and the Dutch Corporate Governance Code.

Previously Hannie was a member of the supervisory board of health insurer Zorg en Zekerheid, a member of the supervisory board of housing cooperative Woonzorg Nederland, and she held several managerial functions within the Dutch government, including as director employment relations and director sustainability.

Hannie Vlug holds one position as referred to in article 2:142a of the Dutch Civil Code. This article is described as "number of supervisory positions" in Appendix 'Glossary and definitions'.

Corporate governance

Competences Supervisory Board members

The following matrix provides an overview of the competences of the Supervisory Board members in line with the profile as drawn up by the Supervisory Board.

a. International and national developments in markets in which PostNL operates and the relevant products and technologies, particularly in the areas of:

1. Digital & marketing and innovation
 2. IT and cyber security
 3. Logistics
- b. International/national developments in government policy and legislation, public affairs and tax
- c. Financial administration, accounting policies and internal controls of listed multinationals
- d. International and national acquisitions and joint ventures
- e. ESG Developments

1. Sustainability
2. Social and political conditions in all key countries where PostNL operates, with specific knowledge of and attention to the interests of employees and HR processes
3. (Corporate) Governance
- f. Capital markets & Investor relations

Competences matrix Supervisory Board PostNL

Competences*	A1	A2	A3	B	C	D	E1	E2	E3	F	Indep.**
Nooitgedagt (m)	○	○	●	○	●	●	●	○	●	●	✓
Van Lier Lels (f)	●	○	●	●	●	●	●	○	●	●	✓
Melkert (m)	○	○	○	●	○	○	○	●	●	○	✓
Hoencamp (m)	●	●	○	○	○	●	○	●	●	●	✓
Meijer (f)	●	●	●	●	○	○	●	●	●	○	✓
Timmermans (m)	●	●	○	●	●	●	○	○	●	●	✓
Vlug (f)	○	○	○	●	○	○	●	●	●	○	✓
Plavec (m)	●	●	●	●	●	●	○	○	●	●	-

○ Has sufficient/advanced knowledge, skills and experience in the area and can make a balanced independent judgement on the matter

● Is in addition considered an expert in relation to previous or current roles

* Competences Supervisory Board PostNL

** Independent within the meaning of the Dutch Corporate Governance Code 2022

Committees of the Supervisory Board

PostNL's Supervisory Board has an Audit Committee, Nomination Committee, Remuneration Committee and ESG Committee. The committees have an advisory role based on a mandate from the Supervisory Board. Only the Supervisory Board has decision-making powers. Each committee reports its deliberations, findings and recommendations after each meeting to the full Supervisory Board. The committees operate pursuant to terms of reference set by the Supervisory Board in accordance with the law and the Code. The terms of reference are available on our website.

The following table provides an overview of the composition of the Supervisory Board committees per year-end 2023.

Audit Committee

The Audit Committee assists and advises the Supervisory Board and prepares the decision-making of the Supervisory Board on the monitoring of the integrity and quality of the financial reporting by the company and on the effectiveness of the internal risk management and control systems of the company. The Audit Committee focuses inter alia on the supervision of the Board of Management concerning (i) the integrity of the company's financial and corporate responsibility reporting (including but not limited to the choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements and forecasts); (ii) the external auditor's qualifications and independence, remuneration and non-audit services for the company; (iii) the relationship with the external auditor and the compliance by PostNL with the recommendations from the external auditor and the internal audit function; (iv) the company's financing; (v) the company's tax strategy; (vi) the application of information and communication technology by the company, including the risks related to cybersecurity, and; (vii) compliance with relevant legislation and codes of conduct.

The Audit Committee consists of at least three members. All members of the Audit Committee are members of the Supervisory Board who are independent within the meaning of the by-laws of the Supervisory Board and the applicable corporate governance rules. A member of the Audit Committee shall not simultaneously serve on the Audit Committee of more than two other companies unless the Supervisory Board determines that this simultaneous service would not impair the ability of such a member to serve effectively on the Audit Committee.

Each member of the Audit Committee must be financially literate and at least one member of the Audit Committee shall be a financial expert, with relevant knowledge and expertise of financial accounting and reporting for listed companies or other large companies.

Nomination Committee

The Nomination Committee assists the Supervisory Board on matters relating to the appointment procedures for members of the Supervisory Board and the Board of Management and procedures to secure adequate succession of members of the Board of Management and the assessment of such candidates, and with assessing the size and composition of the Supervisory Board and the Board of Management. The Nomination Committee prepares proposals for nominations, appointments and reappointments. At least once a year, the size and composition of the Supervisory Board and the Board of Management and the functioning of the individual members are assessed by the Nomination Committee and discussed by the Supervisory Board.

The Nomination Committee consists of at least three members, including the chairman (or vice chairman) of the Supervisory Board. All members of the Nomination Committee are members of the Supervisory Board and are independent within the meaning of the by-laws of the Supervisory Board and the applicable corporate governance rules.

Remuneration Committee

The Remuneration Committee proposes at least once every four years a clear and understandable remuneration policy for the Board of Management and Supervisory Board to be pursued (such policies to be adopted by the General Meeting of Shareholders). It proposes the remuneration of the individual members of the Board of Management, which proposal shall be prepared in accordance with the remuneration policy, proposes common targets for members of the Board of Management for the three coming years, prepares the remuneration report, reviews the granting of company shares or options for company shares to other senior management of the company pursuant to its share plans, and prepares a clear and understandable proposal for the remuneration of Supervisory Board in accordance with the remuneration policy.

The Remuneration Committee consists of at least three members. The chairman of the Remuneration Committee shall not simultaneously be the chairman of the Supervisory Board. All members of the Remuneration Committee are members of the Supervisory Board and are independent within the meaning of the by-laws of the Supervisory Board and the applicable corporate governance rules. Members of the Supervisory Board which are appointed pursuant to the enhanced right of recommendation of the Central Works Council shall by operation of law immediately become a member of the Remuneration Committee. The other members of the Remuneration Committee shall be appointed and may be replaced at any time by the Supervisory Board.

ESG Committee

The ESG Committee assists the Supervisory Board on matters where these relate to and/or concern the strategic areas of ESG and what these mean for PostNL, including but not limited to (a) the environment, including carbon impact, renewable energy and bio-diversity, (b) social sustainability, including (i) human rights, (ii) fair wages and (iii) community/ stakeholder engagement, (c) relationship with stakeholders in relation to ESG, (d) periodic review and evaluation of, and progress against, the long-term strategic objectives of PostNL in relation to ESG and (e) external ESG developments relevant for PostNL and its reputation. In addition, the ESG Committee shall assist the Supervisory Board with generally monitoring and advising on relevant ESG developments in order to be able to advise and challenge the Board of Management with respect to ESG on a regular basis and advise on any other action to be taken by the Supervisory Board in the context of ESG. Explicitly excluded from the tasks / responsibilities of the ESG Committee is the setting of ESG-related KPIs and connected target setting, the non-financial reporting, and all other aspects which are part of the responsibility of the Audit Committee.

The ESG Committee shall consist of at least three members. All members of the ESG Committee are members of the Supervisory Board.

Information by external parties

The Supervisory Board and its committees may hire independent advisors as it deems appropriate. There is an agreed procedure for members of the Supervisory Board to obtain independent professional advice paid for by the company, if so required.

Corporate Secretary

The Executive Committee, Board of Management and Supervisory Board are assisted by PostNL's corporate secretary. All members of the Executive Committee, Board of Management and Supervisory Board have access to the advice and services of the corporate secretary, who is responsible for ensuring that the Executive Committee, Board of Management and Supervisory Board procedures are followed and that each of these bodies acts in accordance with the law, the articles of association and the relevant by-laws.

PostNL Composition of Supervisory Board committees

2023

Committee	Audit	Remuneration	Nomination	ESG
Chair	Koos Timmermans	Ad Melkert	Jan Nooitgedagt	Nienke Meijer
Member	Jan Nooitgedagt	Nienke Meijer	Marika van Lier Lels	Hannie Vlug
Member	Marika van Lier Lels	Koos Timmermans	Jeroen Hoencamp	Jeroen Hoencamp
Member	Ad Melkert	Hannie Vlug		Martin Plavec

Business principles, policies and procedures

Business principles

We are a large company with tens of thousands of employees, multiple business segments and an international network. Our business principles describe what we expect from our business relations and everyone who works with or for PostNL, as well as what they can expect from us. In this chapter we provide more insights into our business principles, policies and procedures, including links to our policies on our website.

Diversity & inclusion policy

As described elsewhere in this Annual Report, PostNL believes in the strength of diversity and inclusion. We respect and value differences between people, as they make our organisation stronger, more innovative and more appealing. This also translates into our aim for diversity in the composition of the Executive Committee, Board of Management and Supervisory Board. The Supervisory Board and Board of Management seek to promote diversity and inclusion among the members of the Board of Management and Supervisory Board and the members of the Executive Committee respectively, with regard to age, sex, level of expertise and experience, and nationality. We aim to create a balance, to the extent possible, in which the diversity referred to above is expressed and where the objective is to comply, at the very least, with the statutory requirements. For more information please refer to our Diversity and Inclusion policy which can be found on the website.

At year-end 2023, PostNL's Board of Management had two members, of which one was female, i.e. 50% of the seats filled by women. The Executive Committee had nine members, of which three were female, i.e. 33.3% of the seats filled by women. The Supervisory Board has eight members, of which three are women, i.e. 37.5% of the seats filled by women. Consequently, as per year-end 2023, the Board

of Management, the Executive Committee and Supervisory Board had a balanced representation of men and women.

As follows from PostNL's Diversity and Inclusion policy and the profile of the Supervisory Board, diversity is taken into account when selecting candidates in case of a vacancy in the Executive Committee, Board of Management and Supervisory Board. Ultimately, the capacities of the selected candidates are assessed irrespective of the candidate's gender and the most qualified candidates will be nominated for appointment.

Per 1 January 2022, new legislation in the Netherlands came into force in relation to a balanced representation of men and women in Supervisory Boards, Boards of Management and senior management. The legislation introduced a binding diversity quota for the Supervisory Board, whereby at least one third of the members of the Supervisory Board should be male, and at least one third of the members should be female. Additionally, large companies such as PostNL should determine an ambitious and appropriate target (in the form of a target number) to promote gender diversity in the Board of Management and senior management. As mentioned above, PostNL complies with the binding diversity quota for the Supervisory Board. PostNL has determined ambitious and appropriate target numbers for the Board of Management and senior management. More information on the implementation of the Diversity and Inclusion policy can be found in chapter 'Social value'.

Procurement policy

Our principle is that our procurement and service activities need to comply with our Procurement policy, relevant legislation and regulations, social and ethical standards, and sustainability requirements. Together with our suppliers, PostNL works continuously to maintain and improve the supply chain and make it as sustainable as possible in order to protect the environment in the broadest sense of the term.

This starts with selecting our suppliers and setting up our procurement processes in line with our ESG responsibility. We not only look at the price, quality and delivery periods, but also take social and environmental aspects into account. We use a so-called risk-assessment matrix when contracting a supplier. If a supplier cannot meet our standards based on this assessment, they will not be contracted. In case of equal suitability, we prefer suppliers with better sustainability performance. The updated Procurement policy 2023 can be found on our website here, and contains, for example, guidelines, risk classification, follow-up measures and checklists. These protocols also include a description of how to use our General Conditions of Purchase, the PostNL Business Principles and the PostNL Set of Guidelines for Suppliers and Contractors.

In 2023, we made adjustments to our set of guidelines for suppliers and contractors which is a specific clarification of the PostNL business principles and the OECD guidelines. For example, suppliers must adopt a proactive attitude and take an innovative approach, if possible, in improving the environmental aspects of the goods or services they provide. This includes biodiversity; procurement and/or the production of goods may not lead to or contribute to land conversion or deforestation. The same applies to financial investments. Ecosystems must not be disrupted to such an extent that this has a significant impact on biodiversity. We are also committed to zero net-deforestation through our own operations and adhering to the EU's regulation on deforestation-free products, and engaging with our supply

chain to make similar commitments. These renewed guidelines are applicable to any new contract.

PostNL expects its suppliers to both take responsibility for these issues within their own organisation, and take responsibility further up the supply chain and monitor how well these issues are dealt with by their own suppliers (sub-suppliers). In most cases contractors (i.e. agents or direct manufacturers) are likely to work with sub-suppliers and sub-contractors; this represents an additional step that renders the link between PostNL and any risks affecting PostNL less manageable. Nevertheless, PostNL holds the view that involving an agent does not affect its own responsibility for risks and regulation.

Award by EcoVadis

PostNL was also awarded a Gold rating by EcoVadis in 2023, placing the company in the top 5% of 75,000 companies surveyed globally in terms of sustainability performance and corporate social responsibility with a focus on sustainable procurement. We have been working hard for many years to reduce our ecological footprint and promote a more sustainable society, from investing in electric vehicles and cleaner fuels to optimising routes and reducing air in parcels, and this continued in 2023.

Conflict of interest

Each member of the Board of Management and the Supervisory Board must immediately report and provide all relevant information to the chairman of the Supervisory Board about any conflict of interest or potential conflict of interest, material or not to the company and/or to the relevant member. A member of the Board of Management also informs the other members of the Board of Management (as applicable).

If the chairman of the Supervisory Board has a conflict of interest or potential conflict of interest that is material to the company and/or to them, they are required to report this immediately to the vice chairman of the Supervisory Board and to provide all relevant information. In all situations, this

includes information concerning a spouse, registered partner or other life companion, (foster) child or other relatives by blood or marriage up to the second degree.

The Supervisory Board is responsible for deciding how to resolve a conflict of interest between members of the Board of Management, members of the Supervisory Board and/or the external auditor on the one hand and the company on the other.

In the event of a conflict of interest between PostNL and a member of the Board of Management, the company will be represented by another member of the Board of Management or a member of the Supervisory Board appointed by the Supervisory Board for this purpose.

A decision to enter into a transaction involving a conflict of interest with a member of the Board of Management or the Supervisory Board, material or not, to the company or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2023 so best practice provisions 2.7.3 and 2.7.4 of the Code did not apply.

The by-laws of the Board of Management and the Supervisory Board also include a provision that a member of the Board of Management or the Supervisory Board does not participate in any discussion or decision-making that involves a subject or transaction in relation to which the member has a conflict of interest with the company. In 2023, there were no cases whereby conflicts of interest occurred.

Shareholders and their rights General Meeting of Shareholders

PostNL is required to hold an Annual General Meeting of Shareholders within six months of the end of the financial year. The agenda for this meeting includes the adoption of the financial statements, a proposal on dividend and the release from liability of the members of the Board of Management and the Supervisory Board for the performance of their respective duties during the financial year. This release

only covers liability for matters reflected in the relevant financial statements or otherwise disclosed to the General Meeting of Shareholders prior to the adoption of the relevant financial statements.

General Meetings of Shareholders are held as often as the Board of Management or the Supervisory Board deem necessary, and shall be convened in case of a decision entailing a significant change in the identity or character of PostNL or its business.

Furthermore, the Supervisory Board and the Board of Management are in principle required to convene a shareholders meeting in case one or more shareholders representing at least 10% of PostNL's issued share capital so request in writing, stating the proposed agenda in detail.

General Meetings of Shareholders may be held in Amsterdam, The Hague, Hoofddorp or in the municipality of Haarlemmermeer (Schiphol).

One or more shareholders representing at least 1% of PostNL's issued share capital are entitled to request that the Board of Management or the Supervisory Board place items on the agenda of a General Meeting of Shareholders. Such a request must be honoured by the Board of Management or the Supervisory Board, provided that the request is received in writing at least 60 days before the date of such a meeting. In the event a request is made by one or more shareholders to either convene a meeting or to place an item on the agenda of a General Meeting of Shareholders that may result in a change of the company's strategy, the Board of Management is entitled to a reasonable period in which to respond, which shall not exceed 180 days.

The Central Works Council of PostNL has the right to form an opinion on proposals to determine or modify the policy on the remuneration of the Board of Management, proposals that entail a significant change in the identity or character of the company or its business and proposals to appoint a

member of the Supervisory Board. The Central Works Council has the right to explain its position during the General Meeting of Shareholders.

General Meetings of Shareholders are convened at least 42 days in advance by a notice published on the company's website.

Each shareholder is entitled to attend a General Meeting of Shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of PostNL's articles of association. An eligible shareholder has the aforementioned rights if registered as a shareholder on the applicable record date to the extent described by Dutch law.

Each PostNL share carries the right to cast one vote. Unless Dutch law or PostNL's articles of association stipulate otherwise, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting. Pursuant to PostNL's articles of association, there are no limitations to the rights of Dutch, non-resident or foreign shareholders to hold or exercise voting rights in respect of PostNL's securities.

General Meeting of Shareholders 2023

On 18 April 2023, PostNL held its Annual General Meeting of Shareholders in The Hague, the Netherlands. The attendance rate was 39.77% of the total outstanding share capital. The agenda, resolutions and voting results for each resolution, the presentations given during the meeting and a webcast of the meeting are available on our website in Dutch and English. Minutes of the meeting are available in Dutch only.

Liquidation rights

In the event of PostNL's dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses are to be distributed in the following order of preference: firstly, to the holders of all outstanding preference shares B (if any), the nominal amount paid up on these shares plus

accumulated dividends for preceding years that have not yet been paid; and secondly, to holders of ordinary shares in proportion to their shareholdings.

Changes to the rights of shareholders

Rights of shareholders may change by way of an amendment to the articles of association, a statutory merger or demerger within the meaning of book 2 of the Dutch Civil Code, or dissolution of the company. A resolution of the General Meeting of Shareholders is required to effect these changes. Under PostNL's articles of association, such a resolution may only be adopted upon a proposal by the Board of Management that has been approved by the Supervisory Board.

Major shareholders

To PostNL's knowledge, it is not directly or indirectly owned or controlled by another company or by any government. PostNL does not know of any arrangements of which the operation might, at a subsequent date, result in a change of control, except as described under 'Foundation Continuity PostNL and preference shares B' below.

The Financial Markets Supervision Act (Wet op het financieel toezicht) imposes a duty to disclose percentage holdings in the capital and/or underlying financial instruments and/or voting rights in the company when such holding reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such a disclosure must be made to the Dutch Financial Markets Authority (AFM) without delay. The AFM then notifies the company.

Articles of association, share acquisition, reduction and increase of issued share capital Amendment of the articles of association

The company's articles of association can be amended upon a proposal by the Board of Management, approved by the Supervisory Board and adopted by the General Meeting of Shareholders. A proposal to amend the articles of association must be stated in a notice convening a General Meeting of

Shareholders and announced in such a manner as permitted by law at the time. The proposal shall be passed upon an absolute majority of the votes cast in the General Meeting of Shareholders. PostNL's articles of association are available on our website.

Ability of the company to acquire its own shares

Under its articles of association, PostNL may acquire its own shares, provided that they are fully paid up. If such shares are acquired for consideration, the following conditions apply:

- PostNL's shareholders' equity less the purchase price may not fall below the sum of the paid-up capital and any reserves required to be maintained by Dutch law or pursuant to the articles of association.
- Following the share acquisition, PostNL may not hold shares with an aggregate nominal value exceeding half of its issued share capital.

The Board of Management is authorised to decide to acquire PostNL shares. Such a resolution requires the approval of the Supervisory Board. In addition, the Board of Management requires prior authorisation by the General Meeting of Shareholders. This authorisation may be valid for a period not exceeding 18 months and must specify:

- The number of shares that may be acquired;
- The manner in which shares may be acquired;
- The price limits within which shares may be acquired.

Authorisation by the General Meeting of Shareholders is not required if the PostNL shares are acquired for the purpose of transferring those shares to PostNL employees pursuant to any arrangements applicable to such employees.

Reduction of issued share capital in general

The issued share capital may be reduced by the cancellation of shares following a repurchase. PostNL's issued share capital

may also be reduced if the nominal value of its shares is reduced by amendment of PostNL's articles of association. The resolution to reduce PostNL's issued share capital requires the approval of the General Meeting of Shareholders. Pursuant to PostNL's articles of association, such a resolution may be adopted pursuant to a proposal of the Board of Management that has been approved by the Supervisory Board. The latter requirement is more stringent than Dutch law.

Increase of issued share capital by issuance of shares/pre-emptive rights

PostNL's Board of Management has been designated as the body authorised to resolve on the issuance of shares and to grant rights to subscribe for shares, including options and warrants. Such a resolution is subject to the approval of the Supervisory Board. The scope and duration of this authority of the Board of Management are determined by the General Meeting of Shareholders. The Board of Management cannot be authorised to issue more shares than the number of authorised shares that have not been issued (i.e. the number of authorised shares minus the number of issued shares). The authority may not be granted for a period longer than five years.

The term of designation of the Board of Management as the body authorised to resolve on the issuance of shares may also be extended by amendment of PostNL's articles of association.

If no extension is given, the issue of shares or granting of rights to subscribe for shares requires a resolution of the General Meeting of Shareholders. Such a resolution may only be adopted pursuant to a proposal by the Board of Management that has been approved by the Supervisory Board.

In principle, each holder of ordinary shares has a pre-emptive right in case of any issue of ordinary shares or the granting of rights to subscribe for these shares.

Pursuant to PostNL's articles of association, shareholders' pre-emptive rights may be restricted or excluded by a resolution of

the Board of Management, provided and as long as the Board of Management has been designated as the body authorised to resolve on the issuance of shares. Such a resolution is subject to the approval of the Supervisory Board. Pursuant to PostNL's articles of association, the provisions relating to the scope and duration of the authority to issue shares and grant rights to subscribe for ordinary shares are also applicable to the scope and duration of the authority to exclude or restrict pre-emptive rights.

Dividend

The Board of Management may determine, subject to approval by the Supervisory Board, that any dividend on ordinary shares will be paid wholly or partly in PostNL ordinary shares instead of cash, or that any dividend will be paid by giving shareholders the option to choose between PostNL ordinary shares or cash (optional dividends).

If and when dividends are declared, PostNL pays dividends out of its profits, or by exception out of the distributable part of its shareholders' equity as shown in PostNL's financial statements. PostNL is not allowed to pay dividends if the payment would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch law or the company's articles of association.

The Board of Management may, subject to approval by the Supervisory Board and to provisions of Dutch law, distribute interim dividend. No dividend shall be paid on shares held by PostNL. Such shares shall not be included for the calculation of the profit distribution, unless the Board of Management resolves otherwise. Such a resolution is subject to the approval of the Supervisory Board.

Under PostNL's articles of association, if preference shares B have been issued, PostNL must pay dividends on the paid-up portion of the nominal value of the preference shares B. Payment is made at a rate of the average 12-month EURIBOR (Euro Interbank Offered Rate), weighted to reflect the number of days for which the payment is made, plus a premium to be

determined by the Board of Management, subject to approval by the Supervisory Board, of at least one percentage point and at most three percentage points. The Board of Management then determines, subject to the approval of the Supervisory Board, the part of the remaining profits to be appropriated to reserves. The profit that remains after appropriation is at the disposal of the General Meeting of Shareholders.

More information about PostNL's dividend policy can be found in the 'PostNL on the capital markets' chapter, and on our website. Any changes to these guidelines shall be explained in a separate agenda item at the Annual General Meeting of Shareholders.

Foundation Continuity PostNL and preference shares B

Stichting Continuïteit PostNL (Foundation Continuity PostNL) was formed to safeguard the interests of PostNL, the undertaking connected with PostNL and all parties involved. It does this by, among other things, preventing any influences that could threaten PostNL's continuity, independence and identity, as far as possible. Foundation Continuity PostNL is an independent legal entity and is not owned or controlled by PostNL or any other legal person.

PostNL's articles of association provide for protective preference shares B that can be issued to Foundation Continuity PostNL. The preference shares B have a nominal value of €0.08 and have the same voting rights as PostNL's ordinary shares.

PostNL and Foundation Continuity PostNL have entered into a call option agreement, which enables Foundation Continuity PostNL to acquire a number of preference shares B not exceeding the total issued number of ordinary shares minus one and minus any shares already issued to Foundation Continuity PostNL. The call option agreement is meant as a preventive measure against influences that might threaten the continuity, independence and identity of the company. Preference shares B will be outstanding no longer than strictly

necessary. As at 31 December 2023 and at the date of this Annual Report, there were no preference shares B issued. The exercise price with respect to the call option is the nominal value of €0.08 per preference share B, although upon exercise only €0.02 per preference share B is required to be paid. The additional €0.06 is due when the Board of Management, subject to the approval of the Supervisory Board, requests payment. Foundation Continuity PostNL has a credit facility in place to enable it to exercise the call option.

Six months after the issuance of preference shares B, Foundation Continuity PostNL may require PostNL to convene a General Meeting of Shareholders to discuss cancellation of these shares. However, if within these six months Foundation Continuity PostNL should receive a demand for repayment under the credit facilities referred to above, it may also require PostNL to convene a General Meeting of Shareholders. In accordance with PostNL's articles of association, a General Meeting of Shareholders must be convened no later than 12 months after the first date of issuance of any preference shares B to Foundation Continuity PostNL. The agenda for that meeting shall include a resolution regarding the repurchase and/or cancellation of the preference shares B.

PostNL has granted Foundation Continuity PostNL the right to file an application for an inquiry into the policy and conduct of PostNL's business with the Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer). Should such an inquiry be granted, the Enterprise Chamber may impose immediate provisions.

At 31 December 2023, the members of the Board of Foundation Continuity PostNL were Mr M.P. Nieuwe Weme (chair), Ms Y.C.M.T. van Rooy, Ms C.M.C. Mahieu and Mr P.S. Overmars. All members of the Board of Foundation Continuity PostNL are independent from PostNL. This means that Foundation Continuity PostNL is an independent legal entity as referred to in section 5:71 paragraph 1 sub c of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Stakeholder dialogue

PostNL endeavours to stay in regular contact with its stakeholders. The CEO, CFO and the investor relations team meet with shareholders during roadshows and conduct individual meetings and calls during the year.

Communication takes place with governance institutions representing shareholder groups before the Annual General Meeting of Shareholders and also during the year. PostNL does not have a specific policy to introduce members of the Supervisory Board to PostNL shareholders. The company has a policy on bilateral contacts with the shareholders which is included in the investor relations policy and published on PostNL's website. More information about PostNL's investor relations can be found in the 'PostNL on the capital markets' chapter.

Furthermore, PostNL organises annual dialogues with its stakeholders, in addition to the daily, ongoing contacts with customers, regulators, interest groups, et cetera. More information about PostNL's stakeholder dialogue can be found in the 'Non-financial statements'.

Ethics and compliance

We are committed to sound business conduct, which is why we manage our business according to applicable laws and regulations and according to the PostNL Business Principles. These provide guidance on interaction with colleagues, customers, business partners and society in general.

Integrity Committee

The Integrity Committee advises and assists the Board of Management in developing, implementing, and monitoring Group policies and procedures aimed at enhancing integrity and ethical behaviour as well as preventing fraud, corruption and bribery. The Integrity Committee is composed of the director Audit & Security (chairman), the manager Integrity

Office, the Corporate Security Officer, the director Legal, the director HR Legal & Reward, the director Communications, the director Strategy Mail in the Netherlands, and the managing director E-commerce Operations.

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

Business conduct and integrity approach

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

Our Business Principles inform how we act and make our decisions and as early as 2012, PostNL signed up to the ten principles of the United Nations Global Compact on such issues as human rights, labour, climate and anticorruption. We further endorse the OECD guidelines for multinational enterprises on responsible business conduct, while our sustainability strategy aligns us with the United Nations' Sustainable Development Goals (SDGs). At the same time, our Orange compass influences our culture and behaviour and helps us steer our organisation in the way we want to do business, supporting us as we create the right environment for people to carry out their work effectively and feel connected.

Due to the approved changes in the law "Wet Bescherming Klokkenuiders", all PostNL policies and procedures have been assessed to make sure that all changes are still in alignment with the approved law. Changes relate to aligning the reporting channels for the Netherlands, Belgium and International, specifying in which cases the confidentiality will be lifted, opportunities for reporting externally, and various other process-related changes.

In 2023, we introduced a revised process of receiving and processing integrity-related incident reports. All integrity-

related reports are now received at a single point and are checked for whether an alleged breach of the law has occurred, a formal whistleblowing report is received, or any other type of reported breach or indicator. These other reports and signals are evaluated for further handling by responsible functions (such as the Integrity Office, line management or HR). This provides a smoother follow-up of reported incidents, cases and indicators, and ensures the best care for our employees.

During the year, we initiated 606 investigations in response to integrity-related issues. These investigations covered issues such as the theft of parcels or mail, bribery and corruption, or failure to follow workplace practices. The investigations resulted in 207 discontinued work relationships. At year-end 2023, 78 investigations were ongoing.

Integrity-related investigations include cases of alleged (sexual) harassment and discrimination. In 2023, we investigated 274 reported incidents connected to previously mentioned allegations. The number of reported sexual offences and harassment incidents are comparable to 2022. We have experienced that the trend in the number of reported (sexual) harassment incident reports follows the increased societal attention on this subject.

We are continuously working to improve awareness on these topics, such as by supporting employee communication on the issue of inappropriate conduct, dialogue with line management and HR representatives, and following up on reported integrity-related incidents. We use the outcomes of the 'Employee engagementmonitor', results of investigations, and signals to identify potential for continuous improvement of our integrity approach and our activities at the PostNL Group companies. Since October 2023, we have used a new e-learning module on integrity aimed at educating management and employees about our Business Principles, desired behaviour based on these principles, and reporting methods. This mandatory module is part of our regular onboarding programme. In 2023, we added a more explicit

PostNL Human Rights management approach



reference in our Business Principles on discrimination, (sexual) harassment, bullying, aggression and violence, and included a section on sustainability.

We work continually to create a company environment where people feel safe and empowered to speak up. In addition to case-specific investigations, we apply trend analysis on all

reported incidents to identify structural issues that require further preventive actions. In 2023 we received one report of an alleged bribery case, which was promptly investigated. This case did not have a significant impact on our business. Furthermore, we did not receive any report related to alleged corruption cases.

After a brief period of candidate membership, as of January 2023 we became a member of the Business Integrity Forum of

Transparency International. This initiative aims to stimulate the exchange of knowledge on the subject of integrity.

From 2024, we will align topics and metrics as much as possible in accordance with the new CSRD requirements, such as ESRS G1 'Business Conduct'.

PostNL Coverage of Human Rights areas in policies

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

¹ Universal Declaration of Human Rights

Supporting Human Rights

At PostNL, we are committed to upholding internationally recognised human rights across the company. We view human rights as a vital social and governance topic, and respect ILO's Declaration on Fundamental Principles and Rights at Work and particularly endorse the UN Guiding Principles on Business and Human Rights. PostNL has been a signatory to the UN Global Compact since 2012. In recent years, the scope of our focus has broadened from to the impact we have along our entire value chain and work with our partners to tackle a broad range of topics. Therefore, we have tailored our ESG agenda to the most material topics as defined by our stakeholder engagement process and materiality assessment. We have

linked these to the UN Sustainable Development Goals (SDGs), specifically the SDG sub-targets, which helps us focus on those areas where we can make a material impact.

In 2022 we developed and implemented a more structured, company-wide approach towards human rights due diligence and management. This structure consists of a six-step approach, which is outlined in the human rights infographic on this page and included in the Human Rights Due Diligence report. These steps outline how we apply our Human Rights Policy commitment, from identifying and assessing any adverse impacts that may occur across our business or along our supply chain, to taking action to cease, prevent or mitigate

these impacts, and communicating how we have addressed these impacts.

In 2023, we continued implementing mitigating and remediating actions across the four identified human rights risk areas, which are working conditions, diversity and inclusion, privacy protection and data security, and fair compensation. For example, we developed a delivery partner due diligence policy addressing these risk areas.

These areas relate to the material topics human rights and labour practices, employee attraction, development and retention, and data security and protection, identified during the double materiality assessment conducted in 2022 and integrated in our Risk & Opportunity management approach. For more information on our assessment and mitigation response, refer to Main Risks and Opportunities. Our approach and the actions we have taken are disclosed in the relevant sections of this report and referenced in the GRI content index.

In relation to the development of KPIs and targets, we decided to first further align our approach with the requirements of the ESRS for the CSRD at a more detailed level than initial conducted in 2022. This helped strengthen our human rights risk assessment approach, develop more specific insights into human rights-related impacts across our value chain, and refine material subtopics. As we finalise our assessment in 2024, we plan to align relevant metrics and targets on specific human rights impacts, risks and opportunities with the predefined topics in the ESRS to allow for transparency and comparability for stakeholders. Where relevant, these metrics and targets may also relate to human rights topics in PostNL's value chain.

Prevention of fraud, bribery and corruption

PostNL recognises the need to have detailed fraud prevention and anti-bribery and anti-corruption policies, procedures and reporting mechanisms in place to protect our business integrity and to comply with all applicable laws and

regulations. Anti-bribery and anti-corruption legislation, both in our home country and the countries we operate in, is very important for PostNL to conduct its business globally. All reported incidents of actual or suspected corruption or bribery will be promptly and thoroughly investigated and dealt with appropriately.

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

Cybersecurity

At PostNL, as our reliance on systems and data intensifies, the importance of cybersecurity becomes ever greater. To manage our digital information and processes, we ensure the security of data, systems, and applications integral to our business processes. Our cybersecurity policy guides the implementation of effective cybersecurity measures across the organisation.

In 2023, we changed our cybersecurity operating model by strengthening our first and second line defense capabilities. In our first line of defense, we assess the cyber risk posture for relevant IT assets and update the risk treatment plan accordingly. This covers six main focus areas:

Central monitoring capability

Implementation of central monitoring, including logging requirements based on a standard classification policy, now covers our 10 main log sources, including our AWS engineering environment. This enables us to onboard specific applications and use cases efficiently.

Asset management policy and standard

We have defined a policy and standard for asset management from a cybersecurity perspective, and have implemented a vulnerability management tool to assess risk across critical asset domains.

Information security management system

Utilising our existing repositories and risk system (Topdesk combined with Onetrust), we have integrated these systems to conduct risk assessments according to our data classification.

Risk assessment process

We have standardised the Business Impact Analysis to conduct cyber-risk assessments and made it mandatory for all penetration tests and high-classified assets.

Configuration management control set

Our IT cybersecurity framework is based on the CIS control set, providing benchmarks for common IT environments and applications. This has been particularly effective for our O365 environment.

First-line cybersecurity function

To strengthen our cybersecurity function, we have started adding business information security officers in the first line and IT security managers in central teams.

Our second line of defense focuses on three main capabilities:

- a. Accurate and current policies, including a control framework
- b. An awareness programme
- c. An incident reporting and management process.

In 2023, we strengthened this with a 24/7 security operation centre, implementation of a central SIEM and automated vulnerability management, and implementation of DevSecOps controls together with the IT engineering teams. Throughout the year, we also regularly performed internal control testing, including identity & access management, change management, and incident management. Centralised processes, such as single sign-on, multi-factor authentication, patch management, firewall management, and backup and recovery, mitigate cybersecurity threats.

We further extended our detection and response capabilities by performing incident response simulations. This both on operational and board level. With the lessons learned we are further improving our resilience including red-team exercising to test our in depth resilience.

On regulations we assessed our NIS-21 readiness in 2023. As we will fall under this legislation by the end of 2024, we will implement necessary additional controls based on this assessment. In 2023, we had a total of 362 cybersecurity incidents. This is an decrease of 30 % compared to 2022. Of these incidents, one was classified as high, while six involved a data breach.

We continue to address cybersecurity in our review of internal controls, especially as most of our critical applications are based on SaaS and Cloud principles. These assessments, critical for maintaining robust security, will persist into 2024 and beyond.

Protecting data and privacy

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

We have established a Group Policy on Privacy which outlines the fundamental principles we adhere to as a company regarding the use of personal data. These principles are in line with PostNL's Business Principles. We strive to provide high-quality services, in which reliability is an important factor. We therefore view the protection and careful handling of personal data as an important precondition for further innovation and development of our services. To help achieve this, we have set up governance, processes and procedures to adequately implement 'accountability' in the field of the protection of personal data. This includes a processing register, a reporting process for data breaches, process for handling the rights of

the person concerned, implementation of data privacy impact assessments, and the application of the Privacy by Design principle in development of new processes and systems.

PostNL also established a data governance board to provide oversight on how we use and protect data. The Board discussed different data-related topics, including, for example, digital ethics. To the best of our knowledge, there were no substantiated complaints received from customers in relation to breaches of their privacy.

Asset protection and loss prevention

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

The PostNL programme on loss prevention is focused on addressing the specific commercial and operational aspects that may impact the rate of missing parcels. In our continuing efforts to lower the number of missing parcels, the commercial and operational management of Parcels works closely together with PostNL Security to develop and implement dedicated fraud and theft-risk mitigating actions.

Regulatory compliance management

PostNL believes that laws and regulations are designed to protect all members of society and our environment. Compliance forms part of our internal control and governance frameworks. We operate in a sector that is defined by continually developing regulations, and in this paragraph we outline our approach, our focus, and the main regulatory developments in 2023.

Our Approach to compliance

We manage compliance in a management process based on a compliance framework and continuous improvement. Dedicated compliance officers facilitate and challenge management on a regular basis on different elements in the process.

At PostNL, we have identified ten compliance domains. These domains include the Dutch and Belgian postal law, competition law, transport regulations, environmental laws and regulations, tax regulations, data protection and privacy regulations, and labour and social laws.

For each domain, the required maturity level of our compliance management is determined based on a maturity model. The level of compliance management may vary depending on the size, exposure and risks for different entities. We then evaluate, based on the COSO ERM 2017 framework, how compliance can be demonstrated for each relevant area per reporting entity through our compliance risk management, internal control and internal audit processes.

Business management is responsible for ensuring adherence to regulatory requirements as well as monitoring performance, and is supported by staff functions and dedicated compliance officers. Management is required to confirm its responsibility for the compliance with laws and regulations by its legal entities. As a final step, we assess and report the status of compliance on a quarterly basis to both line management and our governance bodies.

Focus areas in 2023

Based on our internal control assessments and internal audit findings, for the vast majority of laws and regulations we did not identify significant deficiencies relating to compliance-mitigating activities that require follow-up. Our four focus areas for 2023 were to make further improvements in our implementation of the Three Lines Model, the Human Rights compliance management system, Privacy and AI compliance

controls and in Compliance in our value chain with key focus on delivery partners.

Three Lines Model

In 2023, we continued to focus on the implementation of the Three Lines Model for the 10 key compliance domains. We defined and agreed upon roles and responsibilities with EC members by explicitly identifying first, second and third line defense for these compliance domains. Connected to this, we remained focused on the underlying soft controls, or 'cultural drivers', and started to measure the risk-aware compliance culture in the company.

Human Rights compliance management system

We have started in 2023 a company-wide project on improving the compliance management processes aimed at safeguarding human rights for all persons working with or at PostNL. Being a large employer in the Netherlands, this topic is significant for PostNL. We implement the approach and criteria of the SA 8000 management system by systematically reviewing our current policies and management processes connected to the human rights topics as defined by the ILO, UNGC and the OECD.

In 2023 we completed our improvement efforts connected to the topics Child labour, Discrimination, Remuneration and Disciplinary practices. Early 2024 we aim to complete the remaining topics Forced or compulsory labour, Freedom of association & rights to collective bargaining, Working hours and Health and safety.

Privacy and AI compliance controls

In 2023 we performed an integral review of the current status and adequacy of our privacy control framework as a follow-up on the earlier GDPR implementation. We have reviewed whether all privacy relevant data processing is recognized and recorded. And next we have reviewed that for all high risk data processing the adequate privacy impact assessments are in place. Also, the privacy relevant incident management and reporting procedures have been re-evaluated.

Connected to the ethical risks in Artificial Intelligence (including Machine Learning and Robotics) we have developed in 2022 a Digital Ethics risk management process. In 2023 we performed an assessment on all AI related technology already in place at PostNL to validate the extent that this technology works within the boundaries of our Business Principles and other ethical standards at PostNL. As a next step, we are implementing this risk management process as a standard step in our Agile IT development organization to safeguard that newly developed tools also adhere to the Digital Ethics requirements.

Compliance in our value chain

Stakeholders increasingly expect large companies such as PostNL to lead by example through their influence on value chains. Responsibility along the value chain is a relevant topic in the public arena. As a large company, we proactively contribute to improvements in our value chain across a broad range of topics, even when this goes beyond our own responsibility under applicable laws and regulations. This applies to areas such as the transport and handling of dangerous goods, environmental compliance, responsible (international) procurement, Foreign Nationals Employment Act (Wet Arbeid Vreemdelingen), and the Labour Market Fraud Act (Wet Aanpak Schijnconstructies). Connected to the two last laws, we included specific controls in our hiring and onboarding process applicable to all persons working for or at PostNL.

In 2023, we continued to introduce structural improvements, including more stringent compliance checks at those delivery partners we do business with in the Netherlands and Belgium. Our newly created due diligence process for delivery partners is designed to cover several important compliance and ESG topics. The process is based on the OECD Due Diligence Guidance for Responsible Business Conduct and will be implemented in the first half of 2024.

Summary of instances of non-compliance

PostNL operates in a sector with a wide variety of compliance topics, where both the number and complexity of laws and regulations is increasing. While this requires a robust approach to compliance (as described earlier in this chapter) we are, on occasion, confronted with instances of non-compliance. When these instances are discovered, we take immediate steps to remedy and deal with them.

While there are a number of cases ongoing linked to PostNL's compliance with laws and regulations, in 2023 there were no significant reportable instances of non-compliance identified (2022: 1). We did not incur any significant reportable fines during 2023 (2022: 0). For the purpose of this report, we did not take relatively small fines such as traffic-related fines into account. In February 2024, ACM imposed a fine related to the delivery quality of mail over 2021.

Insider trading – share ownership

Members of the Supervisory Board, the Board of Management and PostNL's senior management are subject to the PostNL Group policy on prevention of insider trading, which sets rules to prevent insider trading in our financial instruments and in securities other than PostNL's financial instruments.

Under the current remuneration policies share ownership is mandatory for the Board of Management, and not for members of the Supervisory Board. This is further detailed in the Remuneration report, where you can also find the total number of PostNL shares held by each member of the Board of Management. None of the Supervisory Board members holds any PostNL shares at the date of this Annual Report.

Internal audit

PostNL's internal audit function provides independent and objective assurance to the Board of Management and the Supervisory Board on the effectiveness of the internal control framework, and performs financial, IT and non-financial management systems and operational audits for the various units within the PostNL Group. Audits are scheduled in close

cooperation with the business concerned and organised in such a way that the external auditor can use the internal audit activities optimally. Each audit is followed by a formal audit report to the management responsible. Adequate follow-up on audit findings is assured. A summary report of audit-related topics (findings, follow-up, and so on) is issued every quarter to the Board of Management and the Audit Committee. Audit planning, the quality and professionalism of the audit team and the effectiveness and efficiency of the execution of the audits are supervised by the Board of Management and approved by the Audit Committee. The internal audit function reports to the CEO, with open communication to the CFO and the Audit Committee.

Transparent reporting

Transparency is a cornerstone of our corporate responsibility. We understand that clear, comprehensive, and truthful reporting is essential for maintaining trust with our stakeholders, including investors, employees, customers, and the communities in which we operate. This commitment is reflected in our approach to integrated reporting, where we aim to provide a holistic view of our financial and non-financial performance. More information on how we use the Integrated Reporting framework and align with other standards and frameworks is included in 'Basis of preparation' in this report.

Externally, PostNL's 2022 Annual Report was recognised in the Netherlands when it won the prestigious Henri Sijthoff Award in the category 'Other listed funds'. The jury highlighted the clarity of the company's reporting, both non-financially and financially, the insights of our value creation model, and the extensive and clear explanation of our strategy.

In 2023, we were once again ranked as one of the most sustainable companies in the transport and logistics sector worldwide by the Dow Jones Sustainability Index (DJSI). This benchmark evaluates listed companies on economic, social and environmental transparency and performance. We also achieved an A- score in the CDP benchmark, a global environmental disclosure system and we were awarded a

Gold rating by EcoVadis, placing the company in the top 5% of 75,000 companies surveyed globally in terms of sustainability performance and corporate social responsibility with a focus on sustainable procurement.

External auditor

PostNL's external auditor, KPMG Accountants NV, is appointed by the General Meeting of Shareholders. The lead partner rotates after a maximum period of five years and the key assurance partners rotate after a maximum period of seven years. Mr Roland Smeets is the lead audit partner since the financial year 2022.

The Supervisory Board recommends to the General Meeting of Shareholders the appointment or replacement of the external auditor. In doing so, it considers the Audit Committee's advice regarding the external auditor's nomination for appointment/reappointment or dismissal. The Audit Committee prepares the selection of the external auditor. The Audit Committee reports annually to the Supervisory Board on the functioning of, and relevant developments in the relationship with the external auditor. The Audit Committee gives due consideration to the Board of Management's observations in this respect. At the Annual General Meeting of Shareholders held on 20 April 2021, KPMG Accountants NV was appointed as the external auditor for PostNL for the financial years 2022, 2023 and 2024.

The Audit Committee, supported by the internal audit function, is required to pre-approve all services the external auditor provides to ensure these do not impair the auditor's independence from PostNL. The Audit Committee grants a general pre-approval for certain routine services every year. By Dutch law, the external auditor is in principle prohibited to render non-audit services.

Conflicts and potential conflicts of interest between the external auditor and PostNL are settled in accordance with the terms of reference of the Audit Committee and Dutch law. See note '2.3.4 Other operating expenses' to the Consolidated financial statements for more information.

The Audit Committee requires a formal written statement from the external auditor confirming its independence.

Remuneration report

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The Supervisory Board (hereafter: SB) is responsible for the remuneration policy of the Board of Management (hereafter: BoM) and the SB in order to attract, reward and retain qualified Board members and the implementation hereof. The Remuneration Committee oversees and ensures the implementation of the remuneration policies as approved by the shareholders at the AGM and ensures that decision-making is in line with those policies, PostNL's performance and strategic priorities. This report includes an overview of the implementation of the remuneration policies in 2023.



In conversation with our chairman

Remuneration Committee Chairman Ad Melkert reflects on 2023.

How do you look back on 2023 as chairman of the Remuneration Committee?

2023 was a year with many faces due to the ongoing challenging macroeconomic developments. On the one hand, we outperformed on free cash flow, climate impact reduction and kept our leading position in the market. On the other hand, normalised EBIT, employee engagement and quality levels ended up lower than expected. Furthermore, at the beginning of 2023, two collective labour agreements were agreed with the trade unions. From a Remuneration Committee perspective, 2023 was earmarked for the evaluation of the remuneration policy of the BoM and the SB in order to keep attracting, rewarding and retaining qualified Board members in the future.

Can you elaborate on the evaluation of the remuneration policies as mentioned in the previous question?

The evaluation process started with a review of the remuneration policies' guiding principles (which for the BoM are alignment, transparent, compliant, simple, and sustainable, and for the SB alignment, independence, transparent, compliant, and simple). We considered the guiding principles as still fit for purpose and reflective of our view on remuneration. Subsequently, we reviewed the peer group to ensure the composition is aligned with PostNL's current business profile. Based on the guiding principles and

updated peer group, we performed a market assessment. In this process, we thoroughly considered PostNL's internal perspective and the societal context we operate in. This resulted in our proposal, which we have discussed extensively with shareholders (representatives), (proxy) advisors and our Central Works Council. Taking into account their valuable input, we have agreed upon new remuneration policies which will be put forward to be voted on at the 2024 AGM.

Which other topics have been discussed in the Remuneration Committee in 2023?

At the start of the year we discussed, amongst other topics, the general base salary adjustment and the realisation of the variable remuneration. This involved an assessment on the remuneration outcomes for the BoM, but given the current remuneration policy structure and governance framework, the assessment did not result in any adjustment to the BoM's variable remuneration outcome. Furthermore, we discussed the remuneration-related impact of the new Corporate Governance Code and the newly installed ESG Committee. Lastly, taking into account the 99.39% votes for the remuneration report 2022 and the positive feedback received from the stakeholder engagement, no material adjustments were implemented in the remuneration report 2023.

On behalf of the Remuneration Committee, I want to thank all stakeholders for their valuable discussions and look forward to presenting updated remuneration policies at the 2024 AGM.

Policy Framework

The following section provides a high-level overview of the remuneration policy of the Board of Management as adopted by the 2022 AGM and the remuneration policy of the Supervisory Board as adopted by the 2020 AGM, both applicable in 2023.

Board of Management

The purpose of PostNL is to deliver special moments and our ambition is to be the favourite deliverer. Our strategy is to become the leading logistics and postal service provider in, to and from the Benelux. This translates into strategic objectives that can be found in the chapter Our strategy, which are incorporated in the remuneration policy.

Content element	Description
Guiding principles	<p>The objective of the policy is to attract, reward and retain qualified Board of Management members to set and implement our purpose, ambition, strategy, objectives and culture. The policy is built on the following principles:</p> <ul style="list-style-type: none"> • Alignment • Transparent • Compliant • Simple • Sustainable

Content element	Description
External and internal perspective	<p>The Supervisory Board applies a holistic view towards remuneration whereby both internal and external perspectives are taken into account:</p> <ul style="list-style-type: none"> • Market perspective is one of the factors that the Supervisory Board takes into account when determining adequate remuneration levels to attract and retain qualified leaders. The Supervisory Board reviews a peer group to ensure a balanced representation of the relevant labour market. The main criteria applied to determine the peer group are Dutch listing and comparability to PostNL in terms of size (revenue, employees, market capitalisation, assets), board structure and geographical focus. PostNL will benchmark its remuneration against a reassessed peer group at least every four years. We refer to our website for the 2020 peer group. • The remuneration for the Executive Committee, other senior management and employees who fall under a collective labour agreement (CLA), is intended to be aligned with the principles underlying the policy for the Board of Management. This is to establish internal consistency within salary structure, design of incentive plans and guidelines for salary increases. In this regard, the Supervisory Board continuously monitors the development of pay ratios.
Base salary	<p>Purpose and link to strategy:</p> <ul style="list-style-type: none"> • Provides a fixed level of earnings to attract and retain the Board of Management to execute PostNL's strategy. <p>Operation:</p> <ul style="list-style-type: none"> • The Supervisory Board sets base salaries in line with the opportunity and takes multiple factors into account, such as environment and societal context in which PostNL operates, the nature and responsibility of the role, individual and business performance, the pay conditions of PostNL's broader employee population and market positioning. • A possible regular annual increase is capped at the salary increase of the broader PostNL workforce, as agreed upon in the PostNL CLA. <p>Opportunity:</p> <ul style="list-style-type: none"> • Base salary levels are set at around the median market level of the peer group.

Remuneration report

Content element	Description	Content element	Description															
Short-term incentive	<p>Purpose and link to strategy:</p> <ul style="list-style-type: none"> Rewards the delivery of short-term performance and takes into account the interests of multiple stakeholders. <p>Performance framework and operation:</p> <ul style="list-style-type: none"> The Supervisory Board sets challenging and realistic targets for each performance measure. Performance period: one year. At the end of the performance period, the Supervisory Board determines which targets on each of the performance measures have been achieved. A performance measure can only contribute to pay-out if it is fully met, which means there is no stretch and no threshold. The STI is paid on an annual basis in cash. The quantifiable performance measures are defined, weighted and linked to the strategy as shown below: 																	
			Employee engagement	The share of engaged employees	10%	Our people take pride in the work we do												
			Customer satisfaction	The share of customers who are at least very satisfied	10%	Accelerate our customers' success												
			Quality Mail	Mail sent by consumers and delivered the next day to all Dutch households	10%	Secure a sustainable mail business												
	<table border="1"> <thead> <tr> <th>Performance measure</th> <th>Definition</th> <th>Weight</th> <th>Link to strategic objectives</th> </tr> </thead> <tbody> <tr> <td>Profitability</td> <td>Earnings before interest and taxes adjusted for the impact of project costs and incidentals (normalised EBIT)</td> <td>30%</td> <td rowspan="2">Generate sustainable growth and cash flow</td> </tr> <tr> <td>Cash generation</td> <td>Cash flow available for dividend payments to shareholders, acquisition of group companies and bond repayments (free cash flow)</td> <td>30%</td> </tr> <tr> <td colspan="2">Total financial performance measures</td> <td>60%</td> <td></td> </tr> </tbody> </table>	Performance measure	Definition	Weight	Link to strategic objectives	Profitability	Earnings before interest and taxes adjusted for the impact of project costs and incidentals (normalised EBIT)	30%	Generate sustainable growth and cash flow	Cash generation	Cash flow available for dividend payments to shareholders, acquisition of group companies and bond repayments (free cash flow)	30%	Total financial performance measures		60%			
Performance measure	Definition	Weight	Link to strategic objectives															
Profitability	Earnings before interest and taxes adjusted for the impact of project costs and incidentals (normalised EBIT)	30%	Generate sustainable growth and cash flow															
Cash generation	Cash flow available for dividend payments to shareholders, acquisition of group companies and bond repayments (free cash flow)	30%																
Total financial performance measures		60%																

Remuneration report

Content element	Description			
Short-term incentive	Quality Parcels	The share of parcels with an on-time, first-time delivery attempt	10%	Consumers can count on us
	Total non-financial performance measures		40%	
	Opportunity:			
	<ul style="list-style-type: none"> Set with a reference to the 25th percentile of the peer group. The maximum value is set at 37.5% of annual base salary for all Board of Management members. 			

Content element	Description
Long-term incentive	Purpose and link to strategy:
	<ul style="list-style-type: none"> Rewards long-term value creation to PostNL's strategy and reinforces alignment with shareholder interests by granting share.
	Performance framework and operation:
	<ul style="list-style-type: none"> The Supervisory Board sets challenging and realistic target levels for each performance measure. Performance period: three years. Ordinary PostNL shares will be conditionally granted. At the end of the performance period, the Supervisory Board determines the extent to which targets on each of the performance measures have been achieved and consequently to which extent the conditional shares and their dividend equivalent will vest. There is no vesting below threshold. Upon vesting, performance shares and their conditional dividend equivalent are subject to a holding period of two years. Therefore, the performance shares are blocked for a total period of 5 years. The quantifiable performance measures are defined, weighted and linked to the strategy as shown on the next page:

Content element	Description			
Long-term incentive	Performance measure¹	Definition	Weight	Link to strategic objectives
	Earnings attributable to shareholders	Cumulative net earnings attributable to the shareholders, adjusted for the impact of project costs and incidentals (cumulative normalised comprehensive income)	33.33%	
	Cash generation	Cumulative cash flow available for dividend payments to shareholders, acquisition of group companies and bond repayments (free cash flow)	33.33%	Generate sustainable growth and cash flow
	Total Financial performance measures		66.67%	
	Climate impact	CO ₂ efficiency of our own operations	33.33%	Reduce our environmental impact
	Total non-financial performance measures		33.33%	
	Opportunity:			
	<ul style="list-style-type: none"> Set with a reference to the 25th percentile of the peer group. The maximum value is set at 37.5% of annual base salary for all Board of Management members. 			

Content element	Description
Pension and benefits	<p>Purpose and link to strategy:</p> <ul style="list-style-type: none"> Remain competitive with the market. <p>Operation:</p> <ul style="list-style-type: none"> Board of Management members are entitled to benefits such as pension benefits, risk insurances, company car, tax and social security, a fixed expense allowance and possible service costs. Participation in the basic pension plan provided by the Dutch pension fund (Stichting Pensioenfonds PostNL) is mandatory under conditions that apply to the participating PostNL employees. For the pensionable salary that is not covered by the basic pension plan, a company paid pension allowance of 19% applies. This contribution can be used to participate in the so-called net pension plan. Dependents' pension and waiver of premium in the event of disability are insured on a risk basis as part of the net pension plan, the premium of which is paid by PostNL. <p>Opportunity:</p> <ul style="list-style-type: none"> Pension and benefits are in line with market practice and are aligned with the elements applicable to the wider workforce. We refer to the website of Stichting Pensioenfonds PostNL (https://www.pensioenpostnl.nl) for the latest applicable pension agreement.
Miscellaneous	Ultimate remedy, claw-back, share ownership guidelines, contractual, derogation and procedural provisions apply.

¹ In 2020 and 2021, two segment-based free cash flow performance measures were in place (each weighing 25%), next to earnings attributable to shareholders (25%) and climate impact (25%).

For more details regarding the remuneration policy of the Board of Management as adopted by the 2022 AGM, we refer to our website.

Supervisory Board

Content element	Description
Guiding principles	<p>The objective of the policy is to attract and retain qualified talent to perform the Supervisory Board's duties and act in accordance with the interests of PostNL and its stakeholders. The policy is built on the following principles:</p> <ul style="list-style-type: none"> • Alignment • Independence • Transparent • Compliant • Simple
Framework	<p>The framework:</p> <ul style="list-style-type: none"> • Reflects time spent and the responsibilities of the role; • Supports deployment of specific skills and competences; and • Is fixed and cash-based with no variable or share-based element and therefore not related to company performance. <p>The Remuneration Committee takes multiple factors into account when determining compensation levels, including the type of role, the pay conditions of PostNL's employees and relevant market developments. Compensation levels will be benchmarked at least every four years against the same peer group that is used for the Board of Management benchmark. PostNL aims to position compensation between the lower quartile and median levels of the peer group for all compensation elements of the policy.</p>

Content element	Description
Free structure	<p>The policy contains the following compensation elements:</p> <ul style="list-style-type: none"> • Board fees for chairman and members; • Committee fees for chairman and members; • Other benefits; • Expenses. <p>The fee structure is as follows:</p>
	Annual Board fees (excl. VAT)
	Chairman €55,000
	Member €40,000
	Annual Committee fees (excl. VAT)
	Chairman Audit Committee €10,000
	Chairman Remuneration / Nomination Committee €7,500
	Member Audit Committee €7,500
	Member Remuneration / Nomination Committee €5,000
Miscellaneous	Contractual, derogation and procedural provisions apply.

For more details regarding the remuneration policy of the Supervisory Board as adopted by the 2020 AGM, we refer to our website .

2023 actual remuneration

The following section provides insight into how our remuneration policy was implemented in 2023 for both our Board of Management and Supervisory Board. The presented figures are at market value, unless stated otherwise. For IFRS-based figures on the remuneration, see note '5.1 Remuneration of Supervisory Board, Board of Management and senior management' to the consolidated financial statements for more information.

Implementation of the remuneration policies

In 2023, we have overseen that all decisions made regarding the remuneration of the Board of Management are in line with the remuneration policy, as approved by the AGM in 2022, and decision-making process (no deviations took place).

Regarding the Supervisory Board's remuneration and in order to safeguard the long-term interest and sustainability of the company as a whole, derogation has been applied by rewarding the members of the newly introduced ESG Committee (as per 1 July 2023), in line with the committee fee level for the Remuneration and Nomination Committee. The ESG Committee fee is part of the proposed 2024 remuneration policy of the Supervisory Board which will be put forward to the AGM for voting. Notwithstanding the foregoing, the decision-making process regarding the remuneration of the Supervisory Board was in line with the remuneration policy as approved by the AGM in 2020.

All remuneration is paid directly to the Board of Management and the Supervisory Board by PostNL N.V. As such, no remuneration has been granted and/or allocated by subsidiaries or other companies whose financials are consolidated by PostNL N.V.

Furthermore, PostNL did not grant any severance payments to the Board of Management or the Supervisory Board in 2023. Lastly, the Supervisory Board did not claw-back any variable remuneration from the Board of Management.

Total remuneration Board of Management

Scenario analysis

In conformity with the Corporate Governance Code (hereafter: the Code), scenario analyses have been performed regarding the possible results of the variable remuneration elements and the impact thereof on the remuneration of the Board of Management members. Based on these analyses, the Supervisory Board deems the remuneration levels to be appropriate in view of the performance. Hence, no further measures are required in this regard. The analyses, amongst others include a minimum performance scenario (0%) and a maximum performance scenario (100%) and share price variations.

External perspective

In line with our remuneration policy, we benchmark our remuneration against a reassessed peer group at least every four years. The 2020 peer group, as defined in our remuneration policy, has not been altered since.

Please note that, as part of the evaluation of the remuneration policy, we updated the peer group as from 2024.

Internal perspective

We take the internal perspective into account in the implementation of the remuneration policy in order to ensure internal alignment with the remuneration of the Executive Committee, other senior management and employees who fall under a collective labour agreement.

In 2023, we continued to monitor the development of our internal pay ratios which show a relatively consistent development over the years. The ratio between the annual total remuneration for the CEO and the average annual total remuneration of an employee was 21.6 for 2023. The ratio between the annual total remuneration of the CFO and the average annual total remuneration of an employee was 16.3 for 2023. In the 'Performance/ remuneration/internal pay ratio' table, we provide more detailed information on the calculation method and the development of the Board of Management remuneration versus the wider workforce.

Remuneration report

PostNL Remuneration Board of Management in €

2022, 2023

Name of Director - position	Reported Year	Fixed remuneration			Variable remuneration		Total remuneration	Fixed-variable remuneration
		Base salary ¹	Other benefits ²	Pension costs ³	One year variable	Multi-year variable ⁴		
Herna Verhagen	2023	696,630	193,394	45,447	104,495	305,744	1,345,710	70%-30%
- CEO	2022	679,639	188,717	76,414	-	146,916	1,091,686	87%-13%
Pim Berendsen - CFO	2023	529,439	133,665	41,920	79,416	232,365	1,016,805	69%-31%
	2022	516,526	118,078	35,987	-	111,659	782,249	86%-14%

1 Base salaries 2023 were indexed with 2.5%.

2 Other benefits include company costs such as tax and social security, pension allowances, company car and other compensation.

3 Pension costs represent the cash out for the collective defined contribution plan (net of employee contributions), and risk premium for a net pension plan.

4 The 2023 amounts give the value of the shares that vested in May 2023 which relate to the LTI 2020-2022. The 2022 amounts give the value of the shares that vested in May 2022 which relate to the LTI 2019-2021.

Base salary

The base salaries for both members of the Board of Management were indexed in 2023 in line with the 2022 CLA increase of the wider workforce as further laid-down in the remuneration policy. The total remuneration of the Board of Management in 2023 (and 2022) is outlined in the table above.

Remuneration report

Short-term Incentive (STI) 2023

PostNL Short-term Incentive

2023

Name of Director - position	Performance measure ¹	Link to strategic objective	Relative weight	Target level	Actual remuneration	
					Actual performance	(% of base salary)
Herna Verhagen - CEO	Profitability	Generate sustainable growth and cash flow	30%	86m	92m ²	0%
Pim Berendsen - CFO	Cash generation		30%	24m	52m	11.25%
Total Financial performance measures					11.25%	
	Customer satisfaction	Accelerate our customers' success	10%	nr1	nr1	3.75%
	Employee engagement	Our people take pride in the work we do	10%	78.0%	68.0%	0%
	Quality Mail	Secure a sustainable mail business	10%	95.0%	88.9%	0%
	Quality Parcels	Consumers can count on us	10%	98.0%	97.4%	0%
Total Non-financial performance measures					3.75%	
Total					15.00%	

¹ Reference is made to the section Policy Framework.

² Actual performance 2023 of €92 million positively influenced by lower than expected profit sharing for employees. Correcting for this one-off financial benefit, the target would not have been achieved and therefore a realisation of 0% is considered.

The STI, which rewards the delivery of short-term performance taking into account the interests of multiple stakeholders, is based on annual financial and non-financial performance measures. Only fully achieved targets on these performance measures contribute to the STI pay-out, which means there is no threshold and no stretch.

STI pay-out is based on actual performance as assessed by the Remuneration Committee and summarised in the table above. The 2023 STI realisation amounts to 15% out of a maximum of 37.50%, which equals a pay-out ratio of 40%.

Full year profitability (normalised EBIT) came in at €92 million, which is mainly explained for by lower parcel volumes than expected (largely reflecting lower market growth), a shift in the volume mix negatively impacting returns and higher illness-related costs. The €92 million is positively influenced by lower than expected profit sharing for employees. Correcting for this one-off financial benefit, the target would not have been achieved (€85 million) and therefore a realisation of 0% is considered.

Cash generation (free cash flow) for 2023 came in at €52 million, which is well above target level, fueled by the focus on capex and strict working capital management.

In 2023, the Net Promotor Score was introduced throughout PostNL to measure client satisfaction. Regularly tracking NPS allows PostNL to focus on enhancing customer experience, leading to actionable insights and improvements in services such as further development of our PostNL app. PostNL measured customer experience by cNPS twice in 2023, resulting in an 5 average number one position, hereby achieving our target level.

The employee engagement score unfortunately strongly declined in 2023 with 68% engaged employees, compared to 78% in 2022 (on a like-for-like basis, taking into account the updated scoring method). While this is below the target level, 2023 was a year of challenges and changes for many people across PostNL. The tight labour market that led to employee shortages in certain functions increased pressure on people, while the reorganisations that are undertaken to

adapt to a changing postal market have contributed to how engaged people feel. We are pleased to see that within Parcel operations employees reported an increase in the enjoyment and energy they get from their work.

PostNL failed to reach the Quality target levels for both Mail and Parcels. The quality levels at Parcels remained very high but ended up at a score of 97.4%, just below target level. Quality levels at Mail in the Netherlands further declined, which was mainly affected by a very tight labour market and relatively high levels of absenteeism. Through (locally targeted) campaigns, improving the recruitment and onboarding process and reducing mail delivers' turnover (e.g. by introducing dedicated people coaches), PostNL continuous to combat the tight labour market. To reduce absenteeism and building further on the 2023 measures taken, 2024 will be dominated by the implementation of people coaches to work on reducing physical complaints, a dedicated absenteeism department within the HR organization and extra support for people on sick leave during the first six weeks of their absence.

Remuneration report

Long-term Incentive (LTI) 2021-2023

PostNL Long-term Incentive

2021-2023

Name of Director - position	Performance measure	Link to strategic objective	Relative weight	Threshold level	Target level	Actual remuneration	
						Actual performance	(% of base salary)
Herna Verhagen - CEO	Earnings attributable to shareholders	Generate sustainable growth and cash flow	25%	455m	587m	434m	0%
Pim Berendsen - CFO	Cash generation Parcels		25%	272m	377m	195m	0%
	Cash generation Mail in NL		25%	76m	124m	217m	9.375%
Total Financial performance measures							9.375%
	Climate impact	Reduce our environmental impact	25%	9.3	12.0	39.0	9.375%
Total Non-financial performance measures							9.375%
Total							18.75%

The LTI rewards long-term value creation to PostNL's strategy and reinforces alignment with shareholder interests by granting shares. The plan is based on financial and non financial performance measures on which targets are set for a 3-year performance period. Since vesting schemes are being applied, a non-fully met target can still contribute to the LTI pay-out although overperformance against target does not lead to an upside (no stretch).

Year-end 2023, the LTI 2021-2023 performance period ended. The Remuneration Committee assessed the achievements of the Board of Management over the three-year performance period. Relative weight, threshold level, target level and actual performance per performance measure are summarised in the table above. The LTI 2021-2023 was granted in 2021 and as such, originates from the previous remuneration policy as adopted by the AGM in 2020. Hereby, LTI free cash flow performance measures were set at segment level. Whereby, outperformance on free cash flow in one segment does not compensate for performance in the other segment, whilst the overall performance is deemed to be leading as the Board of Management is responsible at PostNL level. Aforementioned, resulted in an adjusted remuneration policy as from 2022 onwards, measuring free cash flow on PostNL level.

Earnings attributable to shareholders (cumulative normalised comprehensive income) of €434 million subceeding threshold level, resulting in a pay-out ratio (% of annual base salary) of 0%. Furthermore, cash generation Parcels subceeded the threshold level while cash generation Mail in NL exceeded target level. For cash generation Parcels this lead to a pay-out ratio of 0%, for cash generation Mail this lead to a pay-out ratio of 9.375%.

Since 2020, the remuneration policy of the Board of Management includes climate impact as a performance measure under the LTI plan, to strengthen alignment with PostNL's sustainability goals. Climate impact is defined as CO₂ efficiency of our own operations and measures the relative reduction in grams per kilometre compared to base year 2017. Besides a threshold level and a target level, the climate impact performance measure also contains a qualifier. The qualifier for the LTI 2021-2023 was defined as 'absolute CO₂ 2023 is lower than 2020'. With lower absolute CO₂ emissions in 2023 than in 2020 and a 39.0% CO₂ reduction compared to 2017 (= base year), both qualifier and target level were strongly exceeded. This performance is the consequence of three developments and PostNL's demonstrated commitment to embrace climate awareness throughout its operations.

Firstly, accelerated by the strong improvement of our data insights on sustainability in our operational chain, we increasingly refueled with bio and renewable fuels, such as HVO100. Secondly, where feasible, we replaced our means of transport that run on fossil fuels with a suitable electric alternative. Lastly, we kept investing in these initiatives despite challenging market conditions over the past two years. This contributed in further improvement of the relative carbon emissions, because less diesel kilometres than anticipated were needed, while growing the amount of renewable fuels and electric vehicles. Aforementioned resulted in a pay-out of 9.375%.

The applicable number of performance shares will vest in 2024 and are subject to a two-year holding period. This holding period (together with the minimum shareholding requirement as described in section 'Share ownership') aligns the long-term interest of the members of the Board of Management with our shareholders. Furthermore, the holding period ensures that the performance shares are held for a period of at least 5 years, in conformity with the Code.

Remuneration report

The market value of the shares is determined by multiplying the number of shares by the five-day volume weighted average share price of PostNL prior to 1 January 2024 at €1.4451

(2023: €1.7183). See note '5.1 Remuneration of Supervisory Board, Board of Management and senior management' to the Consolidated financial statements for more information. The

market value of shares granted, vested and those shares subject to a holding period are presented in the table below.

PostNL Shares (market value) in €

Name of Director - position	Specification of plan	Value of shares held at 1 Jan 2023	Value of shares granted during 2023 ¹	Value of dividend shares ²	Value of shares settled during 2023	Value of shares forfeited during 2023	Value of net shares under a holding period at 31 Dec 2023	Value of shares subject to a performance condition at 31 Dec 2023
Herna Verhagen - CEO	PSP 2023		236,579	6,848				243,427
	PSP 2022	121,280		5,035				126,315
	PSP 2021	94,005		3,902				97,907
	PSP 2020	302,056		3,688	(305,744)		158,221	
	PSP 2019	63,940					63,940	
	PSP 2018	44,346						
	Total shares		625,627	236,579	19,473	(305,744)		222,161
Pim Berendsen - CFO	PSP 2023		179,801	5,205				185,006
	PSP 2022	92,173		3,827				95,999
	PSP 2021	71,446		2,967				74,413
	PSP 2020	229,563		2,802	(232,365)		120,248	
	PSP 2019	48,596					48,596	
	PSP 2018	33,703						
	Total shares		475,480	179,801	14,801	(232,365)		168,844
Total market value		1,101,107	416,380	34,273	(538,109)		391,005	823,067

¹ The number of conditional shares granted is based on 37.5% of the annual base salary divided by the five-day average Euronext Amsterdam share price of PostNL prior to the date of publication of the Q1 2023 results (€1.557). Vesting takes place at the end of the 3 year performance period, is subject to the long-term incentive plan's performance measures as described under 'Policy framework' and is determined by the Supervisory Board. Performance will be disclosed in the 2025 remuneration report.

² Conditional dividend shares were granted following the final dividend 2022 and interim dividend 2023.

Remuneration report

Shares held by the Board of Management Share ownership

PostNL Share ownership as percentage of the minimum shareholding in %

2022-2023

	31 Dec 2022	31 Dec 2023
Board of Management		
Herna Verhagen - CEO ¹	190	160
Pim Berendsen - CFO	77	87

1 'Once achieved always achieved' principle applies for the CEO as from 2020 onwards.

The table provides an overview of the shares held as a percentage of the minimal shareholding (75% of annual base salary) at year-end 2023 (and 2022) by the CEO and CFO. All members of the Board of Management are required to hold a specified value of PostNL shares. This minimum shareholding requirement fosters the identification of Board of Management members with PostNL's strategy and its shareholders and aims to ensure a sustainable link to the performance of the company. The minimum shareholding requirement for the CEO and CFO is equivalent to 75% of annual base salary. These minimum shareholdings can be built up over 7 years (effective date share ownership as part of the 2020 remuneration policy), for the current Board of Management members.

The CEO has exceeded the minimum share ownership level since 2020, while the CFO has not yet reached the minimum level yet, although still expects to do so within the requisite period.

PostNL Shares held by Board of Management in shares

2022, 2023

Board of Management		31 Dec 2022	31 Dec 2023
Herna Verhagen - CEO	Conditional shares	357,997	323,610
	Unconditional shares under a holding period	74,933	153,734
	Unconditional shares not subject to a holding period	284,194	314,881
		717,124	792,225
Pim Berendsen - CFO	Conditional shares	272,079	245,947
	Unconditional shares under a holding period	56,950	116,839
	Unconditional shares not subject to a holding period	53,574	76,896
		382,603	439,682

PostNL Performance/remuneration/internal pay ratio

2019-2023 (IFRS based)

		2019	2020	2021	2022	2023
Profitability ¹	in € million	135	250	308	84	92
	Delta in %	(34%)	85%	23%	(73%)	10%
Earnings attributable to shareholders ²	in € million	83	200	285	90	52
	Delta in %	(54%)	141%	43%	(68%)	(42%)
Revenue PostNL	in € million	2,844	3,255	3,466	3,144	3,165
	Delta in %	3%	14%	6%	(9%)	1%
Total remuneration CEO ³	in €	1,095,078	1,236,376	1,237,076	1,177,485	1,189,664
	Delta in %	(9%)	13%	0%	(5%)	1%
Total remuneration CFO ³	in €	831,273	926,719	927,541	880,509	898,214
	Delta in %	(19%)	11%	0%	(5%)	2%
Average remuneration per FTE ⁴	in €	44,108	51,861	51,905	54,753	55,110
	Delta in %	(10%)	18%	0%	5%	1%
Internal pay ratio⁵						
CEO		24.8	23.8	23.8	21.5	21.6
	Delta in %	1%	(4%)	(0%)	(10%)	0%
CFO		18.8	17.9	17.9	16.1	16.3
	Delta in %	(10%)	(5%)	0%	(10%)	1%

1 Profitability is equal to normalised EBIT (see chapter 9 Financial value).

2 Earnings attributable to shareholders is equal to normalised comprehensive income (see chapter 9 Financial value).

3 IFRS based remuneration, for more information see note 5.1 of the performance statements.

4 Based on the total salaries, pensions and social security contributions (excluding the CEO and CFO) increased with the external temporary staff cost (from 2021 onwards) divided by the average number of FTE's (total of own personnel and external temporary staff) minus two as reported in the chapter 'Financial Statements' of the relevant years.

5 Herna Verhagen was CEO and Pim Berendsen was CFO over the presented years.

Information on the change of remuneration and company performance

The table provides an overview on the change of remuneration, company performance, average remuneration per FTE and internal pay ratios over the last 5 financial years (IFRS based). In line with the Code, the remuneration of the Supervisory Board is not related to the company performance and paid in cash only. Therefore, the Supervisory Board is excluded from this table. For an overview of the total remuneration of the Supervisory Board over the last five years, we refer to table 'Five-year overview total remuneration Supervisory Board'.

Internal pay ratios

The ratios between the annual total remuneration for the CEO and CFO and the average annual total remuneration for an employee was 21.6 for the CEO in 2023 (2022: 21.5) and 16.3 for the CFO in 2023 (2022: 16.1), hereby in line with 2022.

As from 2021 onwards, external temporary staff has been taken into account in the internal pay ratio calculation. This means that all FTEs of external staff hired have been taken into account when calculating the average number of FTEs. The related costs (see note 2.3.1 'Work contracted out and other external expenses' to the Consolidated financial statements for more information) are included in the calculation of the average remuneration per FTE. For administrative reasons, it is not feasible to make a distinction between external staff who have worked shorter/longer than 3 months for PostNL during the calendar year. As a result, no distinction is made in the duration of the activities performed by external staff for PostNL. The pay ratios 2023 excluding external temporary staff would have been 22.1 (2022: 22.0) for the CEO and 16.7 (2022: 16.4) for the CFO.

Remuneration report

Total remuneration of the Supervisory Board

The total remuneration of the Supervisory Board in 2023 (per individual member) and 2022 (as a total) is presented in the table on the right. In view of the appointment of Martin Plavec as Supervisory Board Member and committee fees paid to the chairman and members of the newly installed ESG committee as of 1 July 2023, the total 2023 Supervisory Board fees exceed previous year's fees.

In line with the remuneration policy as adopted by the AGM in 2020, the Supervisory Board members are entitled to a Board fee and one or more fixed Committee fee(s). The members of the Supervisory Board receive no compensation related to performance and accrue no pension rights with the company.

As such, their remuneration is 100% fixed. The members of the Supervisory Board receive no severance payments in the event of termination. PostNL does not grant loans, including mortgage loans, advance payments, guarantees and options or shares to any member of the Supervisory Board.

With the exception of Martin Plavec (6,000 PostNL shares), none of the Supervisory Board members hold shares in PostNL N.V.

A five-year overview of the total remuneration of the Supervisory Board is presented in the table on the right.

PostNL Total remuneration Supervisory Board in €, 2022, 2023

Supervisory Board member	Board fee	Committee fees				Total fees
		Nomination	Remuneration	Audit	ESG	
Jan Nooitgedagt	55,000	7,500		7,500		70,000
Marika van Lier Lels	40,000	5,000		7,500		52,500
Ad Melkert	40,000		7,500	7,500		55,000
Jeroen Hoencamp	40,000	5,000			2,500	47,500
Nienke Meijer	40,000		5,000		3,750	48,750
Koos Timmermans	40,000		5,000	10,000		55,000
Hannie Vlug	40,000		5,000		2,500	47,500
Martin Plavec ¹	28,000			3,750	2,500	34,250 ²
Total 2023	323,000	17,500	22,500	36,250	11,250	410,500
Total 2022	282,889	17,500	20,986	36,562		357,937

1 Martin Plavec was appointed as member of the Supervisory Board as per 18 April 2023

2 Excluding mandatory social security and health insurance contributions.

PostNL Five-year overview total remuneration Supervisory Board in €, 2019-2023

Supervisory Board member	2019	2020	2021	2022	2023
Jan Nooitgedagt	68,500	67,500	69,236	70,000	70,000
Marika van Lier Lels	34,242	51,056	52,500	52,500	52,500
Ad Melkert		39,110	55,000	55,000	55,000
Jeroen Hoencamp		36,090	45,000	45,000	47,500
Nienke Meijer			35,312	45,000	48,750
Koos Timmermans			38,194	55,000	55,000
Hannie Vlug				35,437	47,500
Martin Plavec					34,250
Total current members	102,742	193,756	295,242	357,937	410,500
Marc Engel	40,500				
Jacques Wallage	55,000	17,042			
Frank Rövekamp	46,000	13,000			
Agnes Jongerius	46,000	46,444	13,750		
Thessa Menssen	58,500	55,000	16,806		
Eelco Blok	55,000	50,625	16,042		
Total former members	301,000	182,111	46,598		
Total remuneration	403,742	375,867	341,840	357,937	410,500

Our tax strategy and policy provisions

16

In this chapter we provide an overview of our tax strategy, its underlying policy provisions, and their application.

Introduction

PostNL's tax strategy and policy is the mandate given by the Board of Management of PostNL to the head office department Group Tax and purports to set the strategy and policy provisions applicable for the PostNL Group, and to define and allocate the roles and responsibilities in the area of taxation within the PostNL Group.

The objective of this tax strategy and policy, which was updated in 2022, is based on the tax governance code (TGC) developed under the umbrella of VNO-NCW, which is to ensure a coherent, responsible and compliant approach towards matters of taxation in the broadest sense. Our behaviour and attitude towards matters of taxation, and the principles and procedures in connection with such matters, should always be in line with this objective. As a result, in 2023 we participated in the peer review of the TGC initiated by VNO-NCW, whereby we both acted as a reviewer of another company on compliance with the TGC and were reviewed. For PostNL, the outcome of this peer review was favourable: our reviewer agreed with our view that, for 2022, we comply fully with the TGC. We will continue to be part of monitoring initiatives.

Tax strategy and risk management

Our approach to tax is acting fully in line with our overall strategy whereby we view tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity. As such, a coherent, responsible and compliant approach towards tax is considered an integral part of doing business, whereby we aim to maintain a moderate tax risk appetite.

Group Tax is mandated by the Board of Management to oversee this approach towards tax. In that role, Group Tax, inter alia, advises and supports the Board of Management on tax and acts as the central business partner on tax towards all stakeholders. Group Tax consists of specialists in direct and indirect taxes, payroll taxes, government grants, tax compliance and reporting. Our approach to tax risk management has been built on a tax control framework, which is, in its turn, part of PostNL's internal control framework. Key ingredients of our tax risk management process are periodical tax reports that Group Tax is providing for the CFO, an at least quarterly review of our tax position and the execution of a quarterly tax risk management cycle, including (key) control execution and testing. In addition, Group Tax ensures adhering to its tax strategy and policies within the team and within the group increasing tax awareness throughout PostNL. To maintain our approach to tax we also have dialogues with governmental and non-governmental stakeholders, with industry groups and employer organizations on a continuous basis about interpretation of, and compliance with tax laws and regulations.

Policy provisions

Approach to tax: tax strategy & tax policy provisions

We see tax not as a cost factor alone, but as a means for socio-economic cohesion, sustainable growth and long-term prosperity.

- Our approach to tax is based on a tax strategy and a set of policy provisions approved by our Board of Management
- Group Tax reports at least semi-annually to the Board of Management and at least annually to the Audit Committee on tax risks, adherence to the tax strategy and its underlying policy provisions
- Our tax strategy and its underlying policy provisions apply to all PostNL group entities
- Our tax policy provisions apply to how we operate in our relationships with employees, customers, contractors and suppliers.

Accountability & tax governance

Tax is a core part of corporate social responsibility and governance and is overseen by our Board of Management.

- Our Board of Management is accountable for the tax strategy, the underlying policy provisions and tax risk management
- We have a tax control framework that sets out our tax controls and risk management
- Internal and external auditors regularly review tax controls as part of the audit of our financial results.

Tax compliance

We are committed to comply with the letter, the intent and the spirit of tax legislation in the countries in which we operate and to pay the right amount of tax at the right time.

- We prepare and file all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities
- Our responsible tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of our business
- We will not undertake transactions or engage in arrangements of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules
- We will only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available
- If we seek certainty in advance from tax authorities to confirm an applicable tax treatment, we do so based on full disclosure of all relevant facts and circumstances.

Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activities, and have genuine substance.

- We do not use so-called tax havens for tax avoidance. All entities in tax havens exist for substantive and commercial reasons

“We continue to strive for optimal tax transparency”

- We pay tax on profits according to where value is created within the normal course of commercial activity
- We use the arm’s length principle, in line with guidelines issued by the OECD, and apply this consistently across our businesses, contingent on local laws.

Relationships with tax authorities and other external stakeholders

Mutual respect, transparency and trust drive our relationships with tax authorities and other relevant external stakeholders.

- We seek to develop cooperative relationships with tax authorities, and relevant other authorities, based on mutual respect, transparency and trust
- We seek to engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration
- We will work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible. Where there is controversy, we will strive to resolve the controversy by applying these principles.

Tax transparency & reporting

We regularly provide information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid. We therefore publish the following information:

- A tax strategy or policy and our approach to tax risk management
- A list of group entities, with ownership information and a brief explanation of the type and geographic scope of activities
- Annual information on the corporate income tax we accrue and pay on a cash basis at a country level
- The total tax borne and collected by us, globally or per country, including corporate income taxes, property taxes,

- (non-creditable) VAT and other sales taxes, employer/employee-related taxes, and other taxes that constitute costs to us or are remitted by us on behalf of customers or employees, by category of taxes
- Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires
- An outline of the advocacy approach we take on tax issues, the channels through which we engage in regard to policy development, and the overall purpose of its engagement.

Taxes in more detail

An (inter)national trend is the increasing call for more transparency leading to new and additional compliance requirements. In this light, we monitor new (tax) legislation and initiatives thoroughly, both in the context of tax transparency and tax reporting.

Complying with the legislation in the countries in which we operate, we have filed a country-by-country report (CbCR) in the Netherlands and our CbCR notifications in other countries to the extent required.

In 2023, these (inter)national developments were discussed to assess whether our stance towards these developments should be adjusted. We continue to strive for optimal tax transparency. In 2023, a number of new tax laws on tax transparency and tax reporting were adopted which will become effective as from 2024. We will provide a short summary of those new tax laws that will have an impact for PostNL in 2024 in terms of tax compliance.

DAC-7

Non-public disclosure requirements for digital platforms as of 2023. PostNL will comply with these standards, with the first filing done by 31 January 2024.

Pillar One

Seeks to create a new taxing right based on a formulaic approach. Implementation planned postponed for 2024, although introduction of these rules is still uncertain given the international consensus needed. However, it is expected that a report will be issued on the so-called amount B (part of Pillar 1) and that the outcome thereof will be included in the OECD Transfer Pricing Guidelines as of 2024. For PostNL, no material impact is expected.

Pillar Two

Minimum (top-up) tax legislation that has been approved on 19 December 2023 in the Netherlands. For more information regarding Pillar Two, please see the Accounting policy note and Income tax note in the Financial statements section of this report, which specify the (expected) impact of Pillar 2 for PostNL.

CBAM

Relevant as of October 2023. The Carbon Border Adjustment Mechanism (CBAM) is designed to counter the risk of carbon leakage and operates by imposing a charge on the embedded carbon content of certain imports that is equal to the charge imposed on domestic goods under the Emissions Trading System (EU ETS), with adjustments being made to this charge to take into account any mandatory carbon prices in the exporting country. Implementation to meet the periodic compliance requirement is in progress. The first filing was done by the end of January 2024.

Public EU Country-by-Country Reporting (EU CbCR)

On 6 July 2023, the Netherlands passed legislation to implement public country-by-country reporting under EU directive (EU) 2021/2101. Based on this new legislation, PostNL is required to publicly disclose a country-by-country report (CbCR), which includes tax and tax-related information for financial years starting on or after 22 June 2024. PostNL has included this information in its annual accounts since 2022, which underlines our tax policy and adherence to the TGC as regards tax transparency and reporting.

As a result of our continuous assessment of tax transparency developments, we outline the following details of our tax position.

PostNL General information in € million, unless indicated otherwise

Year ended at 31 December	2022	2023
Number of employees (average FTE)	21,715	20,851
Total revenue including interest	3,148	3,184
Profit before income taxes	(1,311)	78
Total income tax expense	(330)	24
Effective income tax rate	25.1%	30.6%

Our tax strategy and policy provisions

Total revenue including interest by country

2023: €3,184 million (2022: €3,148 million)



Taxes paid by country

2023: €499 million (2022: €480 million)



Taxes paid by type

2023: €499 million (2022: €480 million)



The table above presents our total tax contribution for 2023. Given the different activities of PostNL, we pay a number of different taxes. In 2023, we paid €499 million in taxes (2022: €480 million). This figure includes corporate income tax, VAT and sales tax, wage tax & social security contributions, as well as other taxes in relation to PostNL's activities.

PostNL Taxes paid by type in € million

Year ended at 31 December	2022	2023
Corporate income tax	(1)	35
Wage tax and social security contributions	299	300
VAT and sales tax	147	143
Dividend withholding tax	14	2
Other taxes	21	17
Total	480	499

The comparison between 2022 and 2023 shows some general changes in our tax metrics. Corporate income tax increased substantially compared to 2022 due to preliminary payments made. VAT and sales tax decreased compared to 2022, mainly due to the lower business performance. Wage tax and social security contributions and the Other taxes are comparable in numbers to 2022.

Tax information per country

The vast majority of our business is concentrated in the Benelux. To provide transparency on the locations of our business, results and corresponding taxes, we provide a breakdown with general information and total tax contribution (borne and collected) as well as a list of group entities in appendix 6.

Our tax strategy and policy provisions

PostNL General information by country, in € million, unless indicated otherwise

Country	Number of employees (average FTE)	Total revenue including interest	Profit/(loss) before income taxes	Total income tax expense	Effective income tax rate (in %)
Netherlands	19,913	2,721	73	21	28.5%
Belgium	569	80	1	3	460.2%
France	11	10	0	(0)	-1.6%
Germany	85	49	0	0	4.5%
Italy	29	19	1	0	11.1%
Great Britain	67	34	0	(0)	-160.0%
Switzerland	6	4	0	0	8.0%
Spain	83	51	0	0	13.6%
Hungary	9	1	0	0	84.0%
Czech Republic	12	14	0	0	19.0%
Poland	4	3	(0)	(0)	19.0%
Russian Federation	2	(0)	(0)	(0)	56.7%
United States	8	4	1	0	27.9%
Canada	22	23	0	0	6.4%
Hong Kong	31	169	2	(0)	-1.0%
Singapore	1	0	0	0	25.6%
Total 2023	20,851	3,184	78	24	30.6%

Our tax strategy and policy provisions

PostNL Total tax contribution (borne & collected) in € million

Country	Corporate income tax		Wage tax and social security contributions		VAT and sales tax		Dividend withholding tax		Other taxes		Total tax contribution ¹	
	borne	collected	borne	collected	borne	collected	borne	collected	borne	collected	borne ²	collected ³
Netherlands	20	(34)	115	(280)	18	(146)	0	(2)	7	(17)	160	(479)
Belgium	0	(1)	9	(16)	0	12	0	0	1	(1)	10	(6)
France	0	0	0	(0)	0	(1)	0	0	0	0	0	(1)
Germany	0	0	2	(2)	0	(6)	0	0	0	(0)	2	(8)
Italy	0	0	0	(0)	0	2	0	0	0	0	0	1
Great Britain	(0)	0	0	(1)	0	1	0	0	0	0	0	(0)
Switzerland	0	(0)	0	(0)	0	0	0	0	0	0	0	(0)
Spain	0	0	1	(1)	2	(5)	0	0	0	0	3	(6)
Hungary	0	(0)	0	0	0	(0)	0	0	0	0	0	0
Czech Republic	0	(0)	0	(0)	0	0	0	0	0	(0)	0	(0)
Poland	0	0	0	(0)	0	0	0	0	0	(0)	0	(0)
Russian Federation	0	0	0	(0)	0	0	0	0	0	0	0	(0)
United States	0	0	0	0	0	0	0	0	0	0	0	0
Canada	0	(0)	0	(0)	0	0	0	0	(0)	0	0	(0)
Hong Kong	(0)	0	0	0	0	0	0	0	0	0	(0)	0
Singapore	0	0	0	0	0	0	0	0	0	0	0	0
Total 2023	20⁴	(35)	129	(300)	21	(143)	0	(2)	8	(17)	178	(499)⁵

1 Zero amounts in this table are mainly the result of rounding in € million and therefore representing smaller amounts.

2 Taxes borne represent the taxes that are an expense/(income) item as included in the income statement.

3 Taxes collected represent the taxes (paid)/received included in our cash flow, also representing payments made on behalf of other parties.

4 The difference between the corporate income tax borne (€20 million) and the total income tax expense (€24 million) is due to changes in deferred taxes, see note 2.4.2 to the consolidated financial statements.

5 In 2023, as in 2022, we applied several tax allowances provided by law (e.g., the energy- and environmental investment allowance in the Netherlands). Tax incentives provided by law are not separately included in the table above.

PostNL on the capital markets

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PostNL is a listed company and endeavours to maintain close contact with its financial stakeholders. The main goal of investor relations' activities is to build the financial brand of PostNL. This chapter provides information on a range of topics about the company's capital structure, its investor relations activities, the dividend policy, and the financial calendar for the year ahead.

Shares and share ownership

Ordinary shares in PostNL N.V. (ticker: PNL, ISIN code 0009739416) are listed on Euronext Amsterdam and included in the AscX index as of March 2023. Options on PostNL shares are traded on Euronext Derivatives Amsterdam and on the European Options Exchange in Amsterdam.

Relative performance PostNL compared to AscX-index 2023



In 2023, 506 million PostNL shares were traded on Euronext Amsterdam (2022: 1,010 million). The average daily number of shares traded was 2.0 million (2022: 3.9 million). The market capitalisation of PostNL was €698 million at the end of 2023 (2022: €829 million).

In 2022, PostNL announced a share buyback programme. The first tranche of the programme was executed in 2022. A second tranche of the programme, scheduled to be executed during 2023, has been delayed.

PostNL's authorised share capital is divided into 1,500,000,000 shares of €0.08 each and consists of 750,000,000 ordinary shares and 750,000,000 preference shares B. The number of issued and outstanding ordinary shares was 494,207,248 on 31 December 2023 (2022: 487,530,628 shares). During the year, 5,401,910 shares were issued as stock dividend and 1,274,710 shares for the share plan for employees (2022: 25,721,385 shares were cancelled after completion of the first tranche of the share buyback programme, payment of the final dividend 2021, interim dividend 2022, and execution of the company's bonus share plans). All shares in issue are fully paid. No preference shares B were issued and outstanding. See note '4.6 Equity' to the Consolidated financial statements for more information on PostNL's equity.

Major shareholders

Pursuant to the Financial Markets Supervision Act (Wet op het financieel toezicht), shareholders must disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such disclosure must be made to the Dutch Financial Markets Authority (AFM) without delay.

Investors also have to disclose net short positions in the company that equal or exceed 0.5% of outstanding shares. At the end of 2023, investors had filed an accumulated net short position of 1.81% in PostNL (2022: 3.7%).

Our substantial shareholders are listed in the table below.

PostNL Overview of substantial shareholders and their ownership (>3%)

31 December 2023

Date of AFM notification	Company	(In)direct voting rights	
		Real	Potential
29 December 2023	Blackrock Inc.	1.57%	1.91%
22 November 2022	Vesa/EP ¹	29.90%	1.5%
14 May 2021	Talpa Beheer BV	4.91%	

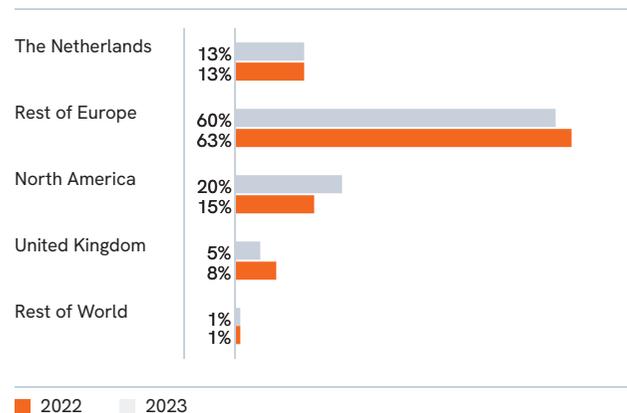
¹ Vesa Equity Investment Sarl/EP Investment Sarl

Shareholder base

The estimated distribution of our shares between retail (19%) and institutional shareholders (81%) is in line with 2022. PostNL has a broad base of international institutional shareholders.

Institutional shareholders by region

2022, 2023 (in %)



Bonds and credit rating

PostNL currently has two Eurobonds outstanding, both listed on Euronext Amsterdam:

- POSTNL 1.0% 2024 (ISIN XS1709433509), nominal value outstanding €353 million
- POSTNL 0.625% 2026 (ISIN XS2047619064), nominal value outstanding €300 million

In November 2017, PostNL issued an ordinary Bond with an initial amount of €400 million and a coupon of 1.000%, maturing November 2024 (ISIN XS1709433509). The net proceeds were used for general corporate purposes. In November 2023, PostNL announced its intention to buy back €160 million of this bond via a tender offer to optimise

its financial position. The tender resulted in a buy-back of €47 million.

In September 2019, PostNL issued a Green Bond with an outstanding amount of €300 million and a coupon of 0.625%, maturing September 2026. The net proceeds are being used to finance and/or refinance new and/or existing eligible green projects. The transaction highlights the company's commitment towards becoming a truly sustainable e-commerce logistics provider. This enables the company to contribute meaningfully to the United Nations Sustainable Development Goals 'Decent work and economic growth' and 'Climate action'. The eligible green projects focus on green kilometres, sustainable buildings, and innovation and efficiency.

PostNL has published a Green Bond Framework. During the tenor of the Green Bond, PostNL will report periodically in line with this framework until an amount equal to the net proceeds of the Green Bond has been allocated to the eligible green projects. PostNL published its fourth Green Bond Report on 11 April 2023. More information on the Green Bond can be found on our website.

In accordance with PostNL's financial framework, the company is aiming for a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0. Currently, PostNL is rated by Standard & Poor's (S&P) at BBB with negative outlook.

Investor relations

PostNL endeavours to stay in regular contact with its shareholders. The main goal of our investor relations' activities is to build our financial brand. To achieve that, we strive to inform the financial community about relevant developments in our company in a transparent, consistent and timely way. The Board of Management and the investor relations team maintain an active dialogue with the financial community, and we comply with applicable laws and rules and regulations of Euronext Amsterdam and the AFM and other relevant bodies.

Our investor relations' programme consists of frequent meetings with analysts and (potential) investors, conference calls, roadshows, investor conferences and other events.

PostNL communicates with the financial community through press releases, the publication of the Annual Report, General Meetings of Shareholders and the company's website. In 2023, PostNL had contact with many (potential) investors, mainly located in the major financial cities in Europe and North America, by means of video calls and in-person meetings. We meet with (potential) investors regularly to ensure they receive a balanced and complete view of the company's strategy, performance and the issues faced by the business, and to listen to their feedback, while always observing applicable rules concerning selective disclosure, equal treatment of (potential) shareholders and insider trading. In the period preceding the publication of quarterly results, PostNL will be in a 'closed period'.

In recent years, PostNL has hosted several deep-dive sessions for its financial audience to provide more details on specific topics. In June 2023, we hosted a hybrid session to provide a closer look at our international activities. The deep dive was hosted at our international sorting centre (IMEC) in The Hague, with attendees given a tour of the centre at the end of the day's session.

Explanation by the Board of Management of quarterly results is given either at group meetings and/or conference calls which are accessible by phone and via the website (audiocast). Additionally, General Meetings of Shareholders are broadcast via audiocast. Our website provides all relevant information with regard to publication dates and procedures to attend or listen in to presentations.

Contact between the Board of Management, the financial community and the media is carefully handled and structured. The company will not compromise the independence of analysts in relation to the company and vice versa. Analysts' reports and valuations are not assessed, commented upon or corrected, other than factually, by the company. PostNL does not pay any fees to parties for carrying out research for analysts' reports or for the production or publication of analysts' reports, with the exception of credit rating agencies. Contact with our financial stakeholders is taken care of by the members of the Board of Management and PostNL's investor relations' professionals.

The Board of Management has adopted investor relations and media guidelines that PostNL employees abide by.

For the latest and archived press releases, presentations, share price information and other company information, such as our online Annual Reports and interim reports, please visit PostNL's website.

Dividend 2023

In accordance with the dividend policy, available on PostNL's corporate website, PostNL aims to pay a dividend that develops substantially in line with operational performance. Dividend distribution is conditional on being properly financed in accordance with PostNL's financial framework. PostNL is steering for a solid balance sheet with a positive consolidated equity, aiming at a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0 and applying strict cash flow management. The dividend pay-out ratio will be around 70% - 90% of normalised comprehensive income. Shareholders are offered a choice to opt for cash or shares. Dividend will be distributed twice a year, with interim dividend set at ~1/3 of dividend over the prior year.

The leverage ratio at the end of 2023 amounted to 1.7. This allows PostNL to propose a dividend of €0.09 per ordinary share for 2023 (2022: €0.16), based on normalised comprehensive income of €52 million for 2023 and a pay-out ratio of 80%. €0.06 was paid as an interim dividend, so the final dividend to be paid in May 2024 will be €0.03 per share. This will be proposed to the Annual General Meeting of Shareholders to be held on 16 April 2024.

The current dividend policy is to be applied on any profits over the financial year 2020 and subsequent years thereafter (until adjusted).

Important dates in 2024

PostNL Financial calendar

2024

26 February	Results fourth quarter and full year 2023
16 April	Annual General Meeting of Shareholders
6 May	Results first quarter 2024
5 August	Results second quarter and half year 2024
4 November	Results third quarter 2024

PostNL Dividend calendar

2024

Final dividend 2023

18 April	Ex-dividend date
19 April	Record date
22 April	Start election period
7 May	End election period
10 May	Payment date

Interim dividend 2024

7 August	Ex-dividend date
8 August	Record date
9 August	Start election period
22 August	End election period
26 August	Payment date

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Statements of the Board of Management

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Dutch Corporate Governance Code

PostNL applies the principles and best practices of the Dutch Corporate Governance Code (the Code), as referred to in article 391, paragraph 5, book 2 of the Dutch Civil Code (DCC), except for the best practice provisions below, where we also explain why we do not comply with them. Future developments might justify further deviations from the Code at the moment of occurrence. Each substantial change in the corporate governance structure of the company and in the compliance of the company with the Code shall be discussed with the General Meeting of Shareholders. The full text of the Code can be found on www.postnl.nl.

The best practice provision 3.2.3 of the Code states that remuneration in the event of dismissal of members of the Board of Management may not exceed one year's salary (the fixed remuneration component), and that severance payments will not be awarded if the agreement is terminated early at the initiative of a member of the Board of Management. The severance payment of Herna Verhagen in case of a change of control equals the sum of the last annual base salary and pension contribution plus the average variable remuneration received over the last three years, multiplied by two.

Furthermore, in case of a change of control, Herna Verhagen may, under certain circumstances, receive a severance payment if the agreement is terminated at her own initiative. Herna Verhagen was employed by PostNL before the Code became first effective. PostNL is of the opinion that the agreed severance payment in case of a change of control is proportionate, considering that PostNL wishes to respect the agreement made in the past. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.

Tax Governance Code

PostNL voluntarily applies the principles of the Dutch tax governance code developed under the umbrella of VNO-NCW. More information can be found in the chapter 'Our tax strategy and policy provisions'.

Responsibility statement under the Code

The Code requires the Board of Management to provide a description of PostNL's main risks in relation to its risk appetite. Such risks may include strategic, operational, compliance, financial and reporting risks. These risks and the relation to PostNL's risk appetite are included in the chapter 'Risk and opportunity management'. The Board of Management confirms that it is responsible for PostNL's risk management, internal control, integrity, and compliance systems and has reviewed the design and the operational effectiveness of these systems for the year ended 31 December 2023.

The outcome of these reviews and the analysis has been shared with the Audit Committee and the Supervisory Board and has been discussed with PostNL's external auditor.

The same would apply in respect of material failings in PostNL's risk management, internal control, integrity and compliance systems and of material changes or improvement implemented in such systems, each if applicable. PostNL continued to implement significant organisational and compliance management changes and improvements. In 2023, we focused on improving due diligence on delivery partners and our privacy framework.

No material failings in PostNL's risk management internal control, integrity and compliance systems were reported, other than those described in the chapters 'Risk and opportunity management' and 'Corporate Governance' and provided for external conditions that can reasonably be expected to have an impact on a company's results. The results of PostNL are generally not sensitive to material changes in external conditions.

Based on the outcome of the PostNL-specific approach to risk management, internal control, integrity and compliance systems as outlined in the chapters 'Risk and opportunity management' and 'Corporate Governance', the Board of Management believes, to the best of its knowledge, that PostNL's internal control over financial reporting worked effectively over the year ended 31 December 2023 and provides reasonable assurance that the financial reporting is free from material inaccuracies or misstatements.

Additionally, the Board of Management is of the view that considering the annually updated strategic plan and forecasts, in the current situation, it is justified that PostNL's financial reporting has been prepared on a going concern basis and that it states those material risks and uncertainties that are relevant for the expectation of PostNL's continuity for the period of twelve months after the preparation of the report. The above, however, does not imply that PostNL can provide certainty as to the realisation of strategic business and financial objectives. Nor can PostNL's approach to internal control over financial reporting be expected to prevent or detect all misstatements, errors, fraud or violation of laws or regulations.

In view of the above and based on the outline of the main risks and risk responses described in the chapter 'Risk and opportunity management', the Board of Management believes it complies with provisions 1.4.2 and 1.4.3 of the Code.

Responsibility statement under the Dutch Financial Markets Supervision Act

With reference to section 5:25c paragraph 2 under c of the Dutch Financial Markets Supervision Act, the Board of Management confirms to the best of its knowledge that:

- The annual financial statements for the year ended 31 December 2023 give a true and fair view of the assets, liabilities, financial position, and profit or loss of PostNL and its consolidated companies.
- The Report of the Board of Management gives a true and fair view of the situation on the balance sheet date and of developments during the financial year of PostNL and its consolidated companies, together with a description of the main risks facing PostNL.

The members of the Supervisory Board and the Board of Management have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the DCC.

The Hague, the Netherlands, 26 February 2024

The Board of Management

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Consolidated primary statements

PostNL Consolidated statement of profit or loss in € million

2022, 2023

Year ended at 31 December	Notes	2022	Change in pension accounting classification	2022 excl. change in pension accounting classification	2023
Revenue from contracts with customers	2.1	3,132		3,132	3,153
Other operating revenue		13		13	12
Total operating revenue		3,144	0	3,144	3,165
Other income	2.2	7		7	9
Cost of materials		(85)		(85)	(91)
Work contracted out and other external expenses	2.3.1	(1,570)		(1,570)	(1,592)
Salaries, pensions and social security contributions	2.3.2	(2,504)	(1,357)	(1,147)	(1,100)
Depreciation, amortisation and impairments	2.3.3	(156)		(156)	(177)
Other operating expenses	2.3.4	(128)		(128)	(130)
Total operating expenses		(4,442)	(1,357)	(3,085)	(3,090)
Operating income		(1,291)	(1,357)	66	84
Interest and similar income		3		3	20
Interest and similar expenses		(22)		(22)	(22)
Net financial income/(expense)	2.4.1	(19)		(19)	(2)
Results from investments in JVs/associates	3.7	(1)		(1)	(4)
Profit/(loss) before income taxes		(1,311)	(1,357)	46	78
Income taxes	2.4.2	330	350	(21)	(24)
Profit/(loss) from continuing operations		(981)	(1,007)	26	54
Profit/(loss) from discontinued operations	2.4.3	(11)		(11)	1
Profit/(loss) for the year		(993)	(1,007)	14	56
Attributable to:					
Non-controlling interests		0		0	0
Equity holders of the parent		(993)	(1,007)	14	55

Financial statements

PostNL Earnings per share in € cents

2022, 2023

	Notes	2022	Change in pension accounting classification	2022 excl. change in pension accounting classification	2023
Earnings per ordinary share ¹	2.4.4	(201.6)	(204.4)	2.8	11.3
Earnings per diluted ordinary share ²	2.4.4	(201.2)	(204.0)	2.8	11.3
Earnings from continuing operations per ordinary share ¹		(199.3)	(204.4)	5.2	11.0
Earnings from continuing operations per diluted ordinary share ²		(198.8)	(204.0)	5.2	11.0
Earnings from discontinued operations per ordinary share ¹		(2.3)	0.0	(2.3)	0.3
Earnings from discontinued operations per diluted ordinary share ²		(2.3)	0.0	(2.3)	0.3

1 Earnings per ordinary share are in 2023 based on an average of 490,686,943 outstanding ordinary shares (2022: 492,519,772).

2 Earnings per diluted ordinary share are in 2023 based on an average of 491,784,628 ordinary shares on a fully diluted basis in the year (2022: 493,642,384).

PostNL Consolidated statement of comprehensive income in € million

2022, 2023

Year ended at 31 December	Notes	2022	Change in pension accounting classification	2022 excl. change in pension accounting classification	2023
Profit/(loss) for the year		(993)	(1,007)	14	56
Actuarial gains/(losses) pensions, net of tax	3.5	492		492	0
Pension asset ceiling/minimum funding requirement, net of tax	3.5	585	1,020	(435)	(6)
Change in value of financial assets at fair value through OCI	4.2	(8)		(8)	(6)
Other comprehensive income that will not be reclassified to the income statement		1,069	1,020	49	(5)
Currency translation adjustment, net of tax		0		0	0
Gains/(losses) on cash flow hedges, net of tax		2		2	(3)
Other comprehensive income that may be reclassified to the income statement		2	0	2	(3)
Total other comprehensive income for the year		1,071	1,020	52	(8)
Total comprehensive income for the year		79	13	66	47
Attributable to:					
Non-controlling interests		0		0	0
Equity holders of the parent		78	13	66	47

Financial statements

PostNL Consolidated statement of cash flows in € million

2022, 2023

Year ended at 31 December	Notes	2022	2023
Profit/(loss) before income taxes		(1,311)	78
Change in pension accounting classification		1,357	
Profit/(loss) before income taxes, excluding change in pension accounting classification		46	78
Adjustments for:			
Depreciation, amortisation and impairments		156	177
Share-based payments		2	2
(Profit)/loss on disposal of assets		(5)	(9)
Interest and similar income		(3)	(20)
Interest and similar expenses		22	22
Results from investments in JVs/associates		1	4
Investment income		15	(3)
Pension liabilities		47	0
Other provisions		(3)	14
Changes in provisions		44	14
Inventory		(2)	(2)
Trade accounts receivable		30	50
Other accounts receivable		(2)	0
Other current assets		(11)	(15)
Trade accounts payable		18	27
Other current liabilities excluding short-term financing and taxes		(36)	(51)
Changes in working capital		(3)	7
Cash generated from operations		259	277
Interest paid		(20)	(20)
Income taxes received/(paid)		1	(35)
Net cash (used in)/from operating activities	2.5.1	240	222

Year ended at 31 December	Notes	2022	2023
Interest received		3	23
Investments in JVs/associates		(2)	(0)
Capital expenditure on intangible assets		(80)	(74)
Capital expenditure on property, plant and equipment		(58)	(52)
Proceeds from sale of property, plant and equipment		12	1
Changes in other loans receivable		3	2
Other changes in (financial) fixed assets		0	(2)
Net cash (used in)/from investing activities	2.5.2	(122)	(102)
Dividends paid		(165)	(29)
Share buyback		(164)	
Changes related to non-controlling interests		(1)	(0)
Proceeds from long-term borrowings		(0)	18
Repayments of long-term borrowings		0	(47)
Proceeds from short-term borrowings		0	1
Repayments of short-term borrowings		(4)	(4)
Repayments of leases/incentives		(74)	(81)
Net cash (used in)/from financing activities	2.5.3	(408)	(142)
Total change in cash from continuing operations		(290)	(23)
Cash and cash equivalents at the beginning of the year		848	556
Cash transfers relating to discontinued operations		(1)	(16)
Total change in cash from continuing operations		(290)	(23)
Cash and cash equivalents at the end of the year		556	518

Financial statements

PostNL Consolidated statement of financial position in € million

2022, 2023

At 31 December	Notes	2022	2023
Assets			
Goodwill		207	207
Other intangible assets		182	200
Intangible fixed assets	3.3	389	407
Land and buildings		255	275
Plant and equipment		146	165
Other equipment		13	11
Construction in progress		44	40
Property, plant and equipment	3.2	457	491
Right-of-use assets	3.4	295	293
Investments in joint ventures/associates	3.7	7	6
Loans receivable	4.1	17	15
Deferred tax assets	3.8	9	6
Financial assets at fair value through OCI	4.2	20	16
Financial fixed assets		53	44
Total non-current assets		1,194	1,235
Inventory		7	9
Trade accounts receivable	3.1.1	370	320
Accounts receivable	3.1.1	12	13
Income tax receivable		1	3
Prepayments and accrued income		76	80
Cash and cash equivalents	4.1	556	518
Total current assets		1,022	943
Assets classified as held for sale	3.9	6	1
Total assets		2,221	2,180

At 31 December	Notes	2022	2023
Equity and liabilities			
Equity attributable to the equity holders of the parent		177	198
Non-controlling interests		2	2
Total equity	2.6	179	200
Deferred tax liabilities	3.8	40	40
Provisions for pension liabilities	3.5	2	2
Other provisions	3.6	35	42
Long-term debt	4.1	697	299
Long-term lease liabilities	3.4	255	240
Other long-term liabilities	4.1	27	73
Total non-current liabilities		1,057	695
Trade accounts payable		182	210
Other provisions	3.6	15	21
Short-term debt	4.1	21	368
Short-term lease liabilities	3.4	75	80
Other current liabilities	3.1.2	168	126
Income tax payable		13	1
Contract liabilities	3.1.3	70	57
Accrued current liabilities	3.1.4	441	421
Total current liabilities		984	1,284
Total equity and liabilities		2,221	2,180

PostNL Consolidated statement of changes in equity in € million

2022, 2023

	Issued share capital	Additional paid-in capital	Other reserves ¹	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2022	41	163	(148)	370	426	3	429
Total comprehensive income			1,071	(993)	78	0	79
Appropriation of net income			518	(518)	0		0
Final dividend previous year				(114)	(114)		(114)
Interim dividend current year				(50)	(50)		(50)
Share buyback	(2)		(162)		(164)		(164)
Share-based compensation			2		2		2
Other				0	0	(1)	(1)
Balance at 31 December 2022	39	163	1,281	(1,306)	177	2	179
Total comprehensive income			(8)	55	47	0	47
Appropriation of net income			(1,313)	1,313	0		0
Final dividend previous year	0	(0)		(7)	(7)		(7)
Interim dividend current year	0	(0)		(21)	(21)		(21)
Share-based compensation	0	2	0		2		2
Balance at 31 December 2023	40	165	(40)	34	198	2	200

¹ The other reserves include the currency translation reserve, the hedge reserve and the reserve relating to financial assets at fair value through OCI. Reference is made to note 2.6.

Section 1: Basis of preparation

1.1 General information

PostNL N.V. is a public limited liability company with its registered seat and head office in The Hague, the Netherlands. PostNL provides businesses and consumers in the Benelux with an extensive range of services for their mail and parcels needs. Through our international sales network Spring, we connect local businesses around the world to consumers globally. PostNL's services involve collecting, sorting, transporting and delivering letters and parcels for the company's customers within specific timeframes. The company also provides services in the area of data management, direct marketing and fulfilment.

The consolidated financial statements include the financial statements of PostNL N.V. and its consolidated subsidiaries (hereafter referred to as 'PostNL', 'Group' or 'the company'). The consolidated financial statements were authorised for issue by PostNL's Board of Management and Supervisory Board on 26 February 2024 and are subject to adoption at the Annual General Meeting of Shareholders on 16 April 2024.

1.2 Accounting principles applied

The consolidated financial statements of PostNL:

- Have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU-IFRS) and with Section 2:362(9) of the Dutch Civil Code, and
- Have been prepared under the historical cost convention, except for financial instruments.

The material accounting policies applied in the preparation of these consolidated financial statements are included at the relevant notes to the consolidated financial statements or, in case of more general policies, see note 5.4 Summary of all other accounting policies to the Consolidated financial statements for more information. These policies have been consistently applied to all the years presented, unless stated otherwise. All amounts included in the consolidated financial statements are presented in euros, unless stated otherwise. Note that the numbers presented in the financial statements and disclosures thereto may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Going concern

The financial statements of the company have been prepared on the basis of the going concern assumption.

1.3 Developments during 2023

Impact assessment of geopolitical and economic developments

In 2023, geopolitical and macro-economic developments had a profound impact across society. High inflation affected consumer confidence and spending, resulting in volumes at Parcels growing at a lower-than-anticipated rate. Rising inflation also led to increased costs for PostNL, which could not be fully absorbed through regular price increases. These issues also affected our customers, partners and suppliers. Globally, supply chain issues led to delays in the availability of products, while rising energy and other costs made the transportation of goods more expensive.

Management assessed the impact of the current developments on all material assets and liabilities. We performed a review for impairment triggers on goodwill and other intangibles, PP&E, right-of-use assets and financial fixed assets. We also analysed the trade accounts receivable position and customers' payment behaviour. Finally, we assessed the need to make adjustments to the fair value accounted financial assets and balance sheet positions related to our non-current assets held for sale. The assessment did not reveal any need for significant negative adjustments to the accounts mentioned in and per year-end 2023.

Impact assessment of climate related risks

Climate change may impact PostNL's operations and valuation of its non-current assets. Management evaluated the potential impacts of climate-related physical risks. In relation to the financial statements, management concluded that these risks have no current impact on the valuation of the non-current assets.

1.4 Critical accounting estimates and judgements

The preparation of PostNL's consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. It also requires management to exercise its judgement in the process of applying PostNL's accounting policies.

Estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting positions will, by definition, seldom equal the related actual results. On a continuous basis, we evaluate our expectations with the actual results, and include the learnings going forward.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

Other provisions

Other provisions mainly include expected costs related to jubilee, illness, long-term disability and termination employee benefit obligations and claims & indemnities. The provisions recorded reflect the present value of management's best estimate of the expenditure required to settle the obligation. Given the uncertain outcome, management must use a certain degree of judgement in this respect. This includes the thorough analysis and concluding view of our position and that of the third party. See note 3.6 Other provisions to the Consolidated financial statements for more information on the other provisions.

Impairment of non-current assets

In determining impairments of intangible assets including goodwill and software, tangible fixed assets and financial fixed assets, management must make significant judgements and estimates to determine whether the recoverable amount is less than the carrying value. The recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset-specific risks. Determining cash flows requires the use of judgements and estimates that have been included in PostNL's strategic plans and long-term forecasts. The data necessary for the execution of the impairment tests are based on management estimates of future cash flows, which make it necessary to estimate revenue growth rates and profit margins. See note 3.3 Intangible fixed assets to the Consolidated financial statements for more information on the impairment test of goodwill.

Deferred revenue and revenue-related accruals

PostNL has to estimate the deferred revenues from stamps sold but not yet used by its customers. The company uses a seasonal model based on historical figures in order to account for the seasonal effects on sales from stamps (for example, stamp sales for Christmas greetings in November and December). Additionally, the company handles large quantities of international mail and parcel volumes to and from foreign postal operators. Although the net outstanding accrual positions reflect our best estimate, given the assumptions involved, final settlements might deviate from the outstanding positions. See note 3.1 Working capital to the Consolidated financial statements for details on the current positions.

Income taxes and deferred tax assets

The company is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision and liability for income taxes. PostNL recognises liabilities for potential tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws and rules. PostNL recognises deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. This is based on estimates of taxable income by jurisdiction in which the company

operates and the period over which deferred tax assets are recoverable. See notes 2.4.2 Income taxes and 3.8 Deferred income tax assets and liabilities to the Consolidated financial statements for more information on income taxes and deferred tax assets.

Contingent liabilities

Legal proceedings covering a range of matters are pending against the company in various jurisdictions. The cases and claims often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. PostNL consults with legal counsel and certain other experts on matters related to litigation. PostNL recognises a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. See note 3.10 Commitments and contingencies to the Consolidated financial statements for more information on commitments and contingencies.

1.5 Changes in accounting policies and disclosures

The following provides a brief description of recently issued International Financial Reporting Standards, amendments and/or interpretations, that could have a material impact on our financial statements.

Amendments to IAS 12: International Tax Reform - Pillar Two Model Rules

PostNL adopted *International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)* upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure, see note 2.4.2 Income taxes.

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which PostNL operates and no related deferred tax regarding Pillar Two positions was recognised at that date, the retrospective application has no impact on PostNL's consolidated financial statements.

There are no other IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2023 that would be expected to have a material impact on the 2023 accounts of the Group.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements have been reviewed by the Group. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. It is not expected that the Group's consolidated financial statements will be significantly impacted.

Section 2: Result for the year

2.1 Operating revenue

Accounting policies

Revenue recognition

PostNL's revenue from contracts with customers consist of the provision of postal and logistics services. Revenue from contracts with customers is recognised when the goods are transferred or the services are rendered to the customer at an amount that reflects the consideration to which PostNL expects to be entitled in exchange for those goods or services. Revenue is the gross inflow of economic benefits during the current year that arise from ordinary activities and result in an increase in equity, other than increases relating to contributions from equity participants.

Variable consideration/volume discounts

If the consideration in a contract includes a variable amount, PostNL estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or rendering the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. PostNL provides volume discounts to certain customers once the quantity of goods transferred or services rendered during the period exceeds a threshold specified in the contract. Discounts are offset against amounts invoiced to the customer. To estimate the variable consideration for the expected future discounts, PostNL applies the expected value method. The variable consideration can be reasonably accurately determined from achieved volumes and contract agreements.

The company's business involves the logistical service of delivering mail, parcels and other consignments. Nearly all of the company's revenues are represented by a single performance obligation being 'logistic services'. Revenue is being recognised at a point in time when the goods are transferred or services are rendered to the customer, generally on delivery of the mail, parcels or other consignments. Other performance obligations within the company's business comprise the rental of post-boxes (revenue recognition over time) and stamp collection services (revenue recognition at a point in time).

Contract liabilities

A contract liability is the obligation to transfer goods or render services to a customer for which PostNL has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before PostNL transfers goods or renders services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when PostNL performs under the contract and relate to amongst others deferred revenue from unused stamps, deferred revenue from franking machines and the rental of mailboxes. See note 3.1.3 Contract liabilities to the Consolidated financial statements for more information.

Revenue from contracts with customers

Revenue from contracts with customers represent revenue from the transfer of goods and rendering of services to third parties less discounts, credit notes and taxes levied on sales. Accumulated experience is used to estimate and provide for the discounts.

Other operating revenue

Other operating revenue relates to the sale of goods and rendering of services not related to PostNL's ordinary postal and logistics services and mainly include rental income of temporarily leased-out property and custom clearance income.

The following table presents PostNL's revenue from contracts with customers relating to the reported operating segments. See note 2.7 Segment information to the Consolidated financial statements for the segment information of the other revenue and eliminations.

PostNL Revenue from contracts with customers in € million

2022, 2023

Year ended at 31 December	2022	2023
Parcels	2,160	2,256
Mail in the Netherlands	1,488	1,366
PostNL Other	214	245
Eliminations	(731)	(713)
Total	3,132	3,153

Revenue growth within Parcels was partly offset by decreased revenue within Mail in the Netherlands, mainly resulting from the continued volume decline in addressed mail. In 2023, revenue from contracts with customers includes intercompany sales of €282 million for Parcels (2022: €242 million), €192 million for Mail in the Netherlands (2022: €277 million) and €240 million for PostNL Other (2022: €212 million).

The following table presents the geographical segmentation of revenue from contracts with customers. The basis of allocation of revenue by geographical area is the country or region in which the entity recording the sales is located. The increase in revenue from the rest of the world was mainly due to volume growth from Asia.

PostNL Geographical segmentation in € million

2022, 2023

Year ended at 31 December	2022	2023
The Netherlands	2,736	2,691
Rest of Europe	264	266
Europe	3,000	2,957
Rest of the World	132	196
Total	3,132	3,153

2.2 Other income**Accounting policies**

Other income mainly relates to the profit or loss from the sale of group companies, the sale of assets held for sale and the sale or sale-and-leaseback of property, plant and equipment. Other income is recognised when the significant risks and rewards (economical ownership) are transferred, which will be the moment of the actual transfer

of the property from PostNL to the buyer or when the contract is signed and all conditions for recognition are met.

In 2023, other income of €9 million (2022: €7 million) relates to €6 million (2022: €5 million) to the sale of real estate in the Netherlands.

2.3 Operating expense**2.3.1 Work contracted out and other external expenses****Accounting policies**

Operating expenses related to ordinary activities are recognised on an accrual basis. In case it is not possible to directly relate the operating expenses to a particular income earned or expected future income, these expenses are recognised in the period incurred.

Lease expenses

Lease expenses relate to short-term leases and leases of which the underlying assets are of low value. Payments made (net of any incentives received from the lessor) are charged to the income statement as incurred during the period of the lease.

PostNL Work contracted out and other external expenses in € million

2022, 2023

Year ended at 31 December	2022	2023
Parcels	983	1,066
Mail in the Netherlands	333	281
PostNL Other	71	61
Work contracted out	1,388	1,408
Rent & lease expenses	12	13
External temporary staff	170	171
Total	1,570	1,592

Costs of work contracted out and other external expenses increased by €22 million in 2023 mainly due to cost increases caused by inflation and service expansion within Parcels.

2.3.2 Salaries, pensions and social security contributions

PostNL Salaries, pensions and social security contributions in € million

2022, 2023

Year ended at 31 December	2022	2023
Salaries	867	890
Social security charges	129	135
Salaries and social security charges	997	1,024
Defined benefit plans	160	0
Defined contribution plans	12	92
Regular pension charges	172	92
Impact change in accounting classification of main pension plan	1,354	
Total pension charges	1,526	92
Net additions/(releases) from restructuring provisions	(1)	5
Share-based payments	2	2
Gross salaries, pensions and social security contributions	2,523	1,125
Capitalised salaries, pensions and social security contributions	(19)	(24)
Total	2,504	1,100

In 2023, pension charges decreased by €1,434 million, mainly resulting from the expenses related to the change in accounting classification of our main pension plan in 2022. See note 3.5 Provisions for pension liabilities for more information on pensions, note 3.6 Other provisions for the net additions from restructuring provisions and note 3.3 Intangible fixed assets for the capitalised salary costs, pensions and social security contributions related to IT investments.

PostNL Workforce as indicated

2022, 2023

	2022	2023
Headcount		
Parcels	8,300	8,786
Mail in the Netherlands	25,725	23,091
PostNL Other	1,622	1,611
Total at year end	35,647	33,488
Full-time equivalents (FTEs)		
Parcels	7,146	7,555
Mail in the Netherlands	13,055	11,706
PostNL Other	1,514	1,590
Total year average	21,715	20,851
External temporary staff year average	2,647	2,623

¹ Including temporary personnel on our payroll; the external temporary staff are additional.

The total headcount of PostNL decreased by 2,159 employees. The decrease within Mail in the Netherlands mainly relates to the impact of volume decline and cost savings initiatives. In addition, staffing at Mail in the Netherlands was affected by an ongoing tight labor market. The increase in the number of employees at Parcels was due to greater use of own employees instead of delivery partners. In addition, around 350 retail and customer care employees were transferred from Mail in the Netherlands to Parcels. The workforce is also measured in FTEs based on the hours worked divided by the local standard. In 2023, the average number of FTEs decreased by 864 FTEs compared to 2022. The average number of employees working in the Netherlands was 19,913 FTEs (2022: 20,772) and outside the Netherlands was 938 FTEs (2022: 943).

2.3.3 Depreciation, amortisation and impairments

PostNL Depreciation, amortisation and impairments in € million

2022, 2023

Year ended at 31 December	2022	2023
Amortisation of intangible assets	44	55
Impairment of intangible assets		1
Depreciation property, plant and equipment	46	49
Depreciation right-of-use assets	66	72
Total	156	177

In 2023, amortisation of intangible assets related to software for €52 million (2022: €41 million) and other intangibles for €4 million (2022: €3 million). The increase in amortisation of software relates to increased investments in IT projects.

2.3.4 Other operating expenses

The other operating expenses of €130 million (2022: €128 million) consist of IT, communication, office, travel, consulting and training expenses and other shared services costs.

In 2023, total incurred KPMG audit fees amounted to €2.2 million (2022: €2.1 million).

PostNL Audit fees in € million

2022, 2023

Year ended at 31 December	2022	2023
Audit fees	1.6	1.5
Audit-related fees	0.5	0.7
Tax advisory fees	0.0	0.0
Other non-audit services	0.0	0.0
Total	2.1	2.2

Audit fees include fees from the audit of the financial statements. Audit-related services include fees from assurance engagements related to the non-financial information, regulatory reporting obligations, employee benefit plan data, Green Bond report and legal demergers.

In accordance with Dutch legislation, article 2:382a of the Dutch Civil Code, the total audit and audit-related fees charged by the auditor KPMG based in the Netherlands amounted to €2.1 million (2022: €2.0 million), subdivided into audit services of €1.4 million and audit-related services of €0.7 million.

2.4 Net profit and earnings per share

2.4.1 Net financial expense/(income)

Accounting policies

Interest income and expense are recognised on a time-proportionate basis using the effective interest method. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they can be capitalised as cost of a qualifying asset.

PostNL Net financial expense/(income) in € million

2022, 2023

Year ended at 31 December	2022	2023
Interest expenses on long-term borrowings	7	9
Interest on net defined benefit pension liabilities	2	0
Interest on leases	9	9
Other	5	4
Interest and similar expense	22	22
Other interest and similar income	(3)	(20)
Net financial expense/(income)	19	2

The increase of other interest and similar income of €17 million mainly relates to higher interest on cash and cash equivalents.

2.4.2 Income taxes

Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. The amount of income tax included in the income statement is determined in accordance with tax rules and legislation, based on which income taxes are payable or recoverable.

PostNL Income taxes in € million

2022, 2023

Year ended at 31 December	2022	Change in pension accounting classification	2022 excl. change in pension accounting classification	2023
Current tax expense	36		36	20
Changes in deferred taxes	(366)	(350)	(16)	4
Total income tax expense	(330)	(350)	21	24
Income taxes paid	(1)		(1)	35

The difference between the total income taxes in the income statement and the current tax expense is due to temporary differences. These differences are recognised as deferred tax assets or deferred tax liabilities, except for the tax effect on the change in pension accounting classification. See note 3.8 Deferred income tax assets and liabilities to the Consolidated financial statements for more information.

In 2023, the income taxes paid relates mainly to income taxes paid in the Netherlands and Belgium. The 2023 difference between the total income tax expense (€24 million) and the income taxes paid (€35 million) can mainly be explained by the 2023 movements of the net income tax payable position (€15 million) and partly offset by changes in deferred taxes (€4 million).

PostNL Effective income tax rate in %

2022, 2023

Year ended at 31 December	2022	Change in pension accounting classification	2022 excl. change in pension accounting classification	2023
Dutch statutory income tax rate	25.8		25.8	25.8
Adjustment regarding statutory income tax rates other countries	0.0	(0.3)	0.3	(0.2)
Weighted average statutory tax rate	25.8	(0.3)	26.1	25.6
Tax effects of:				
Non and partly deductible costs	(0.2)	(5.2)	5.0	3.9
Exempt income	0.0	(0.6)	0.6	0.3
Other	(0.5)	(13.3)	12.8	0.8
Effective income tax rate	25.1	(19.4)	44.5	30.6

The effective income tax rate is 30.6%. This effective income tax rate, being higher compared to the Dutch statutory tax rate (25.8%), can mainly be explained as follows:

The line 'Non and partly deductible costs' mainly relates to the so-called mixed expenses (e.g. meals, entertainment), claim-related costs and the non-deductible treatment of our share-based payments. The line 'Exempt income' relates to the non-taxable treatment of our (negative) results from (former) participations. The line 'Other' consists in 2023 mainly of the impact of the derecognition of previously recognised tax losses in various countries (2.5%), updates of our prior year tax positions in the Netherlands (-0.4%) and several smaller effects (-1.3%).

Global minimum top-up tax

On 19 December 2023, the government of the Netherlands enacted the Pillar Two income taxes legislation effective from 1 January 2024. PostNL NV is the ultimate parent company (UPE in Pillar Two terms) and has been incorporated in the Netherlands. Under the new Pillar Two legislation, the UPE will be responsible for the payment of top-up tax on profits of group entities that are taxed at an effective tax rate of less than 15% according to the Pillar Two legislation. For 2023 there is no Pillar Two impact for the PostNL group, since the enacted legislation in the Netherlands is only effective as from 2024. The main jurisdiction in which material Pillar Two exposures may arise as from 2024, is the Netherlands based on an analysis of the 2023 figures in terms of results.

If the Pillar Two legislation had already applied in 2023, there would have been no impact for the PostNL group based on an analysis of the Country-by-Country Reporting (CbCR) data of 2022 and 2023. Based on this analysis, the PostNL group would have been able to make use of the

transitional CbCR-safe harbour tests of the Pillar Two legislation. This information is based on the profits and tax expense determined as part of the preparation of the group's consolidated financial statements and CbCR reports of 2022 of 2023. For 2024 the PostNL group will continue to monitor the impact of the Pillar Two legislation.

2.4.3 Profit/(loss) from discontinued operations

Accounting policies

Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

The following table presents the financial performance for the discontinued operations in the years 2022 and 2023.

PostNL discontinued operations Financial performance in € million

2022, 2023

Year ended at 31 December	2022	2023
Revenues		
Expenses	(15)	2
Operating income	(15)	2
Income taxes	3	(1)
Profit/(loss) after taxes	(11)	1
Profit/(loss) from discontinued operations	(11)	1

In 2022, the net result of €(11) million mainly reflected the financial impact related to a settlement reached between PostNL and the Italian tax authorities relating to a VAT dispute of a

divested entity previously classified as discontinued operations. The financial impact includes a payment due to the Italian tax authorities of €30 million partially offset by management's best estimate of the collectability of the related imputed VAT receivables from former customers of €16 million and a positive income tax effect of €3 million. In 2023, the amount due to the Italian tax authorities of €30 million has been fully paid. At 31 December 2023, €17 million has been received from former customers, with an outstanding receivable position of €1 million reflecting management's reassessed best estimate. The VAT receivables from former customers are included in 'Prepayments and accrued income' in the consolidated statement of financial position. Cash flow from discontinued operations of €(16) million (2022: €(1) million) is considered as operational cashflow.

2.4.4 Earnings per ordinary share: 11.3 eurocents (2022: (201.6) eurocents)

Accounting policies

PostNL presents (diluted) earnings per share (EPS) for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding, including the effects for dilution of ordinary shares following the obligations to employees under existing share plans.

The following table summarises the outstanding shares for PostNL's calculation related to earnings per share.

PostNL (Average) number of outstanding ordinary shares in shares

2022, 2023

Year averages and numbers at 31 December	2022	2023
Number of issued and outstanding ordinary shares	487,530,628	494,207,248
Shares held by the company to cover share plans	0	0
Average number of ordinary shares per year	492,519,772	490,686,943
Diluted number of ordinary shares per year	1,122,612	1,097,685
Average number of ordinary shares per year on a fully diluted basis	493,642,384	491,784,628

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At 31 December 2023, PostNL had potential obligations under share plans to deliver 1,097,685 shares (2022: 1,122,612 shares), calculated based on the share price of €1.413 as at 31 December 2023 (31 December 2022: €1.7005).

2.5 Cash flow performance

Accounting policies

The consolidated statement of cash flows is prepared in accordance with IAS 7 using the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Receipts and payments with respect to taxation on profits and interest payments are included in the cash flow from operating activities. Interest receipts and the cost of acquisition of subsidiaries, associates and investments, insofar as it was paid for in cash, are included in cash flows from investing activities. Acquisitions of subsidiaries are presented net of cash balances acquired. Cash flows from derivatives are recognised in the statement of cash flows in the same category as those of the hedged item.

2.5.1 Net cash (used in)/from operating activities

In 2023, net cash from operating activities of €222 million (2022: €240 million) resulted from €277 million of cash generated from operations (2022: €259 million) reduced by €35 million income tax paid (2022: €1 million income tax received) and €20 million interest paid (2022: €20 million).

Cash generated from operations

The increase in cash generated from operations of €18 million is explained by €37 million higher profit before income tax adjusted for non-cash items and investment income, a higher change in working capital of €10 million and a higher change in other provisions of €17 million, partly offset by a lower change in pension liabilities of €47 million.

PostNL Cash generated from operations in € million

2022, 2023

Year ended at 31 December	2022	2023
Total profit before tax adjusted for non cash items and investment income¹	218	255
Pension expense defined benefit plans	160	0
Cash contributions defined benefit plans	(85)	(0)
Payment unconditional funding obligation	(28)	
Change in pension liabilities	47	0
Additions to/releases from provisions	10	24
Withdrawals	(12)	(9)
Change in other provisions	(3)	14
Changes in working capital	(3)	7
Total cash generated from operations	259	277

¹ 2022 excluding change in pension accounting classification

For the changes in provisions, reference is made to note 3.5 Provisions for pension liabilities and to note 3.6 Other provisions. The lower investments in working capital mainly related to lower trade receivables within Parcels and Mail in the Netherlands, partly offset by a decrease in accruals for terminal dues.

Interest paid

The interest paid is explained as follows:

PostNL Interest paid in € million

2022, 2023

Year ended at 31 December	2022	2023
Interest on long-term borrowings	6	8
Interest on leases	9	9
Bank charges and other	5	3
Total	20	20

Income taxes received/(paid)

The income taxes paid of €35 million (2022: €1 million income taxes received) mainly relates to income taxes paid in the Netherlands and Belgium related to prior years.

2.5.2 Net cash (used in)/from investing activities

PostNL Net cash investing activities in € million

2022, 2023

Year ended at 31 December	2022	2023
Capital expenditure on intangible assets and property, plant and equipment	(138)	(126)
Proceeds from sale of property, plant and equipment	12	1
Interest received	3	23
Changes in other loans receivable	3	2
Other	(2)	(2)
Net cash (used in)/from investing activities	(122)	(102)

Capital expenditure on intangible assets and property, plant and equipment

In 2023, capital expenditures on intangible assets of €74 million (2022: €80 million) mostly related to software, including prepayments for software. The capital expenditures on property, plant and equipment amounting to €52 million (2022: €58 million) mainly related to new sorting and delivery centres within Parcels and to various other equipment. Capital expenditures are funded primarily by cash generated from operations and are part of strict cash control and review.

Proceeds from sale of property, plant and equipment

In 2023, proceeds from the sale of property, plant and equipment amounted to €1 million (2022: €12 million) and mainly related to the sale of real estate in the Netherlands.

Interest received

In 2023, interest received increased by €20 million due to higher interest on cash and cash equivalents and the settlement of interest rate swaps (€4 million).

Changes in other loans receivable

In 2023, changes in other loans receivable mainly related to proceeds from a lessor loan relating to the lease of a sorting machine by Bol.com.

Other

In 2023, an amount of €(1) million is included for the acquisition of 2.6% of the shares of Machool Technologies Inc., a financial asset at fair value through OCI (2022: €(2) million for the acquisition of 50% of the shares of De Innovatie Studio, a joint venture and 5.3% of the shares in a shopping services app, an associated company.

2.5.3 Net cash (used in)/from financing activities

PostNL Net cash financing activities in € million

2022, 2023

Year ended at 31 December	2022	2023
Dividends paid	(165)	(29)
Share buyback	(164)	
Changes related to non-controlling interests	(1)	(0)
Net cash from debt financing activities	(4)	(32)
Repayments of leases/incentives	(74)	(81)
Net cash (used in)/from financing activities	(408)	(142)

In 2023, net cash from financing activities of €(142) million (2022: €(408) million) mainly related to the final 2022 and interim 2023 cash dividend paid of €29 million (2022: €165 million related to the final 2021 and interim 2022 cash dividend), the buyback of a eurobond loan of €47 million and the repayments of leases of €81 million (2022: €74 million). In 2022, an amount of €164 million was included related to the repurchase of shares. The net cash from debt financing activities includes an amount of €18 million for new (legal) lease loans relating to two Parcels' sorting centres and sorting machines and €4 million of repayments of these loans (2022: repayments of €4 million). Refer to note 3.4 for further information on leases. Reference is also made to note 4.1 Net debt and note 4.5 Financial instruments.

2.6 Other comprehensive income and equity development

The increase of total equity from €179 million on 31 December 2022 to €200 million on 31 December 2023 is mainly explained by net profit for the year of €56 million, partly offset by the payments of cash dividends of €29 million in total and other comprehensive income of €(8) million. Other comprehensive income mainly consisted of losses on cash flow hedges of €3 million and decreases in value of financial assets at fair value through OCI of €6 million mainly related to the investment in Whistl.

PostNL Other reserves in € million

2022, 2023

	Currency translation reserve	Hedge reserve	Financial assets at fair value OCI	Other reserves	Total other reserves
Balance at 1 January 2022	1	(2)	20	(167)	(148)
Total comprehensive income	0	2	(8)	1,077	1,071
Appropriation of net income				518	518
Share buyback				(162)	(162)
Share-based compensation				2	2
Balance at 31 December 2022	2	0	11	1,267	1,281
Total comprehensive income	0	(3)	(6)	0	(8)
Appropriation of net income				(1,313)	(1,313)
Share-based compensation				0	0
Balance at 31 December 2023	2	(3)	6	(45)	(40)

Currency translation reserve

As at 31 December 2023, the translation reserve amounted to €2 million (2022: €2 million), mainly reflecting the movement in exchange rate differences on converting subsidiaries of Spring within Parcels into euros.

Hedge reserve

As at 31 December 2023, the hedge reserve amounted to €(3) million (2022: €0 million). The tax impact on the cash flow hedges included in the hedge reserve as at 31 December 2023 is €1 million (2022: €0 million). For more information, see note 4.5 to the consolidated financial statements.

Issued share capital and Additional paid-in capital

As at 31 December 2023, issued share capital amounted to €40 million (2022: €39 million) and additional paid-in capital amounted to €165 million (2022: €163 million). For details on Issued share capital and Additional paid-in capital, reference is made to note 4.6.

The following table presents the reserves included in the other reserves.

Financial assets at fair value through OCI

As at 31 December 2023, the reserve related to the financial assets at fair value through OCI amounted to €6 million (2022: €11 million). The decrease in 2023 of €6 million mainly related to the decrease in value of the investment in Whistl (2022: decrease of €8 million mainly related to Whistl). For more information, see note 4.2 to the consolidated financial statements.

Other reserves

As at 31 December 2023, the other reserves amounted to €(45) million (2022: €1,267 million). In 2023, the other reserves decreased by €1,313 million mainly resulting from the appropriation of net income from 2022 of €(1,313) million.

Retained earnings

As at 31 December 2023, retained earnings amounted to €34 million (2022: €(1,306) million). In 2023, retained earnings increased by €1,340 million due to the total profit for the year attributable to the shareholders of the parent of €55 million in 2023, the appropriation of net income from 2022 of €1,313 million, partly offset by the payment of cash dividends of €29 million.

The Board of Management has proposed to make an amount of €36 million out of profit for the year 2023 available for distribution of dividend. Refer to note 6.4 for more details of this proposal.

2.7 Segment information

Accounting policies

PostNL reports two operating segments: Parcels and Mail in the Netherlands and one other segment: PostNL Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. These chief operating decision-makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Board of Management of PostNL that makes strategic decisions. Transfer prices between operating segments are on an arm's length basis and intercompany sales relate to similar activities as revenue. PostNL Other represents head office entities.

The following table presents the reconciliation of the 2023 segment information relating to the income statement of the reportable segments. Segment information relating to the balance sheet is reported in note 3.11.

PostNL Segmentation in € million

2023

Year ended at 31 December 2023	Parcels	Mail in NL	PostNL Other	Eliminations	Total
Revenue from contracts with customers	1,975	1,174	5		3,153
Intercompany sales	282	192	240	(713)	0
Other operating revenue	4	7	0		12
Total operating revenue	2,260	1,373	245	(713)	3,165
Other income	3	8	(2)		9
Depreciation/impairment PP&E	(33)	(12)	(4)		(49)
Amortisation/impairment intangibles	(2)	(2)	(52)		(57)
Depreciation/impairment right-of-use assets	(48)	(12)	(12)		(72)
Total operating income	43	47	(6)		84
Net financial income/(expense)					(2)
Results from investments in JVs/associates					(4)
Income taxes					(24)
Profit/(loss) from discontinued operations					1
Profit/(loss) for the year					56
Normalised EBIT	47	50	(5)		92

The key financial performance indicator for management of the reportable segments is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals. Normalised EBIT is reported on a monthly basis to the chief operating decision-makers. The following table presents the reconciliation from reported operating income to normalised EBIT.

PostNL From operating income to normalised EBIT in € million

2023

Year ended at 31 December	Reported operating income	Project costs and other	Normalised EBIT
Parcels	43	4	47
Mail in NL	47	3	50
PostNL Other	(6)	1	(5)
Total 2023	84	7	92

From operating income to normalised EBIT

In 2023, normalised EBIT totalled €92 million (2022: €84 million). Normalised EBIT excludes exceptional items, which amounted to €7 million in 2023 (2022: €1,375 million). In 2023, the normalisation for project costs and other included results related to legal advisory costs (€2 million), claim-related costs (€3 million) and discontinuation costs of two specialised logistics services (€3 million). The increase of €8 million in normalised EBIT comprised lower results in Parcels (€9 million) and Mail in the Netherlands (€57 million), offset by a higher result at PostNL Other (€75 million) mainly caused by lower pension expenses due to the change to a collective defined contribution scheme.

The following tables present the reconciliation of the 2022 segment information relating to the income statement of the reportable segments. Segment information relating to the balance sheet is reported in note 3.11.

PostNL Segmentation in € million

2022

Year ended at 31 December 2022	Parcels	Mail in NL	PostNL Other	Eliminations	Total
Revenue from contracts with customers	1,918	1,211	2		3,132
Intercompany sales	242	277	212	(731)	0
Other operating revenue	5	7	1		13
Total operating revenue	2,165	1,495	215	(731)	3,144
Other income	0	7	0		7
Depreciation/impairment PP&E	(28)	(14)	(4)		(46)
Amortisation/impairment intangibles	(2)	(2)	(40)		(44)
Depreciation/impairment right-of-use assets	(43)	(12)	(11)		(66)
Total operating income	54	98	(1,443)		(1,291)
Net financial income/(expense)					(19)
Results from investments in JVs/associates					(1)
Income taxes					330
Profit/(loss) from discontinued operations					(11)
Profit/(loss) for the year					(993)
Normalised EBIT	56	107	(80)		84

PostNL From operating income to normalised EBIT in € million

2022

Year ended at 31 December	Reported operating income	Change in pension accounting classification	Project costs and other	Normalised EBIT
Parcels	54		2	56
Mail in NL	98	2	7	107
PostNL Other	(1,443)	1,355	9	(80)
Total 2022	(1,291)	1,357	17	84

Reference is made to note 3.5 for further information on the normalised impact of the change in accounting classification of our main pension plan. In 2022, the normalisation for project costs and other included results related to legal advisory costs (€6 million), settlement costs (€9 million) and discontinuation costs of an in-house Food delivery network (€2 million).

Section 3: Operating assets and liabilities

3.1 Working capital

Accounting policies

Trade receivables are recorded where PostNL has the unconditional rights to consideration from the customers. Trade receivables that do not contain a significant financing component or for which PostNL has applied the practical expedient are measured at the transaction price determined under IFRS 15.

PostNL recognises an allowance for expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that PostNL expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables, PostNL applies a simplified approach in calculating ECLs. Therefore, PostNL does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. PostNL has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount of the ECLs is recognised in the income statement. Any reversal of the ECLs is included in the income statement on the same line as where the original expense was recorded.

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors adjusted for forward-looking factors. Large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability.

Prepayments and accrued income

Prepayments and accrued income mainly relates to prepaid expenses, accrued income for receivables where PostNL has not the unconditional rights to the consideration, receivables for terminal dues and the positive fair value of the outstanding foreign exchange hedges and interest rate swaps.

3.1.1 Accounts receivable

PostNL Accounts receivable in € million
2022, 2023

At 31 December	2022	2023
Trade accounts receivable - total	377	326
Allowance for expected credit losses	(7)	(7)
Trade accounts receivable	370	320
VAT receivable	4	5
Other accounts receivable	8	8
Accounts receivable	12	13
Total accounts receivable	382	333

Trade accounts receivable are non-interest bearing and are generally on terms of 7 to 30 days.

Trade accounts receivable include an amount of €134 million (2022: €144 million) that was unbilled at 31 December 2023.

The main part of the allowance for expected credit losses related to a collective loss component established for groups of similar trade accounts receivable balances. This collective loss component is largely based on the ageing of the trade accounts receivable and is reviewed periodically. The fair value of the total (trade) accounts receivable approximated its carrying value.

The decrease of trade accounts receivable - total from €377 million on 31 December 2022 to €326 million on 31 December 2023 is a result of strict working capital management. The trade accounts receivable past due increased from €122 million on 31 December 2022 to €133 million on 31 December 2023 (see table expected credit losses on the next page).

The top 10 trade accounts receivable accounted for 19% of the outstanding balance as at 31 December 2023 (2022: 21%). The concentration of the trade accounts receivable portfolio over the different regions can be summarised as follows:

- The Netherlands €266 million (2022: €305 million)
- Rest of Europe €42 million (2022: €45 million)
- The rest of the world €12 million (2022: €20 million).

The movements in the allowance for expected credit losses of trade accounts receivable were as follows:

PostNL Expected credit losses in € million

2022, 2023

At 31 December	Months due					Total
	Up to 1 month	1-2 months	2-3 months	3-4 months	over 4 months	
Expected credit loss rate	1%	3%	7%	23%	5%	
Gross amount of trade accounts receivable	276	19	10	4	67	377
Trade accounts receivable past due	26	16	9	4	66	122
Expected credit loss 2022	2	1	1	1	3	7
Expected credit loss rate	0%	1%	7%	5%	7%	
Gross amount of trade accounts receivable	222	17	9	4	73	326
Trade accounts receivable past due	36	14	8	2	73	133
Expected credit loss 2023	1	0	1	0	5	7

PostNL Statement of changes in the allowance for expected credit losses of trade accounts

receivable in € million

2022, 2023

	2022	2023
Balance at 1 January	7	7
Provided for during financial year	3	3
Receivables written off during year as uncollectable	(3)	(3)
Balance at 31 December	7	7

Set out below is the information about the credit risk exposure on the trade accounts receivable using a provision matrix.

3.1.2 Other current liabilities

PostNL Other current liabilities in € million

2022, 2023

At 31 December	2022	2023
VAT payable	67	42
Social security contributions payable	30	24
Payments from customers received in advance	48	48
Pension payable	16	
Other	7	12
Total	168	126

The VAT payable decreased by €25 million following the payment of the VAT Payable of €30 million outstanding in 2022 related to a settlement reached between PostNL and the Italian tax authorities. Pension payable in 2022 contained the last instalment of €16 million related to the unconditional funding obligation with the pension fund.

3.1.3 Contract liabilities

PostNL Contract liabilities in € million

2022, 2023

At 31 December	2022	2023
Deferred revenue from unused stamps	47	39
Deferred revenue from franking machines	7	6
Rental of mailboxes	8	8
Other amounts received in advanced from customers	8	5
Total	70	57

We expect to perform almost all services related to the outstanding contract liabilities at 31 December 2023 within one year. However, note that within one year we expect outstanding contract liabilities more or less in line with the amounts currently reported.

3.1.4 Accrued current liabilities

PostNL Accrued current liabilities in € million

2022, 2023

At 31 December	2022	2023
To be paid to third parties	139	136
To be paid to personnel	21	31
Vacation days/vacation payments	98	99
Terminal dues	181	154
Interest payable	1	2
Other accrued current liabilities	0	0
Total	441	421

Main items within the expenses to be paid to third parties included payables to business partners of €18 million (2022: €20 million) and claims of €5 million (2022: €4 million), the remainder are various other expenses to be paid.

Expenses to be paid to personnel included accrued wages and salaries of €20 million (2022: €17 million) and accruals for employee profit-sharing of €8 million (2022: €1 million).

The accrual for terminal dues relates to payables to foreign postal operators relating to the years 2023 and before, partly consisting of positions in SDR currency. The net payable position, including the receivable for terminal dues of €40 million (2022: €28 million) included in prepayments and accrued income, amounted to €114 million (2022: €153 million). The change reflects both the regular course of business as well as settlements of outstanding positions. The positions where there is no price multi- or bilateral agreement on price are based on our best estimate of the price for which we expect to settle.

3.2 Property, plant and equipment

Accounting policies

Property, plant and equipment is valued at historical cost, less depreciation and impairment losses. The initial costs of an asset comprises its purchase price, costs of bringing the asset into working condition, handling and installation costs and non-refundable purchase taxes.

Land is not depreciated. System software is capitalised and amortised as a part of the tangible fixed asset for which it was acquired to operate.

Other property, plant and equipment is depreciated on a straight-line basis over its expected useful life, taking into account any residual value. The asset's residual value and useful life is reviewed on an annual basis and, if necessary, changes are accounted for prospectively.

For the accounting policy concerning impairments, reference is made to note 5.4.

PostNL Property, plant and equipment in € million

2022

	Land and buildings	Plant and equipment	Other equipment	Construction in progress	Total
Depreciation percentage	0%-10%	6%-33%	10%-33%	0%	
Historical cost	409	449	39	25	922
Accumulated depreciation and impairments	(155)	(308)	(26)		(489)
Balance at 1 January 2022	254	141	13	25	433
Capital expenditure	12	23	4	32	70
Internal transfers and reclassifications	4	10		(13)	
Depreciation	(14)	(28)	(5)		(46)
Transfers to assets held for sale	(1)				(1)
Total changes	1	5	(1)	18	24
Historical cost	401	426	38	44	909
Accumulated depreciation and impairments	(147)	(280)	(25)		(452)
Balance at 31 December 2022	255	146	13	44	457

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PostNL Property, plant and equipment in € million

2023

	Land and buildings	Plant and equipment	Other equipment	Construction in progress	Total
Depreciation percentage	0%-10%	6%-33%	10%-33%	0%	
Historical cost	401	426	38	44	909
Accumulated depreciation and impairments	(147)	(280)	(25)		(452)
Balance at 1 January 2023	255	146	13	44	457
Capital expenditure	13	39	2	28	82
Disposals					(1)
Internal transfers and reclassifications	22	8		(31)	
Depreciation	(16)	(28)	(5)		(49)
Transfers from assets held for sale	1				1
Total changes	21	19	(2)	(3)	35
Historical cost	457	462	36	40	995
Accumulated depreciation and impairments	(182)	(297)	(25)		(504)
Balance at 31 December 2023	275	165	11	40	491

Capital expenditures 2023 were above the level of 2022. Investments were made in the new sorting and delivery centres within Parcels, and in various other equipment. Both developments also impacted the internal transfers and reclassifications from construction in progress to land and buildings and plant and equipment.

In 2023, the transfers from assets held for sale of €1 million (2022: €1 million transfers to assets held for sale) related to buildings in the Netherlands.

The property, plant and equipment assets include a number of Parcels' sorting centres and sorting machines financed and legally owned by an entity especially set up for this purpose by a third party. The term of the related lease contracts and liabilities is 10 years. Up to 31 December 2023, 6 finalised sorting centres and sorting machines (2018: 1, 2019: 3, 2021: 1, 2023: 1) and 1 under construction have been leased from this special entity, for which the related property, plant and equipment assets for 4 locations with a total book value of €90 million at 31 December 2023 and corresponding (legal) lease loan have been recorded. For the other 3 locations right-of-use assets and corresponding lease liabilities have been recorded, reference is made to note 3.4.

3.3 Intangible fixed assets

Accounting policies

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of PostNL's share of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures/associates and is not separately recognised or tested for impairment. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Separately-recognised goodwill arising on acquisitions is capitalised and subject to an annual impairment review. Goodwill is carried at cost less accumulated impairment losses.

Other intangible fixed assets

Costs related to the development and installation of software for internal use are capitalised at historical cost and amortised over the estimated useful life. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

An asset under construction is transferred to its respective intangible asset category at the moment it is ready for use and is amortised using the straight-line method over its estimated useful life. Other intangible assets are valued at the lower of historical cost less amortisation and impairment. The asset's residual value and useful life is reviewed on an annual basis and, if necessary, changes are accounted for prospectively.

For the accounting policy concerning impairments of goodwill and other intangible fixed assets, reference is made to note 5.4.

PostNL Intangible fixed assets in € million

2022

	Goodwill	Software	Other	Total
Amortisation percentage		10%- 35%	0%- 35%	
Historical cost	243	238	63	545
Accumulated amortisation and impairments	(36)	(139)	(14)	(190)
Balance at 1 January 2022	207	98	49	354
Additions		73	6	79
Internal transfers/reclassifications		17	(17)	
Amortisation		(41)	(3)	(44)
Total changes		49	(14)	35
Historical cost	243	297	52	593
Accumulated amortisation and impairments	(36)	(150)	(17)	(204)
Balance at 31 December 2022	207	147	35	389

PostNL Intangible fixed assets in € million

2023

	Goodwill	Software	Other	Total
Amortisation percentage		10%- 35%	0%- 35%	
Historical cost	243	297	52	593
Accumulated amortisation and impairments	(36)	(150)	(17)	(204)
Balance at 1 January 2023	207	147	35	389
Additions		56	18	75
Internal transfers/reclassifications		20	(20)	
Amortisation		(52)	(4)	(55)
Impairments		(1)		(1)
Total changes	0	23	(5)	18
Historical cost	243	340	49	633
Accumulated amortisation and impairments	(36)	(170)	(20)	(226)
Balance at 31 December 2023	207	171	29	407

Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) and tested for impairment. The CGUs correspond to an operation in a particular country or region and the nature of the services provided. The CGU Parcels relates to our e-commerce and logistic services activities in

the Benelux. The CGU Spring relates to our cross-border mail and parcels activities. Compared to 2022, the CGU structure has not changed.

PostNL Goodwill per CGU in € million

2022, 2023

Year ended at 31 December	2022	2023
Parcels	32	32
Mail in the Netherlands	174	174
Spring	1	1
Total	207	207

Based on the 2023 financial performance, a detailed review has been performed of the recoverable value of each CGU. The recoverable value is the higher of the value in use and fair value less costs of disposal. Fair value less costs of disposal represents the best estimate of the amount PostNL would receive if it sold the CGU. The recoverable value of each CGU is determined based on the value in use. The value in use has been calculated on the basis of the present value of estimated future net cash flows.

For both mature markets and non-mature markets, the estimated future net cash flows are based on a five-year (2022: five-year) forecast and business plan, which forecast period has been assessed as adequate to reach a sustainable basis for the calculation of the continuing value. PostNL has determined the budgeted gross margin based on past performance and its expectations for market and regulatory development. The cash flow projections have been approved by management.

Key assumptions used to determine the recoverable values for each individual CGU are the following:

- The discount rate to be applied following the nature of the underlying cash flows and foreign currency and inflation-related risks.
- The (long-term) growth rate to be applied following the maturity of the underlying market, regulatory developments, market share and volume development.

The weighted average pre-tax discount rate used was around 11.5% (2022: around 11.5%) for the CGU Parcels and around 9.0% (2022: around 9.0%) for the CGU Mail in NL. The weighted average growth rate used was based on a long-term assumed inflation rate of 2.0% (2022: 2.0%) for all CGUs, with a downward adjustment for the CGU Mail in NL to reflect the ongoing volume decline (2024: assumed volume decline of 7% to 9%). The growth rates used did not change materially compared to the previous year.

Management has carried out an impairment test for each individual CGU and concluded that the recoverable amount of the individual CGUs is significantly higher than the carrying amount. Management has also assessed that a reasonably possible change in key assumptions, being discount rate and growth rate, would not cause the carrying amount of any of the CGUs to exceed the recoverable amount.

Software and other intangibles

The closing balance of software and other intangibles is built up as follows:

PostNL Software and other intangibles in € million

2022, 2023

Year ended at 31 December	2022	2023
Internally-generated software	145	169
Purchased software	2	1
Software under construction	4	
Customer lists	31	29
Total	182	200

The additions to software mainly concerned IT investments related to replacement and improvement of sorting and delivery processes within Mail in the Netherlands and Parcels, software licenses and costs of internally-generated software for various IT projects including investments in our online landscape, logistic service platform and back-office functionality. The reclassification from other intangibles was due to finalised IT projects.

The estimated amortisation expenses for software and other intangible assets are:

- 2024: €56 million,
- 2025: €49 million,
- 2026: €38 million, and
- thereafter: €57 million.

Software and other intangible assets include an amount of €3 million (2022: €2 million) of capitalised development costs.

3.4 Leases

Accounting policies

PostNL leases sorting centres, sorting machines, distribution centres, offices, warehouses, trucks, vans, cars, transport equipment and other equipment. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. At the commencement date of the lease, the lease liabilities are measured at the present value of lease payments to be made over the lease term. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate is used, being the rate that would have to be paid to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease payments include the exercise price of a purchase option reasonably certain to be exercised by PostNL and payments of penalties for terminating the lease, if the lease term reflects PostNL exercising the option to terminate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

PostNL elected to apply the practical expedient not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. PostNL also elected the practical expedient not to apply the requirements for short-term leases (with a lease term of 12 months or less and which do not contain a purchase option) and leases for which the underlying asset is of low value (<€5,000). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

PostNL Right-of-use assets in € million

2022

	Land and buildings	Transport	Other	Total
Depreciation percentage	0%-10%	10%-33%	10%-33%	
Historical cost	274	137	23	435
Accumulated depreciation and impairments	(71)	(64)	(11)	(146)
Balance at 1 January 2022	203	73	13	289
New leases	29	29	1	58
Lease modifications/reassessments	11	2		13
Depreciation	(35)	(29)	(2)	(66)
Total changes	5	2	(1)	6
Historical cost	298	153	24	474
Accumulated depreciation and impairments	(89)	(79)	(12)	(180)
Balance at 31 December 2022	209	75	11	295

PostNL Right-of-use assets in € million

2023

	Land and buildings	Transport	Other	Total
Depreciation percentage	0%-10%	10%-33%	10%-33%	
Historical cost	298	153	24	474
Accumulated depreciation and impairments	(89)	(79)	(12)	(180)
Balance at 1 January 2023	209	75	11	295
New leases	15	44	2	61
Lease modifications/reassessments	8	2		10
Disposals	(2)			(2)
Depreciation	(37)	(32)	(2)	(72)
Total changes	(16)	15		(2)
Historical cost	311	183	25	519
Accumulated depreciation and impairments	(119)	(93)	(14)	(226)
Balance at 31 December 2023	192	89	11	293

In 2023, the new leases of €61 million mainly related to a new sorting and delivery centre in Belgium within Parcels and the replacement and expansion of buildings, vans and trucks. The new leases of €58 million in 2022 mainly related to the replacement and expansion of

buildings, vans and trucks. In 2023, the lease modifications/reassessments of €10 million (2022: €13 million) mainly reflected changes to the lease payments and lease terms.

In 2023, the disposals of €2 million related to several disposed and subleased contracts from buildings.

The right-of-use assets include a number of Parcels' sorting centres and sorting machines financed and owned by an entity especially set up for this purpose by a third party. The term of the related lease contracts and liabilities is 10 years. Up to 31 December 2023, 6 finalised sorting centres and sorting machines (2018: 1, 2019: 3, 2021: 1, 2023: 1) and 1 under construction have been leased from this special entity, for which the related right-of-use assets for 3 locations and corresponding lease liabilities have been recorded. For the other 4 locations property, plant and equipment assets with a total book value of €90 million at 31 December 2023 and corresponding (legal) lease loan have been recorded, reference is made to note 3.2.

Additionally, the right-of-use assets include four mail sorting centres and the international sorting centre with lease terms varying between 5 and 10 years (started in 2020) and the head office in The Hague with a lease term of 15 years (started in 2021).

PostNL Lease liabilities in € million

2022, 2023

At 31 December	2022	2023
Long-term lease liabilities	255	240
Short-term lease liabilities	75	80
Total	331	320

The total cash outflow from leases amounted to €94 million (2022: €86 million) and related for €81 million to repayments of lease liabilities (2022: €74 million), and for €13 million to rent and lease expenses (2022: €12 million). Refer to note 4.1 for further information on the lease liabilities.

In 2023, rent and lease expenses of €13 million (2022: €12 million) relate for €11 million (2022: €10 million) to short-term leases and for €2 million (2022: €2 million) to leases for which the underlying asset is of low value. The interest expenses on lease liabilities amounted to €9 million (2022: €9 million).

3.5 Provisions for pension liabilities

Accounting policies

The net defined benefit liability/asset for all pension and other post-employment plans that qualify as defined benefit plans is determined by calculating the present value of the defined benefit obligation and deducting the fair value of the plan assets. The resulting deficit or surplus is adjusted for any effect of limiting a net defined benefit asset to the asset ceiling and for any effect of minimum funding requirements.

PostNL uses actuarial calculations (projected unit credit method) to measure the obligations and the costs. Assumptions are made about financial variables (such as the discount rate and the rate of benefit increases) and demographic variables (such as employee turnover and mortality). The discount rate is determined by reference to market rates using high-quality corporate bonds. The assumed return on plan assets equals the discount rate applied in the calculation of the pension obligations at the beginning of the year.

Service costs are recognised as operating expenses in the income statement. Gains or losses on the amendment or curtailment of a defined benefit plan (past service cost) and gains or losses on a settlement are recognised as operating expenses in the income statement on the date of the amendment, curtailment or settlement.

The net interest expense/income on the net defined benefit liability/asset, asset ceiling and/or minimum funding requirements, is recognised as 'Interest and similar expenses/income' in the income statement (below operating income).

Deviations between the expected and actual development of the pension obligation and plan assets, resulting in actuarial gains and losses, are recognised immediately within Other Comprehensive Income (net of tax). The impact of the asset ceiling and/or minimum funding requirements is also recognised within Other Comprehensive Income (net of tax).

Pension costs for (collective) defined contribution plans are expensed in the income statement when incurred or due.

PostNL's main Dutch pension plan (main plan) covers the employees subject to PostNL's collective labour agreement and staff with a personal labour agreement in the Netherlands. The

main plan is externally funded in 'Stichting Pensioenfonds PostNL' (main fund), an independent legal entity which is not owned or controlled by any other legal entity and which falls under the regulatory supervision of De Nederlandsche Bank.

Main developments with impact on 2022 and 2023

Based on a joint decision by PostNL, the pension fund and the trade unions, taken on 23 December 2022, the main plan has been amended as per 31 December 2022. The pension plan is since based on a collective defined contribution plan. This means that PostNL is only required to pay the regular pension contribution. If the financial position of the pension fund would deteriorate, PostNL is not obliged to do top-up payments. At the same time, PostNL is also not entitled to restitutions, should the financial position of the pension fund allow for that. Until the amendment, the main plan was a defined benefit average pay pension plan. As part of the agreement made at 23 December 2022, the previously applicable unconditional funding obligation has also been adjusted. The adjustment concerned a reduction of €20 million.

Change in pension accounting classification

The accounting consequence of the amended pension plan was a change from defined benefit accounting to defined contribution accounting per 31 December 2022. The settlement result as recorded in the statement of profit or loss comprised the release of the positive funded status and the reduction of the unconditional funding obligation. As a separate sequential step, the recorded asset ceiling adjustment was reversed within other comprehensive income.

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

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

Further details of the main plan

As of 31 December 2022, the main plan is a collective defined contribution plan with a basis accrual rate of 1.875% of the pensionable base and retirement age set at 68 years. The pensionable base is derived as the pensionable salary, with a statutory maximum of €128,810 (level 2023), minus a state pension offset.

Pension (cash) contributions are bounded by a minimum level of 21.7% and a maximum level of 29.2% of the pensionable salary base. In respect of the collective defined contribution plan, until the transition to the anticipated new pension contract, the ex-ante contribution level equals the maximum level of 29.2% for the years 2023-2028.

Statement of changes in provision for defined benefit plans

The following table presents an overview of the movement of the provision for post-employment benefit plans. At 31 December 2022, the remaining provision for defined benefit plans only relate to non-material pension plans in various countries within Europe. The movements in 2023 fully relate to these other plans only.

PostNL Statement of changes in provision for defined benefit plans in € million
2022, 2023

	Dutch main pension plan	Other plans	Total 2022	2023
Balance at 1 January	(64)	(3)	(67)	(2)
Post-employment benefit income/(expenses)	(162)	(0)	(162)	(0)
Employer contributions	85	0	85	0
Instalment unconditional funding obligation	28		28	
Actuarial gains/(losses)	663	1	663	0
Pension asset ceiling/minimum funding requirement	(586)		(586)	
Balance at 31 December before settlement	(36)	(2)	(38)	(2)
Pension settlement costs within statement of profit or loss	(1,354)		(1,354)	
Pension settlement gain within OCI	1,374		1,374	
Transfer to current pension payable	16		16	
Balance at 31 December	0	(2)	(2)	(2)
Other provisions settlement costs within statement of profit or loss	(3)		(3)	

The actuarial gains/(losses) in 2022 mainly related to the positive impact of the change in discount rate partly offset by the negative impact of the change in the assumed benefit increases and the lower than assumed actual return on plan assets.

The following table gives a break-down of total pension costs and total pension cash contributions.

PostNL Details on pension costs and cash contributions in € million

2022, 2023

	2022	2023
Regular defined benefit costs	(162)	(0)
Pension settlement costs within statement of profit or loss	(1,354)	
Defined contribution costs	(12)	(92)
Total employer pension costs	(1,528)	(92)
Of which included within salaries, pensions and social security contributions	refer to note 2.3.2	
	(1,526)	(92)
Of which included within interest and similar expenses	refer to note 2.4.1	
	(2)	(0)
Defined benefit cash contributions	85	0
Defined benefit instalment unconditional funding obligation	28	
Defined contribution cash contributions	12	92
Total employer pension cash contributions	125	92

For 2024, we expect total employer cash contributions of around €98 million (2023: €92 million).

For 2024, we expect total employer pension costs within operating income of around €98 million (2023: €92 million).

Detailed reconciliation of the opening and closing balances

The following table reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets, the funded status and the netted pension provisions, and the employer pension expenses of PostNL's defined benefit post-employment plans.

PostNL Detailed overview of changes in consolidated defined benefit plans in € million

2022, 2023

	2022	2023
Change in benefit obligation		
Benefit obligation at beginning of year	(10,133)	(6)
Service costs	(174)	(0)
Interest costs	(104)	(0)
Actuarial (losses)/gains	2,646	(0)
Benefits paid	261	1
Settlement benefit obligation	7,498	
Benefit obligation at end of year	(6)	(6)
Of which funded benefit obligations	(5)	(5)
Of which unfunded benefit obligations	(2)	(1)
Change in plan assets		
Fair value of plan assets at beginning of year	10,882	4
Assumed return on plan assets	111	0
Employee contributions	22	
Employer contributions	85	0
Instalment unconditional funding obligation	28	
Other costs	(8)	
Actuarial (losses)/gains	(1,983)	0
Benefits paid	(261)	(1)
Settlement plan assets	(8,873)	
Fair value of plan assets at end of year	4	4
Change in funded status		
Funded status at the beginning of year	749	(2)
Operating expenses	(160)	(0)
Interest (expenses)/income	7	
Employer contributions	113	0
Actuarial (losses)/gains	663	0
Settlement of benefit obligation and plan assets	(1,374)	
Funded status at end of year	(2)	(2)

	2022	2023
Components of employer pension expenses		
Service costs (net of employee contributions)	(152)	(0)
Interest (expenses)/income	(2)	
Other costs	(8)	
Pension settlement costs within statement of profit or loss	(1,354)	
Total post-employment benefit income/(expenses)	(1,516)	(0)
Weighted average assumptions as at 31 December		
Discount rate	3.4%	
Rate of benefit increases	1.7%	
Life expectancy 65 year old men/women (in years)	21.4 / 23.7	

Key assumptions 2022

The discount rate is based on the long-term yield on high quality (AA-rated) corporate bonds, taking into account the duration of the projected pension liabilities of around 16 years. The corporate bond yield information is sourced from iBoxx, taking into account a minimum outstanding amount and other defined selection criteria. By applying curve-fitting procedures, a yield curve is generated. Using the full yield curve, the discounted value of the expected future benefit payments is matched with the comparable present value when using a single discount rate.

The conditional benefit increases are based on the (derived) Consumer Price Index. The assumed rate of benefit increases is based on advice, published statistics, the pension plan's ambition level and the actual financial status of the pension fund.

Assumptions regarding the longevity outlook are based on advice, published statistics and experience per country. The applied prospective longevity rates are derived from the Dutch mortality table 'AG prognosetafel 2022' taking into account experience rates based on postal areas, as applied by the main fund.

3.6 Other provisions

Accounting policies

Provisions are recognised when there is a present obligation as a result of a past event, making it probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation on the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The gross-up of the provision following the discounting of the provision is recorded in the income statement as interest expense.

PostNL recognises termination benefits when the company has committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or provides termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Provisions for onerous contracts are recorded when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to arise from that contract, taking into account impairment of fixed assets first. The provision includes both incremental costs and an allocation of other direct costs.

A liability arising as a result of written claim or litigation against PostNL group companies is recorded as a provision. An asset arising as a result of a written claim against a third party (PostNL is claimant) is recorded in Miscellaneous Accounts Receivables.

The following table presents the changes in the short-term and long-term provisions.

PostNL Other long-term and short-term provisions in € million

2023

	Other employee benefit obligations	Restructuring	Claims and indemnities	Other	Total
Non-current other provisions	26		7	2	35
Current other provisions	12	1	1		15
Balance at 1 January 2023	38	1	9	2	50
Additions	12	6	8		27
Withdrawals	(8)	(1)	(1)		(10)
Releases		(1)	(2)		(4)
Interest	1				1
Total changes	5	4	5		14
Non-current other provisions	32		9	1	42
Current other provisions	11	6	4		21
Balance at 31 December 2023	43	6	13	1	64

The estimated utilisation of the other provisions in 2024 is €21 million, in 2025 €13 million, in 2026 €5 million and in 2027 and thereafter €24 million.

Other employee benefit obligations

As at 31 December 2023, the other employee benefit obligations mainly related to a provision for jubilee benefits of €12 million (2022: €11 million), expected costs related to continued salary payments during illness of €7 million (2022: €7 million), expected disability costs for the WGA benefits, following the decision to become self-insured (in Dutch: "eigenrisicodrager"), of €22 million (2022: €13 million) and termination benefits for early retirement of €2 million (2022: €6 million).

Restructuring

The additions in restructuring provision of €6 million mainly related to the restructuring programmes within operations Mail in the Netherlands and reduction programmes for FTEs in overhead. The withdrawals in restructuring provisions of €1 million concerned severance payments under the cost-saving programmes. The release of €1 million mainly related to the restructuring programme within operations Mail in the Netherlands, resulting from reducing redundancies and periodical reassessments of the expected cash costs.

Claims and indemnities

The provision for claims and indemnities includes provisions for claims from third parties with respect to PostNL's ordinary business activities, exposure related to not being able to meet the

prescribed quality of postal delivery, as well as indemnities and disputes related to business disposals. The assessment of related exposure contains a high degree of uncertainty and management estimation. The company has made provisions for probable liabilities to the extent a reliable estimate of the future cash outflows can be made. More detailed information relating to these provisions is not provided, as such information could prejudice the company's position with respect to these claims and indemnities.

3.7 Investments in joint ventures and associates

Accounting policies

An associate is an entity over which PostNL has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint arrangement is an arrangement of which two or more parties have joint control. There are two types of joint arrangements: joint operations and joint ventures. PostNL only participates in entities that can be considered as a joint venture.

PostNL's share in the results of joint ventures and associates is included in the consolidated income statement using the equity method. The carrying value of PostNL's share in joint ventures and associates includes goodwill on acquisition and includes changes to reflect PostNL's share in net earnings of the respective companies, reduced by dividends received. When PostNL's share of accumulated losses in a joint venture or associate exceeds its interest in the company, the book value of the investment is reduced to zero and PostNL does not recognise further losses unless PostNL is bound by guarantees or other undertakings in relation to the joint venture or associate.

For the accounting policy concerning impairments, reference is made to note 5.4.

The following table presents the changes in the carrying value of the investments in joint ventures and associates.

PostNL Investments in joint ventures and associates in € million

2022, 2023

	2022	2023
Balance at 1 January	6	7
Share in net result	(1)	(1)
Impairments		(3)
Additions	2	3
Balance at 31 December	7	6

As at 31 December 2023, the investments in associates mainly related to minority shareholdings in CB Healthcare and the OK-app within Parcels. The joint ventures mainly related to the 50% interest in De Innovatie Studio within PostNL Other.

In 2023, the additions of €3 million related to the expansion of the shareholding in the OK-app, a shopping service app, to 21.9% of the shares. The impairments of €(3) million related to the write-down of the shareholdings in Roamler Care and VersTrade Nederland which ceased operations.

In 2022, the additions of €2 million related to the acquisition of 50% of the shares of De Innovatie Studio, 5.3% of the shares in the OK-app, a shopping services app (with the aim to expand our stake to 20% in the short term) and an additional capital contribution in Roamler Care. De Innovatie Studio is a collaboration with Dasym with the goal to create solutions to relevant consumer problems around Smart Living.

Management has assessed none of the investments in joint ventures and associates to be material to the company. On a 100% basis, the profit/(loss) of all immaterial investments in joint ventures amounted to €0 million (2022: €0 million). The profit/(loss) of all immaterial investments in associates amounted to €(4) million (2022: €(4) million).

3.8 Deferred income tax assets and liabilities

Accounting policies

Deferred tax assets and liabilities arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. At the end of each reporting period the amounts of deferred tax assets and the amounts of unrecognised deferred tax assets are reassessed. Deferred tax assets and liabilities within the same tax group, where a legally enforceable right to offset exists, are presented net in the balance sheet.

The following table shows the movements in deferred taxes in 2023:

PostNL Statement of changes deferred taxes in € million

2023

	Net balance 1 January 2023	Changes via income statement	Changes via OCI	Other changes	Net balance 31 December 2023	Assets	Liabilities
Provisions	7	2			8	9	0
Intangible assets	(45)	(6)			(50)	3	53
Property, plant and equipment	(46)	3			(42)	1	44
Leases	8	(1)			7	74	66
Losses carried forward	7	(2)			5	5	0
Other	36	0	2	(1)	39	39	0
Deferred tax assets/liabilities	(32)	(4)	2	(1)	(34)	130	163
Offsetting						(124)	(124)
Net deferred taxes	(32)	(4)	2	(1)	(34)	6	40

Of the deferred tax assets at 31 December 2023, before offsetting, €58 million (2022: €57 million) is to be recovered within 12 months and €72 million (2022: €77 million) after 12 months. Of the deferred tax liabilities at 31 December 2023, before offsetting, an amount of €34 million (2022: €35 million) is to be settled within 12 months and an amount of €129 million (2022: €131 million) after 12 months.

The changes via other comprehensive income of €2 million mainly relate to taxes on OCI from cash flow hedges.

The other changes of €(1) million (2022: €3 million) represent an adjustment of the Dutch deferred tax asset position in connection with the anticipated liquidation of the former Nexive entities.

The total accumulated losses available for carry forward at 31 December 2023 amounted to €107 million (2022: €110 million). With these losses carried forward, future tax benefits of €28 million could be recognised (2022: €29 million). Tax deductible losses give rise to deferred tax assets at the statutory tax rate in the relevant country. Deferred tax assets are recognised if it is probable that they will be realised. The probability of the realisation is impacted by uncertainties regarding the realisation of such benefits, for example as a result of the expiration of tax losses carried forward and projected future taxable income.

As a result, PostNL has not recognised €23 million (2022: €21 million) of the potential future tax benefits and has recorded deferred tax assets of €5 million at 31 December 2023 (2022: €7 million).

The expiration of total accumulated losses is as follows:

- 2024: €3 million
- 2025: €2 million
- 2026: €0 million
- 2027: €1 million
- 2028 and thereafter: €5 million, and
- Indefinite: €96 million.

The following table shows the accumulated losses and tax credits per jurisdiction as well as the corresponding gross deferred tax assets.

PostNL Statement of deferred tax assets per jurisdiction in € million

2023

Country	Losses carry forward	Tax credits and other	Losses carry forward Gross DTA	Tax credits and other Gross DTA
Netherlands	24	0	6	0
Belgium	33	0	8	0
France	14	0	4	0
Germany	25	0	8	0
Italy	0	0	0	0
Great Britain	1	0	0	0
Switzerland	3	0	1	0
Spain	1	0	0	0
Hungary	0	0	0	0
Czech Republic	1	0	0	0
Poland	0	0	0	0
Russian Federation	0	0	0	0
United States	0	0	0	0
Canada	5	0	1	0
Hong Kong	0	0	0	0
Singapore	0	0	0	0
Total	107	0	28	0

The table below shows the movements in deferred taxes in 2022:

PostNL Statement of changes deferred taxes in € million

2022

	Net balance 1 January 2022	Changes via income statement	Changes via OCI	Other changes	Net balance 31 December 2022	Assets	Liabilities
Provisions	4	377	(374)		7	7	-
Intangible assets	(35)	(9)			(45)	4	48
Property, plant and equipment	(48)	2			(46)	3	49
Leases	9	(1)			8	75	67
Losses carried forward	10	(3)			7	7	0
Other	34	(0)	(1)	3	36	38	1
Deferred tax assets/liabilities	(26)	365	(375)	3	(32)	134	166
Offsetting						(125)	(125)
Net deferred taxes	(26)	365	(375)	3	(32)	9	40

3.9 Assets classified as held for sale

Accounting policies

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs to sell. Assets held for sale are no longer amortised or depreciated from the date they are classified as such. Accounting for assets classified as held for sale requires the use of assumptions and estimates. In line with IFRS 5, management assessed compliance with these statements and the assumptions used in the fair value calculations as well as the estimated costs to sell.

For the accounting policy concerning impairments, reference is made to note 5.4.

As at 31 December 2023, assets classified as held for sale amounted to €1 million (2022: €6 million) and related to buildings held for sale in the Netherlands.

Property, plant and equipment

Property, plant and equipment included in assets held for sale relate to buildings in the Netherlands. The book profit from the sale of buildings is included in other income in the consolidated statement of profit or loss. The following table presents the movements of the balance sheet positions during 2023 and 2022.

PostNL Property, plant and equipment in € million

2022, 2023

	2022	2023
Balance at 1 January	11	6
Disposals	(6)	(3)
Transfers to property, plant and equipment	1	(1)
Balance at 31 December	6	1

3.10 Commitments and contingencies

Accounting policies

Commitments are probable obligations that arise from past events whose existence will only be confirmed by the occurrence (or non-occurrence) of one or more probable future events.

Contingencies are possible obligations (contingent liabilities) or possible assets (contingent assets) that arise from past events whose existence will only be confirmed by the occurrence (or non-occurrence) of one or more uncertain future events, not wholly within the control of the entity.

PostNL Off balance sheet commitments in € million

2022, 2023

At 31 December	2022	2023
Short-term leases and leases of low-value assets	5	3
Leases, not commenced	29	7
Capital expenditure	68	15
Purchase commitments	138	101
Other commitments	10	22

As at 31 December 2023, €93 million of the commitments indicated above are of a short-term nature (2022: €154 million).

Short-term leases and leases of low-value assets

In 2023, short-term leases mainly consisted of leases of depots in Mail in the Netherlands. Leases of low-value assets were mainly related to the lease of scooters.

Leases, not commenced

As at 31 December 2023, commitments in connection with leases not commenced amounted to €7 million (2022: €29 million, including commitments related to a new sorting centre within Parcels). These commitments related mainly to new leases of vans and cars.

Capital expenditure

As at 31 December 2023, commitments in connection with capital expenditure amounted to €15 million (2022: €68 million) and were related to property, plant and equipment. These commitments primarily related to the new sorting centres of Parcels.

Purchase commitments

As at 31 December 2023, PostNL had unconditional purchase commitments of €101 million (2022: €138 million), primarily related to various service and maintenance contracts for information technology, security, salary registration and cleaning.

Other commitments

As at 31 December 2023, other commitments related to parking lots and social/community investments.

Contingent tax assets and liabilities

Multinational groups of the size of PostNL are exposed to varying degrees of uncertainty related to their tax planning, their (changes in) transfer pricing models, regulatory reviews and tax audits, fuelled by tax regulations and relevant practices in the countries where PostNL operates being subject to change. PostNL accounts for its (income) taxes on the basis of its own internal analyses, if needed, supported by external advice. PostNL continually monitors its global tax position, and whenever uncertainties arise, assesses the potential consequences and either records the receivable, discloses a contingent asset, accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the company's position and the resulting chance of income or risk of loss.

Guarantees

As at 31 December 2023, PostNL, on behalf of its subsidiaries, had various bank and insurance guarantees outstanding. None resulted in an off-balance sheet commitment for the Group.

Contingent legal liabilities

The company is involved in several legal proceedings relating to the normal conduct of its business, such as claims for loss of goods, delays in delivery, trademark infringements, contracting and employment issues, and general liability. The majority of these claims are for amounts below €1 million and are insured and/or provided for. PostNL does not expect any liability arising from any of these legal proceedings to have a material impact.

As a specific contingent legal liability, the Belgian labour inspectorate in 2021 filed several criminal cases against (among others) PostNL Belgium regarding alleged breaches of applicable social laws and regulations of delivery partners. PostNL has been subpoenaed for alleged false self-employment, illegal postings of employees and as an alleged accomplice for not paying the connected social contributions. The expected final court session in the criminal cases will take place in Q2 2024, followed by a judgement. In 2022, the investigative judge initiated a criminal investigation into PostNL, which has not yet been finalised.

The company is also involved in other regulatory proceedings. While it is not feasible to predict or determine the ultimate outcome of these proceedings, the company is of the opinion that they may have an impact on the company's financial position, result of operations and cash flows going forward. The company has made provisions for probable liabilities where deemed necessary and to the extent a reliable estimate of the future cash outflows can be made.

Separation agreement PostNL and TNT Express

Following the demerger of Express, PostNL and TNT Express entered into a separation agreement, which remained valid despite the sale of the shares in TNT Express under the public offer by FedEx in May 2016. The separation agreement creates certain rights and obligations for both PostNL and TNT Express after the demerger. Relevant aspects relate to litigation, such as claims and litigation handling, non-allocated and non-anticipated claims and release of provisions. As at 31 December 2023, no events had occurred that triggered disclosure of a significant contingent asset or liability following the aforementioned agreement with TNT Express.

3.11 Segment information

Accounting policies

PostNL reports two operating segments: Parcels and Mail in the Netherlands and one other segment: PostNL Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. These chief operating decision-makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Board of Management of PostNL that makes strategic decisions. Transfer prices between operating segments are on an arm's length basis.

Balance sheet information

A reconciliation of the segment information relating to the balance sheet of the reportable segments is presented below. Segment information relating to the income statement is reported in note 2.7.

PostNL Segmentation - balance sheet and capital expenditures in € million

2023

At 31 December 2023	Parcels	Mail in NL	PostNL Other	Total
Intangible assets	41	200	166	407
Property, plant and equipment	392	88	11	491
Right-of-use assets	193	40	60	293
Other non-current assets	27	1	16	44
Trade accounts receivable	227	92	1	320
Other current assets	50	81	493	624
Assets classified as held for sale	0	1	0	1
Total assets	930	504	747	2,180
Non-current liabilities	226	110	360	695
Trade accounts payable	88	95	27	210
Other current liabilities	271	445	358	1,074
Total liabilities	584	650	746	1,979
Cash out for capital expenditures	43	11	72	126

A reconciliation of the segment information relating to the balance sheet of the reportable segments as at 31 December 2022 is presented in the following table.

PostNL Segmentation - balance sheet and capital expenditures in € million

2022

At 31 December 2022	Parcels	Mail in NL	PostNL Other	Total
Intangible assets	40	201	148	389
Property, plant and equipment	344	101	12	457
Right-of-use assets	187	42	65	295
Other non-current assets	32	1	20	53
Trade accounts receivable	219	150	1	370
Other current assets	39	60	553	652
Assets classified as held for sale	0	3	2	6
Total assets	861	558	802	2,221
Non-current liabilities	184	117	757	1,057
Trade accounts payable	68	81	33	182
Other current liabilities	243	507	51	802
Total liabilities	495	706	841	2,042
Cash out for capital expenditures	35	17	85	138

PostNL Geographical segmentation - assets in € million

2022, 2023

At 31 December	The Netherlands	Other countries	Total
Intangible assets	388	1	389
Property, plant and equipment	447	10	457
Right-of-use assets	259	35	295
Financial fixed assets	46	7	53
Total non-current assets 2022	1,141	53	1,194
Intangible assets	406	1	407
Property, plant and equipment	478	14	491
Right-of-use assets	257	36	293
Financial fixed assets	38	6	44
Total non-current assets 2023	1,179	56	1,235

The segment information from a geographical perspective is derived as follows: the basis of allocation of assets and investments by geographical area is the location of the assets.

Section 4: Capital structure and financing costs

Accounting policies

PostNL distinguishes the following categories of financial assets and liabilities:

- Financial assets and liabilities at fair value through profit or loss
- Financial assets and liabilities measured at amortised costs
- Financial assets at fair value through other comprehensive income.

Management determines the classification of PostNL's financial assets and liabilities at initial recognition.

Derivative financial instruments and hedge accounting

PostNL uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as financial income or expense.

Cash flow hedges

Cash flow hedges (hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction).

At the inception of a hedge relationship, PostNL formally designates and documents the hedge relationship to which it wants to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. For all cash flow hedges, PostNL wants to apply hedge accounting.

The effective portion of the change in the fair value of the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts accumulated in OCI are recycled in the income statement in the periods when the hedged item will affect profit and loss (for example, when the forecast sale that is

hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset or liability.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time remain in equity until the underlying transaction is ultimately recognised in the income statement. When an underlying transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the income statement.

Fair value measurement

Fair value measurement is based on the following fair value measurement hierarchy:

- 1) Quoted prices (unadjusted) in active markets
- 2) Inputs other than quoted prices that are observable either directly (prices) or indirectly (derived from quoted prices)
- 3) Inputs not based on observable market data. Valuation techniques used include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, statutory/management reports and discounted cash flow analysis.

Financial assets and liabilities measured at amortised costs using the effective interest method

A financial asset is measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Financial liabilities are recognised initially at fair value net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

Financial assets designated at fair value through other comprehensive income

PostNL's equity investments are classified as equity instruments designated at fair value through OCI. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as financial income in the statement of profit or loss when the

right of payment has been established, except when PostNL benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

4.1 Adjusted net debt**PostNL Adjusted net debt** in € million

2022, 2023

At 31 December	2022	2023
Short- and long-term debt	745	740
Long-term interest bearing assets	(17)	(15)
Cash and cash equivalents	(556)	(518)
Net debt	172	207
Pension liabilities	18	2
Lease liabilities (on balance)	331	320
Lease liabilities (off balance) ¹	29	9
Deferred tax assets on lease liabilities ²	(83)	(76)
Adjusted net debt	467	462

1 The lease liabilities (off balance) are the net present value of the Off balance sheet commitments relating to leases from note 3.10 of €10 million (2022: €34 million).

2 The deferred tax assets relate for €74 million (2022: €75 million) to on balance lease liabilities, see note 3.8 Deferred income taxes and for €2 million (2022: €8 million) to off balance lease liabilities.

As at 31 December 2023, adjusted net debt amounted to €462 million (2022: €467 million). The decrease of €5 million mainly resulted from positive net cash from operating and investing activities of €120 million and a decrease in pension liabilities of €16 million, partly offset by dividend payments of €29 million, new leases of €41 million, new loans related to the building of new Parcels' sorting centres of €25 million and negative net cash from discontinued operations of €16 million.

Reference is made to note 3.4 Leases, note 3.5 Provisions for pension liabilities and note 3.10 Commitments and contingencies for more detailed information on leases (on and off balance) and pensions.

Long-term interest bearing assets

As at 31 December 2023, long-term interest-bearing assets of €15 million (2022: €17 million) mainly included a lessor loan of €13 million (2022: €16 million) relating to the finance lease of a sorting machine by Bol.com. The expected credit loss amounts to €0 million.

Cash and cash equivalents**PostNL Cash and cash equivalents** in € million

2022, 2023

At 31 December	Nominal amount	Average amount	Effective interest rate
Cash at bank and in hand	127		
Bank deposits	205	107	0.39%
Money Market Funds	224	281	(0.22%)
Total cash and cash equivalents 2022	556		
Cash at bank and in hand	204		
Bank deposits	80	160	3.0%
Money Market Funds	234	218	3.2%
Total cash and cash equivalents 2023	518		

As at 31 December 2023, included in cash and cash equivalents was €0 million (2022: €0 million) of restricted cash. The fair value of cash and cash equivalents approximated the carrying value.

Debt

As at 31 December 2023, the total of debt-related liabilities consisted of long-term debt of €612 million (2022: €980 million) and short-term debt of €447 million (2022: €96 million).

PostNL Total borrowings - maturity schedule in € million

2023

	Eurobonds	Lease liabilities	Other loans	Total
2024	353	80	15	447
2025	0	66	10	76
2026	299	52	10	360
Thereafter	0	122	54	176
Total borrowings	651	320	88	1,059
Of which included in long-term debt	299	240	73	612
Of which included in short-term debt	353	80	15	447

In 2023, the other loans of €88 million included the liability of future (legal) lease payments for land, buildings and machinery of four Parcels' sorting centres and sorting machines with an effective interest rate of 1.3% up until 3.9% and a short-term pre-lease financing with an interest rate of Euribor +0.4%.

The following table presents the cash and the non-cash changes in debt during 2023.

PostNL Reconciliation debt in € million

2023

	Eurobonds	Lease liabilities	Other loans	Total
Balance at 1 January 2023	697	331	48	1,076
Proceeds			19	19
Repayments/lease-incentives	(47)	(81)	(4)	(132)
Total cash movements	(47)	(81)	15	(113)
New leases		61		61
Lease modifications/reassessments		10		10
Disposal of leases		(1)		(1)
Pre-financing related to building of NLI/sorter			25	25
Commencement of SPV financing			37	37
Settlement of pre-financing			(37)	(37)
Amortisation	1			1
Total non-cash movements	1	70	25	96
Balance at 31 December 2023	651	319	88	1,059

In 2023, the €25 million (2022: €16 million) non-cash movement relates to the financing of lease contracts by an entity especially set up for this purpose by a third party (SPV). The financing was established via a pre-financing during the building phase. The pre-financing was performed via a specific revolving credit facility. In 2023, at the time of the related sale and lease back transactions, an amount of €37 million of pre-financing was replaced by financing from the SPV. At 31 December 2023, the remaining pre-financing balance amounted to €4 million.

Refer to note 4.5 for more details on the current outstanding eurobonds.

The following table presents the cash and the non-cash changes in debt during 2022.

PostNL Reconciliation debt in € million

2022

	Eurobonds	Lease liabilities	Other loans	Total
Balance at 1 January 2022	697	333	36	1,066
Proceeds			0	0
Repayments		(74)	(4)	(78)
Total cash movements	0	(74)	(4)	(78)
New leases		58		58
Lease modifications/reassessments		13		13
Pre-financing related to building of NLI/sorter			16	16
Amortisation	1			1
Total non-cash movements	1	71	16	88
Balance at 31 December 2022	697	331	48	1,076

4.2 Financial assets at fair value through OCI

The following table presents the changes in the carrying value of the financial assets at fair value through OCI.

PostNL Financial assets at fair value through OCI in € million

2022, 2023

	2022	2023
Balance at 1 January	28	20
Additions	1	2
Remeasurement recognised in OCI	(8)	(6)
Repayment of our stake in Endeit	(2)	(0)
Balance at 31 December	20	16

As at 31 December 2023, the investments in financial assets at fair value through OCI related to investments in equity shares of non-listed companies. PostNL holds non-controlling interests in Whistl Group Holdings Limited, Endeit Fund II Coöperatief U.A., Endeit Fund III Coöperatief U.A., Clean Clothes B.V. and Machool Technologies Inc. The assessment of fair value is based on key performance indicators included in related management and statutory reports and derived from the expected development of business and financial performance and external valuation insights, if available. In 2023, the fair value remeasurement of €6 million mainly related to our stake in Whistl.

4.3 Capital management

Capital management is focused on the following components of the current capital structure:

- Targeting a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0 (outcome 2023: 1.7)
- Structural availability of €100 million to €200 million of undrawn committed facilities out of our revolving credit facility (reference is made to note 4.4)
- Structural funding via a combination of public and bank debt, with a risk-weighted mix of fixed and floating interest
- Cash pooling systems that ensure optimal cash requirements for the PostNL Group by facilitating centralised funding and surplus cash concentration at group level
- Tax-optimal internal and external funding focused on optimising the cost of capital for PostNL, within boundaries that are sustainable on a long-term basis.

4.4 Financial risk management

PostNL's activities expose the company to a variety of financial risks, such as interest rate risk, foreign currency exchange risk, commodity risk, credit risk and liquidity risk. All these risks arise in the normal course of business and PostNL therefore uses various techniques and financial derivatives to mitigate them.

The following analyses provides quantitative information regarding PostNL's exposure to the financial risks described above. There are certain limitations and simplifications inherent in the analyses presented, primarily due to the assumption that rates change in a parallel fashion and instantaneously. At the same time, for example, the impact of changes in interest on foreign exchange exposures and vice versa is ignored. In addition, the analyses are unable to reflect the complex market reactions that would normally arise from the market shifts assumed.

PostNL uses derivative financial instruments solely for the purpose of hedging currency, commodity and interest exposures. The company enters into contracts related to derivative financial instruments for periods commensurate with its underlying exposures and does not take positions independent of these exposures. None of these financial instruments are leveraged or used for trading purposes or to take speculative positions.

Financial risk management is carried out by Group Treasury under policies approved by the Board of Management. Group Treasury identifies, evaluates and hedges financial risks and exposures in close cooperation with operating units. The Board of Management provides written principles for overall risk management, as well as written policies covering the financial risks. Periodic reporting on financial risks is embedded in the overall risk framework and is provided to the Board of Management in a structural way.

Group Treasury matches and manages the intragroup and external financial exposures. Although the company generally enters into hedging arrangements and other contracts to reduce its exposures, these measures may be inadequate or may subject the company to increased operating or financing costs.

Interest rate risk

PostNL actively manages its balance sheet and identifies interest rate risk associated with its financial assets and borrowings. Virtually all borrowings are at fixed rates, a movement in the rate will therefore only affect the cost base per the moment of fixing the rate of the debt instrument. The term of the lease debt is in line with market practice for the underlying assets. The Eurobonds were agreed with a seven year maturity. PostNL enters into hedging arrangements to mitigate the interest exposure, at the moment the execution of material lease and debt instruments becomes more certain. As at 31 December 2023, PostNL's gross interest-bearing borrowings, including lease obligations, totaled €1,059 million (2022:

€1,076 million), all at fixed interest rates. Financial assets are, on average, of a short-term nature and are therefore more exposed to interest rate fluctuations.

At 31 December 2023, if interest rates on borrowings and financial assets had been 1% higher with other variables held constant, the profit before income tax would have been €5 million higher (2022: €6 million). The potential profit increase is entirely attributable to interest income on the cash and cash equivalents. Equity would be positively affected by €15 million (2022: €6 million), mainly due to the interest income on cash and cash equivalents and the cash flow hedge impact on equity of the outstanding interest rate swaps mitigating the refinancing interest rate risk.

Foreign currency exchange risk

PostNL has international operations that generate foreign currency exchange risks arising from future commercial transactions, recognised assets and liabilities, investments and divestments in foreign currencies other than functional currencies of the respective business units of PostNL, irrespective of whether it is the euro (PostNL's functional and reporting currency) or another functional currency. For accounting purposes the European Central Bank is used as the source.

The main currencies of PostNL's external hedges are the British pound, Hong Kong dollar and US dollar.

The Board of Management has set a policy requiring group companies to manage their foreign exchange risk against the functional currency. Group companies are required to hedge material exposures via the use of foreign exchange derivatives with Group Treasury, whereby a financing company operated by Group Treasury trades these foreign exchange derivatives with external banks. As at 31 December 2023, PostNL had no net investment hedges outstanding. Significant acquisitions and local debt are usually funded in the currency of the underlying assets.

As at 31 December 2023, if the euro had weakened 10% against the British pound, the Hong Kong dollar and the US dollar with all other variables held constant, the profit before income taxes on the foreign exchange exposure on financial instruments would have been €0 million lower/higher (2022: €0 million). In 2023, the net income sensitivity to movements in euro/pound sterling, euro/HK dollar and euro/US dollar exchange rates is negligible and did not change compared to 2022. Equity would have been positively impacted by €2 million (2022: €2 million), all related to the move in the hedge reserve.

Commodity risk

During 2023 it was agreed that a group company was exposed to potential price fluctuations on LNG. The group company is required to hedge its commodity risk with Group Treasury. Group Treasury trades these commodity derivatives with external banks. As at 31 December 2023,

PostNL had LNG hedges outstanding for a total volume of 16.200 Mwh. The exposure on LNG relates to a limited number of trucks running on LNG.

As at 31 December 2023, if the LNG price would increase with €10 per Mwh, with all other variables constant, the profit before income taxes on the commodity exposure on financial instruments would have been €0m. Equity would have been positively impacted by €0m, all related to the move in the hedge reserve.

Credit risk

Credit risk represents the potential losses that the company would incur if counterparties are unable to fulfil the terms of underlying agreements. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions as well as credit exposures relating to customers. The credit risk exposure is minimised by only transacting with financial institutions, ensuring established credit guidelines are met and by managing its customer portfolio.

The top 10 trade accounts receivable accounted for 19% of outstanding trade receivables as at 31 December 2023.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, PostNL attempts to maintain flexibility in funding by keeping a committed multi-currency revolving credit facility of €200 million, which expires in 2028 available.

As at 31 December 2023, the company's current assets and current liabilities amounted €943 and €1,280 million respectively. The current assets contained €518 million of cash and cash equivalents. This position does not contain any restricted cash. Included in the current liabilities is an upcoming eurobond repayment of nominal €353 million due in November 2024. Based on its ability to realise its assets and its proven cash flow-generating capability, the company expects to be able to discharge its liabilities in the normal course of business. Should the need arise, the company has (re)financing options available, backed by its committed credit facility of €200 million and an investment grade credit rating.

A downgrade in PostNL's credit rating may negatively affect its ability to obtain funds from financial institutions and banks and increase the interest rates at which the company is able to refinance existing debt or incur new debt. The terms and conditions of PostNL's material long-term and short-term debts, as well as its material drawn, or undrawn credit facilities do

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not include any financial covenants. There are no obligations to accelerate repayments of these material debts and committed facilities in the event of a credit rating downgrade.

At 31 December 2023, the €200 million committed credit facility (maturity date: December 2028) was undrawn (2022: undrawn).

The following table analyses PostNL's financial liabilities, categorising them into relevant maturity groupings based on the remaining period on the balance sheet to the contractual maturity date. The outgoing flows disclosed in the table are the contractual undiscounted cash flows that contain the redemptions and interest payments.

PostNL Maturity liquidity risks in € million

2022, 2023

	Less than 1 year	Between 1 and 3 years	Thereafter	Book value
At 31 December				
Eurobonds	6	408	302	697
Leases	83	128	151	331
Other loans	21	9	20	48
Foreign exchange contracts - outgoing	217			1
Trade accounts payable	182			182
Other current liabilities	54			54
Total outgoing flows	563	545	473	1,313
Foreign exchange contracts - incoming	217			
Total mitigation via incoming flows	217			
Total liquidity risk 2022	346	545	473	1,313
Eurobonds	358	304		651
Leases	88	128	132	320
Other loans	18	25	61	88
Foreign exchange contracts - outgoing	201			2
Trade accounts payable	210			210
Other current liabilities	58			58
Total outgoing flows	934	457	193	1,330
Foreign exchange contracts - incoming	201			
Total mitigation via incoming flows	201			
Total liquidity risk 2023	733	457	193	1,330

4.5 Financial instruments

In line with IFRS 9 and IFRS 13, the following categories of financial assets and financial liabilities can be distinguished.

PostNL Financial instruments - assets in € million

2022, 2023

	Notes	Input information level (IFRS13)	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through OCI	Total
At 31 December						
Other loans receivable		level 2	17			17
Other financial fixed assets		level 3			20	20
Accounts receivable	3.1.1	level 2	382			382
Derivatives ¹		level 2		5		5
Cash and cash equivalents	4.1		556			556
Total assets balance sheet 2022			955	5	20	980
At 31 December 2023						
Other loans receivable		level 2	15			15
Other financial fixed assets		level 3			16	16
Accounts receivable	3.1.1	level 2	333			333
Derivatives ¹		level 2		1		1
Cash and cash equivalents	4.1		518			518
Total assets balance sheet 2023			865	1	16	883

¹ Derivatives are included in prepayments and accrued income in the statement of financial position.

Fair value represents the price that would be received when selling an asset in an orderly transaction between willing market participants. For the level 3 financial assets at fair value through OCI, our valuations have been measured by using the market approach as per 31 December 2022 and 31 December 2023.

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PostNL Financial instruments - liabilities in € million

2022, 2023

	Notes	Input information level (IFRS13)	Financial liabilities measured at amortised costs	Derivatives used for hedging	Total
At 31 December					
Long-term debt	4.1	level 1&2 ¹	725		725
Trade accounts payable		level 2 ²	182		182
Short-term debt	4.1	level 2 ²	21		21
Other current liabilities ³	3.1.2	level 2 ²	52	3	55
Total liabilities balance sheet 2022			979	3	982
Long-term debt	4.1	level 1&2 ¹	372		372
Trade accounts payable		level 2 ²	210		210
Short-term debt	4.1	level 1&2 ¹	368		368
Other current liabilities ³	3.1.2	level 2 ²	51	9	60
Total liabilities balance sheet 2023			1,001	9	1,010

1 Eurobonds level 1 and other loans level 2.

2 We consider the fair value equal to the book value as these items will be settled within short-term and therefore level 2.

3 Other current liabilities include 'Payments from customers received in advance' for €48 million (2022: €48 million) and 'Other' for €12 million (2022: €7 million), refer to note 3.1.2.

All financial instruments are reported on a gross basis per instrument. Netting of financial instruments per contractual counterparty will not have a material impact on the outstanding balances.

Eurobonds

For the details on the outstanding eurobonds, see the table below.

PostNL Outstanding eurobonds in € million

2022, 2023

	Nominal value	Costs/discount to be amortised	Carrying value	Fair value
At 31 December				
1.000% eurobond 2024	400	1	399	380
0.625% eurobond 2026	300	2	298	267
Total outstanding eurobonds 2022	700	3	697	647
1.000% eurobond 2024	353	0	353	344
0.625% eurobond 2026	300	1	299	278
Total outstanding eurobonds 2023	653	2	651	622

Leases

For the details on the outstanding leases, see the table below.

PostNL Outstanding leases in € million

2022, 2023

At 31 December	Nominal value	Fixed/floating interest	Carrying value	Fair value
Total outstanding leases 2022	331	fixed	331	331
Total outstanding leases 2023	320	fixed	320	320

Derivatives - Foreign currency exchange contracts

For the details on the outstanding foreign exchange contracts, see the table below.

PostNL Outstanding foreign exchange contracts in € million

2022, 2023

At 31 December	Carrying value	Fair value	Nominal value	Hedge	Amount in equity
				balance	
Asset	1	1	76	sheet/cashflow	1
				balance	
Liability	3	3	141	sheet/cashflow	(2)
Foreign exchange contracts 2022					
				balance	
Asset	1	1	92	sheet/cashflow	1
				balance	
Liability	2	2	110	sheet/cashflow	(2)
Foreign exchange contracts 2023					

The fair value of these outstanding foreign exchange hedges is recorded as a current asset in 'prepayments and accrued income' or as a current liability in 'other current liabilities' and includes credit valuation adjustments.

In 2023, the total ineffective portion on all derivatives recognised in the income statement that arises from the use of fair value and cash flow hedges amounted to €0 million (2022: €0 million).

Derivatives - Interest rate swaps

For the details on the outstanding interest rate swaps, see the table below.

PostNL Interest rate swaps in € million

2022, 2023

At 31 December	Carrying value	Fair value	Nominal value	Hedge	Amount in equity
				balance	
Interest rate swaps 2022	4	4	51	sheet/cashflow	3
				balance	
Interest rate swaps 2023	(6)	(6)	229	sheet/cashflow	(5)

The fair value of these outstanding interest rate swaps is recorded as a current asset in 'prepayments and accrued income' or as a current liability in 'other current liabilities' and includes credit valuation adjustments.

4.6 Equity

Accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases PostNL's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity.

Authorised share capital

Since 4 August 2011, the company's authorised share capital amounts to €120 million, divided into 750,000,000 ordinary shares and 750,000,000 preference shares B, both of €0.08 nominal value each.

Form of shares

The ordinary shares are in deposit or registered form. Deposit shares are represented by a global note held by the Dutch clearing system Euroclear Netherlands and are transferable through Euroclear Netherlands' book entry system. Ordinary shares in registered form are transferred by means of a deed of transfer and PostNL's written acknowledgement of the transfer. PostNL does not have share certificates for ordinary shares represented by the global note. The preference shares B are in registered form.

Issued share capital

At 31 December 2023, the company's issued share capital amounted to €40 million (2022: €39 million). The number of authorised, issued and outstanding shares by class of share is as presented in the following table.

Issuance/repurchase of shares to cover share plans

In 2022, PostNL repurchased 51 million ordinary shares under the first tranche of the share buyback programme. Out of the 51 million shares, 16,358,973 shares were used for the payment of the 2021 final dividend in stock, 7,868,569 shares were used for the payment of the 2022 interim dividend in stock and 1,051,073 shares were used for the settlement of PostNL's

equity-settled share plans. The remaining 25,721,385 shares were cancelled on 22 November 2022. In 2023, no shares were repurchased.

For all equity-settled share plans, PostNL intends to perform the settlement by issuing new shares or assigning repurchased shares to 'Stichting Managementparticipatie PostNL' (Foundation Management Participation PostNL). In 2023, the company issued 1,274,710 ordinary shares (2022: 0 shares) under its incentive schemes to 'Stichting Managementparticipatie PostNL' (Foundation Management Participation PostNL), and assigned 0 repurchased ordinary shares (2022: 1,051,073) under its incentive schemes to 'Stichting Managementparticipatie PostNL' (Foundation Management Participation PostNL). As at 31 December 2023, the company held no shares to cover its obligations under the existing share plans or for cancellation (2022: 0 shares).

PostNL Shares number of shares

2022, 2023

Before proposed appropriation of profit	2022	2023
Authorised by class		
Ordinary shares	750,000,000	750,000,000
Preference shares B	750,000,000	750,000,000
Total authorised	1,500,000,000	1,500,000,000
Issued and outstanding		
Per 1 January of the reported year	513,252,013	487,530,628
Cancellation of repurchased shares	(25,721,385)	
Issued for stock dividend	0	5,401,910
Issued under its incentive schemes	0	1,274,710
Per 31 December of the reported year	487,530,628	494,207,248
Issued and outstanding per 31 December by class		
Ordinary shares	487,530,628	494,207,248
of which held by the company to cover share plans	0	0
of which a foundation incorporated by the company only holds the legal title	2,273,128	2,518,876
Preference shares B	0	0

Incentive scheme and Foundation Management Participation PostNL

For administration and compliance purposes, since May 2013 all shares belonging to PostNL employees under PostNL incentive schemes are held by Stichting Managementparticipatie PostNL (Foundation Management Participation PostNL). These shares are held on an omnibus securities account with ABN AMRO Bank, the Netherlands. Foundation Management

Participation PostNL legally owns the shares, while the beneficial ownership of the shares is vested in the employees, who are also entitled to dividend received by Foundation Management Participation PostNL on their behalf. At 31 December 2023, the number of PostNL shares involved amounted to 2,518,876 shares (2022: 2,273,128 shares) with a nominal value of €0.08 per share.

Foundation Continuity PostNL and preference shares B

Stichting Continuïteit PostNL (Foundation Continuity PostNL) was formed to safeguard the interests of PostNL, the undertaking connected with PostNL and all parties involved. It does this by, among other things, preventing any influences that could threaten PostNL's continuity, independence and identity, as far as possible. Foundation Continuity PostNL is an independent legal entity and is not owned or controlled by PostNL or any other legal person.

PostNL's articles of association provide for protective preference shares B that can be issued to Foundation Continuity PostNL to serve these interests. The preference shares B have a nominal value of €0.08 and have the same voting rights as PostNL's ordinary shares.

PostNL and Foundation Continuity PostNL have entered into a call option agreement, which enables Foundation Continuity PostNL to acquire a number of preference shares B not exceeding the total issued amount of shares minus one and minus any shares already issued to Foundation Continuity PostNL. The call option agreement is meant as a preventive countermeasure against influences that might threaten the continuity, independence and identity of the company. Preference shares B will be outstanding no longer than is strictly necessary. At 31 December 2023, no preference shares B had been issued.

Additional paid-in capital

At 31 December 2023, additional paid-in capital of €165 million (2022: €163 million) is fully exempt for Dutch tax purposes to the extent that this has been paid in by shareholders of the company.

Section 5: Other notes

5.1 Remuneration of Supervisory Board, Board of Management and other share based payments

Accounting policies

Equity-settled share-based compensation plans

PostNL operates a number of equity-settled share-based compensation plans, under which the employees receive (conditional) shares of the group for services rendered. The fair value of the employee services received, as measured at the grant date in exchange for the grant of the shares, is recognised as an expense, with a corresponding increase in equity.

Non-market performance and service conditions are included in assumptions about the number of (conditional) shares that are expected to vest. The total expense is recognised

over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. In addition, for some share-based compensation plans, employees provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense between service commencement date and grant date. At the end of each reporting period, the group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Remuneration of members of the Supervisory Board

Total remuneration of the Supervisory Board in 2023 amounted to €410,500 (2022: €357,937). For details see the 'Remuneration report'.

The members of the Supervisory Board receive no compensation related to performance and/or equity and accrue no pension rights with the company. The members of the Supervisory Board receive no severance payments in the event of termination. PostNL does not grant loans,

including mortgage loans, advance payments, guarantees and options or shares to any member of the Supervisory Board.

Remuneration of members of the Board of Management

In 2023, the total remuneration based on IFRS of the Board of Management amounted to €2,087,877 (2022: €2,057,994). The following table presents total remuneration of the Board of Management:

PostNL Remuneration of the Board of Management in € 2022, 2023

		Base salary ¹	Other benefits ²	Pension costs ³	One year variable	Multi-year variable	Total remuneration
Herna Verhagen - CEO	2023	696,630	193,394	45,447	104,495	149,698	1,189,664
	2022	679,639	188,717	45,565	-	263,564	1,177,485
Pim Berendsen - CFO	2023	529,439	133,665	41,920	79,416	113,774	898,214
	2022	516,526	118,078	45,594	-	200,311	880,509

¹ Base salaries 2023 were indexed with 2.5%.

² Other benefits include company costs related to tax and social security, pension allowances, company car and other compensation.

³ Pension costs represent the premium for the collective defined contribution plan (net of employee contributions) and risk premium for the net pension plan. In 2022 pension costs represent the service costs of the defined benefit scheme and risk premium for the net pension plan.

Base salary

The base salaries for both members of the Board of Management were increased by 2.5% in 2023 compared to 2022 in line with the remuneration policy.

Accrued for short-term incentive

PostNL accounts for the short-term incentive on the basis of the performance of the year reported. In 2023, an amount of €183,910 was accrued for. In accordance with the remuneration policy, this amount will be paid in cash in 2024. In 2023, no amount was paid out as targets were not achieved in 2022.

Accrued for long-term incentive

In 2023, the total share-based payment costs relating to the long-term incentive performance share plan for the members of the Board of Management amounted to €263,472 (2022: €463,875).

Performance share plan (PSP)

The members of the Board of Management are awarded a long-term incentive, which represents a maximum potential reward of 37.5% of the annual base salary in the form of a performance share plan. The characteristics of this performance share plan are:

- It is a conditional equity-settled share plan based on a three-year performance period

- Each year shares are conditionally allocated to members of the Board of Management
- A conditional dividend equivalent is added to the conditional shares equal to the dividend rights of ordinary shares
- The conditional shares and their conditional dividend equivalents will vest after a performance period of three years
- Vesting is subject to the achievement of targets set on each of the long-term performance measures supportive to the attainment of PostNL's strategy
- If a member of the Board of Management leaves the company during the performance period due to circumstances involving fraud or gross misbehaviour, any accrued rights on the long-term incentive plan will terminate and become void
- If a member of the Board of Management leaves the company due to other reasons, a pro rata performance and time-based vesting applies, unless decided otherwise by the Supervisory board.

In compliance with the Dutch Corporate Governance Code, following a three-year performance period, the holding period for vested shares expires two years thereafter or at termination of employment/service if this occurs earlier. For compliance reasons, a sale of shares may not occur within six months following the date of termination of the employment/service. Any sale of shares for the purpose of using the proceeds to pay for the tax due at vesting of these shares is exempted.

PostNL Performance share plan Board of Management number of shares

2023

Name of Director - position	Specification of plan	Number of shares held at 1 Jan 2023	Number of shares granted during 2023 ¹	Number of dividend shares ²	Number of shares settled during 2023	Number of shares forfeited during 2023	Net number of shares under a holding period at 31 Dec 2023	Number of shares subject to a performance condition at 31 Dec 2023
Herna Verhagen - CEO	PSP 2023		163,711	4,739				168,450
	PSP 2022	83,925		3,484				87,409
	PSP 2021	65,051		2,700				67,751
	PSP 2020	209,021		2,552	(211,573)		109,488	
	PSP 2019	44,246					44,246	
	PSP 2018	30,687						
	Total shares		432,930	163,711	13,475	(211,573)		153,734
Pim Berendsen - CFO	PSP 2023		124,421	3,602				128,023
	PSP 2022	63,783		2,648				66,431
	PSP 2021	49,440		2,053				51,493
	PSP 2020	158,856		1,939	(160,795)		83,211	
	PSP 2019	33,628					33,628	
	PSP 2018	23,322						
	Total shares		329,029	124,421	10,242	(160,795)		116,839
Total shares		761,959	288,132	23,717	(372,368)		270,573	569,557

1 The number of conditional shares granted is based on 37.5% of the annual base salary divided by the five-day average Euronext Amsterdam share price of PostNL prior to the date of publication of the Q1 2023 results (€1.557).

2 Conditional dividend shares were granted following the final dividend 2022 and interim dividend 2023.

PostNL The main conditions of share award plans

Specification of plan	Performance period	Grant date
PSP 2023	01/01/2023-31/12/2025	11/05/2023
PSP 2022	01/01/2022-31/12/2024	12/05/2022
PSP 2021	01/01/2021-31/12/2023	14/05/2021
PSP 2020	01/01/2020-31/12/2022	06/05/2020
PSP 2019	01/01/2019-31/12/2021	10/05/2019

The vesting date is generally equal to grand date plus three years. Subsequently, a holding period of two years applies.

Note that the number of outstanding conditional shares does not represent the total number of shares held by each member of the Board of Management, which includes vested shares under

PostNL's performance share plan and variable remuneration. Reference is made to chapter 15 Remuneration, section actual remuneration, tabel 'Shares held by Board of Management'.

In 2023, an amount of €263,472 (2022: €463,875) was expensed for the cost of the performance shares of the Board of Management. The costs are determined by multiplying the number of granted performance shares by the fair value of such shares on the date of the grant (PSP 2023: €1.606 per share; PSP 2022: €2.817 per share; PSP 2021: €4.375 per share; PSP 2020: €1.341 per share) and by taking into account expected vesting percentages.

Other periodic compensation

Other periodic compensation included company costs related to tax and social security, pension allowances, company car and other compensation.

Pension costs

The pension costs consist of the pension contribution for the reported year (net of employee contributions) and risk premium for the net pension plan. The members of the Board of Management are participants in a collective defined contribution plan.

Loans, advance payments of guarantees

No loans, advance payments or guarantees were granted to members of the Board of Management in 2023 (2022: nil).

Other share based payments

Short-term incentive

The short-term incentive for senior management represents a potential reward of a percentage of the annual base salary (the percentage depending on the job level), which is based on annual performance measures. Of the realised achievements, 50% is paid in cash and 50% is paid in PostNL shares in the following year. Shares will be granted unconditionally and will be delivered without restrictions or a restricted period, other than those defined in the PostNL insider trading policy.

PostNL Performance share plan senior management

2023

Specification of plan	Number of shares held at 1	Number of shares granted	Number of dividend shares ²	Number of shares settled	Number of shares forfeited	Number of shares outstanding at
	Jan 2023	during 2023 ¹		during 2023	during 2023	31 Dec 2023
PSP 2023		482,855	13,978			496,833
PSP 2022	235,838	185,654	15,166			436,658
PSP 2021	179,943	141,698	11,576			333,217
PSP 2020	499,937	30,664	6,105	(496,653)	(40,053)	0
Total shares	915,718	840,871	46,825	(496,653)	(40,053)	1,266,708

¹ The number of conditional shares is based on 37.5% of the annual base salary divided by the five-day average Euronext Amsterdam share price of PostNL prior to the date of publication of the Q1 2023 results (€1,557).

² Conditional dividend shares were granted following the final dividend 2022 and interim dividend 2023.

In 2023, an amount of €644,212 (2022: €570,446) was expensed for the cost of the performance shares of senior management. The costs are determined by multiplying the number of granted performance shares by the fair value of such shares on the date of the grant (PSP 2023: €1.606 per share; PSP 2022: €2.817 per share; PSP 2021: €4.375 per share; PSP 2020: €1.341 per share) and by taking into account expected vesting percentages.

Bonus matching share plan

Since 2011, senior management have had the opportunity to participate, on a voluntary basis, in a bonus/matching plan. The company sees the bonus matching plan as part of the

The 50% of the short-term incentive settled in shares is accounted for as an equity-settled share-based payment. The accrued share-based payment costs relating to this short-term incentive amounted to €1.2 million in 2023 (2022: €0.4 million). The realised amounts will be granted and paid in PostNL shares in 2024.

Performance share plan

A select group of senior management is awarded a long-term incentive, which represents a potential reward of 37.5% of the annual base salary in the form of a performance share plan that contains three-year performance measures. The long-term incentive is part of the remuneration package for this select group of senior management. It is aimed particularly at aligning their interests with the long-term interests of the company and its shareholders.

The performance share plan contains the same characteristics as the performance share plan of the Board of Management with the exception that there is no holding period applicable for senior management.

remuneration package for the members of senior management, particularly aimed at aligning their interests with the long-term interests of the company and shareholders. At the discretion of the Supervisory Board, grants are made on an annual basis in accordance with the bonus matching plan which has been approved by the Supervisory Board. The significant aspects of the plan are:

- Bonus shares are purchased by the participant using 25% of the gross (cash) variable remuneration and delivered upon the grant of the right on matching shares

- The number of bonus shares is calculated by dividing 25% of an individual's gross annual cash bonus relating to the preceding financial year by the share price on Euronext Amsterdam on the date the grant is made
 - The rights to matching shares are granted free of charge. The number of matching shares is equal to the number of bonus shares (equity settled scheme)
 - The matching rights vest three years after the delivery of the bonus shares
 - For each bonus share that is sold within three years, the associated right to one matching share lapses. If more than 50% of the bonus shares are sold within three years, the entire right to matching shares lapses with immediate effect
 - If a participant leaves the company for certain reasons (retirement, certain reorganisations, disability or death), the right to matching shares will vest immediately and he/she can exercise his/her right pro rata
 - A participant loses the right to exercise his/her right on matching shares when he/she leaves the company for reasons other than those mentioned
- The exercise of the rights to matching shares is subject to the PostNL insiders trading policy.

PostNL Bonus matching plan senior management

2023

Specification of plan	Vesting period	Number of shares outstanding at 1 Jan 2023	Number of shares granted during 2023	Number of shares settled during 2023	Number of shares forfeited during 2023	Number of shares outstanding at 31 Dec 2023
Bonus matching 2023	11/05/2023-11/05/2026		16,838	(141)	(1,892)	14,805
Bonus matching 2022	12/05/2022-12/05/2025	45,561		(2,591)	(6,045)	36,925
Bonus matching 2021	14/05/2021-14/05/2024	34,606		(2,864)	(2,425)	29,317
Bonus matching 2020	06/05/2020-06/05/2023	44,463		(44,463)		0
Total		124,630	16,838	(50,059)	(10,362)	81,047

In 2023, an amount of €94,195 (2022: €94,917) was expensed for the cost of the equity-settled bonus matching shares. The costs are determined by multiplying the number of granted matching shares by the fair value of such shares on the date of the grant (2023: €1.606 per share; 2022: €2.817 per share; 2021: €4.375 per share; 2020: €1.341 per share) and by taking into account expected vesting percentages.

Financing of equity-settled plans

For all equity-settled, PostNL intends to perform the settlement by issuing new shares or assigning repurchased shares. Accordingly, the company does not need to actively hedge the risk in connection with its obligations. As a result, the company did not purchase any additional shares in 2023 to cover its obligations under the existing share plans. In 2022, PostNL assigned 1,051,073 repurchased shares to cover these obligations. As at 31 December 2023, the total number of shares held for this purpose was nil (2022: 0).

5.2 Related party transactions and balances

The identified related parties of the group are its group companies, its joint ventures and associates, shareholders with significant influence, its pension fund and the members of the Board of Management and Supervisory Board. The PostNL group companies have trading relationships with a number of joint ventures as well as with companies in which PostNL holds minority stakes. In some cases, there are contractual arrangements in place under which PostNL companies source supplies from such undertakings, or such undertakings source supplies from PostNL. Transactions are carried out at arm's length.

During 2023, sales of PostNL to joint ventures and associates amounted to €3 million (2022: €3 million). Purchases of PostNL from joint ventures and associates amounted to €0 million (2022: €0 million). The net amounts due from the joint ventures and associates amounted to €0 million (2022: €0 million). Related party transactions with PostNL's pension fund are presented in note 3.5 to the consolidated financial statements.

PostNL considers the members of the Board of Management and Supervisory Board as key management personnel as defined by IAS 24. For disclosure on related party transactions with the Board of Management and Supervisory Board, see note 5.1 to the consolidated financial statements.

5.3 Business combinations

In 2023, PostNL did not acquire new business by the acquisition of the shares of other entities.

5.4 Summary of all other accounting policies

Consolidation

The consolidated financial statements include the financial figures of PostNL N.V. and its subsidiaries, associates and joint ventures and have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany transactions and balances have been eliminated on consolidation. A complete list of subsidiaries, associates and joint ventures included in PostNL's consolidated financial statements is filed for public review at the Chamber of Commerce in The Hague. This list has been prepared in accordance with the provisions of article 379 (1) and article 414 of book 2 of the Dutch Civil Code.

Subsidiaries

A subsidiary is an entity controlled directly or indirectly by PostNL N.V. Control is defined as the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether PostNL controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to PostNL and

are de-consolidated from the date on which control ceases. PostNL uses the acquisition method of accounting to account for the acquisition of subsidiaries. The consideration of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred also includes the fair value arising from contingent consideration arrangements. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date irrespective of the extent of any non-controlling interest. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of PostNL's share of the identifiable net assets of the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of PostNL's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss. The non-controlling interest is initially measured at the proportion of the non-controlling interest in the recognised net fair value of the assets, liabilities and contingent liabilities. Losses applicable to the non-controlling interest in excess of the non-controlling interest in the subsidiary's equity are allocated against PostNL's interests.

Functional currency and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary environment in which the entity operates ('the functional currency'). These consolidated financial statements are presented in euros, which is PostNL's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using year-end exchange rates. Foreign

currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances and from the translation at year-end exchange rates are recognised in the income statement except for qualifying cash flow hedges and qualifying net investment hedges that are directly recognised in other comprehensive income.

Foreign operations

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates
- Income and expenses are translated at average exchange rates
- The resulting exchange rate differences based on the different ways of translating between the balance sheet and the income statement are recognised as a separate component of equity (translation reserve).

Foreign currency exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the translation reserve. When a foreign operation is sold, such exchange differences are recycled in the income statement as part of the gain or loss on the sale.

Impairment of goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset might be impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows, being the cash-generating units (CGUs). If the recoverable value of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the CGU and then pro rata to other assets of the CGU. The recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset-specific risks. For the purpose of assessing impairment, corporate assets are allocated to specific CGUs before impairment testing. The allocation of the corporate assets is based on the contribution of those assets to the future cash flows of the CGU under review. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Impairment of investments in joint ventures and associates

PostNL assesses on each balance sheet date whether there is objective evidence that an investment in a joint venture or associate may need to be impaired. If the recoverable value

of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset-specific risks. The fair value less costs of disposal of a joint venture or associate is reviewed based on observable publicly available market data. Possible impairment charges may be reversed if there is an indication that the impairment no longer exists or has been reduced.

Impairment of finite-lived intangible assets and property, plant and equipment

At each balance sheet date, PostNL reviews its finite-lived intangible assets and property, plant and equipment for an indication of impairment. If any indication exists, the recoverable amount of the assets is estimated. The recoverable amount is defined as the higher of an asset's fair value less costs of disposal and its value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised immediately in the income statement. Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous periods. A reversal of an impairment loss is recognised immediately in the income statement.

Profit sharing

The company recognises a liability and an expense for profit-sharing by employees, based on a calculation that takes into consideration quantitative and qualitative performance measures in accordance with contractual arrangements.

Dividend distribution

Dividend distribution to PostNL's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the shareholders. If PostNL offers its shareholders (the choice of) dividends in additional shares, the additionally issued shares are recognised at their nominal amount.

5.5 Subsequent events

There are no subsequent events to report.

Section 6: Corporate financial statements

PostNL N.V. Corporate statement of profit or loss in € million

2022, 2023

Year ended at 31 December	Notes	2022 (Restated)	Change in pension accounting classification	2022 (Restated) excl. change in pension accounting classification	2023
Revenue		0		0	0
Salaries, pensions and social security contributions	6.2.1	(1,430)	(1,354)	(76)	(2)
Other operating expenses		0		0	(0)
Total operating expenses		(1,430)	(1,354)	(76)	(3)
Operating income		(1,430)	(1,354)	(76)	(3)
Net financial expense	6.2.2	(9)		(9)	(3)
Share in result from subsidiaries		75	(2)	77	60
Profit/(loss) before income taxes		(1,364)	(1,356)	(8)	54
Income taxes		371	349	22	1
Profit/(loss) for the year attributable to shareholders		(993)	(1,007)	14	55

PostNL N.V. Corporate statement of comprehensive income in € million

2022, 2023

Year ended at 31 December	Notes	2022 (Restated)	Change in pension accounting classification	2022 (Restated) excl. change in pension accounting classification	2023
Profit/(loss) for the year attributable to shareholders		(993)	(1,007)	14	55
Actuarial gains/(losses) pensions, net of tax	6.3.4	491		491	0
Pension asset ceiling/minimum funding requirement, net of tax	6.3.4	585	1,020	(435)	
Share in other comprehensive income from subsidiaries		(7)		(7)	(6)
Other comprehensive income that will not be reclassified to the income statement		1,069	1,020	49	(5)
Gains/(losses) on cash flow hedges, net of tax					(5)
Share in other comprehensive income from subsidiaries		2		2	2
Other comprehensive income that may be reclassified to the income statement		2		2	(3)
Total other comprehensive income for the year		1,071	1,020	52	(8)
Total comprehensive income for the year		78	13	66	47

PostNL N.V. Corporate statement of financial position in € million

2022, 2023

At 31 December, before appropriation of profit		At 1 January	At 31 December	At 31 December
	Notes	2022 (restated)	2022 (restated)	2023
Assets				
Investments in subsidiaries	6.3.1	801	721	662
Deferred tax assets		0	0	2
Total non-current assets		801	721	664
Accounts receivable from Group companies	6.3.2	286	151	166
Other accounts receivable		2	1	2
Income tax receivable		101	21	26
Total current assets		389	173	194
Total assets		1,190	893	858
Equity and liabilities				
Issued share capital		41	39	40
Additional paid-in capital		163	163	165
Legal reserves		19	13	5
Other reserves		(167)	1,267	(45)
Retained earnings		370	(1,306)	34
Total shareholders' equity	6.3.3	426	177	198
Provision for pension liabilities	6.3.4	64	0	0
Eurobonds	6.3.5	697	697	299
Other provisions		1	2	2
Total non-current liabilities		762	699	300
Accounts payable to Group companies		1	0	6
Eurobonds	6.3.5			353
Other current liabilities		1	17	1
Total current liabilities		2	17	360
Total equity and liabilities		1,190	893	858

6.1 Basis of preparation

General information and description of the business

PostNL N.V. (hereafter referred to as 'the company') is a public limited liability company with its registered seat and head office at Waldorpstraat 3, 2521 CA, The Hague, the Netherlands. The Chamber of Commerce number is 27124700.

Change of accounting framework

In 2023, PostNL changed the accounting framework in its corporate financial statements from International Financial Reporting Standards as endorsed by the European Union (IFRS-EU) to Part 9 of Book 2 of the Dutch Civil Code, where PostNL makes use of the option in Article 362 (8) to use the same accounting principles on recognition and measurement as applied in the consolidated financial statements.

In 2011, it was expected that the implementation of the revised IAS 19 related to pensions would result in a negative equity per 1 January 2013, which potentially prohibited the payout of (stock) dividend while the Company was generating sufficient cashflows for dividends. Accordingly, the accounting framework for the corporate financial statements was changed to IFRS-EU. As part hereof, the investments in subsidiaries were revalued to their higher deemed cost value, positively impacting corporate equity. With the pension plan amendment to a collective defined contribution plan at the end of December 2022, the Company's equity is no longer impacted by IAS 19. Given the elimination of this impact, the change back to Part 9 of Book 2 of the Dutch Civil Code is made. With the changed accounting framework, the corporate financial statements reflect the clear relationship between consolidated and corporate equity and results, are in line with other listed Dutch entities and no longer require significant management judgement in the determination of the value of investments in subsidiaries. As such, taking into account the purpose of the corporate financial statements, PostNL concluded that this change provides reliable and more relevant information.

As a result of the change of accounting framework, PostNL's investment in subsidiaries in the corporate financial statements are accounted for according to the equity method with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

The comparative figures have been adjusted accordingly.

For the principles of valuation of assets and liabilities and for the determination of results reference is made to the notes to the consolidated statement of financial position and consolidated statement of profit or loss.

The value of the corporate investments in subsidiaries based on the former accounting policy (deemed) 'cost less impairment' practically resulted in annual substantial movements in the non-distributable revaluation reserve. As of this reporting period, this will no longer be applicable. Applying the former accounting policy in the current year would have required management to assess the fair value of the investments in subsidiaries which possibly would have resulted in an impairment of these investments in subsidiaries and a corresponding reduction of the non-distributable within corporate equity.

As under Dutch GAAP a legal reserve for investments in subsidiaries is applicable, PostNL performed an assessment concluding no earnings restrictions are present that would otherwise require a legal reserve for investments in subsidiaries.

Reconciliation from previous GAAP to Dutch GAAP

The overview below presents the impact of the change in accounting framework from IFRS-EU to Dutch GAAP for shareholders' equity in the corporate financial statements as per 1 January 2022 (transition date).

PostNL N.V. Reconciliation of total shareholders' equity in € million

	1 January 2022
Previous GAAP	3,151
Effect transition to Dutch GAAP	(2,725)
Dutch GAAP	426

As at 1 January 2022, shareholders' equity is €2,725 million lower compared to previous GAAP due to the effect from the measurement of the investments in subsidiaries. The company applied the equity method and used the same principles of valuation of assets and liabilities for the corporate financial statements as the consolidated financial statements.

The following tables summarise the effect of the change in accounting framework on the corporate (comprehensive) income statement for the full year 2022 and the corporate balance sheet per 1 January 2022 and 31 December 2022.

Financial statements

PostNL N.V. Restatements corporate statement of profit or loss in € million

2022

Year ended at 31 December	2022		2022
	Reported	Restatements	Restated
Dividend income	150	(150)	0
Impairment investments in subsidiaries	(1,465)	1,465	0
Salaries, pensions and social security contributions	(1,430)		(1,430)
Other operating expenses	0		0
Total operating expenses	(2,895)	1,465	(1,430)
Operating income	(2,745)	1,315	(1,430)
Net financial expense	(9)		(9)
Share in result from subsidiaries		75	75
Profit/(loss) before income taxes	(2,754)	1,390	(1,364)
Income taxes	371		371
Profit/(loss) for the year attributable to shareholders	(2,383)	1,390	(993)

PostNL N.V. Restatements corporate statement of comprehensive income in € million

2022

Year ended at 31 December	2022		2022
	Reported	Restatements	Restated
Profit/(loss) for the year attributable to shareholders	(2,383)	1,390	(993)
Actuarial gains/(losses) pensions, net of tax	491		491
Pension asset ceiling/minimum funding requirement, net of tax	585		585
Share in other comprehensive income from subsidiaries		(7)	(7)
Other comprehensive income that will not be reclassified to the income statement	1,076	(7)	1,069
Share in other comprehensive income from subsidiaries		2	2
Other comprehensive income that may be reclassified to the income statement	0	2	2
Total other comprehensive income for the year	1,076	(5)	1,071
Total comprehensive income for the year	(1,307)	1,385	78

Financial statements

PostNL N.V. Restatements corporate statement of financial position in € million

2022

	1 January 2022		1 January 2022		31 December 2022		31 December 2022	
At 31 December, before appropriation of profit	Reported	Restatements	Restated	Reported	Restatements	Restated	Reported	Restated
Assets								
Investments in subsidiaries	3,526	(2,725)	801	2,061	(1,340)	721		
Total non-current assets	3,526	(2,725)	801	2,061	(1,340)	721		
Total current assets	389	0	389	173	0	173		
Total assets	3,915	(2,725)	1,190	2,234	(1,340)	893		
Equity and liabilities								
Issued share capital	41		41	39		39		
Additional paid-in capital	163		163	163		163		
Legal reserves		19	19		13	13		
Revaluation reserve investments in subsidiaries	2,502	(2,502)		1,037	(1,037)	0		
Other reserves	(188)	20	(167)	2,711	(1,444)	1,267		
Retained earnings	632	(263)	370	(2,433)	1,127	(1,306)		
Total shareholders' equity	3,151	(2,725)	426	1,517	(1,340)	177		
Total non-current liabilities	762	0	762	699	0	699		
Total current liabilities	2	0	2	17	0	17		
Total equity and liabilities	3,915	(2,725)	1,190	2,234	(1,340)	893		

Accounting policies

Investments in subsidiaries

PostNL's investment in subsidiaries in the corporate financial statements are accounted for according to the equity method with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

For the principles of valuation of assets and liabilities and for the determination of results reference is made to the notes to the consolidated statement of financial position and consolidated statement of profit or loss.

Share of result of investments in subsidiaries

The share in the result of investments in subsidiaries consists of the share of the Company in the result of these investments in subsidiaries. Results on transactions involving the transfer of assets and liabilities between the Company and its investments in subsidiaries and mutually between investments in subsidiaries themselves, are eliminated to the extent that they can be considered as not realised.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to investments in subsidiaries, instead of elimination against the equity value of the investments in subsidiaries.

6.2 Result for the year

6.2.1 Salaries, pensions and social security contributions

In 2023, salaries, pensions and social security contributions amounted to €2 million (2022: €76 million, excluding the impact of the change in accounting classification of the main pension plan of €1,354 million). In accordance with IAS 19.41, and only effective up to 2022, the net defined benefit cost for the company's pension plans shall be recognised in the corporate financial statements. For PostNL, the contributions charged to other group companies were lower than the pension expense incurred, resulting in a negative amount of salaries, pensions and social security contributions over the year. For further information on defined benefit pension costs, see note 6.3.4 to the corporate financial statements. PostNL N.V. does not have any employees other than the Board of Management (2 FTE). For more information on the salary costs of the Board of Management, reference is made to note 5.1.

6.2.2 Net financial expense/(income)

PostNL has financing relationships with both external banks and with PostNL companies, mainly with PostNL Finance B.V. As a result, PostNL records both external interest income and expenses from financial institutions and from PostNL Finance B.V.

PostNL N.V. Net financial expense/(income) in € million

2022, 2023

Year ended at 31 December	2022	2023
Interest expenses on long-term borrowings	7	7
Interest on net defined benefit pension liabilities	2	0
Other interest and similar expense	1	0
Interest and similar expense	9	7
Other interest and similar income	(0)	(4)
Net financial expense/(income)	9	3

Interest expenses on long-term borrowings relate to the outstanding eurobonds. Reference is made to note 4.1 to the consolidated financial statements.

6.3 Corporate statement of financial position

6.3.1 Investments in subsidiaries

The movement in the investments in subsidiaries is as follows:

PostNL N.V. Investments in subsidiaries in € million

2022, 2023

	2022	2023
Balance at 1 January	801	721
Share in result from subsidiaries	75	60
Dividend received	(150)	(114)
Other	(6)	(4)
Balance at 31 December	721	662

6.3.2 Accounts receivable from group companies

As at 31 December 2023, accounts receivable from group companies amounted to €166 million (2022: €151 million) which mainly related to a receivable from PostNL Finance B.V. The fair value of the accounts receivable from and payable to group companies approximated the carrying value, due to the short-term nature. The allowance for expected credit losses has been assessed to be non-material.

6.3.3 Equity

PostNL N.V. Corporate statement of changes in equity in € million

2022, 2023

	Issued share capital	Additional paid-in capital	Currency translation reserve	Hedge reserve	Financial assets at fair value OCI	Revaluation reserve investments in subsidiaries	Other reserves	Retained earnings	Total shareholders' equity
Balance at 31 December 2021	41	163				2,502	(188)	632	3,151
Change in accounting framework			1	(2)	20	(2,502)	20	(263)	(2,725)
Balance at 1 January 2022	41	163	1	(2)	20	0	(167)	370	426
Total comprehensive income			0	2	(8)		1,077	(993)	78
Appropriation of net income							518	(518)	0
Final dividend previous year								(114)	(114)
Interim dividend current year								(50)	(50)
Share buyback	(2)	0					(162)		(164)
Share-based compensation							2		2
Balance at 31 December 2022	39	163	2	0	11	0	1,267	(1,306)	177
Total comprehensive income			0	(3)	(6)		0	55	47
Appropriation of net income							(1,313)	1,313	0
Final dividend previous year	0	(0)						(7)	(7)
Interim dividend current year	0	(0)						(21)	(21)
Share-based compensation	0	2					0		2
Balance at 31 December 2023	40	165	2	(3)	6	0	(45)	34	198

The currency translation reserve, hedge reserve and the reserve related to the financial assets at fair value through OCI are legal reserves. The total amount of these legal reserves is €5 million (2022: €13 million).

6.3.4 Provisions for pension liabilities

The company is the sponsoring employer of the main Dutch pension plan, which is externally funded in a separate pension fund and cover the majority of PostNL's employees in the Netherlands.

As main development in 2022, the amended pension plan, triggering a change in pension accounting from defined benefit to defined contribution as of 31 December 2022 and the recording of an accompanying pension settlement, had a significant financial impact on the

corporate financial statements of 2022. Reference is made to note 3.5 to the consolidated financial statements.

In accordance with IAS 19.41, and only effective up to 2022, PostNL recognises the net defined benefit cost in the corporate financial statements of the company. The relevant Group companies recognise the costs equal to the contributions payable for the period in their financial statements. In its corporate financial statements, PostNL recognises the contributions received from the relevant Group companies as a benefit that offsets the corporate defined benefit pension expense. As a result, the corporate financial statements of 2022 record a lower defined benefit pension expense of €1,430 million compared to the defined benefit pension expenses of €1,516 million as recorded in the consolidated financial statements of 2022.

Financial statements

The following table reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets, the funded status and the employer pension income for the sponsored pension plan of the company. In line with the disclosure note on pensions included in the consolidated financial statements, the table also shows the corporate settlement impact resulting from the change in pension accounting classification.

PostNL N.V. Detailed overview of changes in corporate defined benefit plans in € million
2022, 2023

	2022	2023
Change in benefit obligation		
Benefit obligation at beginning of year	(10,126)	
Service costs	(174)	
Interest costs	(104)	
Actuarial (losses)/gains	2,645	
Benefits paid	261	
Settlement benefit obligation	7,498	
Benefit obligation at end of year	0	
Change in plan assets		
Fair value of plan assets at beginning of year	10,878	
Assumed return on plan assets	111	
Contributions group companies	107	
Employer contributions	(0)	
Instalment unconditional funding obligation	28	
Other costs	(8)	
Actuarial (losses)/gains	(1,982)	
Benefits paid	(261)	
Settlement plan assets	(8,873)	
Fair value of plan assets at end of year	0	
Change in funded status		
Funded status at the beginning of year	752	
Operating expenses (incl. contributions group companies)	(74)	
Interest (expenses)/income	7	
Employer contributions	(0)	
Instalment unconditional funding obligation	28	
Actuarial (losses)/gains	663	
Settlement of benefit obligation and plan assets	(1,374)	
Funded status at end of year	0	

	2022	2023
Components of employer pension expenses		
Service costs	(174)	
Interest (expenses)/income	(2)	
Other costs	(8)	
Contributions group companies	107	
Pension settlement costs within statement of profit or loss	(1,354)	
Post-employment benefit income/(expenses)	(1,430)	
Weighted average assumptions as at 31 December		
Discount rate	3.4%	
Rate of benefit increases	1.7%	
Life expectancy 65 year old men/women (in years)	21.4 / 23.7	

6.3.5 Eurobonds

As at 31 December 2023, the eurobonds amounted to €299 million non-current and €353 million current (2022: €697 million non-current). For the disclosure on the eurobonds, reference is made to notes 4.1 and 4.5 to the consolidated financial statements.

In 2023, the non-cash changes in the total debt amounted to €1 million (2022: €1 million) and related to the amortisation of costs included in the eurobonds.

6.4 Other notes

Commitments and contingencies

Declaration of joint and several liability / Letter of Support

At 31 December 2023, the company issued a declaration of joint and several liability for some of its group companies in compliance with article 403, book 2 of the Dutch Civil Code, or a specific time-bound letter of support. The following overview includes a list of all related group companies.

PostNL N.V. Declaration of joint and several liability / Letter of Support

2023

Cheap Cargo Belgium B.V.	PostNL Data Solutions B.V.
DM Productions B.V.	PostNL E-commerce Services B.V.
G3 Worldwide (Belgium) N.V.	PostNL Finance B.V.
G3 Worldwide Mail (UK) Limited	PostNL Holding B.V.
G3 Worldwide Mail N.V.	PostNL Pakketten België N.V.
Koninklijke PostNL B.V.	PostNL Pakketten Benelux B.V.
Logistics Solutions B.V.	PostNL Real Estate B.V.
MyParcel Belgium B.V.	PostNL TGN B.V.
PostNL Cargo België B.V.	PostNL Transport B.V.
PostNL Cross Border Solutions B.V.	PostNL Transport Services B.V.
PostNL Customer Excellence B.V.	PS Nachtdistributie B.V.

Fiscal unity in the Netherlands

The company forms a fiscal unity with a majority of its Dutch subsidiaries for corporate income tax and VAT purposes. A company and its subsidiaries that are part of these fiscal unities are jointly and severally liable for the tax payable by these fiscal unities.

Parental support

In addition to the declaration of joint and several liability in compliance with article 403, book 2 of the Dutch Civil Code, the company provided parental support relating to the following items:

- Committed revolving credit facilities of €200 million
- Bank guarantee facilities of €87 million
- Ordinary business activities of the Group of €87 million
- ISDA agreements
- Payment guarantee for self-insurance of WGA (“Werkhervatting Gedeeltelijk Arbeidsongeschikten”) benefit payments as of 1 January 2021.

Subsidiaries and associated companies at 31 December 2023

The list containing the information referred to in article 379 and article 414 of book 2 of the Dutch Civil Code is filed at the office of the Chamber of Commerce in The Hague.

Appropriation of profit

Dividend proposal 2023

In accordance with our dividend policy, the condition for paying out dividend is a leverage ratio (adjusted net debt/EBITDA) not exceeding 2.0. This condition was met per year-end 2023 (leverage ratio: 1.7). The Board of Management has decided, with the approval of the Supervisory Board, subject to shareholders approval at the 2023 Annual General Meeting of Shareholders, to declare a dividend of €0.09 per ordinary share over 2023, of which €0.06 per ordinary share has been paid as an interim dividend. The dividend will be paid, at shareholder's election, either in ordinary PostNL shares or in cash.

Appropriation of profit

The Board of Management, with the approval of the Supervisory Board, has appropriated an amount of €19 million out of profit of €55 million to the reserves. Following this appropriation, there remains an amount of €36 million out of profit at the disposal of the General Meeting of Shareholders. Subject to the adoption of PostNL's financial statements by the General Meeting of Shareholders, and given a 2023 interim dividend of €0.06 has been paid, the proposed 2023 final dividend has been set at €0.03 per ordinary share of €0.08 nominal value, based on the outstanding number of 494,207,248 ordinary shares as per 31 December 2023. The final dividend of €0.03 will be paid, at shareholder's election, either in ordinary PostNL shares or in cash. The dividend in shares will be paid out of additional paid in capital as part of the distributable reserves, free of withholding tax in the Netherlands.

Upon approval of this proposal, corporate profit will be appropriated as follows, whereby the final dividend represents a cash dividend under the assumption of 100% cash election.

PostNL N.V. Appropriation of corporate profit in € million

2023

	2023
Result attributable to the shareholders	55
Appropriation in accordance with the articles of association:	
Reserves adopted by the Board of Management and approved by the Supervisory Board (article 31, paragraph 2)	(19)
Dividend on ordinary shares	36
(Interim) dividend paid in cash	(21)
Final dividend	15

The Hague, the Netherlands, 26 February 2024

Board of Management

Herna Verhagen (CEO)

Pim Berendsen (CFO)

Supervisory Board

Jan Nooitgedagt (Chairman)

Jeroen Hoencamp

MARIKE VAN LIER LELS

Nienke Meijer

Ad Melkert

Martin Plavec

Koos Timmermans

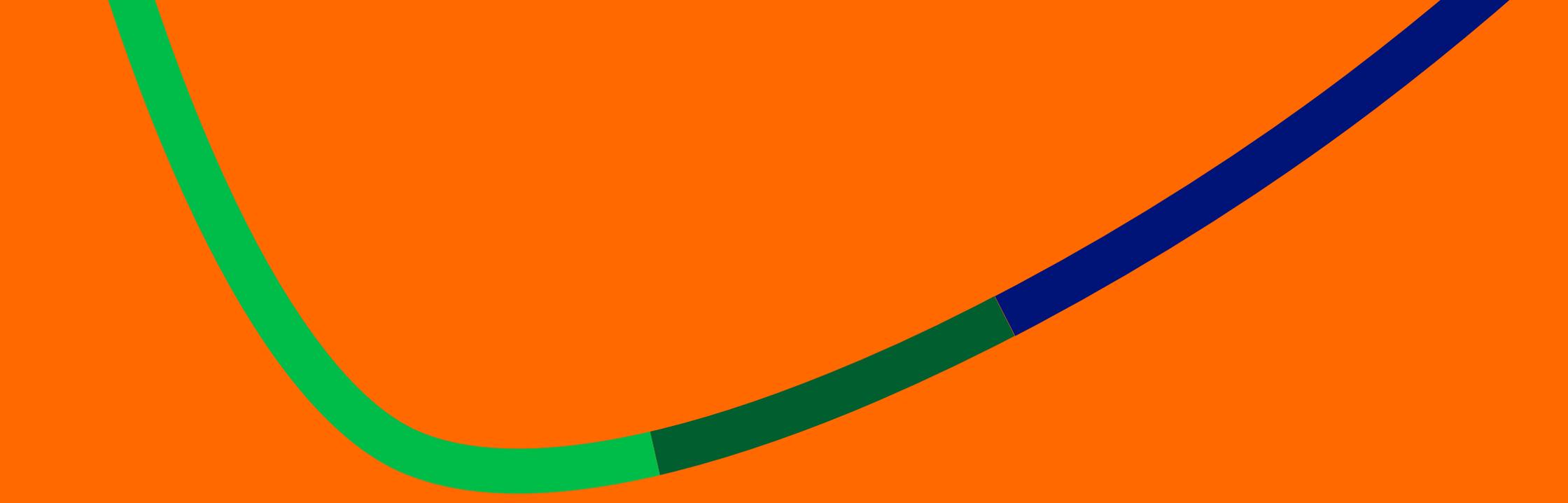
Hannie Vlug

PostNL N.V.

Waldorpstraat 3

2521 CA The Hague

The Netherlands



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Non-financial performance indicators

PostNL Customer value performance indicators as indicated

2019- 2023

Year ended at 31 December	Notes	2019	2020	2021	2022	2023
Key performance indicators						
Net Promotor Score ¹	2.1	not reported	not reported	not reported	not reported	Average Nr. 1 position
Parcel volume growth	2.2	12%	19%	14%	(10%)	(0%)
Delivery quality Parcels in NL ²	2.3	98%	99%	98%	98%	97%
Delivery quality Mail in NL ³	2.3	94%	94%	94%	91%	89%
Other performance indicators						
Reputation score (on a 0 -100 scale)	2.4	67.1	73.9	71.6	67.1	67.0
ISO 9001 certification (percentage of total FTE working in certified sites)		94%	94%	92%	97%	96%

1 First reported in 2023

2 2019 not audited

3 Letters delivered within 24 hours

PostNL Social value performance indicators as indicated

2019 - 2023

Year ended at 31 December	Notes	2019	2020	2021	2022	2023
Key performance indicators						
Employee engagement	3.1	not comparable	not comparable	not comparable	78%	68%
Absenteeism (share of total working days)	3.2	5.4%	5.9%	6.0%	7.4%	7.7%
Other performance indicators						
Headcount (scope of non-financial reporting)	3.3	35,721	40,541	37,365	35,647	33,488
Fulltime equivalents (scope of non-financial reporting)	3.3	20,528	22,304	21,964	21,715	20,851
Share of females in total headcount	3.4	48%	49%	48%	47%	46%
Share of females in operational management positions	3.4	not reported	21%	23%	25%	28%
Share of females in middle management positions	3.4	not reported	32%	33%	35%	34%
Share of females in senior management positions	3.4	27%	28%	29%	31%	33%
Share of total females in management positions	3.4	27%	28%	30%	32%	32%
Training hours per FTE	3.5	26	21	21	17	21
Average training costs per FTE (in €)	3.5	not reported	740	781	714	711
Fatal accidents	3.2	3	1	2	3	0
Recordable accidents (per 100 FTE)	3.2	4.2	4.0	4.7	3.8	5.2
ISO 45001 certification (percentage of total FTE working in certified sites)	3.2	94%	94%	90%	94%	94%

Non-financial statements

PostNL Environmental value performance indicators as indicated

2019 - 2023

Year ended at 31 December	Notes	2019	2020	2021	2022	2023
Key performance indicators						
CO ₂ efficiency (in grammes per km)	4.1	245	249	203	152	136
Share of emission-free delivery of mail and parcels in the last-mile	4.1	19%	20%	20%	22%	24%
Share of emission-free delivery of mail in the last-mile		64%	68%	73%	78%	82%
Share of emission-free delivery of parcels in the last-mile		1%	1%	1%	1%	3%
Other performance indicators						
Scope 1 GHG emissions (gross in ktCO ₂)	4.2	41	41	34	26	22
Scope 2 GHG emissions (gross in ktCO ₂)	4.2	0	0	0	0	0
Scope 3 GHG emissions (gross in ktCO ₂)	4.2	174	187	196	175	159
Total GHG emissions (gross in ktCO₂)	4.2	215	228	231	201	181
Energy consumption (total scope 1 and 2 in TJ)	4.3	932	1,032	1,030	1,004	958
Energy efficiency buildings (TJ / 1,000 m ²)	4.4	0.47	0.47	0.40	0.38	0.35
Energy efficiency fleet (TJ / million km)	4.5	5.6	5.8	5.8	5.8	5.6
NO _x emissions (scope 1 in kg)	4.6	39,282	43,202	39,966	38,275	30,839
NO _x emissions (scope 1 in g/km)	4.6	0.42	0.42	0.37	0.36	0.29
PM ₁₀ emissions (scope 1 in kg)	4.6	734	825	839	840	731
PM ₁₀ emissions (scope 1 in g/km)	4.6	0.01	0.01	0.01	0.01	0.01
Share of vehicles complying with zero emission	4.6	0%	0%	0%	11%	32%
Share of vehicles complying with Euro 6	4.6	80%	84%	95%	86%	68%
Share of vehicles complying with Euro 5	4.6	20%	16%	5%	2%	0%
ISO 14001 certification (percentage of total FTE working in certified sites)	4.7	94%	94%	92%	97%	96%

Section 1: Basis of preparation

1.1 Reporting principles

Long-term value creation requires companies to steer both on the financial and non-financial aspects of business. Certain non-financial aspects contribute directly or indirectly to financial performance, and often have a greater impact over the medium to long term. At PostNL, we believe that an integrated approach towards performance management is key to ensuring the company creates stakeholder value in the long run.

EU directive on non-financial information and diversity

As a large listed company in the Netherlands, PostNL has to comply with the EU directive on non-financial and diversity information (2014/95/EU). PostNL is required to report about non-financial information in relation to environmental, social and personnel matters, in respect of human rights and combatting bribery and corruption. The mandatory disclosures include:

- Policies and results thereof
- Main risks and how these are managed
- Performance indicators, to the extent that these elements exist within PostNL.

As of 2024, this directive will be replaced by the Corporate Sustainability Reporting Directive (CSRD). The EU has developed European Sustainability Reporting Standards (ESRS) setting out the detailed disclosure requirements under the CSRD, and since the end of 2022, PostNL has been preparing for the implementation of the CSRD. We have conducted our first materiality assessment based on the principles of the CSRD, including the concept of double materiality, and in 2023 made important progress in becoming CSRD compliant for the reporting year 2024. The main steps we took in 2023 include:

- Working on bottom-up assessment of impacts, risks and opportunities at subtopic and sub-subtopic levels of ESG topics;
 - Carrying out a technical gap assessment between the disclosures in the PostNL Annual Report 2022 and the disclosure requirements of the ESRS, based on the preliminary material ESRS topics identified;
- Setting up a CSRD governance structure including a CSRD programme, involving all relevant levels of management and topic specialists within the company;
- Capacity building within the organisation through knowledge sharing, creating awareness and initiating collaborations;
- Identification of and follow-up on elements that require interpretation clarification due to complexity or unclear requirements;
- Prioritising gaps and preparing to close those gaps identified.

Integrated reporting as guidance

The Integrated Reporting framework of the International Integrated Reporting Council (IIRC) provides guidance on how companies should communicate about value creation. PostNL used the guiding principles and main content elements of the framework as a basis for this Annual Report. PostNL aims to further develop its corporate reporting communication on long-term value creation.

Sustainability Reporting Standards referenced

PostNL has reported the non-financial information included in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the Global Reporting Initiative (GRI) sustainability standards. The GRI standards provide relevant and clear requirements for sustainability reporting on economic, social and environmental aspects, while allowing for company-specific aspects to be reported. PostNL decided to report with reference to the Sustainability Reporting Standards due to the preparations it is making towards reporting based on the CSRD from the reporting year 2024. By reporting with reference to the renewed standards, the reporting scope of PostNL is similar to prior years.

In addition to the GRI requirements, we reference supplemental reporting criteria specific to PostNL for reporting elements which are not covered by GRI. This includes specific reporting definitions as presented in the Appendix 'Glossary and definitions'.

Aligning with Taskforce on Climate related Financial Disclosures (TCFD)

PostNL recognises that climate change events can have an impact on our company and business. For many years, PostNL has included the reduction of GHG emissions in its strategy, and since 2018 we have externally disclosed the alignment of our climate action approach to TCFD. Throughout this report, we have addressed all four TCFD reporting recommendation elements to a relatively high level. In 2023, we published a TCFD report in which we disclose in more detail the relevant aspects of the TCFD recommendations in the context of our operations and value chain. The report can be found here.

PostNL TCFD reporting recommendation

TCFD reporting recommendation	TCFD element	Link to disclosures
<ul style="list-style-type: none"> Governance 	<ul style="list-style-type: none"> Board oversight Role of management 	<ul style="list-style-type: none"> Chapter 'Corporate governance'
<ul style="list-style-type: none"> Strategy 	<ul style="list-style-type: none"> Risks and opportunities Impact of risks and opportunities Resilience of the organisation 	<ul style="list-style-type: none"> Chapter 'Our strategy' Chapter 'Environmental value' Chapter 'Risk and opportunity management'
<ul style="list-style-type: none"> Risk Management 	<ul style="list-style-type: none"> Processes for identifying and assessing risks Processes for managing risks Integration into overall risk management 	<ul style="list-style-type: none"> Chapter 'Risk and opportunity management'
<ul style="list-style-type: none"> Targets 	<ul style="list-style-type: none"> Metrics used to assess GHG Emissions Targets 	<ul style="list-style-type: none"> Chapter 'Environmental value' Chapter 'Non-financial statements, section Environmental performance indicators'

Greenhouse Gas Protocol

PostNL uses the reporting criteria as defined by the Greenhouse Gas Protocol to report its greenhouse gas (GHG) emissions. The production of direct and indirect CO₂ emissions represents the main GHG of PostNL. We also take other GHG emissions into account, such as CH₄ and N₂O, and report our climate change impact in CO₂ equivalents.

Commitment to UN Global Compact

As a UN Global Compact signatory since 2012, PostNL reports annually through an online submission the progress we are making to implement the ten UN Global Compact principles. These are related to human rights, labour, environment and anti-corruption. The Appendix 'UN Global Compact reference table' provides an overview of the ten principles, and references the descriptions of progress made on those principles, in this Annual Report.

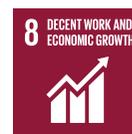
OECD guidelines

In relation to our international activities, we endorse the guidelines for multinational enterprises on responsible business conduct published by the Organisation for Economic Co-operation and Development (OECD). These non-binding guidelines provide recommendations in a global context consistent with internationally recognised standards and laws.

Contributing to the SDGs

The Sustainable Development Goals are a call to action by the United Nations (UN) to make progress on 17 global challenges in relation to peace and prosperity for people and planet. While the goals are agreed at government level, the call to action also applies to businesses. The SDGs are interrelated and relevant for PostNL, as we have an impact on all 17, both through our own operations and/or indirectly through our value chain. We take action on all SDGs, and apply a focused approach at group level. This helps us improve the contribution on those SDGs closest to the business activities of our company.

Based on SDG impact analysis and dialogue with our stakeholders, we identified and focus on four main SDGs. We connected our contribution to these SDGs with the long-term value creation process as described in our value creation model. The most direct impact of our business operations related to SDG8 and SDG13. On SDG9 and SDG12 we look beyond our own operations and proactively engage with partners in our value chain to make progress.



We distinguish our impact between doing good (improving our positive impact) and avoiding harm (mitigating negative impact). For each SDG, we mapped the relevant PostNL topics to the related SDG sub goals to provide insight into where our contribution to the SDGs is to do good and where to avoid harm. The SDGs and sub goals (or sub targets as defined by the UN) are described qualitatively. We link the SDGs to our strategy through our key material topics and other relevant topics from our Materiality matrix. We defined performance indicators on all our key material topics.

SDG 8: Decent work and economic growth

PostNL goal

Provide decent working conditions for our people, contribute to e-commerce growth, grow profitably and maintain an accessible, reliable and affordable postal service.

Our approach

We provide direct and indirect employment to more than 50,000 people. The health, safety and well-being of people working with and for us is our first priority (SDG 8.8). Our efforts in safeguarding road safety contributes to good health and well-being (SDG 3.6).

Safety also includes psychological safety, which is why we focus on diversity and inclusion in our human resources policy. This is linked to reducing inequalities (SDG 10.2). We want to be a good employer with favourable working practices. This also includes fair compensation (SDG 8.5), helping our people to develop themselves (contributing to quality education (SDG 4.3 and 4.5) and gender equality (SDG 5.5).

Our strategy is based on continuous growth. As a logistics and postal service provider, we contribute to economic growth in both the regions and value chains in which we operate (SDG 8.1). Alongside this growth, we want to remain relevant by becoming more effective across our business and accelerate digitalisation to support this. We also want to transform through innovation (linked to SDG 9.5) towards greater integration in the ecosystems we are part of (SDG 8.2).

SDG 9: Industry, innovation and infrastructure

PostNL goal

We need to provide accessible, reliable postal services in the Netherlands as the dedicated postal operator. At the same time, we are continually developing our parcels network to capture growth effectively. We want to maintain and strengthen our state-of-the-art networks, which requires innovation and collaboration with business partners to develop the right infrastructure.

Our approach

We continue to invest in our network infrastructure, digitalisation and sustainability to further improve our core logistics (SDG 9.4). At the same time, we drive innovation through digitalisation to become a logistics market player more integrated with the ecosystems we are part of. Collaborating with our value chain partners on innovation is crucial for our long-term success (SDG 9.5). Improving our services and processes through re-designs based on customer journeys is one example. Developing new ways of working based on technology is another, which can be seen in our small parcel sorting centre. This sorting centre is using technology through robotisation to develop new processes that benefit PostNL and our customers. We are dependent on technological developments and other business partners to design and implement new ways of working, such as the transition to an electric fleet. For example, using solar panels as an energy source for our sorting centres is one area in which innovation and infrastructure helps us make a positive impact on affordable and clean energy (linked to SDG 7.2). And our switch to using electric vehicles in city centres, such as light electric freight

vehicles (LEFVs), is helping us lower emissions while minimising traffic nuisance to improve accessibility (linked to SDG 11.2).

SDG 12: Responsible production and consumption

PostNL goal

We want to reduce our ecological footprint by changing the way goods and resources are produced and consumed in collaboration with others within our value chain.

Our approach

We engage with partners in our value chain to promote more sustainable alternatives, such as smaller, more sustainable packaging. This includes using natural resources more efficiently, and minimising pollution/waste to air, land and water, which relates to environmental aspects (linked to SDG 11.6) and health and well-being of people (linked to SDG 3.9). At the same time, we are becoming ever-more transparent about our direct and indirect environmental impact, and take actions to make our procurement practices compliant with legal requirements and our own policy. Waste management forms part of our certified environmental management system and is bound to (local) regulations. As well as reducing or treating our own waste in the best ways possible, we also engage with suppliers and customers on this topic, such as in relation to sustainable packaging. Our purchasing department aims to add two purchased goods per year that are made of circular resources. And in a bid to move closer to a circular economy, we are working with a number of e-tailers to collect and recycle e-waste.

SDG 13: Climate action

PostNL goal

Improve our impact on climate change by implementing measures to reduce our GHG emissions across all of our operations.

Our approach

We designed our emission-reduction targets to contribute to limiting global warming in line with the Paris Agreement on climate change. These targets are set to reduce direct and indirect GHG emissions from our own operations and outsourced activities (SDG 13.2). Beyond our own climate action, we want to stimulate our logistics partners to decarbonise their activities for us by raising awareness and promoting active engagement. We have established long-term Science-Based Targets (SBT), approved by the SBT Initiative, to reduce our environmental footprint and drive sustainable growth of the business. Climate change impact goes beyond sustainable logistics at PostNL. With our targets and experience, we are actively engaged with our value chain partners on both climate change mitigation and adaptation through dialogues and partnerships at different levels (SDG 17.6).

1.2 Reporting criteria

Explanation of reporting criteria used

The GRI standards provided a structured approach to preparing the non-financial information in this report. This includes universal disclosures and topic-specific disclosures. The universal disclosures consist of three key elements:

- a. Foundation: Defining report content & quality, requirements for preparing a report in line with reference to GRI
- b. General disclosures: Contextual information about PostNL, its strategy, stakeholder engagement, governance and reporting practices
- c. Management approach: Information on how PostNL manages its key material topics.

PostNL uses the topic-specific disclosures to describe the company's impact related to each key material topic, expressed in key performance indicators. The GRI Content Index table in the Appendix 'GRI Content index' provides references to sections with specific information in relation to the GRI requirements in this report. The chapter 'Our operating context' describes all identified PostNL key material topics. Some key material topics are not referred to GRI, because we have also identified key material topics that are emerging and will be considered in the Annual Report 2024 in the context of the transition towards the CSRD. We refer those topics to GRI for which PostNL has a management approach and key performance indicators included in its corporate strategy. The emerging topics are "Business conduct", "Data security and protection", "Human rights and labour practices", "Responsible and resilient supply chain" and "Social presence and responsibility".

PostNL has also taken into account two important elements in relation to value creation as described by the IIRC:

- **Strategic focus/future orientation:** Information about the strategy and ability to create short-, medium-, and long-term value and the ability to the use of and effect on the relevant capitals
- **Connectivity:** Show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time.

Stakeholder engagement

As a listed company with a long and proud history in the Netherlands, we have an intricate stakeholder landscape. We engage with our stakeholders in different ways, on different levels and on different topics to better understand their interests and the way our activities affect their decision-making process. This helps us understand which topics are most material, and are of greatest significance to stakeholders. Understanding the expectations of stakeholders helps PostNL allocate resources effectively on relevant topics while focusing on adding short-, medium-, and long-term value. In addition to our day-to-day contact with stakeholders, PostNL also engages through regular and topic-specific stakeholder dialogue.

The CSRD requires PostNL to apply a different approach towards its materiality assessment than the approach used for GRI, which we have used for many years. The increase in scope, assessment elements, and level of detail adds complexity to the process and requires more specialist views.

While this new approach is helpful to identify more tangible material impacts, risks and opportunities than before, we also learned that we need to update our internal and external validation processes to obtain meaningful input on the new methodology. Ahead of a broader stakeholder validation in 2024, in 2023 we organised a stakeholder dialogue with a wide representation of key stakeholder groups on PostNL's impact on 'Social presence and responsibility' to test our external validation method and obtain insights to help us finalise our detailed double materiality assessment. The dialogue provided us with new insights, for example that stakeholders view broad community engagement as a shared responsibility for relevant partners in our value chain. In addition, stakeholders appreciated the role PostNL already takes through social projects run by the Special Moments Fund. We will use these insights when we finalise our process in 2024.

The table below details the topics of interest and the means of engagement with each stakeholder group.

Non-financial statements

PostNL Stakeholder engagement

Stakeholder clusters	Stakeholder groups	Most relevant topics	Our engagement
Financial market	<ul style="list-style-type: none"> a. Investors b. Capital providers c. Financial rating agencies d. Financial interest groups e. Sustainability benchmark agencies 	<ul style="list-style-type: none"> • Financial performance and position (a, b, c, d) • Return on capital investments • Short- and long-term value creation • ESG (a, b, d, e) 	<ul style="list-style-type: none"> • Meetings and conference calls with analysts and shareholders • Quarterly results and presentations
Customers	<ul style="list-style-type: none"> a. Customers b. Business customers c. Consumers d. Internal customers (intercompany) 	<ul style="list-style-type: none"> • Quality of services • Use of retail locations • Network capacity (a, b, c) • Accessible, reliable and affordable postal services • Convenient sending and receiving options • Sustainable delivery options 	<ul style="list-style-type: none"> • Daily contact about services • Bi-annual customer satisfaction survey • Customer events and knowledge sessions • Annual stakeholder dialogue
Our people	<ul style="list-style-type: none"> a. Employees b. Trade unions c. Works councils 	<ul style="list-style-type: none"> • Safe and healthy work environment • Favourable working conditions • Development opportunities • Sustainable employability 	<ul style="list-style-type: none"> • Daily contact about day-to-day work • Regular team meetings and roundtable discussions • Regular contact with trade unions and works councils • Bi-annual employee engagement surveys • Annual satisfaction survey of delivery partners at Parcels • Annual stakeholder dialogue
Government bodies	<ul style="list-style-type: none"> a. Policy makers (international, national and local) b. Regulators c. Politics 	<ul style="list-style-type: none"> • Regulatory environment • Compliance with laws and regulations (b) • Market developments (a,c) 	<ul style="list-style-type: none"> • Roundtables and meetings with (local) governments • Meetings and formal communication with regulators • Annual stakeholder dialogue
Business partners	<ul style="list-style-type: none"> a. Operational contract parties (e.g. delivery partners and employment agencies) b. Suppliers c. Retailers d. International postal companies e. Pension fund PostNL f. Branch organisations 	<ul style="list-style-type: none"> • Collaboration and tariffs (a, b, c, d, e) • Labour market and working conditions (a) • Procurement practices (b) • Business ethics(a -f) • Sector initiatives (f) 	<ul style="list-style-type: none"> • Ad hoc collaboration through projects • Tender processes • Periodic contract negotiations and supplier evaluations • Ad hoc engagement on ethical topics • Annual stakeholder dialogue • Stakeholder events (e.g. Green Postal day and IPC Drivers Challenge)
Media	<ul style="list-style-type: none"> a. Traditional media b. Social media 	<ul style="list-style-type: none"> • Business events • Opinions about PostNL 	<ul style="list-style-type: none"> • Periodic and ad hoc press releases • Interviews • Ad hoc engagement on social media

Non-financial statements

Stakeholder clusters	Stakeholder groups	Most relevant topics	Our engagement
Opinion leaders and society	<ul style="list-style-type: none"> a. NGOs b. Local communities and their representatives c. Academic and research institutions 	<ul style="list-style-type: none"> • Environmental issues • Social and societal issues • Specific topics (e.g. Business conduct) • Market trends (c) 	<ul style="list-style-type: none"> • Ad hoc communication about events • Collaboration on research projects • Annual discussion at shareholders' meeting with NGO representatives • Annual stakeholder dialogue
Other market players	<ul style="list-style-type: none"> a. Traditional market players b. New market players 	<ul style="list-style-type: none"> • Access to networks • Policy influence • Market developments and events 	<ul style="list-style-type: none"> • Periodic branch and sector events • Planned and ad hoc engagement on access to networks

ESG materiality assessment

PostNL interacts with its stakeholders on a wide variety of relevant but different topics. We use a materiality assessment to identify the most relevant topics that impact PostNL or on which PostNL impacts society and its stakeholders. In 2022, we expanded our methodology to incorporate more outside-in views of stakeholders in the process. We used different methods to obtain these views, including interviews. The key material topics included in this Annual Report are based on the outcome of our 2022 high-level double materiality assessment. As PostNL is in the process of finalising its detailed analysis following the required methodology of the ESRS, the list of topics may be subject to change for 2024.

Selecting the key material topics that drive our long-term value creation is required to bring focus to the Annual Report. This materiality concept is similar to financial reporting and is applied by evaluating the extent to which a topic impacts PostNL's business or through which PostNL impacts its environment, including stakeholders.

Key elements in our approach that are additional to the traditional assessments we applied before 2022 include:

- More focus on obtaining the views of external stakeholders;
- Applying an ESG lens on defining material topics (excluding business value topics for customers and shareholders);
- Applying the double materiality principle, which adds the evaluation of outside-in (financial impact) of topics on PostNL, in addition to the traditional inside-out impact PostNL has been reporting on for years, and which is required by GRI;
- Evaluating potential material topics in addition to actual material topics;
- Explicit identification of positive and negative impacts, included within PostNL's operations and its value chain.

To ensure the assessment's objectivity, PostNL gained the support of a professional external consultant to conduct the materiality assessment.

Identification of topics

Through the materiality assessment, PostNL selected, to the best of its knowledge, all relevant topics are included in this Annual Report. For each topic included in the Annual Report, PostNL identified the topic boundaries where PostNL's impacts occur in the value chain and how PostNL is involved in these impacts. An overview of these boundaries is provided in the 'Our operating context' chapter.

The following sources and activities were used to prepare a longlist of topics as a first step in the assessment, and a shortlist of topics to be assessed on impact:

- Desktop research, including:
 - Peer review
 - Market trends
 - Topics evaluated in prior years, through our Annual Reports
 - Interests of benchmarks and guidelines (such as DJSI, CDP, GRI)
 - Media search
- Comparison of topics with European Sustainability Reporting Standards (ESRS);
- Interviews with (senior) management representing certain stakeholder groups;
- Assessment of input collected;
- Validation of outcomes with project team.

Impact assessment and prioritisation of material topics

Based on the shortlist of topics from different inputs, an assessment was made to identify impact and prioritise topics based on the significance of impact. The following process steps were followed:

- a. Additional desktop research on several stakeholder groups to assess topic relevance;
- b. External interviews with stakeholders to assess topic relevance, as well as outside-in and inside-out impact;
- c. Employee workshop to assess topic relevance as well as outside-in and inside-out impact;
- d. Internal workshop to assess inside-out impacts;
- e. Internal workshop to assess outside-in impacts.

Validation and approval of list of key material topics

The final step in the process was the validation of the outcomes of the assessment and approval process of the final list of key material topics. In this step the following activities were conducted:

- a. Validation workshop with (senior) management members representing certain stakeholder groups
- b. External stakeholder panel
- c. Critical review by project team on potential biases in the process related to topics names, descriptions and scores
- d. Validation of the proposed list of key material topics in the Executive Committee, which includes approval of PostNL's Board of Management.

List of topics and their relation to value creation

PostNL mapped its material topics to the five different domains of value creation. A summary of the stakeholder engagement and materiality assessment can be found in the 'Our operating context' chapter. This includes the list of topics labelled to the different domains of value creation and a brief description of the topics.

These topics are the starting point of our value creation model, which can be found in the 'How we create value' chapter.

In the chapter 'Our operating context', we disclose the list of key material topics as the outcome of the materiality assessment carried out at the end of 2022. PostNL considers 2023 a transitional year. In 2023, we deemed the topic 'Customer experience and digital solutions' primarily material from a business perspective to our value creation. This leaves 10 key material high-level ESG topics for 2023 in scope of our ESG reporting. As part of the transition towards reporting ESG information in accordance with the CSRD for the financial year 2024, the list of material topics may be updated for the following Annual Report.

1.3 Safeguarding report quality

Quality principles

PostNL applied high quality standards when preparing the non-financial information in this Annual Report. This means that the company ensures that the information this report provides is:

- **Accurate:** Precise and with sufficient level of detail
- **Balanced:** Reflects both positive and negative aspects of performance
- **Clear:** Understandable and accessible for stakeholders
- **Comparable:** Consistent and allows for comparability over time
- **Complete:** Sufficient to assess impacts during the reporting period
- **Sustainable context:** About impacts of sustainable development
- **Timely:** Allow stakeholders to make informed decisions
- **Verifiable:** Auditable.

Scoping

PostNL has aligned the scope of reporting non-financial information with financial information, refer to a list of group entities to appendix 6. On certain areas the non-financial information scope differs from the financial reporting scope.

Acquisitions, divestments and mergers

We do not include information about joint ventures and minority interests in the scope of non-financial information. New entities acquired during the reporting year will be included in the first reporting year in which the entity was part of PostNL for the entire year. When we divest entities during the year, or when we classify entities as discontinued in our financial reporting, we exclude the non-financial information from the performance data in the report. For material and available information we will report the relevant non-financial performance information separately in this chapter of the report. In the case of mergers, we evaluate appropriate scoping on a case-by-case basis.

Performance by parties in our value chain

The primary focus in our non-financial reporting is on our own direct operations. For certain information, we extend our reporting to the performance of relevant parties in our value chain. Examples include information about fatal accidents where delivery partners of PostNL may be involved, and the CO₂ emissions and kilometres of our transport logistics partners, both in the Benelux and beyond, including truck, air and boat transport. We include all emissions for transport directly arranged by PostNL. This excludes first- and last-mile transport where PostNL is not involved in organising the logistics.

Significant estimates and judgements

PostNL strives to report the non-financial information as accurately and completely as possible. Due to inherent limitations in relation to the uncertainty of measurement equipment and/or availability of actual data, we use estimates, assumptions and judgements in our reporting. Estimates, assumptions and judgements are based on historical experience and other factors, including reasonable expectations under given circumstances.

For certain information, such as accidents, it is difficult to determine reasonable expectations. We partly depend on the reporting discipline of our people for accidents that occurred during the year. Despite all measures PostNL implemented, including an open safety culture, the inherent risk of incomplete accident reporting remains.

Significant estimates in emissions reporting

Emissions reporting provides inherent limitations to the accuracy of information. The main reason is the unavailability of data from contracted parties by PostNL about their factual transport kilometres, energy consumption and CO₂ emissions. Actual emissions monitoring is not common and therefore conversion factors published by external institutes are used. PostNL used the following significant estimates to report its emissions:

Fuel consumption and kilometres of contracted partners

For contracted partners, we calculate the fuel consumption using kilometres based on planning or actual route information from our operational systems and the average fuel consumption of our own fleet of comparable vehicles. In order to make conservative estimations, we assume all delivery partners use diesel vans in those cases where we have no insight into the vehicles used. In 2019, we started to register information of vehicles used by delivery partners to obtain better insights in the vehicle mix. For those networks where we have this mix available, we use it to estimate the fuel consumption per vehicle type. Contrary to our own fleet, we do not know the exact number of kilometres driven by delivery partners. Therefore, the calculation of these kilometres include estimations.

Kilometres transported by foot or bike and trucks

The kilometres covered by foot, bike or e-(cargo) bike consist of all kilometres made during deliveries. We use several sources to calculate the total kilometres covered. More than 90% of the kilometres are based on actual data. The remaining percentage is estimated based on available data.

The kilometres driven by our small and large trucks are based on actual data where available and processed through different systems. In situations where the actual data is not available or (automatic) processing of data leads to mismatches, we use (automatic) extrapolation of missing or implausible kilometre data based on average fuel consumption per kilometre.

Carbon emissions for international activities

For both road and air transport, PostNL calculates the tonne-kilometres carried based on the distance travelled (between the Netherlands and the hub of the destination) and the actual weight of the mail and parcels transported. For trucks, PostNL uses publicly available route planning information, and for air travel PostNL uses publicly available information (Great Circle Mapper) to calculate the great circle distance between airports. Carbon emissions are calculated based on publicly available emission factors per tonne-kilometre.

Energy consumption, CO₂, NO_x and PM₁₀ emissions

We use standard publicly available Dutch conversion factors to convert activity data from buildings and vehicles to energy consumption in Terra Joules (TJ).

To calculate CO₂ emissions of our total own operations and of outsourced operations to our delivery partners in the Benelux, we use different external sources in order to estimate the emissions as accurately as possible.

PostNL uses the tank-to-wheel (TTW) conversion factors from activity data to CO₂ emissions published by the independent Dutch initiative tied to the government "CO₂emissiefactoren.nl". The conversion factors are updated upfront and once a year. For 2023 reporting, we used the conversion factors published in 2022. This initiative manages a uniform list of factors commonly used and scientifically based for the Dutch context. The conversion factors of electricity use outside the Netherlands are not provided by CO₂emissiefactoren.nl, so PostNL uses the factors published by the International Energy Agency (IEA), an autonomous body in the framework of the OECD.

The emissions of NO_x and PM₁₀ are not directly related to the usage of combustion fuels, but depend mainly on the efficiency of the engines of vehicles. Because the actual emissions of NO_x and PM₁₀ are not measured, we use the maximum allowed emissions for the various European emission standards of vehicles we use (Euro 5 or Euro 6) in grams per kilometre. By using the maximum allowed emissions, PostNL reports the NO_x and PM₁₀ emissions conservatively.

Significant judgements

Employee engagement, brand reputation and delivery quality of mail are indicators measured on sample basis. PostNL aims to report performance data that provides a representative view of the population from which the sample is taken. To achieve this representativeness, PostNL ensures the sample sizes are statistically sufficient and include all different subpopulations to justify our assumption that the result of the measurement represents the view of the entire population for the indicators mentioned.

Note that the numbers presented in the non-financial statements and disclosures may not sum precisely to the totals provided, and percentages may not precisely reflect the absolute figures due to rounding.

Data revisions

Developments in business, reporting requirements and methodology improvements influence the way PostNL measures, calculates and reports its performance data. Whenever PostNL updates its reporting scope or reporting methods, we also revise prior years' data to keep the performance data comparable over time.

In 2023, we revised the reported data for the ISO 9001, 14001 and 45001 certificates to improve data reliability. In prior years, we extrapolated the actual coverage to 100%. In 2023, we decided to report the indicators based on actual data only, because we identified some very small entities in our extrapolation are not in scope of the ISO certification programme yet. This resulted in a slight decrease in 2023 and in previous years. We have revised the comparative figures accordingly.

PostNL Effect of data revision in comparative figures customer value

2019 - 2022

Year ended at 31 December	2019	2020	2021	2022
ISO 9001 certification (percentage of total FTE working in certified sites) before data revision	100%	100%	100%	100%
ISO 9001 certification (percentage of total FTE working in certified sites) after data revision	94%	94%	92%	97%

PostNL Effect of data revision in comparative figures social value

2019 - 2022

Year ended at 31 December	2019	2020	2021	2022
ISO 45001 certification (percentage of total FTE working in certified sites) before data revision	98%	98%	98%	97%
SO 45001 certification (percentage of total FTE working in certified sites) after data revision	94%	94%	90%	94%

PostNL Effect of data revision in comparative figures Environmental value

2019 - 2022

Year ended at 31 December	2019	2020	2021	2022
ISO 14001 certification (percentage of total FTE working in certified sites) before data revision	100%	100%	100%	100%
ISO 14001 certification (percentage of total FTE working in certified sites) after data revision	94%	94%	92%	97%

Reporting processes, systems and controls

PostNL uses formalised processes to record, validate and consolidate information in order to report non-financial performance data. PostNL integrated non-financials in the regular planning and control cycle, including budgeting, target setting and periodic performance monitoring. We collect and report non-financial performance data on selected key performance indicators on a monthly basis. Other indicators are reported biannually or annually depending on the nature of the indicators.

Similar to financial reporting, all reporting entities are responsible for their non-financial performance data and implement actions to steer on results. Although the majority of non-financial information is recorded in central PostNL systems, for several entities and indicators other systems are used. For our consolidation processes, we use an IT system covering both financial and non-financial data. For some performance indicators, such as employee engagement, the data is prepared and collected centrally. We strive to report non-financial performance data based on actuals as much as possible. We may use extrapolation of results of large entities to determine the performance of smaller entities. This reduces the administrative tasks for smaller entities. We only use this method in cases where the extrapolations are reasonably predictable. In our data coverage table we provide insights into the information reported based on extrapolation.

In order to ensure that the data reported by different entities is consistent and of high quality, PostNL developed company-wide reporting definitions for each performance indicator. In addition, we implemented formal quality controls related to the reported data in the system for both the data owners (first line) and control department (second line). This includes decentral and central analytical procedures to evaluate the accuracy and completeness of reported data, as well as seeking explanations for unexpected trends in performance. PostNL uses its controls in a company-wide financial and non-financial internal control framework.

Forward-looking information

Some statements in this Annual Report are 'forward-looking statements'. By their nature, 'forward-looking statements' involve risk and uncertainty because they relate to and depend on circumstances that occur in the future. These statements involve known and unknown risks, uncertainties and other factors that are beyond PostNL's control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. They are based on current expectations, estimates, forecasts, analyses and projections about the industries in which PostNL operates and PostNL management's beliefs and assumptions about future events.

Undue reliance cannot be placed on these 'forward-looking statements' by readers of this report. These statements only speak as of the date of this Annual Report and are neither predictions nor guarantees of future events or circumstances. PostNL does not undertake any obligation to release publicly any revisions to these statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

External assurance

In addition to the internal controls and internal audit, PostNL engaged KPMG as our independent external auditor for our non-financial statements to provide reasonable assurance on the non-financial information in this Annual Report.

The scope of KPMG's assurance includes the non-financial information included in the following sections in the Annual Report:

- 'Introduction';
- 'Business Report' (excluding 'EU taxonomy on sustainable activities', 'Financial value', 'Outlook 2024', 'Risk and opportunity management' and 'Regulatory developments');
- The 'Non-financial statements' included in the 'Performance statements'; and
- Appendix 3 'Glossary and definitions'.

Section 2: Customer value performance indicators

PostNL Customer value performance indicators as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Key performance indicators					
Net Promotor Score ¹	not reported	not reported	not reported	not reported	Average Nr. 1 position
Parcel volume growth	12%	19%	14%	(10%)	(0%)
Delivery quality Parcels in NL ²	98%	99%	98%	98%	97%
Delivery quality Mail in NL ³	94%	94%	94%	91%	89%
Other performance indicators					
Reputation score (on a 0 -100 scale)	67.1	73.9	71.6	67.1	67.0
ISO 9001 certification (percentage of total FTE working in certified sites)	94%	94%	92%	97%	96%

1 First reported in 2023

2 2019 not audited

3 Letters delivered within 24 hours

2.1 Customer experience

Our customer value key performance indicators (KPIs) are the net promoter score (NPS) and delivery quality of Parcels and Mail in the Netherlands. These KPIs, including trends and explanations, are covered fully in the business report.

Net promoter score

In 2023, we switched to using net promoter score (NPS) to measure customer experience. We adopted the competitive net promoter score (cNPS) as our primary customer loyalty metric to align with our goal of delivering distinctive experiences. Regularly tracking NPS allows us to focus on enhancing customer experience, leading to actionable insights and improvements in services. Examples include innovating parcel returns, further development of our PostNL app for customers and introducing digital tracing for letterbox packages. We measured customer experience by cNPS twice in 2023, resulting in an average number one position. Our ambition is to maintain the average number one position in relevant markets.

The rise of omnichannel communication means that today's customers interact with us through multiple channels and often switch between channels to track our services during the customer journey. For example, when receiving a parcel it is not uncommon for customers to use a combination of our website, the PostNL app, and our retail locations to interact with us or track their delivery.

This is why we are focusing on creating a unique and personalised customer experience that provides them with a uniform and consistent experience, no matter how, where or when they

interact with us. More information on customer experience developments in 2023 can be found in the 'Customer value' chapter and 'Enhance customer interaction' section.

In the comparative analysis with our primary competitors, PostNL's performance is assessed twice per year across key segments, namely E-commerce, Letters Domestic, and Letters Cross-Border. To gauge customer experience, we calculate the cNPS twice a year, segmented by target audience and provider. The yearly score is determined by aggregating the NPS scores from the two assessments across predefined relevant markets and dividing by two.

PostNL's position relative to the primary competitor is established through annual rankings in each target audience. The cumulative rankings for the relevant markets are then averaged to determine an overall standing. This comprehensive evaluation provides valuable insights into PostNL's competitive positioning across diverse market segments.

Until 2022, we used customer satisfaction as a metric for the performance of customer experience. As we implemented the NPS metric from 2022, results of our prior method are not comparable with the results of the NPS score.

2.2 Parcel volume growth

Parcel volume growth

We calculate this indicator through the relative volume growth compared to the previous year. More information can be found in the 'Financial value' chapter and the 'Customer value' chapter.

2.3 Delivery quality

At PostNL, the quality of our services is a key driver for our success. In order to grow, we need to have the basics right. This is why we focus strongly on the operational performance of our core processes and services. We measure and monitor a wide variety of performance metrics against targets set in order to identify and follow up on improvement areas. At group level, we defined two key performance indicators, the delivery quality of parcels in the Netherlands and the delivery quality of next-day mail in the Netherlands .

Parcels in the Netherlands

The delivery quality of parcels in the Netherlands that we use as a key performance indicator covers the processes from sorting to delivery for our core parcels network. 2020 was the first year we set targets at senior management level and reported on performance externally. Consequently, the performance covering the year 2019 are disclosed for comparability only, and has not been audited. The performance is normalised for regular weeks, and therefore excludes peak weeks, for example, Easter and the year-end festive season. Around 75% of weeks are included in the definition of this key performance indicator. Unless other specific arrangements are made with customers or for product types, PostNL applies a time frame of one working day to determine whether a parcel is delivered on time.

More information about the trend in our performance can be found in the 'Customer value' and 'Financial value' chapter.

Mail in the Netherlands

This indicator shows the performance in relation to the target set for next-day delivery in relation to the USO for mail in the Netherlands. The score for the current year is a preliminary result as the final result will be reported to ACM in May 2024. This preliminary result does not take potential corrections for *force majeure* events into account. More information on the trend in our performance is provided in the 'Customer value' and 'Financial value' chapter.

2.4 Reputation score

Reputation score

In addition to NPS, we also monitor our corporate reputation. The independent Reputation Institute calculates the RepTrak pulse score for our Dutch operations, based on a representative sample of respondents from Dutch society. The score is determined based on opinions of different stakeholders, including customers and employees. Our reputation score in 2023 was stable at 67.0 (2022: 67.1). The score remained stronger than competitors in the sector, and we showed the most significant improvement in 'work environment'.

To further improve our reputation score, our focus remains on those areas in which we can make the most impact, including providing accessible, reliable and affordable postal services, customer experience and digital solutions, human rights and labour practices, and societal presence and responsibility.

Section 3: Social value performance indicators

Our social value KPIs are employee engagement and absenteeism. Further details can be found in the 'Social value' chapter within the business report.

3.1 Employee engagement

PostNL Employee engagement Share of engaged employees

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Average score	not comparable	not comparable	not comparable	78%	68%

In 2022, we updated our employee engagement scoring method, by simplifying the questions surveyed and the calculations of the answers, helping us enhance the evaluation of the survey outcomes. This means the results of our prior method are not comparable with the results of the new scoring system. We measure employee engagement through this survey for our own employees.

In 2023, the average score was 68% (2022: 78%). The May survey score (72%) was higher than the survey carried out in October (64%). The average response rate was 46%, which is deemed representative. We use the insights gained from the qualitative feedback of employees to make improvements. More information on the scores can be found in the 'Social value' chapter.

PostNL Collaboration barometer in percentages

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
NL					
Percentage of (highly) satisfied delivery partners	not reported	69%	69%	63%	65%
Percentage of (highly) satisfied deliverers	not reported	72%	73%	73%	71%
BE					
Percentage of (highly) satisfied delivery partners	not reported	69%	71%	67%	69%
Percentage of (highly) satisfied deliverers	not reported	74%	69%	69%	81%

For deliverers working for delivery partners we measure satisfaction annually through a collaboration barometer. In the Netherlands, 44% (2022: 46%) of our delivery partners and 36% (2022: 32%) of their deliverers took part in our survey in 2023. In Belgium, 34% (2022: 39%) of our delivery partners participated in the survey in 2023, as did 63% (2022: 72%) of their deliverers. More information can be found in the 'Social value' chapter.

3.2 Health and safety

PostNL Health and safety as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Absenteeism (share of total working days)	5.4%	5.9%	6.0%	7.4%	7.7%
Fatal accidents	3	1	2	3	0
Recordable accidents (per 100 FTE)	4.2	4.0	4.7	3.8	5.2
ISO 45001 certification (percentage of total FTE working in certified sites)	94%	94%	90%	94%	94%

In 2023, we increased our efforts and initiatives on health and safety. We are extremely thankful that no fatal accidents occurred during 2023.

The recordable accident rate increased in 2023 to 5.2 (2022: 3.8). In 2022, we faced a relatively low recordable accident rate compared to prior years, mainly due to better weather conditions. In 2022, we broadened the definition of recordable accidents, which lowered the threshold to report accidents. This contributed to an increase in absolute and relative number of recordable accidents compared to prior years. Additionally, we focused on creating awareness, which has led to more disciplined accident reporting.

Absenteeism increased to 7.7% in 2023 (2022: 7.4%) and remained high. Our ISO45001 certification remained stable in 2023. More information about health and safety performance can be found in the 'Social value' chapter.

3.3 Employment

PostNL Workforce number of employees

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Headcount at year end (scope of non-financial reporting)	35,721	40,541	37,365	35,647	33,488
Fulltime equivalents year average (scope of non-financial reporting)	20,528	22,304	21,964	21,715	20,851

The total workforce of PostNL decreased by 6% in 2023, while the number of FTEs decreased by 4%. The decrease of our workforce relates to volume decline and cost saving initiatives at Mail in the Netherlands. The main challenge in 2023 was to attract suitable people in an extremely tight labour market, particularly for delivery at Mail in the Netherlands to fill structural vacancies.

Across our main networks, specific collective labour agreements (CLA) are in place for all employees. Other (smaller) entities may have different arrangements on collective labour. Based on the full coverage of all employees within our largest networks, over 95% of all PostNL employees are covered by CLAs.

The data used to compile the employment overviews are extracted from our human resources (HR) systems. Headcount by gender is reported based on actual figures for all reporting entities. New hires and turnover is based on the figures for the entities included in our main HR system. This includes over 95% of our headcount. The other 5% is extrapolated for the other, smaller entities.

Because PostNL's workforce is mainly based in the Netherlands, a break down by region as suggested by GRI would not provide additional insights compared to the total workforce and is not included in our reporting. For the breakdown by network we refer to the 'Financial Statements' chapter.

Non-financial statements

PostNL Workforce by gender number of employees

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Male	19,299	18,432	20,625	19,433	18,834
Female	18,486	17,289	19,916	17,932	16,813
Headcount at start of the year	37,785	35,721	40,541	37,365	35,647
Male	5,359	7,773	5,479	4,512	4,855
Female	4,154	7,667	4,509	3,354	2,807
New hires	9,513	15,440	9,988	7,866	7,662
Male	6,226	5,580	6,671	5,111	5,512
Female	5,351	5,040	6,493	4,473	4,309
Turnover	11,577	10,620	13,164	9,584	9,821
Male	18,432	20,625	19,433	18,834	18,177
Female	17,289	19,916	17,932	16,813	15,311
Headcount at 31 December	35,721	40,541	37,365	35,647	33,488

PostNL Workforce by other dimensions number of employees

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Number of males with a temporary contract	not reported	not reported	not reported	2,761	2,239
Number of females with a temporary contract	not reported	not reported	not reported	2,365	1,507
Total number of employees with a temporary contract	not reported	not reported	not reported	5,126	3,746
Number of males with a permanent contract	not reported	not reported	not reported	16,073	15,938
Number of females with a permanent contract	not reported	not reported	not reported	14,448	13,804
Total number of employees with a permanent contract	not reported	not reported	not reported	30,521	29,742
Number of full-time working males	not reported	not reported	not reported	7,080	6,806
Number of full-time working females	not reported	not reported	not reported	1,636	1,630
Total number of employees with a full-time contract	not reported	not reported	not reported	8,716	8,436
Number of part-time working males	not reported	not reported	not reported	11,754	11,371
Number of part-time working females	not reported	not reported	not reported	15,177	13,681
Total number of employees with a part-time contract	not reported	not reported	not reported	26,931	25,052

PostNL New hires number / percentage of employees

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
< 30 years	4,551	6,055	4,587	3,721	3,967
30 - 50 years	2,842	4,439	3,232	2,464	2,296
> 50 years	2,120	4,946	2,169	1,681	1,399
Total by age group	9,513	15,440	9,988	7,866	7,662
Male (share of total headcount)	28%	42%	27%	23%	26%
Female (share of total headcount)	22%	44%	23%	19%	17%
Total (share of total headcount)	25%	43%	25%	21%	21%

More information about developments in our workforce and examples of improvement initiatives can be found in the 'Social value, section Workforce optimisation and capacity building' chapter.

PostNL Turnover number / percentage of employees

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
< 30 years	4,696	4,170	5,225	3,683	3,646
30 - 50 years	3,417	2,807	3,528	2,745	2,738
> 50 years	3,464	3,643	4,411	3,156	3,437
Total by age group	11,577	10,620	13,164	9,584	9,821
Male (share of total headcount)	32%	30%	32%	26%	29%
Female (share of total headcount)	29%	29%	33%	25%	26%
Total (share of total headcount)	31%	30%	32%	26%	28%
Total voluntary turnover	18%	17%	19%	17%	16%

Despite our efforts to retain employees, such as offering a permanent contract to parcel deliverers, mail deliverers and temporary workers, we saw an increase in the turnover rate in 2023 (28%) compared to 2022 (26%).

Due to the operational nature of many of the jobs across PostNL, we employ a relatively high percentage of part-time and seasonal employees, which means our turnover rate is high compared to other sectors.

More information on this topic can be found in the 'Social value' chapter.

3.4 Diversity and inclusion**PostNL Diversity and inclusion** in percentages

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Share of females in operational management positions	not reported	21%	23%	25%	28%
Share of females in middle managements positions	not reported	32%	33%	35%	34%
Share of females in senior management positions	27%	28%	29%	31%	33%
Share of total females in management positions	27%	28%	30%	32%	32%
Share of females in total headcount	48%	49%	48%	47%	46%

The share of female employees at year end decreased slightly to 46% (2022: 47%). The total share of females in management positions remained stable during 2023. The share of females in operational and senior management positions increased, a trend that has been ongoing for a number of years. This is a result of our continuous focus on diversity and inclusion in our recruitment and development activities. More information on diversity and inclusion can be found in the 'Social value' chapter.

3.5 Recruitment and career development**PostNL Recruitment and career development** as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Training hours per FTE	26	21	21	17	21
Average training costs per FTE (in €)	not reported	740	781	714	711

During 2023 we saw an increase in the number of training hours per FTE, from 17 hours in 2022 to 21 hours in 2023. This is in line with the trend we have seen in recent years. The increase from 2022 was a result of a mix of different factors, including adding the training hours of employees in Belgium to the reporting scope, more mandatory training for head office staff, and standard training for new personnel related to developments in new hires.

The average cost per FTE (€ 711) remained almost the same as in 2022 (€ 714), and indicates that PostNL was able to provide training to its employees more cost efficiently than in 2022.

Section 4: Environmental value performance indicators

Our environmental value KPIs are CO₂ efficiency and share of emission-free delivery. These are covered in more detail in the 'Environmental value' chapter.

4.1 CO₂ efficiency and emission-free delivery

As a postal and logistic solutions provider, it is clear we have an impact on the environment, and that our operations emit carbon as well as other emissions. In the 'Environmental value' chapter, we explain our strategy to reduce our environmental impact, the development in our performance and our short- and long-term targets. In our risk management process we evaluate physical, regulatory and reputational climate change-related risks. We identified that our main risks relate to not meeting our long-term reduction targets. No significant physical and regulatory climate change-related risks were identified during 2023.

PostNL CO₂ efficiency as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
CO ₂ efficiency (scope 1 and 2 emissions in grams CO ₂ per km)	245	249	203	152	136
Emission-free last-mile delivery	19%	20%	20%	22%	24%

Since 2019 we have been steering on two KPIs to monitor our progress in reducing environmental impact, CO₂ efficiency of our own operations and emission-free delivery of parcels and mail in the Benelux, by ourselves and our delivery partners (scope 3).

Making progress on these two metrics cover the main elements of our business to achieve our long-term formal absolute and relative CO₂ targets until 2030, which are validated as being in line with the Paris Agreement on the climate by the Science based Target Initiative (SBTi). We have set these targets to reduce our environmental footprint and drive sustainable growth of the business.

CO₂ efficiency

We measure our CO₂ efficiency as the total CO₂ emissions from our own operations, both fleet and buildings, expressed per kilometre transported. The total transported kilometres include the kilometres of all our networks, both motorised and unmotorised (foot and bike). We monitor the progress on our targets through a comparison with the annual target setting and steer actively on our progress. The CO₂ efficiency was 136 grammes per kilometre in 2023, which was ahead of our target for the year (143 grammes per kilometre).

Emission-free delivery

In 2018, we introduced a target to deliver 100% of our mail and parcels emission-free in the last-mile in the Benelux by 2030, which we report as the share of emission-free kilometres compared to the total kilometres transported. This includes kilometres from our own operations and of our delivery partners and includes the collection of mail and parcels with small trucks and vans and other light vehicles. The share of emission-free last-mile delivery of mail and parcels was 24% in 2023 (2022: 22%).

More information about our CO₂ efficiency and emission-free delivery can be found in the 'Environmental value' chapter.

4.2 Carbon footprint

PostNL Carbon footprint in kilotonnes CO₂

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Natural gas and heating fuel	5	(0)	0	0	0
Fuel for large trucks	25	30	24	18	16
Fuel for small trucks and vans	10	11	10	7	6
Fuel for motorcycles	1	1	0	0	0
Total gross scope 1 emissions	41	41	34	26	22
Compensated emissions	(5)	0	(0)	(26)	(22)
Total net scope 1 emissions	37	41	34	0	0
Electricity consumed	0	0	0	0	0
District heating	0	0	0	0	0
Total gross scope 2 emissions	0	0	0	0	0
Total net scope 2 emissions	0	0	0	0	0
Company cars	4	3	2	2	2
Business travel by air	0	0	0	0	0
Employee commuting	21	21	23	19	16
Outsourced transport by road	113	129	141	125	116
Outsourced transport by air	35	34	30	29	24
Total gross scope 3 emissions	174	187	196	175	159
Compensated emissions	(25)	(23)	(25)	(175)	(159)
Total net scope 3 emissions	149	164	171	0	0
Total gross emissions	215	228	231	201	181
Total net emissions	185	205	205	0	0

Scope 1

Our gross scope 1 emissions in 2023 were 4 kilotonnes lower than in 2022, a drop of 15%, which we achieved by decreasing emissions from all our transport activities. Since 2020, we have sourced the natural gas we use sustainably by using the market-based instrument of purchasing Guarantees of Origin in relation to green gas. Underlying data shows that our nominal gas usage decreased significantly in 2023 for multiple (business) reasons, as detailed in the 'Energy efficiency of buildings' section of this chapter.

A mix of different factors contributed to our scope 1 reduction in 2023 compared to last year. Key examples include less kilometres driven, using more HVO100 compared to traditional diesel, and an increase in the amount of kilometres driven by electric small trucks.

Scope 2

We managed to maintain our gross scope 2 emissions at 0 kilotonnes in 2023 (2022: 0) We stimulate the use of sustainable electricity in our buildings and use the market-based instrument of purchasing Guarantees of Origin to ensure our electricity consumption is based on renewable energy. In addition to electricity, PostNL operates a small number of large buildings that use district heating from a local heating grid. The total emissions related to district heating are less than 0.5 kt CO₂ and are therefore rounded to 0 for this Annual Report. This resulted in gross scope 2 emissions of 0 (rounded). Our nominal electricity consumption slightly increased in 2023 to 67 million kWh (2022: 65 million kWh). As part of our ongoing transition to an electric vehicle fleet, in 2023 we expanded our charging infrastructure. The increase in kilometres driven by electric vehicles results in higher electricity consumption through our own fleet. This increase is offset by slightly lower electricity consumption from our buildings.

PostNL uses the market-based method for the formal reporting of our scope 2 greenhouse gas emissions. In accordance with the GHG protocol, we also calculated our location-based scope 2 emissions, which amounted to 22 kt CO₂ in 2023 (2022: 26 kt). The decrease is explained by more electricity generated from our solar panels. More detailed information can be found in the 'Energy efficiency of building' section of the 'Environmental value' chapter.

Scope 3

Our gross scope 3 emissions decreased by 9% compared to 2022, equal to 16 Kt CO₂. The majority of these emissions were related to outsourced transport activities by road and air, both in the Benelux and beyond, as well as employee commuting.

The emissions from employee commuting were 3 kt CO₂ lower than reported over 2022. The primary factor contributing to the decrease is the revised calculation method implemented in 2023. In addition, the reduction in headcount contributes to less employee commuting and consequently lower emissions.

Outsourced transport

The total emissions from outsourced transport decreased by 14 kilotonnes to 140 kt in 2023 (2022: 154 kt). Several factors contributed to the decrease of around 9% in 2023. Examples include less kilometres as result of volume developments and network efficiency especially for our large truck transport and time bound network, as well as several data quality improvements and growing sustainability measures at delivery partners for renewable fuels and electrification of vehicle fleet.

CO₂ compensation

For the reporting years 2022 and 2023, PostNL had a policy in place to compensate all its gross CO₂ emissions in scope of its Annual Report and validated Science Based Targets by the SBTi (current targets were validated in 2019) through CO₂ offset credits. Before 2022, PostNL used carbon offsets for a selection of CO₂ categories for which actual reduction measures were not, at the time, deemed feasible.

For 2023, we used CO₂ offset credits from certified projects by the Verified Carbon Standard (VCS) and Gold Standard, which is operated by the not-for-profit organisation Verra, to offset all our carbon emissions from scope 1, 2 and 3, resulting in net GHG emissions after compensation of 0 kilotonnes (2022: 0 kilotonnes). PostNL wants to make meaningful contributions to carbon reduction and has been applying high quality standards for carbon compensation. This includes criteria for vintage, credibility of types of projects and standards applied.

After a due internal review process during in 2023, PostNL decided to change its policy and stop using carbon offsets to compensate for all its reported emissions from 1 January 2024. Instead, we want to invest in more effective carbon reduction initiatives related to our operations and direct value chain.

Preparing for further developments in GHG reporting

In recent years, the focus of regulatory institutes and NGOs has increasingly turned to scope 3 outsourced CO₂ emissions. The Science Based Target initiative (SBTi) is an NGO which develops a framework to set targets adhering to the maximum 1.5°C global warming goal set by the Paris Agreement. PostNL has had an approved SBT target in place since 2019, but which is up for renewal. The SBTi has updated its requirements for target setting which includes calculation of CO₂ emissions on the Well-to-Wheel (WTW) basis for new target submissions. So far, PostNL has reported and steered on its direct CO₂ emissions on Tank-to-Wheel basis (TTW). The difference between the two methods is called Well-to-Tank (WTT) emissions, which contains the indirect CO₂ emissions from the production and transport of fuels and are considered scope 3 emissions for PostNL. We therefore decided to start steering and formally report based on Well-to-Wheel emissions as of 2024.

Until 2023, strategic decisions and actions have been made based on the TTW emissions. Consequently, our formal reporting and performance evaluation have been based on this scope until 2023. In preparation of reporting on the CSRD, which requires reporting of scope 3 emissions for additional categories, and to align with the updated SBTi target requirements, we have chosen to be transparent about the calculated WTT and WTW emissions. The table below provides an overview of the gross emissions which form the basis for our steering and reporting of absolute emissions as of 2024.

PostNL GHG emissions (Well-to-Wheel) in kilotonnes CO₂

2019-2023

Year ended at 31 December	2019	2020	2021	2022	2023
Total gross emissions TTW	215	228	231	201	181
Total gross emissions WTT	48	53	54	60	54
Total gross emissions WTW	264	281	285	261	235

For the calculation of the WTT and thus WTW emissions, the appropriated quantities of the different fuels used are multiplied with CO₂ conversion factors from the same independent external source as the TTW emission factors PostNL has been using for several years.

4.3 Energy consumption

PostNL Energy consumption in terajoules

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Energy consumption buildings	357	374	350	326	315
Energy consumption fleet	576	658	680	677	643
Total energy consumption	932	1,032	1,030	1,004	958

Energy consumption

We saw a 46TJ decrease in the total energy consumption in 2023 compared to 2022. The reduction in energy consumption results from several energy-saving initiatives. Additionally, business developments have contributed to this positive trend. See the paragraphs energy efficiency of buildings and energy efficiency of fleet for more details.

The figures above cover the energy consumption of our own operations. Due to the lack of reliable activity data from PostNL's partners in the value chain, we are currently unable to report the energy consumption of our outsourced activities.

4.4 Energy efficiency of buildings

PostNL Buildings as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Energy consumption from natural gas (in TJ)	73	84	93	66	47
Energy consumption from heating oil (in TJ)	3	2	1	1	1
Energy consumption from electricity (in TJ)	277	285	251	253	261
Energy consumption from district heating (in TJ)	5	4	5	6	6
Total energy consumption from buildings (in TJ)	357	374	350	326	315
Share of solar energy from total energy consumption in buildings	6%	7%	7%	11%	10%
Energy efficiency (in TJ /1,000 m₂)	0.47	0.47	0.40	0.38	0.35

At our mail sorting centres in the Netherlands, we have implemented electric hybrid heating and cooling systems, replacing the installations powered by gas, resulting in a reduction in gas consumption and increase in electricity consumption. The electricity consumption has been further optimised in line with volume developments. The share of renewable electricity remained stable in 2023. Our energy consumption per square meter decreased by 8% compared to 2022.

4.5 Energy efficiency of fleet

PostNL Fleet as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Energy consumption from large trucks (in TJ)	340	419	448	461	438
Energy consumption from small trucks and vans (in TJ)	226	231	227	214	204
Energy consumption from scooters and e-bikes (in TJ)	9	8	5	1	1
Total energy consumption from fleet (in TJ)	576	658	680	677	643
Energy efficiency (in MJ / km)	5.6	5.8	5.8	5.8	5.6

The energy efficiency of our total fleet decreased slightly compared to 2022, due to the ongoing electrification of our fleet and fewer kilometres driven. We expect this trend to continue as we further invest in the electrification of our fleet. The improved route optimisation increased load factors, slightly elevating fuel consumption despite the shift to more energy-efficient vehicles. Energy consumption from scooters and e-bikes remained 1 TJ (rounded).

4.6 Air quality

Developments in air quality are directly related to the type of vehicles we use. This is why the explanation of trends in the 'Air pollution from own fleet' table is combined with the explanation in the 'Compliance with Euro emission norms' table. The emission calculations are based on general factors of maximum allowed emissions per type of Euro norm and are not specified further. As we do not have further information on underlying drivers to steer on, we do not set targets for these metrics.

PostNL Compliance with Euro emission norms share per euro norm

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
Large trucks					
Vehicles complying with Euro Z	0%	0%	0%	2%	1%
Vehicles complying with Euro 6	69%	81%	86%	84%	98%
Vehicles complying with Euro 5	31%	19%	14%	14%	1%
Small trucks and vans					
Vehicles complying with Euro Z	0%	0%	0%	13%	37%
Vehicles complying with Euro 6	81%	85%	97%	87%	63%
Vehicles complying with Euro 5	19%	15%	3%	0%	0%
Total					
Vehicles complying with Euro Z	0%	0%	0%	11%	32%
Vehicles complying with Euro 6	80%	84%	95%	86%	68%
Vehicles complying with Euro 5	20%	16%	5%	2%	0%

The scale-up of our electric fleet will help us reduce our absolute air polluting emissions, which is one of the elements covered in our initiatives to drive a sustainable future. As we make progress on becoming emission-free in our parcel and mail delivery by 2030 in the Benelux, we will also significantly reduce our air polluting emissions, particularly from our small truck fleet and the fleet of our delivery partners. Scaling up our transition to increase the share of electric vehicles in our fleet requires a combination of sufficient availability of suitable vehicles in the market, and adjusting both infrastructure and logistics in the years to come.

PostNL Air pollution from own fleet as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
NO_x emissions (in kg)					
Large trucks	30,165	34,294	32,284	31,399	25,757
Small trucks and vans	9,117	8,908	7,682	6,876	5,083
Total NO_x emissions	39,282	43,202	39,966	38,275	30,839
NO_x efficiency (g/km)					
Large trucks	0.83	0.76	0.63	0.59	0.49
Small trucks and vans	0.16	0.15	0.14	0.13	0.10
Total NO_x efficiency	0.42	0.42	0.37	0.36	0.29
PM₁₀ emissions (in kg)					
Large trucks	443	529	562	567	526
Small trucks and vans	291	296	277	273	205
Total PM₁₀ emissions	734	825	839	840	731
PM₁₀ efficiency (g/km)					
Large trucks	0.01	0.01	0.01	0.01	0.01
Small trucks and vans	0.01	0.01	0.01	0.01	0.00
Total PM₁₀ efficiency	0.01	0.01	0.01	0.01	0.01

Compared to 2022, we increased the share of electric trucks in our own fleet by 21%. To date, we almost entirely phased out vehicles with an Euro norm classification below Euro 6. The transition towards an electric fleet, will help further reducing our air polluting emissions. Previously we reported the tailpipe emissions based on Euronorm 4, 5 and 6, excluding our electric vehicles. But as this becomes a more significant part of our fleet, and the kilometres driven, we added the Euro Z norm (zero emission). We have revised the calculated emissions for 2022, including the zero emission vehicles.

The decrease in NO_x emissions and PM₁₀ emissions reflect the improvement in efficiency due to more kilometres driven with Euro 6 and Euro Z small and large trucks. A mix of more efficient vehicles and fewer kilometres driven resulted in a decrease in total relative NO_x emissions in grammes per kilometre by 0.07, as well as a decrease in relative PM₁₀ emissions.

The scope of our NO_x and PM₁₀ emissions we report on includes the fleet of our own operations. Due to the lack of data, we are not yet able to report on the air pollution metrics for outsourced transport. In addition, we are currently only able to report the emissions from the internal

combustion engine. Due to the lack of generally accepted reporting standards and methods, we do not report the emissions for braking and tire wear.

4.7 Environmental management system

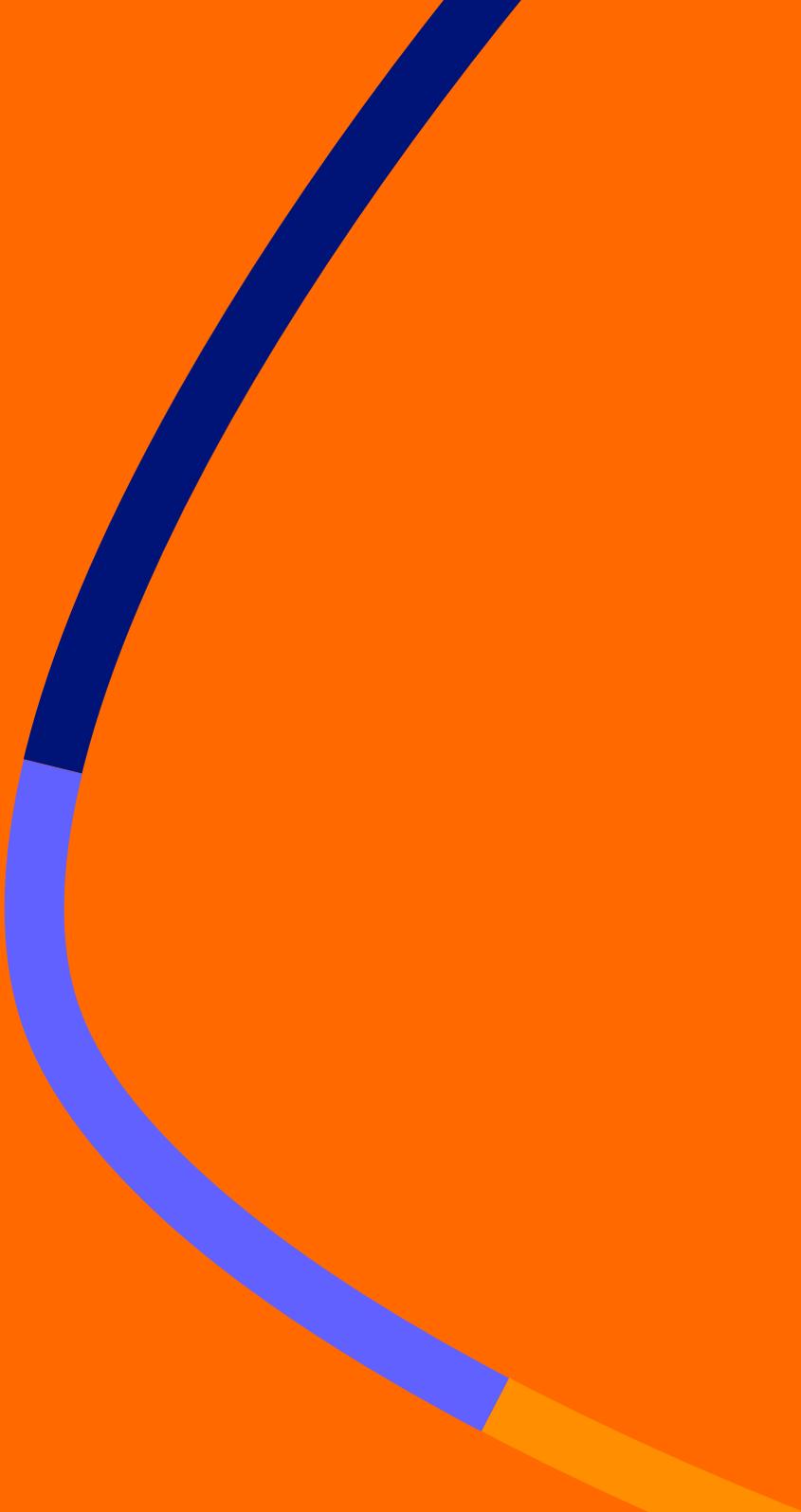
PostNL Environmental management system

 as indicated

2019 - 2023

Year ended at 31 December	2019	2020	2021	2022	2023
ISO 14001 certification (percentage of total FTE working in certified sites)	94%	94%	92%	97%	96%

Our environmental management systems help us to continuously improve our environmental performance and management across the company. As in previous years, almost all PostNL employees worked in ISO14001-certified locations. To the best of our knowledge, we had no environmental violations and therefore did not incur any fines in 2023, which was the same in prior years. This underscores the effectiveness of our environmental management system.



21 EU Taxonomy Statements

Basis of reporting

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Section 1: Basis of reporting

This chapter contains an elaboration of the assessment on the classification of eligible and aligned activities in accordance with the EU Taxonomy, following the summary provided in the chapter Environmental value, section EU Taxonomy on sustainable activities. As the legislation is continuously in development, the assessment on eligibility and alignment is an iterative process. The setup of our assessments so far is to provide a foundation for the EU Taxonomy implementation and reporting for the coming years.

The EU Taxonomy prescribes quantitative and qualitative reporting on predefined key performance indicators (KPIs). In this section we present the share of PostNL's consolidated total operating revenue, capital expenditure (capex) and operating expenses (opex) for the reporting period 2023. The disclosures are associated with Taxonomy-eligible economic activities related to the environmental objectives in accordance with the Regulation (EU) 2020/852 as supplemented with Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2021/2178 (EU Taxonomy), Delegated Regulation (EU) 2023/2486 of 27 June 2023 (Environmental Delegated Act) and the Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending the Climate Delegated Act.

Basis of preparation

Our approach to report in accordance with the relevant EU Taxonomy regulation includes the following key steps:

- Evaluation of PostNL's activities in relation to the EU Taxonomy classification of economic activities;
- Evaluation of technical specifications of activities and related assets in relation to substantial contribution and Do Not Significantly Harm (DNSM) criteria;
- Evaluation of Minimum Safeguards (MS) criteria based on existing policies and business practices;
- Calculation and reporting of the KPI.

The alignment with relevant financial statement line items is the starting point of our Taxonomy allocation methodology. The reported figures have been determined based on the allocation of activities to the Taxonomy, derived bottom-up for all PostNL reporting units. The figures are based on the actual amounts represented in the general ledger accounts as included in PostNL's consolidated financial statements. In addition, the split between transport by road and air in our international business is based on expected transport used between countries for our trade lanes.

To avoid double-counting, we eliminated inter-company transactions, which are separately specified in our general ledger accounts and consolidated financial statements. We did not identify any other risk of overlapping activities that could lead to double-counting for our 2023 reporting.

Significant estimates and judgements

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

For CCM 6.4 (Operation of personal mobility devices, cycle logistics), the calculation of the share of aligned activities, PostNL allocated the proportion of turnover based on the kilometres driven by the Taxonomy-aligned activities relative to the total kilometres driven by vehicles attributed to this economic activity.

For CCM 6.5 (Transport by motorbikes, passenger cars and light commercial vehicles), for the calculation of the share of aligned activities, PostNL allocated the proportion of turnover based on the kilometres driven by the Taxonomy-aligned activities relative to the total kilometres driven by vehicles attributed to this economic activity.

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

EU Taxonomy activities and key interpretation elements

PostNL has identified the following EU Taxonomy economic activities applicable for its 2023 reporting.

CCM 6.4 Operation of personal mobility devices, cycle logistics

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

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

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

CCM 6.6 Freight transport services by road

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

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

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

CCM 7.7 Acquisition and ownership of buildings

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

Section 2: EU Taxonomy Tables

In the following tables the amounts which are in scope and the percentage of eligibility and alignment are represented per KPI for the EU taxonomy activities PostNL has recognised:

PostNL Turnover taxonomy aligned activities

2022 - 2023, as indicated

Economic activities	Codes	Absolute turnover (in € million)	Proportion of turnover 2023	Substantial contribution ¹						Do not significantly harm						Proportion of Minimum turnover safeguards 2022	Category enabling activity	Category transitional activity
				CCM	CCA	WTR	PPC	CE	BIO	CCM	CCA	WTR	PPC	CE	BIO			
A. TAXONOMY ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Transport by personal mobility devices	CCM 6.4	246	8%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	7%	
Transport by light commercial vehicles	CCM 6.5	103	3%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	3%	
Freight transport	CCM 6.6	0	0%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	0%	
Sorting activities	CCM 6.15	607	19%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	21%	E
Real estate activities	CCM 7.7	0	0%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	0%	
Turnover (Taxonomy-aligned) (A.1)		957	30%	100%	0%	0%	0%	0%	0%								31%	
Of which enabling		607	19%															E
Of which transitional		0	0															
A.2. Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Transport by personal mobility devices	CCM 6.4	0	0%	Y	N	N	N	N	N								0%	
Transport by light commercial vehicles	CCM 6.5	1,050	33%	Y	N	N	N	N	N								32%	
Freight transport	CCM 6.6	793	25%	Y	N	N	N	N	N								24%	
Sorting activities	CCM 6.15	0	0%	Y	N	N	N	N	N								0%	
Real estate activities	CCM 7.7	1	0%	Y	N	N	N	N	N								0%	
Turnover (not Taxonomy-aligned activities) (A.2)		1,844	58%	100%	0%	0%	0%	0%	0%								56%	
Total turnover of Taxonomy-Eligible activities (A.1 + A.2)		2,800	88%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities		365	12%															
TOTAL (A + B)		3,165	100%															

¹ For formatting purposes we used the following abbreviations of the environmental objectives: Climate Change Mitigations (CCM), Climate Change Adaptation (CCA), Water and Marine Resources (WTR); Pollution Prevention and Control (PPC), Circular Economy (CE), Biodiversity and Ecosystems (BIO)

PostNL Capex taxonomy aligned activities

2022 - 2023, as indicated

Economic activities	Codes	Absolute CapEx (in € million)	Proportion of CapEx 2023	Substantial contribution ¹						Do not significantly harm						Proportion Minimum of CapEx safeguards 2022	Category enabling activity	Category transitional activity
				CCM	CCA	WTR	PPC	CE	BIO	CCM	CCA	WTR	PPC	CE	BIO			
A. TAXONOMY ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Transport by personal mobility devices	CCM 6.4	2	1%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	1%	
Transport by light commercial vehicles	CCM 6.5	0	0%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	1%	
Freight transport	CCM 6.6	0	0%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	0%	
Sorting activities	CCM 6.15	95	43%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	47%	E
CapEx (Taxonomy-aligned) (A.1)		97	44%	100%	0%	0%	0%	0%	0%								49%	
Of which enabling		95	43%															E
Of which transitional		0	0															
A.2. Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Transport by personal mobility devices	CCM 6.4	0	0%	Y	N	N	N	N	N								0%	
Transport by light commercial vehicles	CCM 6.5	40	18%	Y	N	N	N	N	N								11%	
Freight transport	CCM 6.6	5	2%	Y	N	N	N	N	N								1%	
Sorting activities	CCM 6.15	0	0%	Y	N	N	N	N	N								0%	
CapEx (not Taxonomy-aligned activities) (A.2)		45	21%	100%	0%	0%	0%	0%	0%								13%	
Total CapEx of Taxonomy-Eligible activities (A.1 + A.2)		141	65%															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non-eligible activities		77	35%															
TOTAL (A + B)		218	100%															

¹ For formatting purposes we used the following abbreviations of the environmental objectives: Climate Change Mitigations (CCM), Climate Change Adaption (CCA),

Water and Marine Resources (WTR); Pollution Prevention and Control (PPC), Circular Economy (CE), Biodiversity and Ecosystems (BIO)

PostNL Opex taxonomy aligned activities

2022 - 2023, as indicated

Economic activities	Codes	Absolute OpEx (in € million)	Proportion of OpEx 2023	Substantial contribution ¹						Do not significantly harm						Minimum safeguards	Proportion of OpEx 2022	Category enabling activity	Category transitional activity
				CCM	CCA	WTR	PPC	CE	BIO	CCM	CCA	WTR	PPC	CE	BIO				
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx (Taxonomy-aligned) (A.1)		0	0%																
Of which enabling		0	0%																
Of which transitional		0	0%																
A.2. Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx (not Taxonomy-aligned activities) (A.2)		0	0%																
Total OpEx of Taxonomy-Eligible activities (A.1 + A.2)		0	0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0																	
TOTAL (A + B)		59																	

¹ For formatting purposes we used the following abbreviations of the environmental objectives: Climate Change Mitigations (CCM), Climate Change Adaptation (CCA), Water and Marine Resources (WTR); Pollution Prevention and Control (PPC), Circular Economy (CE), Biodiversity and Ecosystems (BIO)



22 Other information

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Section 1: Appropriation of profit

Extract from the articles of association on appropriation of profit

Under PostNL's articles of association, the dividend specified in article 31, paragraph 1 will first be paid on the preference shares B if outstanding. Subject to the approval of PostNL's Supervisory Board, the Board of Management will determine thereafter which part of the profit remaining after payment of dividend on any preference shares B will be appropriated to the reserves (article 31, paragraph 2). The remaining profit after the appropriation to reserves shall be at the disposal of the General Meeting of Shareholders (article 31, paragraph 3). No dividend shall be paid on shares held by PostNL in its own capital (article 31, paragraph 6). Preference shares B were not issued in 2023.

Section 2: Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of PostNL N.V.

Report on the audit of the financial statements 2023 included in the Annual Report

Our opinion

In our opinion:

- the accompanying consolidated primary statements give a true and fair view of the financial position of PostNL N.V. (hereafter: PostNL or the Company) as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying corporate financial statements give a true and fair view of the financial position of PostNL as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of PostNL based in The Hague, the Netherlands. The financial statements include the consolidated primary statements and the corporate financial statements.

The consolidated primary statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following consolidated statements for 2023: profit or loss, comprehensive income, changes in equity and cash flows; and
- the notes comprising a summary of the material accounting policy information and other explanatory information.

The corporate financial statements comprise:

- the corporate statement of financial position as 31 December 2023;
- the corporate statement of profit and loss for 2023; and
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of PostNL in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality

- €16 million (2022: €15 million)
- 0.5% of revenue

Group audit

- Audit coverage of 86% of revenue and 91% of total assets

Risk of material misstatements related to Fraud, Noclar, Going concern and Climate related risks

- Fraud risks: presumed fraud risk of management override of controls and presumed fraud risk on revenue recognition terminal dues identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
- Non-compliance with laws and regulations (Noclar) risks: reportable risk of material misstatements related to non-compliance identified for delivery partners in Belgium and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
- Going concern risks: no going concern risk identified. Refer to the section 'Audit response to going concern'
- Climate related risks: no material impact of climate related risks on the current financial statements under the requirements of IFRS identified and described our approach and observations in the section 'Audit response to climate-related risks'.

Key audit matters

- Revenue related accruals (terminal dues)
- Change accounting framework corporate financial statements

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at €16 million (2022: €15 million). The materiality for the financial statements is determined with reference to revenues (0.5%). We consider revenues as the most appropriate benchmark because it is the most appropriate earnings-based measure which is also relative stable in comparison to operating income and profit before income taxes. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and corporate financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of €0.75 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

PostNL is at the head of a group of components. The financial information of this group is included in the financial statements of PostNL.

We have determined the nature and extent of the audit procedures to be carried out for components reporting for group audit purposes. Our group audit mainly focused on significant components within the segments Parcels and Mail in the Netherlands and PostNL Other (including finance and real-estate components). Based on their significance and/or our risk assessment we performed an audit of the complete reporting package or audit of specific items on the 26 (2022: 23) group entities within those segments.

For the entities in scope, except for Spring Hong Kong, the group engagement team performed the aforementioned audit procedures itself. For Spring Hong Kong we used KPMG auditors from Hong Kong (component auditors). We sent detailed instructions to the component auditor, covering the significant areas that should be addressed and set out the information required to be reported to us. We interacted regularly with the component team where appropriate during various stages of the audit, reviewed the reporting deliverables and were responsible for the scope and direction of the audit process.

This resulted in a coverage of 86% of total revenue and 91% of total assets. The remaining 14% of total revenue and 9% of total assets is represented by a significant number of components ('remaining components'), none of which individually represent more than 2% of total revenue and 1% of total assets.

For these remaining components we performed central procedures, among others analytical procedures, to validate our assessment that there are no risks of material misstatement within these components.

PostNL Revenues



■ Audit of the complete reporting package
 ■ Audit of specific items
 ■ Central procedures remaining components

PostNL Total assets



■ Audit of the complete reporting package
 ■ Audit of specific items
 ■ Central procedures remaining components

The group audit team has set materiality levels for the components, which ranged from €1.6 million to €10 million, based on the mix of size and risk profile of the respective components.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Audit response to going concern

The Board of Management has performed its going concern assessment and has not identified any going concern risks. To assess the Board of Management's assessment, we have performed, among other things, the following procedures:

- we considered whether the Board of Management's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- based on the net total current liabilities as at 31 December 2023 and/or macro-economic circumstances (including high inflation, tight labour market and rising wages) we evaluated the key assumptions and the sensitivity analyses used by the Board of Management for the cash-flow forecasts to determine the cash need.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 11 'Risk and opportunity management' of the Annual Report the Board of Management describes its compliance risk assessment and in Chapter 14 'Corporate Governance' its regulatory compliance management and fraud risk management.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures and the integrity committee reports. Furthermore, we performed relevant inquiries with the Board of Management, those charged with governance and other relevant functions, such as Audit & Security and Legal. We have also incorporated elements of unpredictability in our audit, such as extending our data analysis of high-risk journal entries in response to risk of management override of controls to 5 remaining components.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- National and International Postal legislation including Postal Degree 2009;
- The Dutch Postal market is regulated via the ACM and the Ministry of Economic Affairs, including oversight on competition legislation and the USO regulation;
- Social and labour legislation reflecting PostNL's significant work force and outsourced work;

- Data protection and privacy laws such as General Data Protection Regulation (GDPR);
- Environmental laws.

Apart from the presumed fraud risk on revenue recognition terminal dues, we assessed the presumed fraud risk on revenue recognition on other recorded revenues as not significant, because the individual transactions are single type of simple revenues transactions.

Based on the above and on the auditing standards, we identified the following fraud risks and non-compliance risks that are relevant to our audit and responded as follows:

Management override of controls (a presumed fraud risk)

Risk:	<ul style="list-style-type: none"> • Fraud risk related to management override and alteration of (financial) results to meet external expectations, to maintain/increase current stock price and to meet bonus targets. <p>Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as estimates related to revenue recognition terminal dues.</p>
Our response:	<ul style="list-style-type: none"> • We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries and estimates. • We performed a data analysis of high-risk journal entries related to amongst others post-closing entries impacting the result and evaluated key estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' estimates with respect to revenue related accruals. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Revenue recognition terminal dues (a presumed fraud risk)

Risk:	<ul style="list-style-type: none"> • The judgement and assumptions in the determination of the revenue related accruals due to uncertainties around the negotiation results may represent a risk of material misstatement due to fraud.
Our response:	<ul style="list-style-type: none"> • We refer to the key audit matter 'Revenue related accruals (terminal dues)' for the description of the audit procedures responsive to this fraud risk.

Compliance delivery partners in Belgium (non-compliance risk)

Risk:	<ul style="list-style-type: none"> • As disclosed in note 3.10 to the financial statements, in 2021 the Belgian labour inspectorate filed a case against PostNL Belgium regarding alleged breaches with applicable social laws and regulations of delivery partners. Subsequently in 2022 PostNL became subject to a criminal investigation by the Belgian judicial authorities into alleged breaches of labour law in Belgium.
Our response:	<ul style="list-style-type: none"> • Our audit approach, which includes involvement of forensic specialists, included amongst others the following procedures. We have: <ul style="list-style-type: none"> • obtained an understanding of the process and implemented controls by having process interviews and performing walkthroughs; • inquired with management and their (external) legal advisors and evaluated provided documents; • obtained legal confirmation letter from the Company's external legal advisors; • assessed the adequacy of the accounting and the disclosures in the financial statements.

Our evaluation of procedures performed related to fraud and non-compliance with laws and regulations did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Board of Management and the Supervisory Board.

Our audit procedures did not reveal other indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to climate-related risks

The Company has set out its targets relating to climate change in chapter 8 'Environmental value' of the Annual Report. PostNL has the ambition to become net-zero by 2050 and to significantly reduce GHG emissions from PostNL's own operations as well as outsourced activities towards 2030. The target is to deliver all parcels and mail emissions-free in the last mile across the Benelux by 2030.

Management has assessed, against the background of the Company's business and operations, in detail how climate-related risks and opportunities and the Company's own targets could have a significant impact on its business or could impose the need to adapt its strategy and operations. Management has considered the impact of both transition and physical risks on the financial statements in accordance with the applicable financial reporting framework, more specifically in relation to valuation of non-current assets, cost increase and demand for the Company's services as described in chapter 11 'Risk and opportunity management' of the Annual Report.

Management prepared the financial statements, including considering whether the implications from climate-related risks and targets have been appropriately accounted for and disclosed. As part of our audit we performed a risk assessment of the impact of climate-related risks and the targets set by the Company in respect of climate change on the financial statements and our audit approach. In doing this we performed the following:

- understanding management's processes: we made inquiries with management and the Audit Committee of the Supervisory Board on the climate risk assessment integrated in the structural risk management approach of the Company;
- assessing management's strategic plan and 2024 business plan which both incorporate targets and strategic actions relating to climate change;
- evaluation of potential climate related fraud risk factors such as the long-term incentive for the Board of Management and have not identified fraud risks relating to climate-related risks for the current year's financial statements;
- as part of our risk assessment procedures we also challenged management on the valuation of non-current assets as at 31 December 2023, including inquiry on timing of replacement investments needed to meet the climate targets in comparison to the remaining estimated useful life of the assets.

Based on the above risk assessment procedures performed we concur with management that climate related risks have no material impact on the financial statements, including on the valuation of non-current assets, under the requirements of EU-IFRS.

Furthermore we have read the 'Other information' with respect to climate-related risks as included in the annual report and considered whether such information contains material inconsistencies with the financial statements or our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year we do no longer consider 'Compliance delivery partners in Belgium' as a key audit matter, instead this is incorporated in our audit response to the risk of fraud and non-compliance with laws and regulations. The key audit matter 'Change from defined benefit to defined contribution pension accounting' was a non-recurring transaction in last year. The key audit matter 'Change in accounting framework for the corporate primary statements' is new. As a result of the change in accounting framework, the key audit matter 'Valuation of investments in subsidiaries (corporate statements)' is no longer applicable.

Description	Our response	Our observation
<p>Revenue related accruals (terminal dues)</p> <p>As disclosed in note 3.1.4 to the financial statements, PostNL has outstanding positions with mainly international postal operators for services provided for or received totalling €154 million (2022: €181 million) in accrued liabilities and totalling €40 million (2022: €28 million) in prepayments and accrued income. Terminal dues is significant to our audit due to the amounts and judgment involved. This position involves a certain level of management judgement in calculating positions, where negotiations with the counterparties on prices and volume are not yet finalized as per balance sheet date. This results in assumptions being used by management in determination of the accrued terminal dues which can have an impact on operating revenues. The actual settled amounts may differ from management's estimate as a result of negotiations. Further reference is made to the accounting policy around revenue related accruals in note 1.4. This both relates to prices and quantities, which are considered the main significant assumptions of the estimate. Considering this process is sensitive for management override of controls, this is considered a risk of fraud.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the process and models used by management in its estimate and performed walkthroughs of the revenue classes of transactions and evaluated the design and implementation of the relevant controls; performed retrospective review of estimates made by management in the past; inquired with management regarding developments in mail volumes, development in terminal dues and progress of settlement negotiations and performed analytical procedures on terminal due positions and development of mail volumes and evaluated whether the assumptions are reasonable; performed test of details to verify accuracy of prices and quantities as a basis for the terminal dues by reconciliation to supporting documentation including contractual agreements and performed test of details on manual adjustments; assessed the appropriateness of the accounting policies and the adequacy of the financial statements disclosures in note 3.1.4 to the financial statements. 	<p>We consider that management's assumptions related to terminal dues positions are within the reasonable range. Furthermore we assessed that the disclosures are appropriate.</p>
<p>Change accounting framework corporate financial statements</p> <p>Reference is made to note 6.1 in the corporate financial statements in which the change of accounting framework and consequential changes in accounting policies and reconciliation from previous GAAP to Dutch GAAP are disclosed. Considering this framework change requires judgement, is fundamental to the presentation of the corporate financial statements and the significance of the restated amounts, this is considered a key audit matter.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed that the change in accounting framework results in providing reliable and more relevant information and the consequential changes in accounting policies are appropriate adopted; evaluated the adequacy of the financial statement disclosures including the reconciliation from previous GAAP to Dutch GAAP. 	<p>We assessed that the change in the accounting framework and consequential changes in accounting policies are appropriately applied and we have assessed that the disclosures are appropriate.</p>

Report on other information included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF Engagement

We were initially appointed by the annual general meeting of shareholders as statutory auditor of PostNL on 19 April 2021, as of the audit for the year 2022.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Reporting Format (ESEF)

PostNL has prepared its Annual Report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the Annual Report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by PostNL, complies in all material respects with the RTS on ESEF.

Management of the Company is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby management of PostNL combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the Annual Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
 - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
 - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities for the financial statements Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Management under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing PostNL's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends

to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

The Hague, 26 February 2024

KPMG Accountants N.V.

R.R.J. Smeets RA

Section 3: Reasonable assurance report of the independent auditor on the non-financial information

To: the General Meeting of Shareholders and the Supervisory Board of PostNL N.V.

Our opinion

We have performed a reasonable assurance engagement on the non-financial information in the Annual Report 2023 (hereafter: 'Annual Report') of PostNL N.V. based in The Hague, the Netherlands (hereafter: PostNL or the Company) for the year ending 31 December 2023.

In our opinion, the non-financial information in the Annual Report presents fairly, in all material respects,;

- The policy with regard to sustainability matters; and
- The business operations, events and achievements in that area in 2023

In accordance with the criteria as included in the section 'Criteria'

The non-financial information is included in the following sections of the Annual Report:

- 'Introduction';
- 'Business Report' excluding the following chapters:
 - 'EU taxonomy on sustainable activities' included in the 'Environmental value' chapter;
 - 'Financial value',
 - 'Outlook 2024',
 - 'Risk and opportunity management'; and
 - 'Regulatory developments';
- The 'Non-financial statements' included in the 'Performance statements' section; and
- Appendix 3 'Glossary and definitions'.

Basis for our opinion

We performed our reasonable engagement on the non-financial information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake 'duurzaamheidsverslaggeving' (Assurance engagements relating to sustainability reporting). Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement on the non-financial information' section of our Assurance Report.

We are independent of PostNL in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Criteria

The non-financial information needs to be read and understood together with the criteria. PostNL is solely responsible for selecting and applying these criteria, taking into account applicable law and regulations related to reporting.

The criteria applied for the preparation of the non-financial information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) as listed in the GRI Content Index and the internally developed supplemental reporting criteria of PostNL for reporting elements which are not covered in GRI as disclosed in the 'Non-financial statements' included in the 'Performance statements' of the Annual Report. The non-financial information is prepared with reference to the GRI standards.

The comparability of non-financial information between entities and over time may be affected by the absence of an uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the non-financial information needs to be read and understood together with the criteria applied.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the non-financial information as included in the Annual Report. When evaluating our materiality levels, we have taken into account quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the Company.

We agreed with the Supervisory Board that misstatements which are identified during the assurance engagement and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Key assurance matters

Key assurance matters are those matters that, in our professional judgement, were of most significance in our assurance engagement on the non-financial information. No key assurance matters were identified in our assurance engagement on the non-financial information.

Scope of the assurance engagement of the group

PostNL is the parent company of a group of entities. The non-financial information incorporates the consolidated information of this group of entities to the extent as specified in the 'Non-financial statements' of the Annual Report.

Our group assurance procedures for the assurance engagement of the group consisted of both assurance procedures at group level (consolidated) as well as at group components.

We have determined the scope of our assurance procedure, in such a way that we perform sufficient procedures enabling us to provide an opinion on the non-financial information. We considered, among other things, the management structure of the group, the nature of the activities of the group components, the business processes and controls and the industry in which the entity operates.

Limitations to the scope of our assurance engagement

The non-financial information includes prospective information such as ambitions, strategy, plans, expectations, estimates, and risk assessments. Inherently the actual future results are uncertain. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites in the non-financial information are not part of the non-financial information, was included in our scope of our assurance engagement. We therefore do not provide assurance on this information.

Our opinion is not modified in respect to these matters.

Responsibilities of the Board of Management and the Supervisory Board for the non-financial information

The Board of Management is responsible for the preparation and fair presentation of the non-financial information in accordance with the criteria as described in the section 'Criteria', including the identification of stakeholders and the definition of key material topics.

The Board of Management is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders,

considering applicable law and regulations related to reporting. The choices made by The Board of Management regarding the scope of the non-financial information and the reporting policy are summarized in the chapter 'Non-financial statements' of the Annual Report.

Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the non-financial information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is, among other things, responsible for overseeing the PostNL reporting process.

Our responsibilities for the assurance engagement of the non-financial information

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material fraud and errors during our assurance engagement.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our reasonable assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the Company;
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the Company's materiality assessment and the reasonableness of estimates made by the Board of Management;
- Obtaining and understanding the systems and processes for collecting, reporting, and consolidating the non-financial information, including obtaining an understanding of the internal control environment relevant to our assurance engagement, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Taking into consideration the procedures performed by Internal Audit of PostNL;
- Identifying and assessing the risks if the non-financial information is misleading or unbalanced, or contains material misstatements, whether due to fraud or errors. Designing

and performing further assurance procedures responsive to those risk and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our opinion.

These procedures consisted amongst others of:

- Obtaining inquiries with management and relevant staff of PostNL at group and component level responsible for the sustainability strategy, policies and results;
- Reading minutes of the meetings of the Board of Management, the Supervisory Board and of other meetings that are important for the content of the sustainability reporting;
- Obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial information;
- Reviewing the suitability of assumptions and sources from third parties used for the calculation underlying the impact data;
- Obtaining assurance evidence that the non-financial information reconciles with underlying records of the company;
- Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the non-financial information;
- Evaluating the data and trends.
- Evaluating the overall presentation and balanced content of the non-financial information;
- Considering whether the non-financial information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

We communicate with the Board of Management and the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings, including any significant finding in internal control that we identify during our assurance engagement.

The Hague, 26 February 2024

KPMG Accountants N.V.

R.R.J. Smeets RA

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1 Other non-financial performance indicators

PostNL Other non-financial performance indicators

2018 - 2023, as indicated

Year ended at 31 December	2019	2020	2021	2022	2023
Environmental indicators					
Water usage (in m ³ per FTE)	not reported	6.3	7.1	5.8	5.1
Waste (in tonnes per FTE)	0.2	0.2	0.2	0.2	0.2
Recycling of waste in percentage of total waste	77%	88%	88%	87%	63%
Environmental incidents on site	4	6	3	5	5
Environmental incidents off site	4	2	3	2	1

2 Data coverage

We strive to report non-financial performance data based on actuals as much as possible. We may use extrapolation of results of large entities to determine the performance of smaller entities. This reduces the administrative tasks for smaller entities. We only use this method in cases where the extrapolations are reasonably predictable. The table below provides an overview of data coverage per line item in the 'Non-financial performance indicators'.

PostNL Data coverage table 2022

	Actual	Extrapolation
Customer value		
Net Promotor Score	100%	0%
Parcel volume growth	100%	0%
Delivery quality Parcels (%)	100%	0%
Delivery quality Mail (%)	100%	0%
Reputation score	100%	0%
ISO 9001 certification	100%	0%
Social value		
Share of engaged employees	100%	0%
Headcount	100%	0%
Full time equivalents (FTE)	100%	0%
Share of females in total headcount	100%	0%
Share of females in operational management positions	100%	0%
Share of females in middle management positions	100%	0%
Share of total females holding a management position	100%	0%
Share of females holding a senior management position	100%	0%
Training hours per FTE	100%	0%
Average training costs in EUR per FTE	100%	0%
Accident rate (per 100 FTE)	100%	0%
Fatal accidents	100%	0%
Total accidents	97%	3%
Absenteeism (share of total working days)	97%	3%
ISO 45001 Certification	100%	0%

	Actual	Extrapolation
Environmental value		
CO ₂ efficiency improvement (scope 1 and 2; base year 2017)	100%	0%
Share of emission-free delivery of mail and parcels in the last-mile	100%	0%
Energy consumption (total scope 1 and 2 in TJ)	93%	7%
Energy consumption buildings (TJ / 1000 m ²)	81%	19%
Energy consumption transport (TJ / million km)	100%	0%
Scope 1 GHG emissions (gross in ktCO ₂)	100%	0%
Scope 2 GHG emissions (gross in ktCO ₂)	77%	23%
Scope 3 GHG emissions (gross in ktCO ₂)	100%	0%
NOx emissions (scope 1 in kg)	100%	0%
NOx emissions (scope 1 in g/km)	100%	0%
PM10 emissions (scope 1 in kg)	100%	0%
PM10 emissions (scope 1 in g/km)	100%	0%
Share of vehicles complying with Euro 6	100%	0%
Share of vehicles complying with Euro 5	100%	0%
ISO 14001 certification	100%	0%

3 Glossary and definitions

Absenteeism

The absenteeism percentage follows the definition of the Central Bureau for Statistics (CBS) in the Netherlands. It is calculated through the weighted days of absence divided by the total contractual working days. In this definition we correct for part-time employees.

ACM

Dutch Authority for Consumers and Markets.

Attract and retain people

Being an attractive employer for both new hires and existing employees enables us to develop our workforce in line with the development of our businesses. A smooth recruitment and application process is key to attract new colleagues in our operations. Specific competence focus for office functions helps us finding the right people in the labour market. Retention of employees helps creating stability and perspective of development.

Auditor

A chartered accountant (register accountant) or other auditor referred to in section 393 of book 2 of the Dutch Civil Code or an organisation in which such auditors work together.

Bio-LNG

Bio-LNG is broadly defined as gas consisting of or derived from biomass. Biogas consists of CO₂ that has recently been extracted from the atmosphere as a result of growing plants and trees, and therefore does not influence the CO₂ concentration in the atmosphere over a longer period of time. This is in contrast to fossil fuels, such as natural gas or crude oil, which are stored over millions of years so that their combustion and subsequent emissions do influence CO₂ levels in the atmosphere.

Black Friday

Black Friday is the Friday after Thanksgiving in the United States, and which is now recognised across other parts of the world. It traditionally marks the start of the Christmas shopping season in the United States. Many stores offer highly promoted sales at discounted prices.

Black Friday to New Year period

This period occurs between week 47 and week 1 and is usually peak season in terms of parcels, letterpackages and mail delivered, because this period includes Black Friday, Sinterklaas, Christmas and New Year.

Business customer

SME or large business who acquire, consume or use our goods and services

Business ethics

Moral principles serving as guidelines for business conduct of PostNL and the stakeholders we do business with. This includes aspects such as reliability, fair trade, respect and diversity, customer focus, neutrality and social responsibility.

Business travel

Business travel refers to all business-related travel for work, other than employee commuting, including travel by air.

CDP

The Carbon Disclosure Project is a not-for-profit charity that offers a global disclosure platform for investors, companies, cities, states, and regions to disclose their environmental impact.

Circular economy

Economic system based on closed loops, aimed at eliminating waste and the continual use of resources. Closed loops relate to reuse, sharing, repair, refurbishment, re-manufacturing and recycling. Consequently, the use of resource inputs and the creation of waste, pollution and carbon emissions will be minimised.

cNPS

The competitive NPS is based on assessments of an independent research company that measures the extent to which customers and consumers recommend PostNL compared to our competitors.

CO₂ efficiency

The CO₂ efficiency is the term used to express the relative impact of CO₂. In relation to the key performance indicators, this means the total direct and indirect (scope 1 and scope 2) CO₂ emissions from our operations divided by the total number of kilometres transported from our own operations. The efficiency number is the grammes of CO₂ per kilometre transported.

Company cars

Company-owned or leased vehicles at the disposal of an employee for commuting and business travel.

Consumer

Individual who acquire, consume or use goods and services for personal use, either for themselves or for others, and not for resale, commercial or trade, business, craft or profession purposes.

Control effort

The additional effort required to achieve further risk mitigation.

Corporate governance

The OECD (see reference in this glossary) defines corporate governance as the system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants, such as the board, managers, shareholders and other stakeholders, and defines the rules and procedures for making decisions. In doing so, it also provides the structure by which company objectives are set and the means of attaining those objectives and monitoring performance.

Corporate responsibility (CR)

Corporate responsibility is the umbrella term for the obligation a company has to consider the social (corporate social responsibility) and environmental (sustainability) impact of its activities and to go beyond this obligation in the treatment of economic, environmental and social activities to sustain its operations, financial performance and ultimately its reputation.

COSO ERM 2017

2017 Enterprise Risk Management - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission.

CSRD

The Corporate Sustainability Reporting Directive (CSRD) is a directive stating that an increasing number of companies will be required to report on their impact on people and the climate starting from 2024. The directive aims to ensure greater transparency and better quality of sustainability information.

Customer

Individual who acquire, consume or use goods and services for resale, commercial or trade, business, craft or profession purposes

Cyber and physical security

Application of technologies, processes and controls to protect our systems, networks, processes, data as well as assets and people from unauthorised cyber and/or other attacks aimed for exploitation.

Data protection and privacy

The process of protecting PostNL's data and that of its stakeholders against inappropriate use. As data is becoming increasingly important in doing business, data protection and privacy involves striking the right balance between individual privacy rights and allowing data to be used for business purposes.

Delivery quality Mail in the Netherlands

Delivery of a consignment within the time frame set for the service in question. An independent research firm tests our delivery process, by sending traceable letters through our network. These letters are scanned along the entire sorting process, enabling us to identify any delays.

Delivery quality Parcels in the Netherlands

Delivery of a consignment within the time frame set for the service in question. The performance is measured from the first sorting scan in sorting centres until the day of the first delivery attempt. Collection and cross-docking (including temporary storage) is excluded. The scoping in relation to delivery days excludes pre-defined peak moments. The consignments in scope include those to be delivered by our parcel delivery services and at first attempt in the Netherlands. Therefore, the scope excludes returns (freepost), international parcels and letterbox packages.

Digital Next

Using a Digital Next perspective helps support the initiatives that enhance customer experience and accelerates our digital transformation.

Digitalisation

This refers to the digital transformation of society in which digital information and communication play an increasingly important role in all facets of life. This is different from digitisation, which refers to the transformation of analogue information into digital information. This process is necessary for the processing, modelling, and storage of data.

Disabled employees

Disabled employees are employees on the payroll whose medical condition has been recognised by the relevant authorities as a disability.

Diversity and inclusion

PostNL is a diverse organisation with employees from different backgrounds and a wide variety of nationalities. The diversity of our workforce reflects the diversity seen across society and our customer and consumer base. At the same time, our employees expect us to provide a work environment where everyone feels safe and inclusive.

Do No Significant Harm

The DNSH principle entails assessing whether an investment in an economic activity that contributes substantially to an environmental or social objective does not significantly harm any environmental or social objectives.

Do-it-yourself stores

Stores that sell products to decorate, build, or make repairs at home by oneself rather than employing a professional.

Dow Jones Sustainability Indices

Launched in 1999, the Dow Jones Sustainability Indices are the first global indices to track the financial performance of the leading sustainability-driven companies worldwide. They provide asset managers and other stakeholders with reliable and objective benchmarks for managing sustainability portfolios.

E-commerce

The online selling of products and services by customers, and the online buying of products and services by consumers.

E-tailers

E-tailing is the sale of goods and services over the internet, which can include B2B or B2C sales.

EcoVadis

EcoVadis is an international organisation that assesses companies on their sustainability performance and corporate social responsibility with a focus on sustainable procurement.

Emission-free delivery

Emission-free delivery means the delivery of goods without CO₂ emissions. In relation to the key performance indicator, emission-free delivery means the delivery of letters and parcels, both by PostNL and by our delivery partners, from the last sorting activity before distribution to the final destination (last-mile) in the Benelux without CO₂ emissions. This also includes the collection of mail and parcels, but excludes transport by large trucks.

Employee engagement

Employee engagement refers to the share of employees (employed by PostNL for three months or more) who, based on the responses in the employee engagement survey are classified as 'engaged', 'motivated' or 'engaged and motivated' in relation to their job at PostNL. An 'engaged employee' is one who feels connected to the company and is enthusiastic about their work. A 'motivated' employee additionally actively aims to improve the company and its reputation. The survey is executed twice a year.

End user

An end user refers to the consumer of a good or service.

Energy efficiency

The ratio of output of our operational and other processes, to the input of energy in our business. To become more energy efficient, our aim is to deliver the same output using less energy.

Environmental incident

An environmental incident is an incident that has led to the pollution of soil, water or air. This includes failures, breakdowns, floods, spillages, leaks and so forth. Environmental incidents are divided into on-site and off-site incidents. On-site incidents occur at sorting and delivery centres, hubs, offices and other locations owned, leased, rented or operated directly by PostNL. Off-site incidents occur away from sorting and delivery centres, hubs, offices and other locations owned, leased, rented or operated directly by PostNL.

EU Regulation on deforestation-free products

A regulation implemented by the EU to guarantee that the products EU citizens consume do not contribute to deforestation or forest degradation worldwide.

European emission standards

Euro 4, Euro 5 and Euro 6 are mandatory European emission standards (EU directives) applicable to new road vehicles sold in the European Union. They define levels of vehicular emissions such as nitrogen oxides (NO_x) and particulate matter (PM₁₀).

Fair taxation

PostNL views taxes as an important matter for PostNL and its stakeholders. As such, a coherent, responsible and compliant approach towards tax is considered an integral part of doing business.

Fatal accidents

The death of any person because of an occupational accident. An occupational accident is an unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work activities performed for PostNL. It doesn't matter where the fatal accident has taken place or which person (employee or third party) is a casualty.

Full-time equivalents (FTEs)

FTEs refer to the total number of hours worked by the headcount divided by the local number of contract hours (e.g. 37 hours per week).

Gender Pay Gap

The unadjusted pay gap is the gross hourly wage of women divided by the gross hourly wage of men. The adjusted pay gap is the gross hourly wage of women divided by the gross hourly wage of men, in the same Collective Labour Agreement, salary scale and age-group. Each group is weighted by the total number of employees in each group.

General data protection regulation (GDPR)

The GDPR is an EU regulation (Algemene Verordening Gegevensbescherming - AVG in Dutch) aiming to protect all EU citizens from privacy and data breaches in today's data-driven world. More can be found on <https://eugdpr.org/the-regulation/>

General Meeting of Shareholders

The meeting of shareholders and other persons entitled to attend meetings.

GHG emissions

The emissions of carbon dioxide can be calculated with help of the GHG protocol. In this terminology, scope 1 covers all the emission streams directly attributable to an organization's own activities. Scope 2 covers the indirect emissions related to energy consumption of a company. Scope 3 covers all the other remaining emissions streams, for example outsourced transport.

Global Reporting Initiative (GRI)

The GRI is a multi-stakeholder process and an independent institution whose mission is to develop and disseminate globally-applicable sustainability reporting guidelines for voluntary use by organisations that report on the economic, environmental and social dimensions of their business. The GRI incorporates participation of business, accountancy, investment, environmental, human rights and research and labour organisations from around the world. For more information, see www.globalreporting.org.

Greenhouse Gas Protocol

The Greenhouse Gas Protocol (GHG Protocol) was established in 1998 to develop internationally-accepted accounting and reporting standards for greenhouse gas emissions of companies.

Greenwashing

Greenwashing is a form of advertising or marketing spin in which green PR and green marketing are deceptively used to persuade the public that an organisation's products, aims, and policies are environmentally friendly.

Group company

A group company as defined in article 2:24b of the Dutch Civil Code.

Headcount

Headcount is the number of employees on the payroll in active duty working for fully consolidated companies.

Health and safety

To promote and maintain the highest degree of physical, mental and social well-being of our people. This means creating a working environment that protects the health and safety of the people that work with and for PostNL aimed at preventing injuries and illness caused at work.

Human Rights

Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

IFRS

International Financial Reporting Standards.

IFRS-EU

IFRS, as endorsed by the European Union.

Information and transparency

Inform stakeholders about our policies, business operations and activities, events and achievements with appropriate frequency and interact, both physically and digitally, with stakeholders based on their needs and PostNL's policies.

ISO (International Organization for Standardization)

The ISO is a network of national standards institutes from 146 countries working in partnership with international organisations, governments, industry, business and consumer representatives. The ISO is the source of ISO 9000 standards for quality management, ISO 14000 standards for environmental management and other international standards for business, government and society. For further information, see www.iso.org.

ISO 14001 (environmental management)

The ISO 14001 standards are international standards for controlling environmental aspects and improving environmental performance, minimising harmful effects on the environment and achieving continual improvements in environmental performance.

ISO 45001 (occupational health and safety management)

ISO 45001 is a standard for occupational health and safety management systems. It is intended to help organisations control occupational health and safety risks and was developed in response to widespread demand for a recognised standard for certification and assessment. ISO 45001 was created through the collaboration of several of the world's leading national standards bodies, certification organisations and consultancies.

ISO 9001 (quality management)

The ISO 9000 standards cover an organisation's practices in fulfilling customers' quality requirements and applicable regulatory requirements while aiming to enhance customer satisfaction and achieve continual improvement of its performance in pursuit of these objectives.

Key performance indicators (KPIs)

KPIs are measurements that focus on achieving outcomes critical to the current and future success of an organisation. These indicators should deal with matters that are linked to the organisation's mission and vision, and are quantified and influenced where possible.

Labour practices

Favourable work and labour conditions includes sound collective labour agreements, fair compensation, equal pay, facilitating personal development, stimulating collaboration and make improvements based on feedback.

Last-mile

The last part of the journey of a consignment to the receiving customer. This starts from the last distribution sorting moment and ends at the final destination. This may include transshipments to a depot as an intermediate step before final delivery.

Management positions

Management positions refer to people who hold a leadership position, of which we identify three types: Operational, middle and senior management. Operational management is defined as employees with leadership functions in junior positions. Senior management refers to employees with leadership functions in senior positions. Middle management refers to positions between operational and senior management.

Materiality

Information is material if errors, omissions or incorrect presentation can influence the evaluation or decisions of users of the information.

Minimum Safeguards

These safeguards require compliance with minimum human and labour rights standards, preventing activities that breach key social principles.

Net promoter score (NPS)

NPS is a customer loyalty metric that measures the likelihood of customers recommending a company, product, or service to others by asking them to rate, on a scale of 0 to 10, how likely they are to recommend the business.

Non-financial information

All information other than financial information is non-financial information. This includes, but is broader than terms PostNL used before, such as Corporate Responsibility (CR) Information.

NO_x

NO_x (NO and NO₂) refers to nitrogen oxides. Nitrogen oxides are produced during combustion, especially at high temperatures.

Number of supervisory positions

According to Dutch law, the number of supervisory positions that managing and Supervisory Board members may hold in certain companies is limited (article 2:132a of the Dutch Civil Code for managing board members and article 2:142a of the Dutch Civil Code for Supervisory Board members). Since 1 January 2013 a person is prohibited from being appointed member of the Supervisory Board of more than five so-called large entities (including PostNL), whereby a chair position counts twice. Existing positions are exempt, but if they exceed five, they must be reconsidered at the moment of (re)appointment. Board members holding more than the maximum number of positions on 1 January 2013 are not obliged to resign from these positions, but positions must be reconsidered at the time of reappointment.

OECD

Organisation for Economic Co-operation and Development.

Omnichannel

An omnichannel organisation is one that focuses on the customer, without being dependent on time, place and channel. Customers experience a consistent experience across all channels because the organisation provides relevant and immediately available information and content.

Out-of-home network

Our out-of-home network includes parcel lockers and retail locations where consumers can drop off/pick up parcels. We are growing the number of these locations as we give consumers greater choice over where and when they can collect their parcel.

Parcel

Goods to be transported by a distribution company, weighing up to approximately 30 kg.

PM₁₀

Particulates, alternatively referred to as particulate matter (PM), such as fine particles and soot, are tiny subdivisions of solid matter suspended in a gas or liquid. The notation PM₁₀ is used to describe particles of 10 micrometres or less.

Pollution to air, land and water

Air pollution: The presence of chemical substances in the atmosphere at levels which are harmful to the health of humans and other living beings, or cause damage to the climate or to materials. The activities and actions required to manage waste from its inception to its final disposal.

Waste pollution: Waste management forms part of our certified environmental management system and is bound to (local) regulations. We do not only focus on our own waste, we also engage with suppliers and customers about the topic, for example in relation to sustainable packaging.

Water pollution: The consumption and (quality of) discharges of water can influence ecosystems. Ensuring availability and sustainable management of water and sanitation for all is one of the Sustainable Development Goals.

Therefore, pollution is a topic of discussion with specific stakeholders.

PostNL (Group)

PostNL N.V. and its Group companies.

PostNL N.V.

A public limited liability company incorporated under the laws of the Netherlands, listed on the Amsterdam Stock Exchange, with its statutory seat in The Hague, the Netherlands, and its registered office at Waldorpstraat 3, 2521 CA The Hague, the Netherlands, until 31 May 2011 named TNT N.V.

Quality of services

Performance of our core and supporting processes measured against quantitative and qualitative expectations of customers.

Recordable accident

Recordable work-related accident resulting in (immediate) minor or severe injury or illness of a PostNL-employee.

Reputation score

Reputation is a perception about the degree of admiration, positive feelings, esteem and trust an individual has for an organisation. Reputation is rooted in an assessment of the performance of an organisation over time, including in the past and with expectations about the future. Our reputation score is measured quarterly by the Reputation Institute, which measures reputation across stakeholders, countries and industries. It tracks 23 key performance indicators grouped around seven core dimensions.

Responsible supply chain

Cooperation with suppliers on sustainable development about economic, social and environmental matters, both from a risk and opportunity perspective.

Retail location

A retail location is a location where goods or services are sold directly to consumers. In the context of PostNL for the Annual Report, this includes retail shops, business points, parcel points and post offices. A PostNL location in a retail shops is also referred to as retail point.

Return on invested capital

We use capital investments to develop our business, such as new sorting centres or IT systems. These investments are aimed at generating value for PostNL and our stakeholders. We monitor the return on invested capital to evaluate and improve the effectiveness of our capital allocation to value generating investments.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) defines and promotes best practice in emissions reductions and net-zero targets in line with climate science.

Significant reportable instance of non-compliance

For the purpose of the Annual Report in relation to applicable GRI references, a significant instance of non-compliance is defined as an instance where PostNL is formally sanctioned of (alleged) non-compliance by a competent authority in the form of fines or non-monetary sanctions which result in financial or business impact at a level above the internally applied thresholds for internal reporting of such cases to top management.

Small and medium-sized enterprises

Small and medium-sized enterprises (SMEs) are businesses whose personnel and revenue numbers fall below certain limits.

Sustainable city logistics

Realising sustainable future growth in collection and delivery in cities requires changes to current business models. We work together with a range of partners to reduce logistic movements by consolidating shipments to enable efficient last-mile delivery. We are also working to electrify last-mile transport, such as using light electric freight vehicles (LEFV) to minimise nuisance, reduce carbon emissions, and improve air quality in urban areas.

Sustainable electricity

Sustainable is electricity from 'green' or 'renewable' sources, such as solar, wind, geothermal, biomass, hydroelectric and ocean energy, purchased during the reporting period for power and lighting of all company locations (where this can be established from utility suppliers' invoices or other means). It does not include nuclear electricity.

TNT Express

The former public limited liability company which was demerged from TNT N.V. on 31 May 2011 and until 25 May 2016 the ultimate parent company of the former express activities of TNT N.V. On 25 May 2016 it was acquired by FedEx, and subsequently delisted from the Amsterdam Stock Exchange on 4 July 2016.

Total shareholder return

The profit or loss from net share price change plus any dividends received over a given period.

Turnover rate

Turnover rate is everyone who left the company during a particular year, and includes those who retired, were dismissed, or left voluntarily.

UPU

The Universal Postal Union is a specialised agency of the UN and is the primary forum for cooperation between postal sector players worldwide.

USO

The Dutch Postal Act 2009 requires PostNL as the universal service obligation (USO) provider to provide nationwide services and to perform a daily delivery round from Tuesday till Saturday, except on public holidays. There is also a requirement to deliver urgent medical items and funeral notifications on Mondays. At least 95 percent of all standard single rated domestic letters under the USO posted the day before must be delivered in 24 hours. Furthermore, PostNL is required to maintain a network of letterboxes and post offices for access by the general public. The Postal Regulation 2009 covers detailed tariff regulation, cost and revenue accounting, financial administration and reporting.

USP

The designation as universal service provider obliges PostNL to collect and deliver domestic mail and parcels five days a week (mourning cards and medical post six days a week), and to provide for cross-border mail and parcels according to the Universal Postal Union (UPU) rules.

Volume development Parcels

Relative volume growth compared to the previous year

Voluntary turnover rate

Voluntary turnover rate is only those who left voluntarily.

Well-to-wheel

'Well-to-wheel' is a method to evaluate efficiency and emissions of an energy source by considering its entire life cycle.

Working days

The total number of individually-calculated working days adjusted for overtime, leave or similar deviations.

Working hours

The total number of individually-calculated working hours adjusted for overtime, leave or similar deviations.

4 GRI content Index

PostNL General disclosures

Indicator nr.	Indicator	Details/reference
GRI 1: Foundation 2021		
	Statement of use	PostNL has reported the non-financial information included in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI sustainability standards. PostNL decided to report with reference to the Sustainability Reporting Standards due to the preparations it is making towards reporting based on the CSRD per 2024. By reporting with reference to the renewed standards the reporting scope of PostNL is similar to previous years. Chapter 'Non-financial statements', Basis of preparation Applicable GRI Sector Standard(s): No sector standard available (yet)
GRI 2: General Disclosures 2021		
Organisational profile		
2-1	Organizational details	PostNL N.V., Waldorpstraat 3, 2521 CA The Hague, the Netherlands. Chapter 'Corporate governance' ; Chapter 'PostNL on the capital markets', Contact details ; Chapter 'Our tax strategy and policy provisions', Taxes in more detail
2-2	Entities included in the organization's sustainability reporting	Appendix 6 List of group entities ; Chapter 'Non-financial statements', Basis of preparation
2-3	Reporting period, frequency and contact point	Financial and non-financial information reporting period: 1 January 2023 to 31 December 2023, Annual Report 2023 publication date: 26 February 2024 Contact point about report: Please send us your comments by e-mail to corporatcommunications@postnl.nl or by sending a letter to PostNL Annual Report team: P.O. Box 30250, 2500 GG The Hague, The Netherlands
2-4	Restatements of information	Chapter 'Financial statements', Basis of preparation ; Chapter 'Non-financial statements', Basis of preparation
2-5	External assurance	Chapter 'Corporate governance', Ethics and compliance ; Chapter 'Non-financial statements', Basis of preparation ; Chapter 'Other information', Independent assurance report on the non-financial information
Activities and workers		
2-6	Activities, value chain and other business relationships	Chapter 'At a glance', Overview of our network and services ; Chapter 'Our operating context', Introduction
2-7	Employees	Chapter 'Non-financial statements', Social value performance indicators PostNL does not have non-guaranteed hours employees. As more than 95% of PostNL employees are located in the Benelux, a breakdown of employee indicators by region is not deemed relevant and therefore not disclosed by PostNL.
Governance		
2-9	Governance structure and composition	Chapter 'Corporate governance' ; Chapter 'Coporate governance', Board structure, composition and responsibilities ;
2-10	Nomination and selection of the highest governance body	Chapter 'Corporate governance', Board structure, composition and responsibilities
2-11	Chair of the highest governance body	PostNL does not have a unitary board structure. It has a two-tier governance structure with a Board of Management and a Supervisory Board. Chapter 'Corporate governance'
2-12	Role of the highest governance body in overseeing the management of impacts	Chapter 'Report of the Supervisory Board' ; Chapter 'Corporate governance'
2-13	Delegation of responsibility for managing impacts	Chapter 'Corporate governance'

Indicator nr.	Indicator	Details/reference
2-14	Role of the highest governance body in sustainability reporting	Chapter 'Corporate governance', Board structure, composition and responsibilities; Chapter 'Non-financial statements'
2-15	Conflicts of interest	Chapter 'Corporate governance', Corporate governance policies and principles . No conflicts of interest occurred in 2023.
2-16	Communication of critical concerns	Chapter 'Corporate governance' . There were no critical concerns in 2023.
2-17	Collective knowledge of the highest governance body	Chapter 'Report of the Supervisory Board'; Chapter 'Corporate Governance', Board structure, composition and responsibilities
2-18	Evaluation of the performance of the highest governance body	Chapter 'Report of the Supervisory Board', Evaluation of the Supervisory Board
2-19	Remuneration policies	Chapter 'Remuneration report'
2-20	Process to determine remuneration	Chapter 'Corporate governance', Board structure, composition and responsibilities; Chapter 'Remuneration report', Remuneration PostNL
2-21	Annual total compensation ratio	Chapter 'Remuneration report' . We report on the ratio of the annual total compensation for the organisation's highest-paid individual compared to the average annual total compensation for all employees. This reporting is in line with the Dutch Corporate Governance Code 2022. As this code supersedes the voluntary GRI Framework, we do not report on a ratio based on the median of the annual total compensation for all employees.
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Chapter 'Reflecting on 2023 with our CEO'
2-23	Policy commitments	Chapter 'Risk and opportunity management'; Chapter 'Corporate governance', Corporate governance policies and principles; Chapter 'Corporate governance', Ethics and compliance Governance: Fairness and transparency PostNL We have not formally adopted the precautionary principle but we systematically assess and manage environmental, safety, supply chain, operational, and other risks as described throughout this report. We hold risk workshops throughout the year and have an internal control framework in place to mitigate risks for financial as well as for non-financial reporting.
2-25	Processes to remediate negative impacts	Chapter 'Corporate governance', Ethics and compliance
2-26	Mechanisms for seeking advice and raising concerns	Chapter 'Corporate governance', Ethics and compliance
2-27	Compliance with laws and regulations	Chapter 'Corporate governance', Ethics and compliance
2-28	Membership associations	We participate in different types of branche organisations: <ul style="list-style-type: none"> Operational cooperation and services: IPC and UPU (UN Union), total membership contribution of 2,28 million euro in 2023. Exchange of best practices and information, representation of (sub)sectors/industry towards external stakeholders including decision-makers: In the Netherlands: VNO-NCW, TLN, Evofenedex, Thuiswinkel.org, DDMA, ACN, VEUO, TI-NL. In Belgium: Febetra, TLV, VOKA and BeCommerce. At EU level: PostEurop, FEDMA, eCommerce Europe with a total contribution of 488.00 euro in 2023
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Chapter 'Our operating context'; Chapter 'Non-financial statements', Basis of preparation

Indicator nr.	Indicator	Details/reference
2-30	Collective bargaining agreements	Chapter 'Social value', Providing the right HR services; Chapter 'Non-financial statements', Social value performance indicators
GRI 3: Material Topics 2021		
Disclosures on Material Topics		
3-1	Process to determine material topics	Chapter 'Our operating context', Impact assessment; Chapter 'Non-financial statements', Basis of preparation
3-2	List of material topics	Chapter 'Our operating context', Impact assessment; Chapter 'Our strategy'; Chapter 'Non-financial statements', Basis of preparation
3-3	Management of material topics	Chapter 'Our operating context', Impact assessment; Chapter 'Our strategy'; Chapter 'Customer value'; Chapter 'Social value' Chapter 'Environmental value'; Chapter 'Financial value'; Chapter 'Non-financial statements'
PostNL Topic specific disclosures		
GRI Standard	Name of standard	Reference, explanation, omission
Customer experience and digital solutions		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Customer value'; Chapter 'Non-financial statements', Basis of preparation
PNL-1 Key	Competitive Net Promoter Score (CNPS)	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
E-commerce growth		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Customer value'; Chapter 'Non-financial statements', Basis of preparation
PNL-2 Key	Volume development Parcels	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
Accessible, reliable and affordable services		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Customer value'; Chapter 'Non-financial statements', Basis of preparation
PNL-3 Key	Delivery quality Mail in the Netherlands	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
PNL-4 Key	Delivery quality Parcels in the Netherlands	Chapter 'Customer value'; Chapter 'Non-financial statements', Customer value performance indicators
People attraction, development and retention		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Social value'; Chapter 'Non-financial statements', Basis of preparation
PNL-5 Key	Share of engaged employees	Chapter 'Social value'; Chapter 'Non-financial statements', Social value performance indicators
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Chapter 'Social value'; Chapter 'Non-financial statements', Social value performance indicators As more than 95% of PostNL employees are located in the Benelux, a breakdown of employee indicators by region is not deemed relevant and therefore not disclosed by PostNL.
Health, safety and well-being		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Social value'; Chapter 'Non-financial statements', Basis of preparation
PNL-6 key	Absenteeism	Chapter 'Social value'; Chapter 'Non-financial statements', Social value performance indicators
403: Occupational Health and Safety 2018		
403-9	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Chapter 'Social value'; Chapter 'Non-financial statements', Social value performance indicators. Occupational diseases and lost days are not applicable for PostNL as this does not provide useful management information about Health and Safety at PostNL. PostNL is unable to specifically report on high-consequence work-related injuries and work-related hazards that pose a risk of high-consequence injury.

GRI Standard	Name of standard	Reference, explanation, omission
		Information about 'Absenteeism' and working days of workers beyond our own employees is unavailable for PostNL, we only report these indicators for our own employees.
Diversity, equality and inclusion		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Social value'; Chapter 'Non-financial statements', Basis of preparation
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Chapter 'Corporate governance', Corporate governance policies and principles; Chapter 'Non-financial statements', Social value performance indicators
Climate change		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Environmental value'; Chapter 'Non-financial statements', Basis of preparation
PNL-7 Key	Share of emission-free last-mile delivery of mail and parcels in the last-mile	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
302-3	Energy intensity	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
302-4	Reduction of energy consumption	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
302-5	Reductions in energy requirements of products and services	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
GRI 305: Emissions 2016		
305-1	Direct (scope 1) GHG emissions	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
305-2	Energy indirect (scope 2) GHG emissions	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
305-3	Other indirect (scope 3) GHG emissions	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators. Biogenetic CO ₂ emissions is not relevant for PostNL.
305-4	GHG emissions intensity	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental value performance indicators
Financial performance and position		
3-3	Management of material topics	Chapter 'Our strategy'; Chapter 'Financial value'; Chapter 'Non-financial statements', Basis of preparation
PNL-8 Key	Revenue	Chapter 'Financial value'; Chapter 'Financial statements'
PNL-9 Key	Normalised EBIT	Chapter 'Financial value'; Chapter 'Financial statements'
PNL-10 Key	Free cash flow	Chapter 'Financial value'; Chapter 'Financial statements'

GRI Standard	Name of standard	Reference, explanation, omission
PNL-11 Key	Adjusted net debt	Chapter 'Financial value; Chapter 'Financial statements'
PNL-12 Key	Dividend per share	Chapter 'Financial value; Chapter 'Financial statements'
GRI 201: Economic performance 2016		
201-1	Direct economic value generated and distributed	Chapter 'Financial statements ', Consolidated primary statements
201-2	Financial implications and other risks and opportunities due to climate change	Chapter 'Risk and opportunity management'
201-3	Defined benefit plan obligations and other retirement plans	Chapter 'Financial statements', Provisions for pension liabilities

5 UN Global Compact reference table

PostNL Global compact principles

UN Global Compact principle	Reference
1. Support and respect the protection of internationally proclaimed human rights	Chapter 'Corporate Governance', Supporting human rights
2. Make sure that they are not complicit in human rights abuses	Chapter 'Corporate Governance', Supporting human rights
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining	Chapter 'Corporate Governance', Supporting human rights
4. Uphold the elimination of all forms of forced and compulsory labour	Chapter 'Corporate Governance', Supporting human rights; Chapter 'Social value', Providing the right HR services
5. Uphold the effective abolition of child labour	Chapter 'Corporate Governance', Supporting human rights
6. Uphold the elimination of discrimination in respect of employment and occupation	Chapter 'Corporate Governance', Supporting human rights Chapter 'Corporate Governance', Business conduct and integrity
7. Support a precautionary approach to environmental challenges	Chapter 'Environmental value', Improving our environmental impact; GRI Referenced content index
8. Undertake initiatives to promote greater environmental responsibility	Chapter 'Environmental value'; Chapter 'Non-financial statements', Environmental performance indicators
9. Encourage the development and diffusion of environmentally friendly technologies	Chapter 'Environmental value', Green products and services
10. Work against corruption in all its forms, including extortion and bribery	Chapter 'Corporate Governance', Ethics and compliance

6 List of group entities

This list presents all legal entities included in the consolidation of the financial and non-financial statements of the PostNL Group as at 31 December 2023. Legal entities liquidated and/or dissolved by merger during 2023 are not included.

PostNL List of group entities

Constituent group entities	(Ultimate) ownership information	Type of main activities	Geographic scope of activities
PostNL NV	Listed company	Holding and board of management activities	The Netherlands
PostNL Holding BV	PostNL NV	Holding and head office activities	The Netherlands
PostNL European Holdings BV	PostNL NV	Holding activities	The Netherlands
PostNL Data Solutions BV	PostNL NV	Data related services	The Netherlands
Koninklijke PostNL BV	PostNL NV	Logistical services focused on mail	The Netherlands
PostNL Cross Border Solutions BV	PostNL NV	International logistical services	The Netherlands
PostNL Customer Excellence BV	PostNL NV	Logistical services focused on mail	The Netherlands
PostNL Pakketten Benelux BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL Transport Services BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL Transport BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL TGN BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL eCommerce Services BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL Finance BV	PostNL NV	Finance and treasury activities	The Netherlands
Logistics Solutions BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
PostNL Real Estate BV	PostNL NV	Real estate and facility services	The Netherlands
DM Productions BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Traxity BV	PostNL NV	Holding activities and activities in the area of innovation and development	The Netherlands
PS Nachtdistributie BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
JP Haarlem BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Shops United BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Parcel Pro BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Cheap Cargo BV	PostNL NV	Logistical services focused on e-commerce	The Netherlands
Sandd BV	PostNL NV	Logistical services focused on mail	The Netherlands
G3 Worldwide Mail NV	PostNL NV	International logistical services	The Netherlands
MyParcel.com BV	60% PostNL NV, 40% privately owned	Logistical services focused on mail	The Netherlands
Prime Vision BV	60% PostNL NV, 40% FDI Deelnemingen BV	Technology and robotics solutions for logistics and e-commerce	The Netherlands
Mikropakket Belgium NV	PostNL NV	Logistical services focused on e-commerce	Belgium
G3 Worldwide (Belgium) NV	PostNL NV	Dormant	Belgium
PostNL Pakketten België NV	PostNL NV	Logistical services focused on e-commerce	Belgium
PostNL Cargo België BV	PostNL NV	Logistical services focused on e-commerce	Belgium

List of group entities

Constituent group entities	(Ultimate) ownership information	Type of main activities	Geographic scope of activities
PS Benelux Transport BV	PostNL NV	Logistical services focused on e-commerce	Belgium
MyParcel Belgium BV	PostNL NV	Logistical services focused on e-commerce	Belgium
Cheap Cargo Belgium BV	PostNL NV	Logistical services focused on e-commerce	Belgium
G3 Worldwide (Canada) Inc.	PostNL NV	International logistical services	Canada
G3 Worldwide Mail (Switzerland) AG	PostNL NV	International logistical services	Switzerland
G3 Worldwide Mail (Czech Republic) s.r.o.	PostNL NV	International logistical services	Czech Republic
G3 Worldwide Mail (Germany) GmbH	PostNL NV	International logistical services	Germany
RIDAS Services GmbH	PostNL NV	Dormant	Germany
International Mail (Spain) SL	PostNL NV	International logistical services	Spain
G3 Worldwide (France) SAS	PostNL NV	International logistical services	France
G3 Worldwide Mail (UK) Limited	PostNL NV	International logistical services	United Kingdom
G3 Worldwide Hong Kong Limited	PostNL NV	International logistical services	Hong Kong
G3 Worldwide Hungary Kft	PostNL NV	International logistical services	Hungary
G3 Worldwide Mail (Italy) Srl	PostNL NV	International logistical services	Italy
Fornex Services Srl	PostNL NV	Dormant	Italy
Fornex Srl	PostNL NV	Dormant	Italy
Fornex Commerce Srl i/l	PostNL NV	Dormant	Italy
G3 Worldwide Mail (Poland) Sp. Z.o.o.	PostNL NV	International logistical services	Poland
G3 Worldwide Mail LLC (Russia)	PostNL NV	Dormant	Russia
G3 Worldwide Global Development Pte. Ltd	PostNL NV	International logistical services	Singapore
Prime Vision Technology US Inc.	60% PostNL NV, 40% FDI Deelnemingen BV	Technology and robotics solutions for logistics and e-commerce	United States

7 Five-year financial performance

All numbers presented in this appendix are the reported numbers in the respective Annual Reports of 2019 till 2023, unless restated in a later year.

PostNL Five-year performance in € million, unless indicated otherwise

2019 - 2023

	2019	2020	2021	2022	2023
Revenue					
Parcels	1,672	2,052	2,361	2,165	2,260
Mail in the Netherlands	1,606	1,708	1,683	1,495	1,373
PostNL Other/Eliminations	(434)	(505)	(577)	(516)	(468)
PostNL	2,844	3,255	3,466	3,144	3,165
Normalised EBIT					
Parcels	120	209	230	56	47
Mail in the Netherlands	52	96	160	107	50
PostNL Other	(37)	(55)	(81)	(80)	(5)
PostNL	135	250	308	84	92
Normalised EBIT margin					
Parcels	7.2%	10.2%	9.7%	2.6%	2.1%
Mail in the Netherlands	3.2%	5.6%	9.5%	7.2%	3.6%
PostNL	4.7%	7.7%	8.9%	2.7%	2.9%
Operating income	119	298	324	(1,291)	84
Profit for the year	4	216	258	(993)	56
Profit for the year (2022 adjusted) ¹	4	216	258	14	56
Normalised comprehensive income	83	200	285	90	52
Free cash flow	107	186	288	40	52
Adjusted net debt	(736)	(407)	(203)	(467)	(462)
Consolidated equity	(21)	211	426	177	198
Cash and cash equivalents	480	651	848	556	518
Earnings per share (in € cents) ¹	0.8	43.8	50.9	2.8	11.3
Leverage ratio (adjusted net debt/EBITDA)	2.6	1.0	0.4	1.9	1.7
Return on invested capital ¹	not reported	17.6%	16.4%	4.1%	5.3%

¹ 2022 excluding change in pension accounting classification

We look forward to receive feedback on this report

Please send us your comments by e-mail to

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The electric vehicles in our fleet, fleet, such as electric trucks and LEFVs, are distinguished by a green leaf symbol to signify their eco-friendly status.

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