

## **BPOST<sup>1</sup> REMUNERATION POLICY**

### **1 SCOPE**

The Board of Directors of the Company (the “**Board**”) has drawn up the remuneration policy (the “**Remuneration Policy**”) in accordance with article 7:89/1 of the Belgian Code of Companies and Associations (the “**BCCA**”) and the Belgian Code of Corporate Governance 2020 (the “**Corporate Governance Code**”). The Remuneration Policy sets out the remuneration principles as regards (i) the non-executive Board members, (ii) the Chief Executive Officer (the “**CEO**”) and (iii) the other members of the Group Executive Committee.

The Remuneration Policy is based on market trends and best practices, and takes into account the overall remuneration framework of the Company.

The Board adopted the Remuneration Policy on March 9, 2021, upon proposal of the Remuneration and Nomination Committee. Subject to the approval by the Shareholders' Meeting of May 12, 2021, the Remuneration Policy is applicable within the Company and its subsidiaries (the “**bpost group**”) as from January 1, 2021 and replaces the former remuneration policy, which was approved at the Shareholders' Meeting of April 25, 2000, as amended from time to time.

In the case of material changes, and at least every four years, the Remuneration Policy is submitted for approval to the Shareholders' Meeting.

### **2 THE COMPANY'S VISION ON REMUNERATION**

The Company has developed a dynamic, rewarding, and responsible overall remuneration policy for its Board members, its Group Executive Committee members, and, in general, its employees. This policy is regularly assessed and updated, in order to promote the Company's sustainability and the successful implementation of its strategy, so as to continue creating value for customers, shareholders, employees and societies and economies.

The overall remuneration policy is governed by the following principles which contribute to the Company's business strategy and sustainability:

- Establish a fair and appropriate level of remuneration aiming at attracting, motivating and retaining the best qualified talents needed to achieve the Company's above objective;
- Stimulate performance at both the collective and individual levels so as to create sustainable and profitable long-term growth, while safeguarding the wellbeing of our staff;
- Promote the Company's corporate values and culture so as to serve our customer effectively;
- Design the remuneration, in consultation with the trade unions, so as to remaining competitive compared to the reference markets of mail, parcels, logistics and omni-commerce companies;
- Maintain a balanced approach between fixed and variable remuneration so as to avoid over relying on variable pay and undue risk taking; and
- Introduce financial and non-financial performance metrics in the variable remuneration so as to promote sustainable value creation.

The Remuneration and Nomination Committee regularly examines the policy's principles and their application.

The Company designs its overall remuneration policy in a way which should ensure a responsible and sustainable development of the Company, balancing the interests of all its stakeholders. The same

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<sup>1</sup> A public-law public limited company incorporated and existing under Belgian law, having its registered office at Muntcentrum, 1000 Brussels (Belgium) and registered with the Crossroads Bank for Enterprises under number 214.596.464 (RLE Brussels) (the “**Company**”).

approach to the composition of global compensation (base remuneration, variable remuneration and various benefits) is therefore applied to both employees and management. The fixed base remuneration component is regularly reviewed. The variable remuneration component depends on key Company financial (EBIT) and non-financial metrics (i.e. customer loyalty and absenteeism). Additional benefits are provided to supplement in an effective manner the base remuneration, depending on the qualifications and seniority of the staff.

### **3 NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS**

#### **3.1 DECISION-MAKING PROCESS AND MEASURES TO AVOID OR MANAGE CONFLICTS OF INTEREST**

The Shareholders' Meeting determines the remuneration of the non-executive members of the Board upon proposal of the Board. The Board adopts its proposal upon recommendation of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee determines the remuneration of non-executive members of the Board taking into account their responsibilities, time commitment, the associated risks and market practices.

The Shareholders' Meeting is solely competent in relation to the remuneration of non-executive directors. This exclusive competence ensures that there are no conflicts of interest.

Finally, non-executive members of the Board are not awarded any variable remuneration, which further prevents any conflicts of interest. Non-executive Board members should not receive any performance-related remuneration that is directly linked to the Company's results to guarantee their independence and to avoid short-term payouts that jeopardize the Company's long-term vision.

#### **3.2 REMUNERATION COMPONENTS**

The total remuneration awarded to the non-executive members of the Board consists of two elements:

- a. a monthly fixed fee; and
- b. an attendance fee for each meeting of the Board committees attended.

The monthly fixed fee and the attendance fee are subject to automatic indexation on March 1 of each calendar year on the basis of the Consumer Health Index.

The non-executive members of the Board do not receive any variable remuneration, shares, stock options or other rights to acquire shares (or other share-based remuneration), or other bonuses or benefits.

#### **3.3 APPOINTMENT, DISMISSAL AND EVALUATION THE NON-EXECUTIVE DIRECTORS**

The non-executive members of the Board have a self-employed status and are appointed by the Shareholders' Meeting for a maximum period of four (4) years (in accordance with the provisions of the Articles of Association of the Company and the BCCA).

The Shareholders' Meeting can dismiss a member of the Board without any notice period or severance payment, without any justification, and by a simple majority vote. However, the Shareholders' Meeting is free to grant a notice period or severance payment upon dismissal.

At the end of the term of each member of the Board, the Remuneration and Nomination Committee also evaluates the member's presence at the Board or committee meetings, his/her commitment and his/her constructive involvement in discussions and decision-making. This evaluation is taken into account by

the Remuneration and Nomination Committee when formulating its recommendations with respect to (re)appointments and remuneration to the Board.

## **4 THE CEO AND THE OTHER GROUP EXECUTIVE COMMITTEE MEMBERS**

### **4.1 DECISION-MAKING PROCESS AND MEASURES TO AVOID OR MANAGE CONFLICTS OF INTEREST**

The Board determines and approves the remuneration of the CEO and the other members of Group Executive Committee upon recommendation of the Remuneration and Nomination Committee.

The objective of the Remuneration Policy is to propose a fair remuneration that is competitive on the reference market. To that effect, a comparison of the various elements of remuneration is regularly carried out on the median segment of the reference market which is composed of companies comparable to the Company. Every year, the Remuneration and Nomination Committee reviews the remuneration of the CEO and the other members of the Group Executive Committee and determines whether an adjustment is needed to reasonably attract, reward and retain them, taking into account their individual responsibilities and experience, the performance and the size of the Company and market practices. It also evaluates the performance of the CEO and the other members of the Group Executive Committee on an annual basis.

The CEO does not participate in the deliberations and vote within the Board as regards his own remuneration. The CEO does not participate in the discussions within the Remuneration and Nomination Committee as regards his own remuneration. Reference is also made to the conflict of interest rules laid down in Article 7:96 of the BCCA.

The CEO does not receive any remuneration for his mandate as executive member of the Board.

### **4.2 REMUNERATION COMPONENTS**

The remuneration awarded to the CEO and the other Group Executive Committee members consists of one or more of the following elements:

- a. a fixed base remuneration
- b. a variable short-term incentive
- c. a variable long-term incentive
- d. pension contributions
- e. various other benefits

No shares, stock options or other rights to acquire shares (or other share-based remuneration) are granted to the CEO or the members of the Group Executive Committee.

#### **4.2.1 BASE REMUNERATION**

The base remuneration consists of a fixed base salary in cash, granted independently of the Company's results.

The amount of the base remuneration is defined by the nature and specificities of the functions. The base remuneration of each member of the Group Executive Committee reflects the responsibilities and characteristics of the position, the level of experience, and the performance of the member of the Group Executive Committee during the past year.

The base remuneration of the CEO is paid monthly, in twelve equal instalments. The other members of the Group Executive Committee are paid in accordance with local law.

On proposal of the Remuneration and Nomination Committee, the Board reviews the base remuneration annually on the basis of a benchmark study that covers large Belgian companies or US equivalent positions for the US-based business so as to offer a base remuneration in accordance with the median on the reference market.

#### **4.2.2 SHORT-TERM INCENTIVE**

The short-term incentive consists of a variable remuneration in cash. The annual potential short-term incentive for the CEO and the other members of the Group Executive Committee at target amounts to up to 30% in Belgium and 70% in the United States of their annual base remuneration, with a minimum of as low as 0% in the case of underperformance and a maximum of up to 60% and 105% respectively in the case of overperformance.

The short-term incentive aims to reinforce the performance-based managerial culture, and is based on the achievement of specific individual performance targets and collective objectives.

Performance is assessed by the Board of Directors upon recommendation by the Remuneration and Nomination Committee annually in light of the targets over the past year.

No short-term variable remuneration is paid to the CEO and the other members of the Group Executive Committee in the event the individual performance is zero, or in case the financial results of the Company entail the inability for the Company to pay a dividend to the shareholders. In the event all collective objectives would have no pay-out, the achievement of individual targets by a member of the Group Executive Committee may still give right to the payment of a portion of his or her annual variable remuneration.

In application of the above principles and on a proposal by the Remuneration and Nomination Committee, the criteria for the appraisal of the performance of the CEO and the other members of the Group Executive Committee and their weighting have been laid down as follows, divided into two components:

*a. Collective objectives (70% of the total potential short-term incentive at target)*

The collective objectives relate to performance against certain Key Performance Indicators (“KPIs”) set by the Board upon recommendation of the Remuneration and Nomination Committee at the beginning of each year. These KPIs are composed of financial and non-financial indicators combined in an additive formula:

- EBIT (50%): reflects the bpost group and business units' financial results.
- Customer Loyalty Index (15%)<sup>2</sup>: reflects the loyalty of the Company's customers.
- Short-term Absenteeism Index or Employee Engagement Index (5%)<sup>3</sup>: reflects the wellbeing or engagement, respectively, of the Company's staff.

The fulfilment of the collective objectives is assessed annually by the Board on recommendation of the Remuneration and Nomination Committee, following an auditable methodology.

*b. Individual performance targets (30% of the total potential short-term incentive at target)*

The individual performance targets are defined and agreed on at the beginning of each year and assessed annually, on the basis of the performance (“what”) and the behavior (“how”), during the first quarter following the end of the financial year, as part of a Performance Management Process. Clear and measurable targets are set, which are to be achieved within an agreed timeframe.

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<sup>2</sup> 10% for the member of the Group Executive Committee located in the United States.

<sup>3</sup> *Idem*.

The individual performance targets of the CEO are agreed on and approved by the Board on recommendation of the Remuneration and Nomination Committee. These may include, for example, the successful realization of a strategic plan decided by the Board, the improvement of client satisfaction or employee engagement or the achievement of specific financial results set by the Board.

The individual performance targets of the other members of the Group Executive Committee are mutually agreed on by the member of the Group Executive Committee and the CEO and approved by the Board on recommendation of the Remuneration and Nomination Committee at the beginning of each year. These may include, without limitations, specific business achievements and development, strategic orientation, team leadership, employee engagement and customer focus.

The fulfilment of the individual performance targets is assessed annually by the Board on recommendation of the Remuneration and Nomination Committee.

The recognition of both collective success and individual performance contribute to the long-term interest and sustainability of the Company and the successful achievement of its strategy. The collective objectives and individual performance targets create a close link between the interests of, on the one hand, the CEO and the members of the Group Executive Committee, and, on the other hand, the Company and its shareholders.

*c. Deferral and clawback provisions*

The CEO and the other members of the Group Executive Committee are awarded their short-term incentive without being subject to any deferral and clawback provisions.

**4.2.3 LONG-TERM INCENTIVE**

The long-term incentive (solely for the member of the Group Executive Committee located in the United States) consists of a variable remuneration payable in cash over a maximum vesting period of twenty-seven (27) months. This incentive, granted in the first year, will vest with 25% after fifteen (15) months following the end of the performance year and 75% after twenty-seven (27) months following the end of the performance year, provided that the grant amount has been earned by Radial achieving its EBIT target for the performance year. The value of the grant will evolve based on the multiplier that evaluates the Radial EBITDA-performance of the respective year compared to the Radial EBITDA target for the grant year (subject to an annual growth factor).

The annual potential of the long-term incentive at target amounts in a range of 115% to 125% of the annual base remuneration (with a minimum of as low as 0% in the case of underperformance maximum of up to 156% in the case of overperformance).

The long-term incentive aims to reinforce the sustainable development of the US-based business. The vested amount will evolve over a three-year period based on the EBIT and EBITDA target achievement of Radial.

The financial targets are set by the Board upon recommendation of the Remuneration and Nomination Committee at the beginning of each year. The achievement of the target is assessed on a yearly basis by the Board on recommendation of the Remuneration and Nomination Committee.

The long-term incentive is not subject to any deferral and clawback provisions.

#### **4.2.4 PENSION CONTRIBUTIONS**

The CEO and the other members of the Group Executive Committee have a complementary pension plan. This pension plan is a defined contribution pension plan for the CEO and the Group Executive Committee. The pension contributions amount to up to 17% of the annual base remuneration of the CEO and the other members of the Group Executive Committee.

#### **4.2.5 OTHER BENEFITS**

The CEO and the other members of the Group Executive Committee receive other benefits, such as insurance covering death-in-service and disability, medical insurance, representation fees, meal vouchers, and a company car. These benefits are benchmarked regularly and adapted according to local standard practices. These other benefits amount to up to 10% of the annual base remuneration of the CEO and the other members of the Group Executive Committee.

### **4.3 CONTRACTUAL ARRANGEMENTS WITH THE CEO AND THE GROUP EXECUTIVE COMMITTEE MEMBERS**

#### **4.3.1 CONTRACTUAL ARRANGEMENTS WITH THE CEO**

The CEO has a self-employed status.

The rights and obligations related to the function of the CEO are laid down in an agreement, which contains the main provisions relating to the exercise of his mandate, the confidentiality of the information to which he has access, the conditions for the termination of the agreement, etc.

The agreement is concluded for a definite period of 6 years. In the event of early termination by the Company, the CEO is entitled to a termination indemnity of EUR 500,000,00 (gross).

The agreement also provides for a non-compete clause for a period of one (1) year as from the date of termination of his agreement. He will receive a non-competition indemnity of EUR 250,000.00 (gross) unless the Company waives the application of such clause.

#### **4.3.2 CONTRACTUAL ARRANGEMENTS WITH THE GROUP EXECUTIVE COMMITTEE MEMBERS**

The members of the Group Executive Committee have employment agreements of indefinite duration.

Under these agreements the members of the Group Executive Committee have no particular termination rights except the two members who joined recently, being entitled to twelve (12) months' notice or, in one case, a severance pay in lieu of notice (applicable mandatory employment law may affect these contractual arrangements).

All employment agreements, except for one member, provide for a non-compete clause for a period of one (1) year. All those bound by such an undertaking, except one member, will receive a non-competition indemnity of six (6) months' remuneration, unless the Company waives the application of such clause.

## **5 DEROGATIONS FROM THE REMUNERATION POLICY**

The Company shall pay remuneration to the members of the Board and the members of the Group Executive Committee only in accordance with the approved Remuneration Policy.

However, the Board may, in exceptional circumstances and upon recommendation of the Remuneration and Nomination Committee, temporarily derogate from the Remuneration Policy. Exceptional circumstances shall cover only situations in which the derogation from the Remuneration Policy is

necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.<sup>4</sup>

Derogations to the Remuneration Policy are only allowed within the scope of the remuneration components referred to in Section 4.2 or with respect to contractual arrangements referred to in Section 4.3.

These derogations shall be approved by the Board, upon recommendation of the Remuneration and Nomination Committee.

The Board shall explain any derogations in the remuneration report of the relevant financial year.

## **6 CHANGES TO THE CURRENT POLICY**

The Remuneration Policy aims to bring the (current) remuneration policy, which was approved at the Shareholders' Meeting of April 25, 2000, as amended by time to time, in line with the new requirements of Article 7:89/1 of the BCCA.

The Remuneration Policy does not introduce significant changes to the remuneration of members of the Board and members of the Group Executive Committee compared to the Company's (current) remuneration policy.

Compared to the (current) remuneration policy, the following changes were made:

- the weight attributed to the collective objectives and individual performance targets on the basis of which the variable short-term incentive of the CEO is determined have changed from 80% to 70% for the collective objectives and from 20% to 30% for the individual performance targets to align the variable remuneration's structure of the CEO with that of the other members of the Group Executive Committee; and
- the weight attributed to the non-financial metrics (Customer Loyalty Index and Short-term Absenteeism Index) used for the determination of the collective objectives is slightly different for the member of the Group Executive Committee located in the United States compared to the other members of the Group Executive Committee.

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<sup>4</sup> Exceptional circumstances may include, for instance, the appointment of an executive *ad interim*.