Annual report

2020

Contents

This PDF version is not ESEF compliant. The annual report 2020 in the format iXBRL and iXBRL Viewer will be available on ou website by the end of April 2021.

Profile

bpost is Belgium's leading postal operator and a growing parcel & omni-commerce logistics partner in Europe, North-America and Asia. Our 36,000 employees in Belgium and across the globe connect consumers, businesses and government, by delivering mail and parcels to millions of doorsteps and providing logistics services. As a people- and planet-friendly company we create long-term sustainable value for our customers and shareholders. In 2020 bpost generated an operating income of 4,154.6 million EUR.

MAIL & RETAIL	PARCELS & LOGISTICS EUROPE & ASIA	PARCELS & LOGISTICS NORTH AMERICA
Description		
• Transactional mail • Advertising mail • Press • Proximity and convenience retail network • Value added services	• Parcels distribution in Belgium & The Netherlands (last mile) • E-commerce logistics • Cross-border (both mail and parcels)	• Fulfillment & transportation • Customer care • Omnichannel technology • Payments & fraud
• 5.78 million letters handled daily	• 670,000 parcels per peak day in Belgium and The Netherlands	• 318,000,000 units shipped in 2020
• Servicing 5 million letter boxes • 5 industrial mail centers • 2,300 service points in Belgium	• 2 sorting centers in Belgium • Logistics centers in 6 European countries • 3 hubs in Asia	• 22 fulfillment centers and 6 customer care centers

bpost group entities

ACTIVE ANTS E-COMMERCE LOGISTIEK
AppleExpress
bpost
DYNAGROUP INNOVATIVE SUPPLY CHAIN SOLUTIONS
Euro·Sprinters
FDM Warehousing Transport Logistics
FREIGHT 4U Logistics bvba
landmark global a bpost company
Leen Menken FOODSERVICE LOGISTICS
Radial a bpost company
speos a bpost company
THE MAIL GROUP Worldwide Mail Solutions
Ubiway

Overview of Key Figures

Adjusted for the year ended 31 December

IN MILLION EUR	2020	2019	EVOLUTION 2020-2019
Total Operating Income[(1)]	4,154.6	3,837.2	8.3%
Profit from operating activities (EBIT)[(2)]	280.6	310.8	-9.7%
Profit for the year (consolidated - IFRS)[(3)]	200.9	173.1	16.0%
Operating free cash flow[(4)]	440.5	288.0	52.9%

Reported for the year ended 31 December

IN MILLION EUR	2020	2019	EVOLUTION 2020-2019
Total Operating Income	4,154.6	3,837.8	8.3%
Profit from operating activities (EBIT)	200.7	289.9	-30.8%
Impairments:			
Goodwill	(41.4)	0.0	-
Purchase price allocation (PPA)	(20.8)	0.0	-
Remeasurement of assets held for sale at fair value less costs to sell	(141.6)	0.0	-
Result for the year (consolidated - IFRS)	(19.2)	154.7	-112.4%
bpost NV/SA net profit (unconsolidated - Belgian GAAP)	41.7	172.6	-75.9%
Operating Free cash flow[(5)]	443.7	302.0	46.9%
Net debt/(Net Cash)[(6)]	495.2	779.9	-36.5%
Basic earnings per share, in EUR	(0.10)	0.77	-112.6%
Dividend per share, in EUR	0.00	0.62	-100.0%
Number of employees (at year end)	36,291	34,369	5.6%
Number of FTE (average)	32,030	31,054	3.1%
Number of FTE and interim (average)	38,639	35,377	9.2%

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

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

(3) Adjusted result for the year represents profit for the year excluding the impact of adjusting items and is not audited.

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

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

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

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

Message to the stakeholders

François Cornelis (left) and Jean-Paul Van Avermaet (right)

bpost group: Your trusted guide to connect in a changing world

bpost group has succeeded in responding in both a flexible and a determined way to the health crisis and has mapped out the guidelines for the coming years. "Belgium will always remain our home base. At the same time, international growth in e-commerce is essential for the future of our group."

"In December 2020, parcel volumes hit a new record high: with up to

670.000

parcels

delivered per day"

"In our rapidly evolving world, a company has to be constantly in motion."

Jean-Paul Van Avermaet,
bpost group's CEO

The My bpost ap today has

1 million

Belgian users

" Our e-commerce activities, our logistics services and our cross-border activities are the engines of our growth."

François Cornelis,
bpost group's Chairman of the Board of Directors

This past year, all of bpost group 36,000 employees have proven - under difficult corona conditions – their persistence, adaptability and craftsmanship. "We stood up, took our stand and remained assisting everyone!" That is how Jean-Paul Van Avermaet, bpost group's CEO, reflects on 2020. "During the crisis, we managed to respond quickly to the new normal. Solidarity amongst our employees was astonishing. They have continued to serve customers all around the world, in these very unusual times."

Over the past year, bpost group has not only continued to fulfil its social role, but has also contributed to connect people in our society. "In December, for example, we delivered 25 percent more letters and postcards compared to the previous year," says Van Avermaet.

ONLINE BOOST

The exponential growth of e-commerce also helped bpost group to achieve good financial results during corona. "This applies to both Belgium and abroad," explains François Cornelis, bpost group's Chairman of the Board of Directors. "Our e-commerce activities, our logistics services and our cross-border activities are the engines of our growth. Thanks to the large global increase in online sales, the revenues of several of our subsidiaries have increased. Radial posted the best financial results in three years. All 36,000 bpost group employees worldwide have successfully guided our company through the unusual 2020," emphasizes François Cornelis.

TWO YEARS AHEAD

bpost group has been able to set new records in acquiring and efficiently managing Parcels & Logistics volumes. "During the first lockdown, parcel traffic showed peaks higher than during the 2019 end of year period," says Jean-Paul Van Avermaet. "In December 2020, volumes were even larger, with up to 670,000 parcels delivered per day. Also internationally, records were successfully broken in our e-commerce logistics activities." The group has succeeded in optimizing the logistics and operational organization to process these larger volumes.

"We are one to two years ahead of our original planning," confirms Van Avermaet. "We have worked closely with our customers to streamline and spread the volumes. We have also introduced extra delivery times: a second delivery in the afternoon on weekdays, even up to three deliveries on Saturdays. Thanks to an agreement with the social partners, in 2021, our employees will also deliver on Sundays."

This growth is likely to continue, as new online consumers confirm that they will continue to buy more online. bpost group also supports the online sellers. Last summer, touslesmagasinsenligne.be was launched, a tool that enables Belgian SMEs and self-employed entrepreneurs to set up their own online business in less than half an hour. The My bpost app currently has 1 million Belgian users. The aim is to at least double that number in the coming years.

CONNECT 2026

bpost group unveiled the CONNECT 2026 strategic update in December 2020. "The group's strategy was outlined three years ago with the acquisition of Radial. The ambition is to position bpost as a major player in e-commerce and logistics services," emphasizes François Cornelis. "bpost must become a customer-focused and high-performance omni-commerce group close to society, while remaining a valued postal provider in Belgium." The e-commerce growth in Europe will mainly rely on the expansion of Radial Europe, which will become a priority.

CONNECT 2026 also shows respect for people and the environment. The Ecozone Malines project, a model of emission-free city logistics, will be expanded to other Belgian cities in 2021. "Last year, bpost also bought double deck trailer trailers and commissioned their first trucks running on LNG," says Jean-Paul Van Avermaet. The group wants to limit the number of vehicles on the road in order to reduce CO_2 emissions by 30% and make half of its fleet carbon neutral by 2030.

"Sustainable employment is central to bpost's strategy. We invest in the training and employability of our people," emphasizes Jean-Paul Van Avermaet. "Together with the authorities and the employment organizations, we also offer inclusive employment opportunities to vulnerable groups of people."

bpost wants to become a unified group and a unique multi-service partner for its customers. bpost will now be able to offer its staff broader and international career prospects. Jean-Paul Van Avermaet: "Our group philosophy is essentially a driven form of talent management, which strengthens both our brand as an employer and our retention policy."

Last year, the bpost group also expanded abroad. In October, Active Ants opened the e-fulfilment center of the future in the Netherlands, aimed at smaller e-tailers. People and self-driving robots work very efficiently side by side. "Active Ants is an example of our innovative infrastructure developments," says Jean-Paul Van Avermaet. "We want to scale up this model. In 2021, we will also open Active Ants branches in Belgium and Germany. "

A NEW CAPITAL ALLOCATION PLAN

In order to focus on the core of its strategy, to achieve its objectives and to deploy new additional resources for the development of its e-commerce activities, the Board of Directors has decided to sell its share in bpost bank. A coordinated capital allocation framework was also approved. The payment of a dividend for 2020 has been postponed. A distribution of between 30 and 50 percent of the IFRS net profit after the end of the 2021 fiscal year will be proposed at the Shareholders' Meeting.

François Cornelis: "In order to safeguard the future growth of our company, bpost group must compensate for the decline in mail volume. We do this by investing heavily in logistics activities and e-commerce services. This focus and flexibility should ensure the creation of added value for the company."

FUTURE VISION

"Our transition will never be complete," says Jean-Paul Van Avermaet. "In our rapidly evolving world, a company has to be constantly in motion. CONNECT 2026 is therefore a means to an end and not a final aim."

"Belgium is important to bpost group and will always remain our home base," concludes François Cornelis. "Just because we have an essential social and economic role to play. But even so, the international development of our e-commerce activities is also essential for our group's future."

CONNECT 2026

bpost group's strategic update includes seven ambitions that should connect citizens, businesses and authorities in our rapidly changing world.

Customer-centric
Help customers and brands to grow and flourish by being their trusted partner.

Omni-commerce partner
Enable Belgium to become a leading omni-commerce country.

New & innovative
Offer exciting and innovative customer experiences.

Number-driven
Create long-term profitability by investing and expanding beyond mail.

Earth & people friendly
Become a sustainability leader by investing in people and limiting our climate impact.

Cohesion in society
Help build social cohesion as the preferred partner for public services.

Together
As an inclusive organization offer life-long learning to all our employees.

How do we create value for our stakeholders?

Our rapidly changing world presents challenges but also opportunities, which bpost group takes on with enthusiasm

Changes in the postal landscape

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

Digitization and e-substitution

Both business and consumer communications and services are increasingly taking place online, and the traditional core business of postal companies is in fast decline: for bpost this has resulted in a mail volume decline.

E-commerce

COVID-19 impacted the e-commerce and cross-border business positively.
B2C e-commerce deliveries are expected to continue to grow . A substantial part of this the growth is expected to be sustained after the pandemic[1].
Competition between parcel delivery companies will significantly intensify.
Consumers demand faster, more flexible services at lower prices, such as free delivery, parcel tracking and e-notifications.

Talent scarcity

Talent is a postal company's most valuable asset. But, according to the IPC, the average age of postal employees is increasing: 37% of the workforce is over 50, while only 12% is under 30[2]. The required skills are changing due to the new technologies and new postal activities. Young people are quick to switch jobs, making it harder to attract and retain talent with the right skill-set.

Climate change

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

New technologies

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

Shared value KPIs

4,154.6	84	7	296,975 Teq CO_2
million EUR Operating income	Customer satisfaction score	Employee engagement score	Total CO_2eq emissions (scope 1+2+3)

1 *IPC (2020) – Global Postal Industry Report 2020*
2 *Forbes (https://www.forbes.com/sites/sarahlandrum/2017/11/10/millennials-arent-afraid-to-change-jobs-and-heres-why/#596876a519a5)*

How we answer?

bpost will deliver on three strategic aspirations

Mail & Retail

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

Parcels & Logistics Europe & Asia

Drive profitable growth in parcels in Belgium and The Netherlands and e-commerce logistics in Europe.

Parcels & Logistics North America

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

respecting its stakeholders

People

We care about our employees and are committed to them.

Planet

We strive to reduce our impact on the environment.

Proximity

We are close to the society and its emerging needs.

CONNECT 2026

Our impact on society and the Sustainable Development Goals

By being an important contributor to social cohesion in society and the preferred partner for public services providing affordable and reliable postal service to all Belgian citizens across rural and urban areas,

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

we contribute to building a resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation.

By being the omni-commerce partner sustainably diversifying, innovating and growing in e-commerce logistics services while respecting our environment,

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

we contribute to ensuring sustainable consumption and production patterns.

By being an inclusive organization, offering life-learning experiences enabling employability for our people,

8 DECENT WORK AND ECONOMIC GROWTH

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

By being a reference earth & people friendly company through our commitment to the Paris Climate Agreement & to the Belgian Alliance for Climate Action , via our Science Based CO_2 reduction Target,

13 CLIMATE ACTION

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

By being fully active as zero emission last mile delivery in the Belgian city centers and by working closely with suppliers, customers and communities,

11 SUSTAINABLE CITIES AND COMMUNITIES

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

Stakeholders

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

Key events of the year

ON MARCH 19, BPOST LAUNCHED A CAMPAIGN TO BRING PEOPLE CLOSER TOGETHER DURING LOCKDOWN

bpost offered every Belgian 10 free postcards through the Mobile Postcard app to help them stay in touch with their loved ones during the difficult COVID-19 lockdown. bpost group also underlined its commitment to connect people by continuing to deliver letters and parcels, provide e-commerce logistics services, and keep post offices open, while prioritizing the health and safety of its employees and customers.

ON JUNE 15, BPOST LAUNCHED "TOUSLESMAGASINSENLIGNE.BE", A PLATFORM THAT HELPS SMES BUILD AN ONLINE STORE IN A FEW CLICKS

SMEs are now able to sign up for a new all-in-one solution that capitalizes on bpost's e-commerce logistics expertise, allowing them to create a fully functioning online store from scratch and ensure their successful entry into online retailing.

ON SEPTEMBER 22, BPOST INTRODUCED DOUBLE DECK TRAILERS, REDUCING TRUCK JOURNEYS BY 30%

Double deck trailers are part of bpost group's strategy to manage the constant growth of its activities in a sustainable way. They can convey 60% more parcels and letters per journey than the large trailers currently on the road, leading to a 30% reduction in the number of journeys and kilometers covered by 2030.

ON OCTOBER 6, RADIAL OPENED A NEW FULFILLMENT CENTER IN LOCUST GROVE, GEORGIA

This 70,000m² facility, driven by higher customer demand in the wake of COVID-19, reflects Radial's commitment to helping retailers and brands scale their workforce in order to meet their e-commerce goals.

ON OCTOBER 30, ACTIVE ANTS OPENED A NEW FUTURE-PROOF E-FULFILLMENT CENTER

People and robots work alongside each other in a highly efficient setup at the new-build fulfillment center in Roosendaal. Active Ants will also open a branch in Belgium in 2021, as bpost group continues to expand its e-commerce logistics services in Belgium and beyond.

ON DECEMBER 1, ILIAS SIMPSON SUCCEEDED HENRI DE ROMRÉE AS HEAD OF BPOST GROUP'S PARCELS & LOGISTICS ACTIVITIES IN NORTH AMERICA

Ilias Simpson was previously senior vice-president of Fulfillment Services at Radial. He had headed up operations at the Radial fulfillment centers, with a focus on network optimization, engineering, continuous improvement and project management.

ON DECEMBER 8, BPOST GROUP PRESENTED CONNECT 2026

As part of its purpose to be a "trusted guide to connect in a changing world", bpost group launched CONNECT 2026, an updated strategic vision to accelerate the group's transformation into a customer-centric, sustainable omni-commerce group that is close to society while continuing to be an efficient mail provider in Belgium. It is built on 7 ambitions.

This updated strategic vision goes with an updated capital allocation and dividend policy.

ON DECEMBER 23, BPOST AND BNP PARIBAS FORTIS ANNOUNCED A NEW PARTNERSHIP MODEL FOR BPOST BANK

bpost and BNP Paribas Fortis signed a non-binding letter of intent expressing the intention of BNP Paribas Fortis to acquire bpost's 50% holding in bpost bank and become its sole shareholder. Both parties wish to develop a commercial partnership in which bpost continues to provide the range of financial services across its post office network.

The current context of low margins, low interest rates and stringent capital requirement to keep a smaller independent bank up and running, are at the basis of the envisaged agreement. Through this long-term partnership, bpost and BNP Paribas Fortis bolster their sustainable commercial relationship built on a shared proximity strategy to offer financial services through a branch network close to the citizen. This confirms the continued future added value of bpost's network and with that, the bpost bank clients can count on a continuity in excellent service in their familiar environment.

Corporate Governance Statement

Reference Code and introduction

In this Corporate Governance Statement, bpost outlines the key aspects of its corporate governance framework. This framework is consistent with the rules and principles set out in the Law of March 21, 1991 on the reform of certain economic public companies, as amended from time to time (the "1991 Law"), the Belgian Code of Companies and Associations[1], the Articles of Association, and the Corporate Governance Charter.

As a limited liability company under public law, bpost is governed by the Belgian Code of Companies and Associations, unless otherwise stipulated in the 1991 Law or other Belgian laws or regulations.

Articles of Association

The latest version of bpost's Articles of Association was adopted at the Shareholders' Meeting of May 13, 2020 and was approved by the Royal Decree of December 6, 2020[2].

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

- The **Board of Directors** sets bpost's general policy and strategy and oversees operational management;
- The Board of Directors set up a **Strategic Committee**, an **Audit Committee** and a **Remuneration and Nomination Committee** to assist and make recommendations to the Board of Directors;
- An ***Ad Hoc* Committee** consisting of at least three independent directors of the Board of Directors, which is established and intervenes when the procedure prescribed by Article 7:97 of the Belgian Code of Companies and Associations, as incorporated in bpost's Corporate Governance Charter, is triggered;
- The Chief Executive Officer ("**CEO**") is responsible for operational management; the Board of Directors has delegated the powers of day-to-day management to the CEO;
- The **Group Executive Committee** assists the CEO with operational management;
- There is a clear division of responsibilities between the Board of Directors and the CEO.

Corporate Governance Charter

The Board of Directors adopted the Corporate Governance Charter on May 27, 2013. The Charter has been in effect since June 25, 2013 and was last amended by the Board of Directors' decision of August 4, 2020.

The Board of Directors regularly reviews bpost's Corporate Governance Charter and adopts any changes deemed necessary and appropriate.

The Corporate Governance Charter contains rules with respect to:

- the corporate governance structure: bpost applies a "one-tier" governance structure in accordance with article 7:85 of the Belgian Code of Companies and Associations;

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1 *Dated March 23, 2019. This Code was published in the Belgian State Gazette on April 4, 2019.*

2 *This Royal Decree was published in the Belgian State Gazette on December 29, 2020. In accordance with article 41, §4 of the 1991 Law, any amendment to bpost's Articles of Association must be approved by a Royal Decree following a debate in the Council of Ministers.*

- the duties of the Board of Directors, Board Committees, Group Executive Committee, and CEO;
- the responsibilities of the Board of Directors' Chairperson and Corporate Secretary;
- the requirements that apply to the Board of Directors' members to ensure that they have adequate experience, expertise, and competences to fulfill their duties and responsibilities;
- the disclosure system on mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board of Directors in a transparent way in case conflicts occur, and a prohibition on director participation in the deliberations and voting on any matter in which he or she has a conflicting interest.

Reference Corporate Governance Code

The 2020 Belgian Code on Corporate Governance (the "**Corporate Governance Code**") is the reference code applicable to bpost[1]. The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies are required to follow the Corporate Governance Code, but may deviate from its provisions provided they disclose the justification for any such deviation.

Deviations from the Corporate Governance Code

During the financial year 2020, bpost complied with the Corporate Governance Code, with the exception of the following four (4) deviations:

- The Corporate Governance Code (provision 5.6) states that the term of a board mandate should not exceed four years. However Jean-Paul Van Avermaet was appointed at the Shareholders' Meeting of May 13, 2020 as director for a term ending at the termination of his fixed-term mandate as CEO (which runs until January 12, 2026). Linking his board mandate to his mandate as CEO, instead of setting a term of four years, is justified and even necessary to ensure continuity in the organization and management of the company, and contributes to the achievement of bpost's long-term objectives.
- The Corporate Governance Code (provision 7.6) provides that non-executive directors should receive part of their remuneration in the form of shares in the company to allow them to act from the perspective of a long-term shareholder. bpost deviates from this principle, and does not award any share-based remuneration to the non-executive members of the Board of Directors. Taking into account the current remuneration as well as the independence of the non-executive directors, bpost is of the view that granting remuneration in shares would not necessarily contribute to the objectives of the Corporate Governance Code, and believes that the applied remuneration policy already achieves the objective of enabling such directors to act from the perspective of a long-term shareholder and reduces the likelihood of conflicts of interest. Moreover, five (5) of the ten (10) non-executive Directors are appointed upon nomination by the reference shareholder and, based on a survey of Spencer Stuart, many listed companies do not pay their non-executives directors in shares, including other Belgian state-owned listed companies. Therefore, bpost considers that such deviation from provision 7.6 of the Corporate Governance Code is justified.
- The Corporate Governance Code (provisions 7.7 and 7.9) states that executives should hold a minimum number of shares in the company and receive an appropriate balance of cash and deferred remuneration. However, the members of the Group Executive Committee are not awarded any equity-based remuneration (shares, stock-options or other rights to acquire shares) and no part of their remuneration is deferred. This decision is in line with the majority shareholder's expectation and bpost considers it to be justified as the Board of Directors is convinced that the current remuneration package of executives already contributes to achieving the objectives of promoting sustainable value creation and strategic objectives, as well as attracting and retaining talents. To further align bpost's remuneration policy with the Corporate Governance Code, the Board of Directors is evaluating the introduction of a long-term incentive plan ("**LTIP**") based on a balance between the individual and the Group performances, similar to the LTIP implemented by another Belgian stated-owned listed company. The members of the Group Executive Committee would be incentivized to align their interests with the sustainable value-creation objectives of the company through an LTIP based on the satisfaction of performance criteria and paid in cash after a vesting period.
- The Corporate Governance Code (provision 7.12) provides that contracts with executives should include claw-back provisions. However, no specific provisions on early termination (including on recovery of or withholding

1 *The Corporate Governance Code is available on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).*

of payment of variable remuneration) are inserted in the contracts with executives. This deviation from the Corporate Governance Code is justified as the variable remuneration of members of the Group Executive Committee is capped, and does not represent a significant portion of their remuneration package[1]. In these circumstances, the insertion of claw-back provisions with regard to the payment of variable remuneration to executives would have a limited influence in the pursuit of long-term and sustainable value-creation objectives. In addition, the number of situations that could give rise to a claw-back is very limited, as grants of variable remuneration will be based on audited financial information.

Board of Directors

Composition

GENERAL RULES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors is governed as described below:

- The Board of Directors consists of a maximum of 12 directors, including the CEO, and comprises only non-executive directors, except for the CEO.
- All directors are appointed (and can be removed) by the Shareholders at a Shareholders' Meeting, on proposal by the Board of Directors and from candidates nominated by the Remuneration and Nomination Committee.
- Directors are appointed for a renewable term of maximum four years, to the extent that the total term of their mandate (as renewed) does not exceed 12 years. To ensure continuity in the organization, these limitations do not apply to the CEO.
- Any shareholder holding at least 15% of bpost's shares has the right to nominate directors for appointment pro rata its shareholding ("nomination right"). Directors nominated by a shareholder may be independent, provided they fulfill the general independence criterion laid down in Article 7:87 of the Belgian Code of Companies and Associations (also considering the specific independence criteria laid down in Article 3.5. of the Corporate Governance Code and article 4.2.6 of the Corporate Governance Charter), but do not have to be independent.
- All directors, other than the CEO and those appointed through the aforementioned nomination right, must be independent directors. In any case, the Board of Directors must comprise at all times at least three directors fulfilling the general independence criterion laid down in Article 7:87 of the Belgian Code of Companies and Associations, also considering the specific independence criteria laid down in Article 3.5. of the Corporate Governance Code and article 4.2.6 of the Corporate Governance Charter. The bpost Corporate Governance Charter further provides that at least half of the directors must at all times meet the independence criteria as set out in Article 3.5. of the Corporate Governance Code.
- Any director can be removed by decision of the Shareholders at a Shareholders' Meeting.
- Should any director mandate become vacant, the remaining directors have the right, in accordance with Article 7:88 of the Belgian Code of Companies and Associations, to temporarily fill such vacancy until a final appointment takes place in accordance with the abovementioned rules.

The current composition of the Board of Directors complies with:

- the gender representation requirements set forth in (i) Article 18, §2bis of the 1991 Law and (ii) Article 7:86 of the Belgian Code of Companies and Associations); and
- the language requirements set forth in Article 16 and 148bis/1 of the 1991 Law.

Finally, in accordance with the Law of September 3, 2017 on disclosure of non-financial and diversity information by certain large undertakings and groups, bpost applies a diversity policy in relation to its administrative, management, and supervisory bodies with regard to aspects such as, e.g., age, gender, educational and/or professional backgrounds. A description of this policy, its objectives, how it has been implemented, and the results in the reporting period is provided further in this Annual Report.

1 *For the member of the GEC located in the United States, the portion of variable remuneration is higher in line with local market practices.*

The Board of Directors was, per December 31, 2020, composed of the following 11 members:

NAME	POSITION	FIRST APPOINTMENT AS DIRECTOR	MANDATE EXPIRES
FRANÇOIS CORNELIS(1)	Chairperson of the Board of Directors	2013	2023
JEAN-PAUL VAN AVERMAET(3)	CEO and Director	2020	2026
JOS DONVIL(5)	Non-Executive Director	2017	2021
ANNE DUMONT(6)	Non-Executive Director	2019	2023
BERNADETTE LAMBRECHTS(2)	Non-Executive Director	2014	2021
LAURENT LEVAUX(6)	Non-Executive Director	2012(7)	2023
RAY STEWART(4)	Independent Director	2014	2022
MICHAEL STONE(4)	Independent Director	2014	2022
FILOMENA TEIXEIRA(5)	Independent Director	2017	2021
SASKIA VAN UFFELEN(5)	Independent Director	2017	2021
CAROLINE VEN(6)	Non-Executive Director	2012(7)	2023

(1) Appointed by the General Meeting of Shareholders of bpost held on May 27, 2013 (confirmed by decision of June 25, 2013) and appointed as Chairperson by a Board of Directors decision of May 10, 2017. His mandate was renewed (i) as director by a decision of the General Meeting of Shareholders of bpost held on May 8, 2019 and (ii) as Chairperson by a Board of Directors' decision of May 8, 2019.

(2) Appointed by the annual General Meeting of Shareholders of bpost held on May 13, 2020.

(3) Appointed as CEO by the Board of Directors of bpost held on February 12, 2020. Appointment as member of the Board of Directors was confirmed with retroactive effect by the annual General Meeting of Shareholders of bpost held on May 13, 2020.

(4) Appointed by the General Meeting of all Shareholders of bpost other than Public Institutions held on September 22, 2014. Their mandate was renewed by the General Meeting of Shareholders held on May 9, 2018.

(5) Appointed by the annual General Meeting of Shareholders of bpost held on May 10, 2017.

(6) Appointed by the annual General Meeting of Shareholders of bpost held on May 8, 2019.

(7) First appointment as Director dates from 2012, but not in office from May 9, 2018 until May 8, 2019.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The following changes occurred in the composition of the Board of Directors in 2020:

- on February 26, 2020, the mandate of Koen Van Gerven, as director and CEO, automatically expired and was not renewed;
- on February 12, 2020, upon unanimous recommendation of the Remuneration and Nomination Committee, the Board of Directors decided, with effect as from February 26, 2020, to:
  - co-opt Jean-Paul Van Avermaet, as director until the Shareholders' Meeting of May 13, 2020 (in accordance with article 17 of the Articles of Association and 7:88 of the Belgian Code of Companies and Associations);
  - appoint Jean-Paul Van Avermaet as new CEO of bpost, vested with the day-to-day management and specific powers delegated by the Board of Directors, as well as the representation of the Company with regard to these powers, until January 12, 2026;
- on March 25, 2020, the director's mandate of Bernadette Lambrechts expired. In the interest of bpost, in order to ensure the continuity of bpost's Board of Directors, and in accordance with company law, she continued to carry out her functions until the Shareholders' Meeting of May 13, 2020;
- at the Shareholders' Meeting of May 13, 2020, the Shareholders decided to:
  - confirm, upon proposal of the Belgian State in accordance with its nomination right, the appointment of Jean-Paul Van Avermaet as director retroactively and for a term ending at the moment his mandate as CEO terminates;
  - renew, upon proposal of the Belgian State in accordance with its nomination right, the mandate of Bernadette Lambrechts as non-executive director for a term of one year until the Shareholders' Meeting of May 12, 2021.

At the Shareholders' Meeting of May 12, 2021:

- the mandate of Jos Donvil and Bernadette Lambrechts, appointed as non-executive directors upon proposal by the Belgian State, will expire;
- the mandate of Filomena Teixeira and Saskia Van Uffelen, appointed as independent directors, will expire.

The Board of Directors intends to recommend candidates, nominated by the Remuneration and Nomination Committee, for appointment by the Shareholders at the annual Shareholders' Meeting of May 12, 2021 to replace the directors whose mandate has ended or will expire.

Newly elected directors can choose to participate in an induction program aimed at acquainting them with bpost's activities and organization as well as with the rules laid down in the Corporate Governance Charter. This program includes visiting operational and sorting centers.

Powers and functioning

POWERS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

In particular, the Board of Directors is responsible for:

- defining and regularly reviewing the medium- and long-term strategy as well as the general policy orientations of bpost and its subsidiaries;
- deciding all major strategic, financial and operational matters of bpost and its subsidiaries;
- ensuring that the bpost's culture is supportive of the realization of its strategy and that it promotes responsible and ethical behavior;
- overseeing the management of the Company by the CEO and the Group Executive Committee;
- all other matters reserved to the Board of Directors by the Belgian Code of Companies and Associations or the 1991 Law.

The Board of Directors is entitled to delegate special and limited powers to the CEO and other members of senior management and can allow sub-delegation of said powers. On June 30, 2017, the Board of Directors decided to approve a delegation of authority formalizing the delegation of specific powers by the Board of Directors to the CEO and other members of the Group Executive Committee. This policy, which does not affect the powers granted to the Board of Directors by or pursuant to bpost's Articles of Association, has been published in the annexes to the Belgian Official Gazette on November 16, 2017.

FUNCTIONING OF THE BOARD OF DIRECTORS

The Board of Directors meets whenever the interests of the Company so requires or at the request of at least two directors. In principle, the Board of Directors meets seven times a year and in any event not less than five times a year. In 2020, the Board of Directors met thirteen (13) times.

In general, the Board of Directors' and Board Committees' decisions are taken by simple majority of the directors present or represented, although for certain Board matters a two-thirds' majority is required (such as, e.g., decisions on the approval of all renewals or amendments to the Management Contract and certain decisions on the administrative law status of statutory employees). In the case of a tie, the Chairperson has a casting vote.

The bpost Corporate Governance Charter reflects the principles by which the Board of Directors and the Board Committees operate.

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

Evaluation process of the Board of Directors

Under the Chairperson's lead, the Board of Directors conducts regular evaluations of its scope, composition, and performance, along with those of the Board Committees, as well as the interaction with the Group Executive Committee. If needed, the Chairperson shall propose the necessary measures to remedy any weaknesses of the Board of Directors or of any Board Committee.

The Board of Directors recently conducted an external assessment on its functioning and composition. Such external assessment took place at the end of 2020 and the beginning of 2021.

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

Transactions between bpost, its Board members and executive managers

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

In accordance with Article 7:96 of the Belgian Code of Companies and Associations, Jean-Paul Van Avermaet declared, during the Board of Directors' meetings of June 17, 2020, August 4, 2020, September 17 and 18, 2020 and October 7, 2020, to have a personal conflict of interest of patrimonial nature in connection with agenda item regarding the investigation by the Belgian Competition Authority ("BCA") in the security sector covering a period before he joined bpost as CEO and the follow-up on the position of CEO. He informed bpost's Auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item.

Below follow the verbatim extracts of the relevant Board of Directors' minutes, in which were redacted only certain elements that in the view of the Board either (i) risk to jeopardize the rights to a fair process of the CEO in particular or (ii) violate someone's privacy in general (and in particular the CEO's), but in each case to the extent only that such a redaction does not make the mandatory disclosure to the shareholders under article 7:96 of the Belgian Code of Companies and Associations inadequate.

BOARD OF DIRECTORS' MEETING OF JUNE 17, 2020:

"*The Chairman opened the meeting at 10.00 a.m.*

Prior to proceeding with the agenda of the Board, the Chairman proposed to hear the CEO in the presence of his personal lawyer, […] regarding the press articles relating to the investigation of the Belgian Competition Council ("BCA") in the security sector. The press reports focus on the CEO's potential involvement in his capacity as CEO of G4S Belgium and thus in a period prior to taking up his position as CEO of bpost.

The Chairman requested confidentiality of all Board members regarding the matter.

Mr. Van Avermaet made the following statements in the presence of his attorney:

- *The investigation of the BCA is a mere sector inquiry into the security sector;*
- *He is not personally involved in the ongoing BCA investigation in respect of security companies; he is not aware of any wrongdoing and he has not been indicted;*
- *Discussions within the security sector did not go beyond concertation about the collective labor agreement and discussing problems the sector was facing;*
- *He was not aware of the existence of the investigation of the BCA in respect of security companies when he was hired by bpost.*

In the absence of the CEO, the Board discussed the matter. Elements of the discussion were, a.o. the reputation risk of bpost and whether the CEO was still in a position to execute the bpost strategy.

One Board member suggested to seek external counsel for the Company which the Chairman thought was a good idea.

The Board took notice of the information provided by the CEO and his counsel, and based upon this information, the Board decided to support the CEO and the management team in the execution of the strategy given the challenges ahead for bpost. As bpost is by no means involved, the Board has no further comments.

The CEO was thereupon invited back in the meeting."

BOARD OF DIRECTORS' MEETING OF AUGUST 4, 2020:

"Prior to the report of the Chairman, the CEO declared to have a personal conflict of interest of a patrimonial nature aimed at by Article 7:96 of the Belgian Code of Companies and Association in respect of the agenda item which relates to the report of the Remuneration and Nominations Committee meeting which discussed the status of the CEO.

The CEO left the meeting room and did not participate in the deliberation, nor the decision. The CEO will instruct the Joint Auditors of his conflict of interest in accordance with Article 7:96 of the Belgian Code of Companies and Association.

The Chairman noted that all Board members, except one who was on vacation, had signed the confidentiality agreement, and that one Board member had signed an amended version of the agreement. The Chairman of the Board asked whether the Board agreed to proceed on that basis with the report of the RemCo. The Board raised no objection.

The Chairman also stated that he has asked the Corporate Secretary to prepare a brief training and development program at the next Board meeting relating to the obligations of all Board members.

The Chairman reported on the discussions within the RemCo, and its recommendations to the Board.

The RemCo met to discuss the impact on the reputation of bpost of the formal investigation of the Belgian Competition Council in the security industry and whether some statements made by the CEO may be incompatible with his legal obligations on transparency.

The following documents were made available to the members of the Committee:

- *The letter of the Auditor-General of the Belgian Competition Council to bpost dated June 24 clarifying the scope and nature of the investigation in the sector of security services.*
- *The competition law analysis of the Belgian Competition Authority' investigation by the external counsel, Jones Day, retained by bpost dated June 24, 2020.*
- *The legal advice of the external counsel to bpost, Claeys & Engels, dated July 15, 2020, analyzing whether the statements of the CEO to the Board of Directors were misleading and could constitute a breach of the management contract of the CEO.*
- *The letter of the Chairman of bpost to G4S dated July 22, 2020 requesting confirmation that the direct reports of their former CEO were put on garden leave as reported in the press and announcing potential damage claims by bpost against G4S if the Competition Council were to conclude that the violations of competition law were founded.*

The Committee members had the opportunity to ask questions to […] of Jones Day, and to […] of Claeys, Engels, both retained as counsel to bpost.

The Committee subsequently heard the CEO in the presence of his lawyer, […] of the firm Liedekerke to allow due and fair process, and to ask questions to the CEO.

The CEO and his lawyer amended their statement made at the Board meeting of June 17, recognizing that the enquiry was neither preliminary, nor a sector inquiry, but an enquiry about companies and individual behaviors.

In the absence of the CEO and his counsel, the Chairman reported on the recommendations of the Committee to the Board:

1. *The Company Secretary would invite all Board members to sign a letter of confidentiality prior to the Board meeting. This letter was sent on July 31 to all Board members.*
2. *The Chairman would send a letter to the CEO inviting him to provide all information pertaining to the investigation and his involvement to meet his transparency obligations under his contract with bpost, the code of conduct*

and the corporate governance charter of bpost. If the CEO were to conclude that he is unable to meet his legal obligations towards bpost, the CEO will formally request the Auditor-general for permission to lift confidentiality for the purpose of meeting his transparency obligations towards bpost, and a copy of the correspondence in this respect will be promptly shared with the Chairman.

3. *The CEO will present at the next meeting of this Committee in September a risk action plan to safeguard the excellent reputation of bpost relating to all its stakeholders and present mitigation actions to manage those risks. This plan will be shared with all members of the Committee prior to the meeting.*
4. *The Committee also recommends to the Board to terminate the contract of the CEO in case the Competition Authority would issue formal charges against the CEO in this matter, in case the CEO would request immunity for prosecution by a guilty plea, or in case the CEO would be granted immunity.*

Upon recommendation of the Committee, the Board of Directors unanimously approved the above recommendations.

[…]

The Board agreed as the matter of the succession of the CEO is extremely important, that the succession plan of the CEO be discussed at Board level. The Board agreed that good corporate governance requires to prepare an update of the succession plan for the CEO and the members of the GEC.

The CEO was then invited to rejoin the meeting."

BOARD OF DIRECTORS' MEETING SEPTEMBER 17-18, 2020:

"Prior to the report of the Chairman, the CEO declared to have a personal conflict of interest of a patrimonial nature aimed at by Article 7:96 of the Belgian Code of Companies and Association in respect of the agenda item which relates to the follow-up on his position.

The CEO left the meeting room and did not participate in the deliberation, nor the decision. The CEO will instruct the Joint Auditors of his conflict of interest in accordance with Article 7:96 of the Belgian Code of Companies and Association.

The Chairman provided a chronology of events and correspondence.

The Board discussed the memorandum of the legal counsel which was provided to the Board. It asked several questions to […] and […] of Jones, Day, counsel to the Company in relation to the Department of Justice and the Belgian Competition Council investigations to which counsel responded.

The Board took note of the memorandum of its external counsel on the status of the proceedings, and had the opportunity to ask questions to counsel to the Company.

The Board considers that it is not its role to prejudge the outcome of the proceedings of the Belgian Competition Authority and the US Department of Justice in relation to possible cartel infringements in the security sector in Belgium and the possible involvement of Mr Van Avermaet therein.

That being said, the Board stresses that it expects the CEO to adhere at all times to the highest ethical standards and to abide by all applicable laws, in the interest of all stakeholders.

The Board expects also that the CEO complies with a strict obligation of transparency vis-à-vis the Board.

Upon motion duly made and seconded, the Board agreed to the following:

- *The Board requests the CEO to continue to execute the long term strategy of bpost in the interests of all its stakeholders*
- *The Board requests that the CEO promptly (i.e. within 24 hours after the CEO becomes himself aware of the development or, if this development pre-dates the Board resolution, within 5 working days following the notification of the Board resolution) informs the Board in writing of all information that should be brought to the attention of the Board under his contract and the applicable rules and regulations so that the Board can take a well informed decision to protect the best interests of the Company. […]*
- *The Board considers that a failure to timely perform its disclosure obligations towards the Board constitutes a serious fault within the meaning of his contract and can lead to an immediate termination of his contract as CEO of bpost without any compensation.*

- *The Board requests confirmation from the CEO that he is able and willing to travel to all bpost subsidiaries (COVID permitting) and capable of exercising his role as group CEO of bpost.*
- *[…]*

[One member of the Board formulated a dissenting opinion.]

The CEO was then invited to rejoin the meeting, together with the members of the Group Executive Committee, to proceed with the agenda."

BOARD OF DIRECTORS' MEETING OF OCTOBER 7, 2020:

"Prior to the report of the Chairman, the CEO declared to have a personal conflict of interest of a patrimonial nature aimed at by Article 7:96 of the Belgian Code of Companies and Association in respect of the agenda item which relates to the follow-up on his position.

The CEO left the meeting room and did not participate in the deliberation, nor the decision. The CEO will instruct the Joint Auditors of his conflict of interest in accordance with Article 7:96 of the Belgian Code of Companies and Association.

The Chairman reminded the Board of the decisions relating to the position of the CEO of September 17. The Chairman also informed the Board of the letter of the new deputy Prime Minister and her request to be fully informed about the file.

[…] [The letter of the Board to the CEO dated September 24 as well as the response of the CEO dated October 1] were shared in advance with the Board, as well as the legal opinions of external counsel to the Company. The Chairman also expressed his concern regarding the impact on the reputation of the Company and the challenge to balance carefully the interest of all stakeholders versus the individual right of the CEO to defend himself.

The Chairman stated that the Board needs to discuss today what would be in the best interest of the Company and whether the Board believes the CEO could still perform his obligations and functions as a CEO.

The Chairman underscored the fact that the CEO has not at this stage been indicted or being prosecuted individually.

He then invited all Board members to express their views and positions on the matter.

All Board members expressed their views and opinions. For reasons of confidentiality, these views are not incorporated individually in the minutes.

Upon motion duly made and seconded, the Board agreed to the following:

- *The Board requested a relationship of trust between the CEO and the Board, and transparency is a key element for such a trust.*
- *The Board confirms its decision of September 17 to request, among others, transparency of the CEO. Therefore, as his current response is inadequate, the Board agreed to give the CEO until October 21 to respond to the information request in a satisfactory manner.*
- *The Board also agreed to call a RemCo to continue to evaluate the succession plan for the CEO assessing internal candidates, but agreed not to undertake an external search for the time being.*

[Two members of the Board formulated a dissenting opinion.]"

Transactions between bpost and its majority shareholders

The related party transactions procedure set forth in Article 7:97 of the Belgian Code of Companies and Associations shall be observed for any decisions regarding the management contract or other agreements with the Belgian State or other Public Institutions (other than those within the scope of Article 7:97, §1, section 3 of the Belgian Code of Companies and Associations).

Committees of the Board of Directors

The Board of Directors has established three permanent Board Committees which assist the Board of Directors and make recommendations in specific fields: the Strategic Committee, the Audit Committee (in accordance with Article 7:99 of the Belgian Code of Companies and Associations), and the Remuneration and Nomination Committee (in accordance with Article 7:100 of the Belgian Code of Companies and Associations). The terms of reference of these Board Committees are set out in the Corporate Governance Charter.

STRATEGIC COMMITTEE

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

- regularly review industry developments, objectives and strategies of bpost and its subsidiaries and recommend corrective actions;
- review risks and opportunities of the strategy as identified by the Company's strategic risk assessment and other processes, and the impact of the relevant industry trends and changes, emerging or evolving competitive activity, governmental or legislative developments and the Company's performance against the financial targets agreed by the Board of Directors and communicated to the Company's shareholders;
- review the draft business plan submitted each year by the Group Executive Committee and provide guidance for the strategic planning process to ensure that the strategic implementation plan is developed, adhered to, and embedded in the Company;
- review strategic transactions proposed by the CEO or Group Executive Committee, including strategic acquisitions and divestitures, formation and termination of strategic alliances or longer-term cooperation agreements, launching of new product segments and entry into new products or geographic areas;
- monitor the implementation of such strategic projects and of the business plan including the Company's progress against strategic goals using predefined and agreed key performance indicators (KPIs) and provide feedback and advice on business tactics, merger and acquisition strategy, market capabilities, and resource requirements and allocation;
- review the execution of transactions, post–acquisition implementation and the realisation of the foreseen value of the acquisition to the Company's strategic objectives, including evaluating post-transaction audits to track performance against acquisition plan targets and the creation of value and realisation of synergies;
- make reports to the Board of Directors on its activities including an annual review of the performance of the committee and any recommendations for changes in the scope of its duties, composition, and working practices.

The Strategic Committee consists of maximum six directors. The Strategic Committee's Chairperson is designated by the Strategic Committee's members.

The Strategic Committee was, per December 31, 2020, composed of the following five members:

NAME	POSITION
LAURENT LEVAUX (CHAIRPERSON)	Non-Executive Director
CAROLINE VEN	Non-Executive Director
FILOMENA TEIXEIRA	Independent Director
JEAN-PAUL VAN AVERMAET	CEO and Director
ANNE DUMONT	Non-Executive Director

The Strategic Committee met three (3) times in 2020.

AUDIT COMMITTEE

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

- monitoring the integrity of bpost's financial statements and bpost's accounting and financial reporting processes and financial statements audits as well as bpost's budget;
- monitoring the effectiveness of bpost's internal control and risk management;
- monitoring the internal audit function and its effectiveness;
- monitoring the performance of the Joint Auditors and the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the Joint Auditors;

- reviewing and monitoring the Auditors' independence, especially in view of the provisions of the Belgian Code of Companies and Associations;
- proposing candidates to the Board of Directors for the two Auditors to be appointed by the Shareholders' Meeting;
- informing the Board of Directors on the results of the statutory audit and the performance of its tasks;
- appointing, dismissing, replacing, and annually evaluating the performance of the Chief Audit Officer.

The Audit Committee consists of maximum five non-executive directors, with at least one independent director. The Audit Committee's Chairperson is designated by the Audit Committee's members.

Collectively, the Audit Committee's members have sufficient relevant expertise in the field of accounting and audit to fulfill their roles effectively, notably in financial matters. Ray Stewart is competent in accounting and auditing, as evidenced by his former positions at Nyrstar and Proximus (previously Belgacom). The other members of the Audit Committee hold or have held several board or executive mandates in top-tier companies or organizations.

The Audit Committee was, as of December 31, 2020, composed of the following five members:

NAME	POSITION
RAY STEWART (CHAIRPERSON)	Independent Director
MICHAEL STONE	Independent Director
SASKIA VAN UFFELEN	Independent Director
BERNADETTE LAMBRECHTS	Non-Executive Director
CAROLINE VEN	Non-Executive Director

The Audit Committee met four (4) times in 2020.

REMUNERATION AND NOMINATION COMMITTEE

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

- identify and nominate Board candidates to fill vacancies as they arise, thereby considering proposals made by relevant parties, including shareholders;
- nominate for appointment candidates for the Board of Directors to be appointed by shareholders (whether or not in application of their nomination right set forth in Article 14, §2 of the Articles of Association);
- advise the Board of Directors on the appointment of the Board of Directors' Chairperson;
- advise the Board of Directors on the appointment of the CEO and on the CEO's proposals for the appointment of other members of the Group Executive Committee;
- advise the Board of Directors on the remuneration of the CEO and other members of the Group Executive Committee, including arrangements on early termination;
- review the remuneration (long term share-based or cash-based, and short-term incentive schemes) of the directors, members of the Group Executive Committee, and employees;
- establish performance targets and conduct performance reviews for the CEO and other members of the Group Executive Committee;
- advise the Board of Directors on the remuneration of the directors;
- advise the Board of Directors on talent management and diversity & inclusiveness policy;
- prepare and submit the remuneration report to the Board of Directors;
- advise the Board of Directors on the remuneration policy to be submitted, as the case may be, to the Sharehol-ders' Meeting;
- lead the process for succession planning for Board of Directors and Group Executive Committee members, taking into account the challenges and opportunities facing bpost, the skills and expertise needed in each position and the appropriate balance of skills, knowledge, experience and diversity to be maintained on the Board of Directors and the Board Committees;
- explain the remuneration report at the annual Shareholders' Meeting.

The Remuneration and Nomination Committee consists of minimum three and maximum five non-executive directors, with at all times a majority of independent directors. Collectively, Remuneration and Nomination Committee's members have sufficient relevant expertise with regard to remuneration policies to fulfill their roles effectively.

The Remuneration and Nomination Committee was, per December 31, 2020, composed of the following four members:

NAME	POSITION
FRANÇOIS CORNELIS (CHAIRPERSON)	Chairperson of the Board
JOS DONVIL	Non-Executive Director
SASKIA VAN UFFELEN	Independent Director
FILOMENA TEIXEIRA	Independent Director

The Remuneration and Nomination Committee met three (3) times in 2020.

Executive Management

CEO

The former CEO, in function until February 26, 2020, Koen Van Gerven, was appointed for a term of six years by the Royal Decree of February 26, 2014 following a debate in the Council of Ministers, in accordance with the provisions of the 1991 Law before it was amended by the December 2015 Law.

The current CEO, Jean-Paul Van Avermaet, was appointed for a term of six years by the Board of Directors upon recommendation of the Remuneration and Nomination Committee, until January 12, 2026.

The CEO is vested with (i) the day-to-day management of bpost and the representation of the company in respect of such management, (ii) the execution of the resolutions of the Board of Directors and (iii) the special powers delegated to him/her by the Board of Directors in accordance with Article 18, §2 of the Articles of Association. The CEO reports regularly to the Board of Directors.

The CEO can be removed by the Board of Directors.

Group Executive Committee

bpost's operational management is ensured by the Group Executive Committee and is led by the CEO. The Group Executive Committee consists of maximum nine members, who are appointed (for the duration determined by the Board of Directors) and removed by the Board of Directors, following a recommendation by the CEO and advice of the Remuneration and Nomination Committee.

The Group Executive Committee convenes regularly at the invitation of the CEO. The Group Executive Committee is assisted by the Group Executive Committee Secretary.

The individual members of the Group Executive Committee exercise the special powers delegated to them by the Board of Directors or the CEO, as the case may be. Within the limits of these powers, the members of the Group Executive Committee may delegate to one or more members of bpost's staff special and limited powers. The Group Executive Committee members may allow sub-delegation of these powers.

The Group Executive Committee prepares, under direction of the CEO, a business plan assessing bpost's medium-term purposes and strategy. This business plan is submitted to the Board of Directors for approval.

The Group Executive Committee was, as of December 31, 2020, composed of the following members:

NAME	FUNCTION
JEAN-PAUL VAN AVERMAET	Chief Executive Officer
LEEN GEIRNAERDT	Chief Financial Officer
MARK MICHIELS	Chief Human Resources & Organization
DIRK TIREZ	Chief Legal & Regulatory Officer and Company Secretary
NICO COOLS	Chief IT Officer and Chief Digital Officer
LUC CLOET	Director Mail & Retail
KATHLEEN VAN BEVEREN	Director Parcels & Logistics Europe and Asia
ILIAS SIMPSON	Director Parcels & Logistics North America

1991 Law Committee

The 1991 Law contains several provisions detailing the composition, appointment, and functioning of a "1991 Law Committee." Since the entry into force of the December 2015 Law, the powers to be assigned to the 1991 Law Committee are limited to the negotiation of the Management Contract with the Belgian State (it being understood that the Management Contract requires the subsequent approval of the Board of Directors). Therefore, the 1991 Law Committee remains in existence only for the limited purposes and tasks assigned to it by the amended 1991 Law.

The 1991 Law Committee was, as of December 31, 2020, composed of the CEO, who chairs the Committee, and two other members (one Dutch-speaking member and one French-speaking member): Mark Michiels and Catherine Delvaux.

Company Secretary

The Board of Directors and the Advisory Committees are assisted by the Group Company Secretary, Dirk Tirez, who is also bpost's Chief Legal & Regulatory Officer. He was appointed in October 2007. François Soenen is the Group Executive Committee Secretary.

Joint Auditors

The Joint Auditors audit bpost's financial condition as well as consolidated and unconsolidated financial statements. There are four bpost Joint Auditors: (i) two Auditors appointed by the Shareholders' Meeting and (ii) two Auditors appointed by the Court of Audit, the Belgian institution responsible for the verification of public accounts (Cour des Comptes/Rekenhof). The Joint Auditors are appointed for renewable terms of three years. The Shareholders' Meeting determines the remuneration of the Joint Auditors.

bpost's Joint Auditors were, as of December 31, 2020:

- EY Réviseurs d'Entreprises–Bedrijfsrevisoren SRL/BV ("**EY**"), represented by Mr. Romuald Bilem (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), De Kleetlaan 2, 1831 Diegem, Belgium (its mandate was renewed by the Shareholders' Meeting on May 9, 2018 until the annual Shareholders' Meeting of 2021);
- PVMD Réviseurs d'Entreprises- Bedrijfsrevisoren SC/CV ("**PVMD**"), represented by Mrs. Caroline Baert (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), Tweekerkenstraat 44, 1000 Brussel, Belgium (its mandate was renewed by the Shareholders' Meeting on May 9, 2018 until the annual Shareholders' Meeting of 2021);
- Mr. Philippe Roland, First President of the Court of Audit (*Rekenhof/Cour des Comptes*), Rue de la Régence 2, 1000 Brussels, Belgium (his mandate was renewed by the Court of Audit on September 25, 2019 until September 30, 2022); and

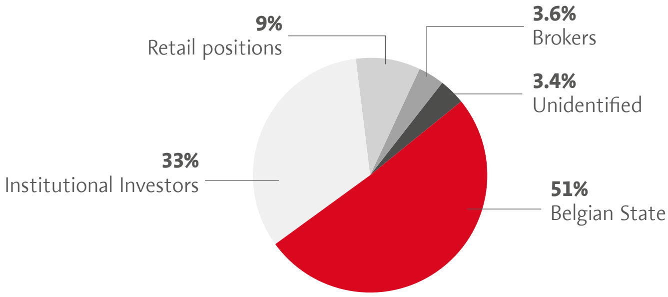
- Mrs. Hilde François, Chairperson of the Court of Audit (*Rekenhof/Cour des Comptes*), Rue de la Régence 2, 1000 Brussels, Belgium (she was appointed by the Court of Audit on October 3, 2018 until September 30, 2021).

EY and PVMD are responsible for the audit of bpost's consolidated financial statements. For the year ended December 31, 2020, EY and PVMD received 1,375,324.00 EUR (excluding value added tax) in fees for the audit of financial statements of bpost and its subsidiaries and 176,789.00 EUR (excluding value-added tax) in fees for non-audit services. The two auditors appointed by the Court of Audit received 81,698.00 EUR in remuneration for their services in connection with the audit of bpost's non-consolidated financial statements for the year ended December 31, 2020.

Shareholding structure and shareholders rights

bpost's shares are registered or dematerialized. On December 31, 2020, bpost's share capital was represented by 200,000,944 shares, listed on the regulated market of Euronext Brussels.

With, respectively, 48,263,200 (24.13%) and 53,812,449 (26.91%) bpost shares in their possession on December 31, 2020, the Belgian State and the SFPI/FPIM together hold 102,075,649 (51.04%) of bpost issued voting shares. The remaining 97,925,295 shares are held by individual shareholders and European and international institutional shareholders.



STRUCTURE OVERVIEW BY TYPE (IN %) ON DECEMBER 31, 2020

In 2020, bpost did not receive any transparency declarations disclosing that a notification threshold had been reached (crossed upward or downward) in accordance with the Law of May 2, 2007 on the disclosure of significant shareholdings in listed companies and the Articles of Association. All transparency notifications are available on bpost's website at http://corporate.bpost.be/investors/share-information/transparency-declarations.

The Company's shares are freely transferable, provided that, according to Article 147bis of the 1991 Law and Article 11 of the Corporate Governance Charter, the direct participation of Public Institutions in the registered capital has to exceed 50%.

On January 17, 2006, bpost, the Belgian state, the SFPI/FPIM entered into a shareholders' agreement, as subsequently amended, for a fixed term of 15 years. This agreement does not result in restrictions on the transfer of bpost shares and/or the exercise of voting rights other than set forth in the bpost Corporate Governance Charter.

On December 31, 2020, bpost did not hold any of its own shares.

Each share entitles its holder to one vote. Apart from the restrictions on voting rights imposed by law, the Articles of Association provide that, if shares are held by more than one owner, are pledged, or if the rights attached to the shares are subject to joint ownership, usufruct or any other kind of split of such rights, the Board of Directors may suspend the exercise of the rights attached to such shares until one person has been appointed as the sole representative of the relevant shares vis-à-vis bpost.

Remuneration Report

bpost[1]'s remuneration report (the "**Remuneration Report**") was established in accordance with article 3:6 §3 of the Belgian Code of Companies and Associations (the "**BCCA**"), as amended by the law of April 28, 2020 transposing the Shareholder Rights Directive II[2] ("**SRD II Law**"), the Belgian Code of Corporate Governance 2020 (the "**Corporate Governance Code**"), market practices and trends.

bpost considers transparency and clear communication on the principles and implementation of its remuneration policy to be essential. It therefore shares relevant information in this Remuneration Report on the remuneration paid to the members of the Board of Directors and of the Group Executive Committee in the financial year 2020. This year's Remuneration Report introduces new tables that provide additional insight into the total remuneration of the members of the Board of Directors and of the Group Executive Committee, as well as the performance realized and the payout of the variable remuneration.

General remuneration policy and remuneration principles applied in financial year 2020

bpost has developed a dynamic, rewarding, and responsible remuneration policy. This policy is regularly assessed and updated to ensure bpost's sustainability.

The general remuneration policy has multiple objectives, *inter alia*:

- Attracting, retaining, and motivating qualified and specialized individuals needed to achieve the Company's strategic and operational goals in the transformation of its business into a leading e-commerce and logistics company in Europe and beyond;
- Stimulating performance at both the collective and individual levels to create sustainable and profitable long-term growth, while safeguarding the wellbeing of our staff. With this in mind, the remuneration plan integrates aspects related to (i) bpost's results (e.g., EBIT results, along with criteria relating to the wellbeing of the staff and customer satisfaction) and (ii) the individual performance and skills;
- Identifying and promoting bpost's corporate values and culture; and
- Offering the Company's employees a fair remuneration, in consultation with the trade unions, while remaining competitive compared to the reference markets of mail, parcels, logistics and omni-commerce companies in Europe.

bpost distinguishes three different groups for which the remuneration is set out in this Remuneration Report:

- The members of the Board of Directors;
- The CEO; and
- The members of the Group Executive Committee.

The individual remuneration of the members of the Board of Directors and members the Group Executive Committee depends on the category they belong to.

The Remuneration and Nomination Committee regularly examines the remuneration policy's principles and their application, and will continue to do so. The Board of Directors and the Remuneration and Nomination Committee will also continue analyzing the possibility and feasibility of introducing a long-term incentive plan. The purpose of this plan would be to better align the actions and initiatives of management with the long-term performance of the Company.

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1 *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**" or "**bpost**").*

2 *Directive (EU) 2017/828 of the European Parliament and the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ("**SRD II**").*

During the financial year 2020, bpost did not deviate from the remuneration policy referred to above, which was approved by the Shareholders' Meeting on April 25, 2000, as amended from time to time. Despite the COVID-19 pandemic, bpost managed to retain the same key remuneration components and financial and customer objectives that were in place before the pandemic.

In compliance with the applicable corporate governance requirements, bpost will submit a new remuneration policy for the members of its Board of Directors and of the Group Executive Committee, applicable as from January 1, 2021, to the vote of its shareholders at the Shareholders' Meeting on May 12, 2021[1]. This remuneration policy, approved by the Board of Directors on recommendation of the Remuneration and Nomination Committee on March 8, 2021 continues the existing practices while updating certain principles to better promote the long-term interests of bpost and the alignment of all stakeholders. bpost will publish its new remuneration policy (together with the results of the vote) on its website after the shareholder vote. Any further material change to this remuneration policy will then have to be approved by the Shareholders' Meeting, on recommendation of the Board of Directors and the Remuneration and Nomination Committee.

Total remuneration of the members of the Board of Directors, the CEO and the other members of the Group Executive Committee

REMUNERATION OF THE BOARD OF DIRECTORS' MEMBERS

The remuneration of the members of the Board of Directors (with the exception of the CEO), as approved by the Shareholders' Meeting of April 25, 2000, continued to apply in 2020. It consists of two elements:

- a monthly fixed fee; and
- an attendance fee for each Advisory Committee[2] meeting 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.

No other benefits were paid to the Board of Directors' members for their mandate.

The CEO is not entitled to any remuneration for his mandate as a member of the Board of Directors.

Monthly fixed remuneration

During the financial year 2020, the members of the Board of Directors (with the exception of the CEO) received the following monthly fixed fee:

- 3,571.14 EUR for the Board of Directors' Chairman, who also chairs bpost's Joint Industrial Committee (*Paritair Comité / Commission Paritaire*), as indexed on March 1, 2020;
- 1,785.57 EUR for the other directors (with the exception of the CEO) as indexed on March 1, 2020.

Attendance fees

The members of the Board of Directors (with the exception of the CEO) also received an attendance fee of 1,785.57 EUR per attended Advisory Committee meeting.

Overall remuneration

For the financial year 2020, the overall remuneration paid to all the members of the Board of Directors (with the exception of the CEO) totaled 319,138.05 EUR (gross).

1 See: https://corporate.bpost.be/investors/shareholders-meetings/2021?sc_lang=en

2 The Advisory Committees include the Strategic Committee, the Remuneration and Nomination Committee, the Audit Committee and Ad Hoc Committees.

The table below shows the total annual remuneration paid on an individual basis to each member of the Board of Directors (with the exception of the CEO) based on his/her participation in the Advisory Committee meetings:

MEMBER	BOARD OF DIRECTORS		STRATEGIC COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE		AUDIT COMMITTEE		AD HOC COMMITTEE		TOTAL ANNUAL GROSS REMUNERATION (EUR)
	AMOUNT (EUR)	MEETINGS(2)	AMOUNT (EUR)	MEETINGS(2)	AMOUNT (EUR)	MEETINGS(2)	AMOUNT (EUR)	MEETINGS(2)	AMOUNT (EUR)	MEETINGS(2)	
François Cornelis (Chairman of the Board)	42,782.72	13/13		NA	5,356.71	3/3		NA	1,767.83	1(1)	49,907.26
Jos Donvil	21,391.36	12/13		NA	5,356.71	3/3		NA		NA	26,748.07
Anne Dumont	21,391.36	12/13	5,356.71	3/3		NA		NA		NA	26,748.07
Bernadette Lambrechts	21,391.36	13/13		NA		NA	7,142.28	4/4		NA	28,533.64
Laurent Levaux	21,391.36	11/13	5,356.71	3/3		NA		NA		NA	26,748.07
Ray Stewart	21,391.36	13/13		NA		NA	7,142.28	4/4	1,767.83	1(1)	30,301.47
Michael Stone	21,391.36	13/13		NA		NA	7,142.28	4/4	1,767.83	1(1)	30,301.47
Filomena Teixeira	21,391.36	11/13	5,356.71	3/3	3,571.14	2/3		NA	1,767.83	1(1)	32,087.04
Saskia Van Uffelen	21,391.36	13/13		NA	5,356.71	3/3	7,142.28	4/4	1,767.83	1(1)	35,658.18
Caroline Ven	21,391.36	11/13	3,571.14	2/3		NA	7,142.28	4/4		NA	32,104.78
	235,304.96		**19,641.27**		**19,641.27**		**35,711.4**		**8,839.15**		**319,138.05**

(1) *These amounts cover all amounts paid in the financial year 2020. Please note that attendance fees are paid in the month following the attended Advisory Committee meeting. This means that the amounts paid out in financial year 2020 relate to attendance to meetings of the Board of Directors or the Advisory Committee meetings held from December 2019 until November 2020*

(2) *The total number of meetings used as reference in the table depends on the time the concerned director has been appointed as member of the Board of Director or of an Advisory Committee.*

Remuneration of the CEO and the Group Executive Committee members

The remuneration package of the CEO[1] and the other members of Group Executive Committee is approved by the Board of Directors on recommendation of the Remuneration and Nomination Committee.

In 2020, the remuneration consisted of:

- a fixed base remuneration;
- a variable short-term incentive;
- pension contributions; and
- various other benefits.

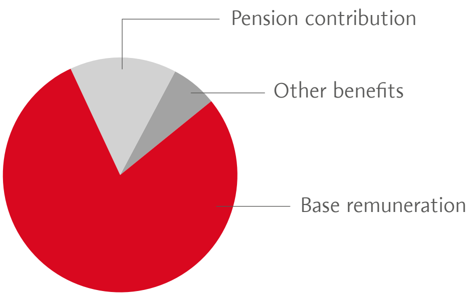
No shares, stock options, or other rights to acquire shares (or other share-based remuneration) were granted to or exercised by the CEO or the other members of the Group Executive Committee, or have expired in 2020. No options under previous stock option plans were outstanding for the financial year 2020.

No substantial changes were made to the remuneration of the CEO and the other Group Executive Committee members compared to the previous financial year.

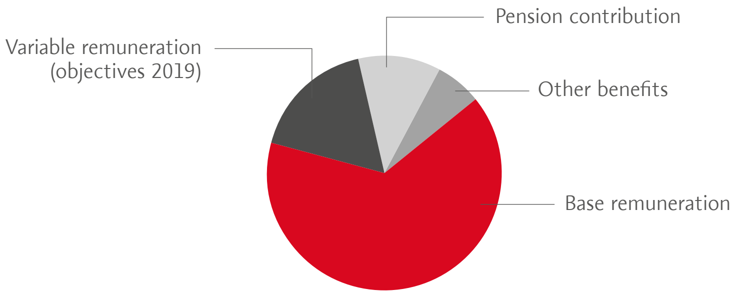
1 *The mandate of Koen Van Gerven as (executive) director and as person vested with the day-to-day management (Chief Executive Officer) of bpost expired on February 26, 2020 and was not renewed. Koen Van Gerven was remunerated as CEO for his two months in office during the financial year 2020. Jean-Paul Van Avermaet was co-opted as member of the Board of Directors with effect as from February 26, 2020 and appointed as CEO by the Board of Directors on recommendation of the Remuneration and Nomination Committee. To ensure a smooth transition, Jean-Paul Van Avermaet joined bpost on January 13, 2020 and was remunerated as from that day.*

Regarding the short-term variable incentive, in 2019, the Board of Directors approved a change in the structure of the variable short-term incentive, effective as of 2019 (with payouts in 2020). The target percentage for the variable short-term incentive of the CEO and the other Group Executive Committee remained unchanged. Nevertheless, the bonus structure has moved from a multiplication of the collective and individual target payouts to an additive system. Moreover, the collective objectives have a greater weight than the individual performance targets for the CEO and the other members of the Group Executive Committee. The ratio is 80%-20% for the CEO and 70%-30% for the other members of the Group Executive Committee. Finally, the collective objectives have been segmented for the group and the business units to improve the line of sight.

The relative importance of the various remuneration components of the CEO and Group Executive Committee members is illustrated in the graphs below.



RELATIVE IMPORTANCE OF THE VARIOUS ELEMENTS OF THE CEO'S REMUNERATION (2020)



RELATIVE IMPORTANCE OF THE VARIOUS ELEMENTS OF THE GLOBAL REMUNERATION OF THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE (2020)

Base remuneration

The base remuneration consists of a fixed base salary defined by the nature and specificities of the functions, granted independently of bpost's results:

- the CEO's base remuneration for the financial year 2020 amounted to 493,007.26 EUR [1] (gross) (as indexed on April 1, 2020). The CEO did not receive any remuneration for his mandate as member of the Board of Directors;
- the total base remuneration granted to other members of the Group Executive Committee for the financial year 2020 amounted to 3,191.276.42 EUR (gross). The amount of their individual base remuneration reflects the responsibilities and characteristics of the position, the level of experience and the performance of the members of the Group Executive Committee during the past year. It is revised annually based on a benchmark study that covers large Belgian companies so as to offer a total remuneration in accordance with the median on the reference market.

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

1 *Koen Van Gerven's base remuneration for the financial year 2020 amounted to 82,690.80 EUR (gross).*

Variable remuneration

In 2020, the CEO and the other members of the Group Executive Committee in Belgium had variable short-term remuneration targets with regard to their performance during financial year 2019 of up to 30% of their annual fixed base remuneration.

The variable short-term incentive was awarded on the basis of the achievement of both collective objectives and individual performance targets, which have been set at the start of 2019.

- The **collective objectives** relate to performance against Key Performance Indicators (KPI's) set by the Board of Directors on recommendation of the Remuneration and Nomination Committee and represent respectively 80% of the CEO's and 70% of the other Group Executive Committee members' variable remuneration (with a minimum of 0% in case of underperformance and a maximum of 200% in case of overperformance). These KPI's include financial and non-financial indicators:
  - EBIT (60% for the CEO and 50% for the members of the Group Executive Committee): reflects the group financial results. The financial results applicable to the CEO and the other members of the Group Executive Committee in charge of the support units are linked to the group, while those for the members of the Group Executive Committee in charge of a business unit, are linked, with an equal weight, to the group and business unit. The payout for 2019 was between 90.2% and 100.3%.
  - Customer Loyalty Index (10%): reflects the loyalty of bpost's customers. The pay-out for this criterion is equal to the results for the given year. The Customer Loyalty Index for 2019 is composed specifically for the different business and support units of minimum two (2) and maximum five (5) metrics. The results for 2019 reached a payout between 102,0% and 102,2% for this criterion, depending on the area of responsibility.
  - Short-term Absenteeism Index (10%): reflects the wellbeing of bpost's staff. The pay-out for this criterion is equal to the results for the given year. The Short-term Absenteeism Index, measured on a quarterly base and specific to the Business unit and Group for 2019 reached a payout of between 0% and 25.7% for this criterion in 2019, depending on the area of responsibilities.
- The **individual performance targets** are defined and agreed on at the beginning of each year (i) between the Board of Directors and the CEO and (ii) between the CEO and each Group Executive Committee member, and represent respectively 20% of the CEO's and 30% of the Group Executive Committee members' variable remuneration.

These individual targets are assessed annually during the first quarter following the end of the financial year, as part of a Performance Management Process ("**PMP**"). Clear and measurable targets are set, which are to be achieved within an agreed timeframe. The individual performance is measured against these targets and may vary from 0% of the base amount of the short-term variable remuneration in the event of underperformance to 200% in the event of overperformance.

The main individual performance targets to be achieved by the CEO over financial year 2019 were the following:

- achievement of specific financial results set by the Board;
- transformation of bpost into a global e-commerce logistics player anchored in Belgium;
- promotion of sustainability as core value in all bpost group's activities;
- improvement of general employee engagement, quality in execution of public service contracts and customer satisfaction.

The main individual performance targets to be achieved by the other members of the Group Executive Committee over financial year 2019 were the following:

- specific business achievements and development;
- strategic orientation and execution of the transformation plan both abroad and in Belgium;
- team leadership, employee engagement and customer focus.

In 2019, the individual performance targets reached a pay-out of between 110% and 130% for the members of the Group Executive Committee.

The current CEO, Jean-Paul Van Avermaet, did not yet receive a short-term incentive in 2020, as he joined bpost in the course of 2020. His variable short-term incentive for the financial year 2020, if any, will be determined and paid in 2021, based on the achievement of the collective objectives and individual performance targets for the financial year that ended on December 31, 2020.[1]

1 *The former CEO, Koen Van Gerven, received, for the achievement of the collective objectives and individual performance targets for the year ended on December 31, 2019, a variable remuneration of 250,000.00 EUR (gross) in 2020.*

The other members of the Group Executive Committee received a global variable short-term incentive of 846,379.94 EUR (gross) in 2020 based on the achievement of the collective objectives and the individual performance targets for the year that ended on December 31, 2019. Their variable short-term incentive for the financial year 2020, if any, will be determined and paid in 2021, after the performance assessment of each member of the Group Executive Committee.

Pension contribution

The CEO and the other members of the Group Executive Committee have a complementary pension plan (second pillar):

- the CEO's pension contribution for the financial year 2020 amounted to 90,842.10 EUR[1];
- the Group Executive Committee's global pension contribution for the financial year 2020 amounted to 459,935.49 EUR.

Other benefits

The CEO and the other members of the Group Executive Committee have received other benefits, *e.g.*, an insurance covering death-in-service and disability, medical insurance, meal vouchers (except for the CEO) and a company car. These benefits are benchmarked regularly and adapted according to standard practices. The amount of the other benefit amount is set out in the table below.

Overall remuneration

The **total remuneration** paid to the CEO in 2020 amounts to 623,285.02 EUR (compared to 736,325.66 EUR in 2019) and can be broken down as illustrated in the table below.

The **total remuneration** paid to the members of the Group Executive Committee (other than the CEO) in 2020 amounts to 4,791,691.71 EUR (compared to 4,277,964.94 EUR in 2019) and can be broken down as illustrated in the table below:

TOTAL REMUNERATION OF THE CEO AND THE OTHER MEMBERS OF THE GROUP EXECUTIVE COMMITTEE IN 2020

NAME AND POSITION	FIXED REMUNERATION			VARIABLE REMUNERATION	EXTRAORDINARY ITEMS	PENSION EXPENSE	TOTAL REMUNERATION	PROPORTION OF FIXED AND VARIABLE REMUNERATION(1)
	BASE SALARY	FEES	OTHER BENEFITS					
Jean-Paul Van Avermaet, CEO	493,007.26 EUR	N/A	39,435.66 EUR(2)	0 EUR(3)	0 EUR	90,842.10 EUR	623,285.02 EUR	Fixed: 100% Variable: 0%
Group Executive Committee members	3,191,276.42 EUR(4)	N/A	294,099.85 EUR(5)	846,379.94 EUR	0 EUR	459,935.49 EUR	4,791,691.71 EUR	Fixed: 82.34% Variable : 17.66%

(1) Fixed pay comprises the fixed remuneration and the pension contributions. Variable remuneration comprises the annual short incentive.

(2) Other benefits of the CEO include: (i) insurance covering death-in-service, disability and medical coverage: 19,593,56 EUR; (ii) representation fees: 3,300.00 EUR; (iii) leasing costs for company car: 16,542.10 EUR.

(3) The CEO, Jean-Paul Van Avermaet, did not receive a variable remuneration during the year 2020. His variable remuneration for the year 2020 will be determined and paid in 2021, based on collective objectives and individual targets for the financial year that ended on December 31, 2020, after the performance assessment completed in 2021.

(4) The base remuneration of the other Group Executive Committee members include end-year bonuses and holiday pay.

(5) Other benefits of the other members of the Group Executive Committee include: (i) insurance covering death-in-service, disability and medical coverage; (ii) representation fees and meal vouchers; (iii) leasing costs for company car.

USE OF CLAWBACK PROVISIONS

There are no specific contractual clawback provisions in favor of bpost for the variable remuneration paid out to the CEO and the other members of the Group Executive Committee.

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1 Koen Van Gerven's pension contributions in the financial year 2020 amounted to 13,711.32 EUR.

CHANGES TO THE COMPOSITION OF BPOST'S GROUP EXECUTIVE COMMITTEE – SEVERANCE PAY

The following changes in the composition of the Group Executive Committee occurred in 2020:

- Koen Van Gerven's mandate as Chief Executive Officer and Board of Directors' member expired on February 26, 2020 and was not renewed – as disclosed in the 2019 remuneration report, Mr Van Gerven was entitled to an indexed non-compete remuneration (of 500,000.00 EUR), which lead to a payment of 530,620.49 EUR (gross) in 2020. For further details, please refer to the corporate governance statement in bpost's Annual Report of 2019 available on bpost's website (www.bpost.be);
- Jean-Paul Van Avermaet was appointed as Chief Executive Officer on January 13, 2020 and exercised his function as CEO and member of the Board of Directors as of February 26, 2020. Mr Van Avermaet was remunerated as from January 13, 2020;
- Henri de Romrée, resigned as Director Parcels & Logistics North America and left the Company with effect as from December 31, 2020 – no severance pay was due; and
- Ilias Simpson, was appointed as Director Parcels & Logistics North America and as Group Executive Committee member and was remunerated in that capacity as from December 1, 2020.

Compliance with bpost's remuneration policy, long-term objectives and sustainability

The total amount of remuneration paid out during the financial year 2020 is in line with the principles of bpost's remuneration policy approved at the Shareholders' Meeting of April 25, 2000, as amended from time to time.

The objective of the bpost's remuneration policy is to attract, motivate, and retain the best qualified talents needed to achieve bpost's short-and long-term goals within a coherent framework. The policy is structured in a way which aligns the interests of the bpost's Board of Directors and management with the interests of shareholders, stakeholders and society at large.

The level of the fixed base remuneration ensured, on the one hand, that the bpost group could always rely on a professional and experienced management, even in more difficult times, such as the COVID-19 crisis.

The payment of the short-term incentive, on the other hand, ensured the realization of both financial EBIT) and non-financial (customer loyalty and absenteeism) performance criteria that translate the strategy of bpost.

Remuneration of the members of the Board of Directors and of the Group Executive Committee in context

This section places the remuneration of the members of the Board of Directors and of the Group Executive Committee and its development over time in the broader context of the average remuneration of bpost's employees (on a full-time equivalent basis) and of bpost's performance. The following table gives an overview of the evolution in time over the last five years of the total remuneration of the members of the Board of Directors of the Group Executive Committee. The table further displays this evolution in the broader context of the average remuneration of bpost's employees (on a full-time equivalent basis) and the overall annual performance criteria.

The methodology used for the calculation of the remuneration average (on a full-time equivalent basis) of the employees is the following: the gross sum of the monthly salary, annual bonus, other benefits, divided by the total number of employees on a full-time equivalent basis.

	FY 2016	% CHANGE	FY 2017	% CHANGE	FY 2018	% CHANGE	FY 2019	% CHANGE	FY 2020
BOARD OF DIRECTORS AND MANAGEMENT REMUNERATION[1]									
Board of Directors members' global remuneration	330,694.58 EUR	6%	350,614.14 EUR	-5.4%	331,510.77 EUR	17%	388,123.43 EUR	-17.8%[2]	319,138.05 EUR
CEO's global remuneration	829,420.12 EUR	2.3%	848,843.1 EUR	6.3%	902,123.95 EUR	-18%	736,325.66 EUR	-15.4%	623,285.02 EUR
Other Group Executive Committee members' global remuneration	2,721,432.99 EUR	18.8%	3,232,267.22 EUR	35%[3]	4,363,457.84 EUR	4%	4,277,964.94 EUR	10.7%	4,791,691.71 EUR[4]
COMPANY PERFORMANCE									
Financial metric (Adjusted EBIT)	496,549,055.56 EUR	1%	501,646,889.79 EUR	-15%	424,261,989.47 EUR	-27%	310,805,491.40 EUR	-9.7%	280,573,881.37 EUR
Total operating income	2,425,200,000.00 EUR	24.7%	3,023,800,000.00 EUR	27.3%	3,850,200,000.00 EUR	-0.3%	3,837,800,000.00 EUR	8.3%	4,154,600,000.00 EUR
Customer Loyalty Index	79.55	-13%	69.5%	-17%	57.95%	73%[5]	100.17%	-8.2%	91.95%
Short-term Absenteeism Index					4.37%	3%	4.52%	9.7%	4.96%[6]
AVERAGE REMUNERATION ON A FULL TIME EQUIVALENT BASIS OF EMPLOYEES[7]									
Employees of the Company	45,686.00 EUR	2%	46,500.00 EUR	-1%	46,256.00 EUR	2%	47,259.00 EUR	1,8%	48,118.00 EUR

Explanations regarding information included in the above table can be found below:

(1) The total remuneration of the members of the Board of Directors and of the members of the Group Executive Committee includes the variable remuneration. The total remuneration of the Group Executive Committee also includes severance pays.

(2) The decrease in the total remuneration of the members of the Board of Directors in 2020 can be explained by the fact that since October 2019, the mandate of one independent director is vacant.

(3) On November 16, 2017, bpost acquired 100% of the shares of Radial. As from 2018, three additional members joined the Group Executive Committee, including a Director Parcels & Logistics North America remunerated in accordance with US market practices.

(4) The increase in the total remuneration of the members of the Group Executive Committee (with the exception of the CEO) in 2020 compared to 2019 can be explained by (i) changes in the composition of the Group Executive Committee leading to a higher amount of base remuneration, (ii) an increase in the pension costs, as well as (iii) the improved Company's performance in 2019 compared with the results in 2018 leading to a higher amount of variable remuneration for the performances of the Group Executive Committee's members in 2019 paid in 2020.

(5) The increase in the Customer Loyalty Index in 2019 can be explained by the good progress of operational indicators linked to mail & parcels delivery as well as by the positive result of the NPS Parcels, an additional criterion taken into account in the determination of the Customer Loyalty Index as from 2019

(6) The percentage of 4.96% is the Short-term Absenteeism Index for the full financial year 2020. However, for the calculation of the collective objectives of 2020, only the Short-term Absenteeism Index of Q3 2020 will be taken into account for COVID-19 reasons, i.e. 3.94%.

(7) The average remuneration of employees of bpost excludes directors, members of the Group Executive Committee and the CEO that would have entered into an employment agreement with the Company.

Remuneration of employees

bpost applies the same principles of remuneration for key management personnel and its employees. Both employees and management have a fixed base remuneration, a variable remuneration and various benefits. The fixed base remuneration component is reviewed regularly. The variable remuneration component depends on key financial (EBIT) and non-financial metrics (i.e. customer loyalty and absenteeism) of bpost. Additional benefits are granted, depending on the qualifications and seniority of the staff.

As Belgium's leading postal operator and a parcels and e-commerce logistics provider in Europe, North-America, and Asia, bpost group employs over 36 291 experienced and talented employees, who are committed to serving bpost's clients and communities. bpost is dedicated to continuing to improve working conditions to promote a collaborative, inclusive and healthy workplace. bpost is convinced that this will help the Company to attract, develop and retain the best talent and capabilities to drive bpost's strategy.

The ratio between the highest remunerated executive and the least remunerated employee (on a full time equivalent basis) within the Company in 2020 was 20.

Information on shareholder vote

The Shareholders' Meeting of May 13, 2020 approved the remuneration report of 2019 with a majority of 73.06%.

Internal control and risk management

bpost's Enterprise Risk Management ("ERM") framework assists bpost in managing risks effectively and in implementing the necessary controls to pursue its objectives. The ERM framework covers: (i) risk management, allowing bpost to take informed decisions on risks it is willing to take to achieve its strategic objectives, thereby taking into account external factors; and (ii) internal control activities, which include all internal policies, procedures and business practices to mitigate risks. Best practices in risk management and internal control activities (e.g., international standard ISO31000) and the Commission on Corporate Governance's directions have been used as references to define the ERM framework.

In general, the objective is to provide a reasonable assurance regarding (i) compliance with applicable laws and regulations, (ii) reliability of financial and non-financial information, and (iii) effectiveness of internal processes. A "reasonable assurance level" is a high, but not an absolute level, given that all internal control systems have limitations linked to, e.g., human error, wrong decisions or choices on cost/benefit of control.

The following description of bpost's internal control and risk management activities is factual and aims to cover the activities' main characteristics.

Control environment

The control environment promotes employee awareness and compliance, defines clear roles and responsibilities, publishes quality guidelines, and demonstrates the commitment of bpost's Group Executive Committee and Board of Directors.

COMMITMENT TO INTEGRITY AND ETHICAL VALUES

"Earning trust" is one of bpost's key values. The Board of Directors and Group Executive Committee have approved bpost's Code of Conduct, which was first issued in 2007 and last reviewed in 2019.

The Code has general principles that describe the values and ethical standards for everybody working in the group and enables appropriate responses in the event that it is not followed. These principles are reinforced by the relevant regulations, policies and procedures that are in place across bpost's businesses, affiliates and ventures. The Code of Conduct is provided to all new employees as part of the onboarding process and systematically introduced in the bpost subsidiaries. It is also made available on bpost's intranet and referred to during trainings. Any violations of the Code of Conduct must be reported to the immediate superior or the reference person of the employee, or to the legal department of bpost, as the case may be.

Furthermore, to comply with insider trading and market manipulation regulations, bpost has adopted a Dealing and Disclosure Code. This Code is amended from time to time to be in line with the most recent market abuse laws and regulations. The Dealing and Disclosure Code aims to create awareness around possible improper conduct by employees, senior employees, and persons discharging managerial responsibilities (being members of the Board of Directors and of the Group Executive Committee) and their associated persons. The Dealing and Disclosure Code contains strict rules on confidentiality, non-use of "price sensitive" information, and dealing restrictions. The rules of this Code have been widely communicated within the Group and the Code is available to all employees, senior employees and persons discharging managerial responsibilities. In conformity with the Market Abuse Regulation of April 16, 2014, persons discharging managerial responsibilities at bpost have been informed of their obligations in relation to insider trading under the Market Abuse Regulation.

COMMITMENT TO CORPORATE GOVERNANCE FOSTERING ACCOUNTABILITY

The Board of Directors supervises the Company's operational management. The Audit Committee advises the Board of Directors on accounting, audit, and internal control matters. Without prejudice to the monitoring role of the Board of Directors, the Group Executive Committee establishes risk management and internal control guidelines and procedures and monitors their effective roll-out. A "three lines of defense" model has been implemented:

- The operational management is responsible for the design and maintenance of risk management and internal controls (first line);
- The second line functions, such as Legal, Compliance, Health & Safety, Security or Integrity, provide expert support to the first line operational management. All second line functions report at least annually to the Group Executive Committee on the risk evolution in their respective domains;
- Finally, Corporate Audit, responsible for the internal audits of bpost Group, constitutes the third line of defense. The Corporate Audit Director reports to the Audit Committee's Chairperson and CEO.

COMMITMENT TO EMPLOYEE DEVELOPMENT AND COMPETENCE

Good leadership is invaluable and generates better results for bpost. To develop skills, bpost has established its own training center. Technical courses are held in the business units (e.g., training on the International Financial Reporting Standards ("IFRS") used to prepare bpost's consolidated financial statement) and ad hoc courses are developed on a need-to-have basis. Personal development is driven by clear job descriptions and a structured bi-annual evaluation. Ad hoc coaching sessions are promoted.

Risk assessment

The purpose of risk management, embedded in the ERM framework, is to deliver a consistent corporate approach and establish a sound risk management culture. Three types of risk management activities are performed. First, a strategic risk assessment takes place as part of the process to define/ revise bpost's strategy. Each Business Unit further assesses its operational risks on a semi-annual basis. Finally, there is risk and internal control management at a process, product or project level. This includes an evaluation of the adequacy of the most important internal controls to mitigate risks at a process, product or project level. The same structured risk management process is applied to the following three types of risk activities:

- Identification of the risks that may have an impact on realizing the objectives;
- Assessment of risks in order to prioritize them;
- Decision on risk responses and action plans to address key risks;
- Monitoring action plan implementation and overall risk evolutions and identification of emerging risks.

The coherence of the three different types of risk activities is ensured by using a single framework of risk evaluation criteria to assess the risks. This ensures the right risks are circulated, both top-down and bottom-up.

More information can be found in the "Risk Management" section of the annual report (note 6.5).

Control activities

IN GENERAL

Policies and procedures are established for the key processes (accounting, procurement, investments, treasury, etc.). They are subject to regular controls. Internal controls are monitored where relevant.

All Group companies use an Enterprise Resource Planning ("ERP") system or accounting software to support efficient processing of business transactions, to perform accounting and to deliver data for consolidation. These systems provide management with transparent and reliable information it needs to monitor, control, and direct business operations. A close monitoring of potential conflicts of separation of duties in the ERP system is carried out on a regular basis. bpost has established management processes to ensure the implementation of appropriate measures on a daily basis to sustain the performance, availability and integrity of its IT systems. The adequacy and effectiveness is monitored through internal service level agreements as well as periodic performance and incident reporting to the different Business Units involved.

Specifically related to the financial statements

Systematic and structured finance processes ensure a timely and qualitative reporting. These processes include the following main activities or controls:

- Careful and detailed planning of all activities, including owners and timing;
- Communication by the Group Finance Department prior to the closing of guidelines, including on all IFRS accounting principles, to be applied by all legal entities and operating units;
- Separation of duties between the accounting teams in the different legal entities actually performing the accounting activities and the departments responsible to review the financial information. The review is performed more specifically by (i) financial business partners responsible, inter alia, for the review of financial information in their area of responsibility, and (ii) the Group Finance Department, which is responsible for the final review of the financial information of the different legal entities and operating units and for the preparation of the consolidated financial statements;
- Systematic account justification and review after the closing triggering follow-up and feedback of the timelines, quality and lessons learned in order to strive for continuous improvement.

Information and communication

The Internal Communication department uses a wide variety of tools, such as the Company's intranet and employee newsletters, to circulate messages in a structured and systematic way both from top management and operational level.

Financial and performance information is shared between operational and financial management and the Group Executive Committee. Besides the monthly reporting analysis prepared by the financial business partners, the Group Executive Committee conducts a thorough quarterly review of the different Business Units' performance.

Proper assignment of responsibilities and coordination between the relevant departments ensures an efficient and timely communication process for periodic financial information. The Group Finance Department communicates on a regular basis all IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities and operating units, to the accounting teams of the different legal entities and operating units.

Externally, the Press Relations, Public Affairs and Investor Relations departments manage stakeholders, e.g. press, public authorities and the financial community. These departments centralize and validate external communications with a potential impact at Group level. This includes, but is not limited to, financial information.

Financial information is made available to the market on a quarterly, semi-annual and annual basis. Prior to external publication, financial information is subject to (i) an extensive internal validation process, (ii) review by the Audit Committee, and (iii) approval by bpost's Board of Directors.

Monitoring

CORPORATE AUDIT (INTERNAL) AND JOINT AUDITORS (EXTERNAL)

bpost has a professional internal audit department that works in line with the Institute of Internal Auditors' standards. The department is subject to an external quality review every five years. Corporate Audit conducts an annual risk assessment with a semi-annual revision to determine the audit program. Via its audit assignments, Corporate Audit provides reasonable assurance on internal control effectiveness in the different processes or projects reviewed.

The Joint Auditors provide an independent opinion on the full year statutory and consolidated financial statements. They perform a limited review on the half-year interim condensed financial statements. In addition, they review material changes to the IFRS accounting principles and evaluate the different identified key controls on the processes that support the set-up of the financial statements.

AUDIT COMMITTEE AND BOARD OF DIRECTORS

The Audit Committee advises the Board of Directors on accounting, audit, and internal control matters.

To do so, the Audit Committee receives and reviews:

- All relevant financial information to enable the Audit Committee to analyze the financial statements;
- The quarterly treasury update;
- Any significant change of the IFRS accounting principles;
- Relevant findings resulting from the activities of the Corporate Audit Department and/or the Joint Auditors;
- The Corporate Audit's semi-annual status report on the follow-up of audit recommendations and annual activity report;
- The Group Executive Committee's annual conclusion on the effective execution of bpost's risk management and internal control activities as well as periodic information on the main business and related risk evolutions.

The Board of Directors ultimately ensures the establishment of internal control systems and procedures. The Board of Directors monitors the functioning and adequacy of the internal control systems and procedures, considering the Audit Committee's review, and takes the necessary measures to ensure the integrity of the financial statements. A procedure is in place to convene bpost's appropriate governing body on short notice if and when circumstances so dictate.

More detailed information on the composition and functioning of the Audit Committee and the Board of Directors is included in the section of this Corporate Governance Statement on the Board of Directors and the Audit Committee.

Diversity

Creating a culture of Diversity and Inclusion

bpost is a highly diverse company in terms of its workforce and is committed to creating and supporting a collaborative workplace culture. Such a diverse environment allows the group to optimize interaction with its customers and stakeholders, and respond to challenges in different and efficient ways.

In that context, bpost has designed a Diversity Policy (available on bpost's website) aimed at creating diversity and inclusion awareness within the group. The purpose of this Diversity Policy is to support bpost employees and management in building a culture where diversity and inclusion are a daily practice.

The program focuses on engagement, awareness, and involvement. The Board of Directors sets the tone at the top and is the true sponsor of the diversity and integration workshops organized for teams investing in diversity and inclusion awareness and/or dealing with specific topics within the diversity and inclusion framework.

Diversity within the Board of Directors and the Group Executive Committee

bpost adheres to the view that diversity of competences and views of the Board of Directors and Group Executive Committee facilitates a good understanding of the business organization and affairs. It enables the members to constructively challenge strategic decisions, ensure risk management awareness, and be more open to innovative ideas.

bpost complies with the provisions of Article 7:86 of the Belgian Code of Companies and Associations in terms of gender diversity, but the Diversity Policy for the members of its management goes beyond this strict legal minimum.

In the composition of the Board of Directors and Group Executive Committee, special attention is paid to diversity in terms of criteria such as age, professional background, gender, and geographic diversity. When considering candidates for vacancies, the Remuneration and Nomination Committee takes into account balanced scorecards of such diversity criteria.

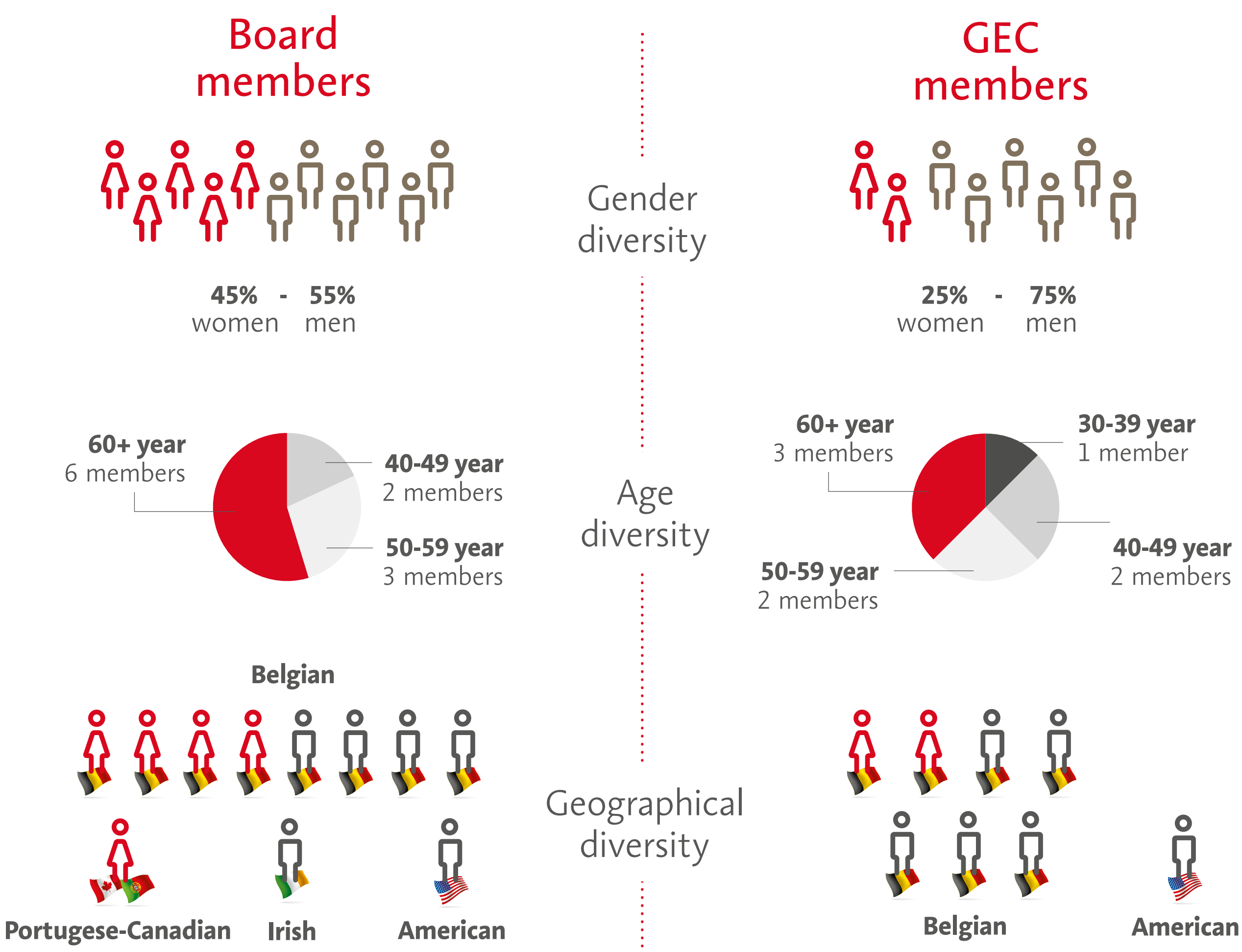
Diversity aspects that are taken into account in relation to the bpost Board of Directors and Group Executive Committee members are the following:

- **Gender:** gender diversity promotes a better understanding of the market place, increases creativity, produces more effective leadership and promotes effective global relationships. To achieve greater gender diversity within its management, bpost aims to (i) identify potential female talents at an early stage, (ii) provide opportunities that allow women to reach their full potential, (iii) enroll women in development programs that prepare them for management roles.
- **Age:** age diversity in the workplace is part of the human capital and provides a larger spectrum of knowledge, values, and preferences. Such age-diverse management will provide a more dynamic environment with continuous movement. To achieve age diversity, bpost aims to ensure that is management counts (i) older talents, with breadth and depth of work experience, and (ii) high-potential younger talents who are eager to learn.
- **Professional background:** to stay competitive in a changing environment, bpost must attract and retain talent with diverse professional backgrounds. Diversity of professional backgrounds provides bpost with a range of expertise and experience necessary to respond to the complex challenges it faces. To achieve professional background diversity within its management, bpost aims to identify people who (i) have distinct professional backgrounds, and (ii) come from various sectors at different points in their career.
- **Geographic diversity:** geographic diversity is significant and positively correlated with firm performance, especially in increasing business and strategy internationalization. To stimulate geographic diversity, bpost takes into account foreign elements in the profile and the path of its candidates.

The Board of Directors assesses annually whether diversity within the bpost management has improved.

Diversity aspects
Implementation & outcome

On December 31, 2020, the outcome of diversity aspects in relation to the bpost Board of Directors and Group Executive Committee members is the following:



Professional background

Board members		GEC members
17%	Finance & Accounting, Risk Management, Audit	16%
19%	Transport & Logistics, Fullfilment, Warehousing, E-commerce	22%
8%	Banking	7%
13%	Postal services	15%
18%	Parcel services	15%
7%	Retail	7%
10%	Digital, Technology, Telecommunication, Innovation	9%
8%	Human Resources management	9%

CSR review

CSR strategy: People, Planet, Proximity

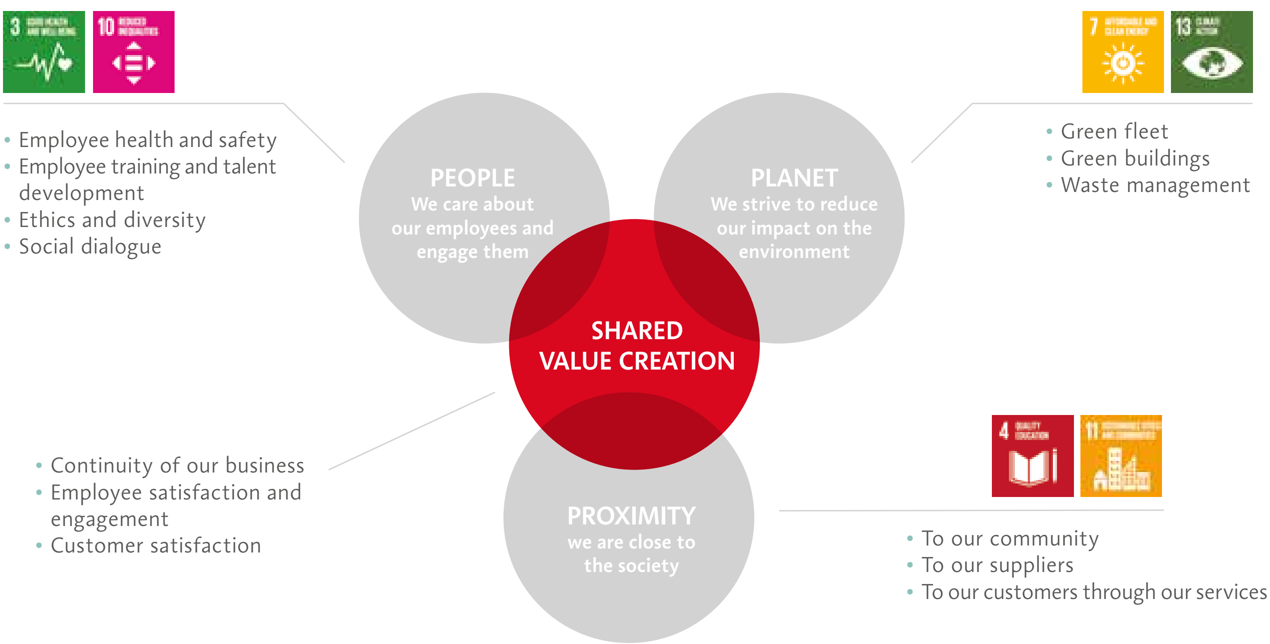
bpost has always played a major role in society. It is our duty to set an example. This is why our ambition is to make our processes and culture sustainable. In so doing, we will be able to achieve sustainable growth and our stakeholders (customers, shareholders, government, employees, suppliers, trade unions, NGOs) will recognize us as a socially responsible company. It is also important to us that our customers know that their letters, parcels and logistics are handled in a responsible way.

In 2017 we conducted a materiality assessment to identify those CSR topics that bpost and our stakeholders set most store by. This study enabled us to draw up a sustainable development strategy a year later based on three pillars:

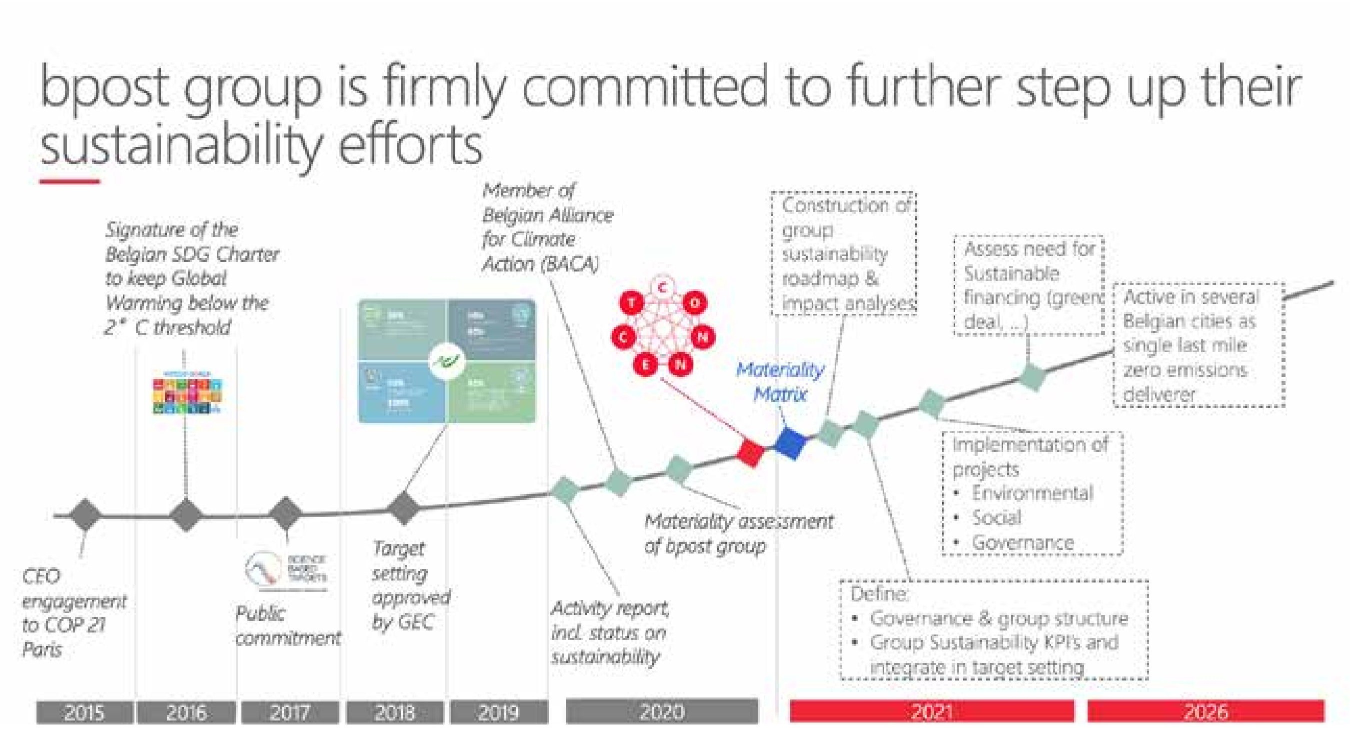
- **People**: we care about our employees and are committed to their wellbeing.
- **Planet:** we strive to reduce our impact on the environment.
- **Proximity**: we are close to society and understand its emerging needs.

Based upon this strategy the following priorities have been determined: :

For each of these pillars, we have linked our material topics and strategic KPIs on which we intend to focus:



OUR CSR PRIORITIES (MATERIAL TOPICS)	RELATED RISK & OPPORTUNITIES	STRATEGIC KPI	TARGET	RESULT2020VS TARGET	RESULT 2020 VS. EXTERNAL ENVIRONMENT
PEOPLE					
Employee health and safety	Injury and/or illness can generate costs for bpost as well as for the employee concerned. A preventive wellbeing policy can also help reduce stress levels and hence absenteeism.	Absenteeism	bpost Belgium has set a new quarterly Short Term Illness objective based upon business budget. The 2020 target average is 4.39.	bpost Belgium: 4.81	Due to the exceptional circumstances because of COVID-19, the Q3 figures are used for 2020 as a whole.
Employee training and talent development	Trained employees can show how work can be done more efficiently [or: Trained employees can work more efficient-ly] and promote employee engagement, which can improve employee retention.				
Ethics and diversity	The ethics and diversity policy affects bpost's reputation, employee engagement and retention.	Employee engagement	To exceed or meet the external benchmark for Postal & Logistics (2020 = 7.4)	2020 = 7 2019 = 6.9	In 2020 a new straightforward methodology implemented by Ef-fectory, an external company. The four-question survey is easy to use and can be accessed by all employees. Effectory recalculated the results from previous Pulse surveys for the sake of continuity.
Social dialogue	Effective social dialogue helps prevent strikes and avoid related costs but also ensures employee satisfaction and engagement.				
PLANET					
Green fleet	A green fleet helps improve our carbon footprint and creates positive public perceptions of the company. It also gener-ates fuel cost savings. Furthermore, it is a way to mitigate expected rising carbon taxes.	CO_2 footprint scope 1, 2 and 3	Our Science Based Tar-gets are: • 20% scope 1 and 2 GHG emissions by 2030 compared to baseline 2017: 114,395 tCO_2-eq. • 20% scope 3 GHG emissions by 2030 from upstream transportation and distribution com-pared to baseline 2017: 218,016 tCO_2-eq.	2020 results: scope 1 & 2 emissions increased by 3% and scope 3 emissions decreased by 18% vs 2017, corre-sponding to an overall decrease of CO_2 emissions of 11% (scope 1, 2 and 3).	The renowned independent authority the Carbon Disclosure Pro-ject screened our efforts, awarding us a B rating vs peer average C.
Green buildings	Green buildings generate energy-related cost savings and improve our carbon footprint.				
Waste management	Sound waste management creates positive perceptions of the company and improves our scope 3 carbon footprint. As such, it can also generate revenues by valorizing waste as a raw material.				
PROXIMITY					
Proximity to our socie-ty	Proximity to society is part of bpost's mission. Ignoring the local community would be detrimental to bpost's reputation.	Total sum of dona-tions	To maintain our efforts to realize an impact.	563.000 EUR	As well as giving away more than two million free Mobile post-cards, we maintained our support for local initiatives through our Star4You program, which supports our employees who are per-sonally engaged in local projects. More than 250 laptops were donated through DigitalForYouth to children who had no way of contacting their school and friends online.
Proximity to our sup-pliers	A clear overview of our supply chain helps raise efficiency and avoid supply risks (e.g. financial or supply stability). Including sustainability requirements also helps mitigate reputational risks linked to unethical behavior or environ-mental damage.	Share of significant tier 1 suppliers cov-ered by our supplier code of conduct	100%	2020 = 31% 2019 = 35%	Since 2018, 31% of bpost Belgium suppliers are covered by the supplier code of conduct (now included in our general terms and conditions for all contracts). An Ecovadis survey of corporate sustainability practices in 2020 showed that no more than 39% of spend on procurements from suppliers is covered by a code of conduct.
Proximity to our cus-tomers through our services	Enhancing the customer experience and our offer improves customer retention. Developing more sustainable solutions also generates opportunities to exceed customer expecta-tions, thus improving our market position.	Customer satisfac-tion	To match or exceed the level of the previous year.	2020 = 84 2019 = 82	bpost measures customer satisfaction on a 7-point scale. Other companies tend to use a 5-point or 10-point scale. Furthermore, we combine the results from residential and business customers, which makes it difficult to compare results with other companies or benchmarks. The growth in 2020 is due to the increased satis-faction of both residential and business customers.



In the second half of 2020, as the first step of the new leg in our sustainability journey, we have initiated a new materiality assessment for bpost group.

This assessment will help us to ensure our strategy is focused in the right areas, to assess the changing sustainability landscape and to understand and prioritize the material topics that matter to our business and our stakeholders.

For the next steps we will use these results to evolve our sustainability strategy, to determine the relevant KPI's to engage our business units and drive our sustainability performance. We will tailor our reporting so that it aligns with the interests and needs of our stakeholders, as well as those of bpost group.

Key CSR achievements in 2020

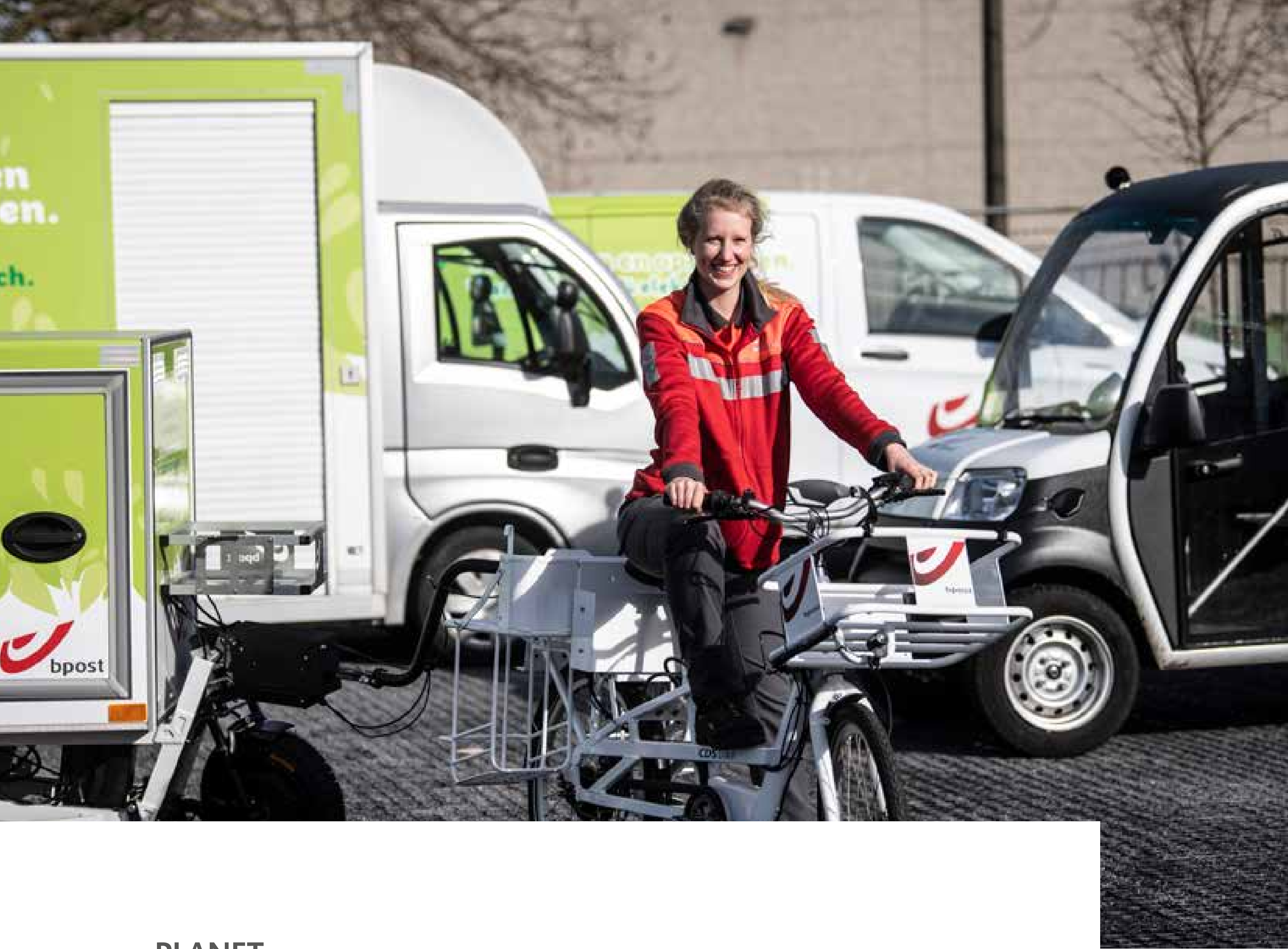
PEOPLE

DIVERSITY & INCLUSION

Putting Diversity & Inclusion into practice is an important ambition of the CONNECT 2026 vision. In 2020 bpost welcomed 9 new colleagues in bpost Belgium and 3 colleagues in DynaGroup.

The "Duaal Leren" program in bpost offers people with distance to the labour market (NEET, long-term jobseekers, those with few or no qualifications, those who do not speak any of the national languages, those without a driver's license) a one-year training program in which they can earn a secondary school diploma, a driver's license and a full-time job at bpost.

In the Netherlands DynaGroup works in partnership with FermWerk, accompanying people to develop their skills, increasing their employability within DynaGroup or other companies.



PLANET

MECHELEN ECOZONE, SUSTAINABILITY IN THE HEART OF THE CITY

While the technological evolution and the COVID-19 pandemic drove the growth of the postal and e-commerce business, bpost group and the city of Mechelen opened the first urban zero carbon emission parcel and letter delivery zone. A sustainable initiative that boosts customer satisfaction, air quality and innovation.

2800, the first eco-responsible postalcode

What began as a pilot project in the summer of 2019 has now become a Belgian first. bpost now delivers parcels and letters in the centre of Mechelen, the 2800 postcode area, at zero carbon emissions. It's an ambition that has been achieved by setting up a hybrid network combining delivery by a fleet of 100% electric vehicles and cargo bikes with the installation of parcel stations, open 24/7 at 49 strategic locations in the city. The aim is to encourage the inhabitants of Mechelen to walk or cycle to a nearby parcel station to pick up their parcels.

Over a two-year period this active partnership will study and implement sustainable solutions, mainly focused on the local circular economy.

Shared ambition

The partnership between bpost group and the city of Mechelen was set up under the EU Surflogh (Smart Urban Freight LOGistics Hubs) project, which targets sustainable urban deliveries. So it was only natural for the two partners to seek to achieve their shared ambition to reduce emissions.

"Mechelen has big ambitions and wants to achieve a 40% reduction in carbon emissions by 2030", says Vicky Vanmarcke, portfolio holder for transport. *"The pilot projects and the partnerships with the logistics industry will be decisive in this regard. Failed home deliveries account for 8% of downtown traffic and this innovative project hands us the opportunity to bring that rate down".*

"As a company we are committed to playing a leading role in sustainable e-commerce", says Jean-Paul Van Avermaet, CEO of bpost group. *"This partnership with the city of Mechelen is the first step in the right direction for us, giving the people of Mechelen a scalable network of perfectly complementary and mutually reinforcing services. We obviously hope that this will also inspire many other cities. We will be starting negotiations with interested parties soon."*

Urban sustainability in the broadest sense

Sustainability is one of our main concerns at bpost group, but it is not the only one. As more and more cities and towns implement responsible measures (including zero emission and pedestrian zones, traffic management plans and support for the circular economy), bpost is set on extending its range and capitalizing on the trend for sustainable partnerships to improve air quality and quality of life in several other Belgian inner cities. The goal is a full-scale trial with the aim of increasing the success rate of urban deliveries, reducing inconvenience and supporting the local socioeconomic fabric and the circular economy. As an organization, bpost has already set itself the target of replacing at least half its national fleet with zero emission vehicles, corresponding to 3,500 vehicles in total.

A THIRD FEWER TRUCK JOURNEYS WITH DOUBLE DECK TRAILERS

While the bpost truck fleet will be gradually replaced with LNG (liquified natural gas) vehicles, the group is going a step further with its plan to buy more than 320 double deck trailers by 2030 and up to 550 over the next 20 years.

It's a Belgian first that is expected to cut by 30% the number of journeys and the distance covered for the delivery of parcels and letters by 2030. Rising to 40% by 2040.

Optimizing transport, relieving road congestion

Transport is a major challenge for bpost group. Parcel volumes are increasing at a significant rate (+ 56.2% last year) demanding a well-considered general strategy to control the impact of these activities on the environment and on transport infrastructure.

Double deck trailers are one of bpost group's tangible responses, part of a suite of sustainable solutions to support its constant growth. Standing four meters high, these DDTs have two 1.8m decks across a standard length of 13.60m. They have 60% more capacity than the trailers currently in use.

Double deck trailers will be gradually introduced over the next few years. This will enable bpost to reduce its truck fleet, helping relieve congestion on Belgium's roads.

DYNALOGIC AND WECYCLE RECYCLE MILLIONS OF KILOS OF ELECTRICAL WASTE

DynaGroup, a bpost subsidiary, also contributes to the group's sustainability strategy. As part of the partnership between its personalized logistics specialist Dynalogic and the Dutch NGO Wecycle almost 9.9 million kilos of electrical waste was collected in 2019. A spectacular result, but one that will be bested in 2020 with the increase in online shopping connected with the coronavirus pandemic.

The principle behind achieving these large volumes is simple: when delivering a new appliance, Dynalogic offers to take away the old one for recycling in an environmentally sustainable way.

THE ACTIVE ANTS ROBOTS HARNESS TECHNOLOGY TO IMPROVE SUSTAINABILITY

In October 2020 another bpost group subsidiary, Active Ants, opened its state-of-the-art e-fulfillment warehouse in Roosendal. Robots and humans work together to pack up thousands of e-commerce parcels at the 20,000m² site.

Automation provided a huge boost to the efficiency of storage, order picking and sorting, while also improving working conditions for staff. But that's not all, because the robotization has also reduced the environmental impact of the activities. The various packaging machines are able to adapt the box size to the content, weigh them and affix a shipping label. So filler is no longer needed to prevent the contents moving around in the box. Storage is also optimized, as the robots are able to store six times the volume in every square meter, using their own power source, which reduces the power consumption in the building.

SUSTAINABILITY, A WIN-WIN SOLUTION FOR THE PLANET AND FOR THE BUSINESS

bpost group's North American subsidiary Radial has also been making great strides, working on the development of new ambitions in terms of sustainability in 2020 Implementing LED lighting in the offices. Radial also worked on raising awareness among its customers of the benefits of adopting a sustainable approach for the planet but also for their bottom line.

PROXIMITY

THUNDEROUS APPLAUSE TO COMBAT THE DIGITAL DIVIDE

In June, bpost's 26,000 employees rallied behind DigitalForYouth, a charity that helps young people who are disadvantaged by the digital divide. They raised 25,000 EUR, which is enough for a laptop for 250 young people in need.

Clapping in solidarity

The pandemic revealed how deep the digital divide is in Belgium. Young people who are unable to follow their school lessons online or do their homework are particularly disadvantaged. In response, in March DigitalForYouth.be, a charity founded in 2019 by DNS Belgium and Close the Gap, launched a big campaign to encourage businesses to donate laptops.

bpost group, which actively promotes access to education and inclusion, quickly answered the call. So in June 2020 26,000 group employees in Belgium were asked to put their hands together in the 'Make some noise' campaign.

The bpost Literacy Fund, managed by the King Baudouin Foundation, made a donation to DigitalForYouth for every decibel recorded. That resulted in a 25,000 EUR cheque, enough to fund 250 laptops.

"The wave of solidarity we witnessed exceeded our expectations," says Philip Du Bois, president of DigitalForYouth.be. *"The financial aid we get from bpost covers the logistics costs of picking up and refurnishing the laptops. Thank you to everyone who took part in this campaign with such passion!"*

"bpost and DigitalForYouth.be share the same values of solidarity, proximity and inclusion," says Jean-Paul Van Avermaet, CEO of bpost group. *"These values are not empty words for our company or our employees. The enthusiasm shown by all employees when taking part in the 'Make some noise' campaign on June 26 was yet more evidence of that. They clapped, made music, sang... Every site made some noise to help young people stay in contact with their schools. The official presentation of this cheque is a source of pride for every single bpost group employee."*

"One of the finest missions of bpost group is bringing people closer together," says Nico Cools, Chief Digital Officer of bpost group. *"So it's with great pleasure that we support this DigitalForYouth.be project, which has a big impact on the lives of young people. By giving young people a laptop we bridge the digital divide a little bit and bring children into closer contact with their schools. In doing so, we contribute to the continuity of education for all, which promotes emancipation and equal opportunities. Sustainable development is very important for bpost group and, at the same time, we have chosen an ecological project: every refurbished laptop saves 18.5kg CO_2, which corresponds to a reduction of more than 4,600 kg CO_2 in total for 250 laptops".*

TWO MILLION FREE POSTCARDS TO BRING BELGIUM TOGETHER

Stay at home. That was the call to action to contain the spread of COVID-19. To bring the people of Belgium closer together, at least in their minds, in 2020 bpost group launched two free card campaigns through its Mobile Postcard app. The first came during the March lockdown, with the second following in December when extended families were unable to get together to celebrate the festive season.

All told, almost two million personalized photo and video postcards were sent to addresses across the country. "Meeting up and celebrating together, which Belgians love to do, will not be possible this year. At bpost, we want to ensure that everyone stays in touch with each other. Let's think about those people we know who are left on their own. A card with friendly greetings, a personal message, does a lot of good at this time of year," says Jean-Paul Van Avermaet.

CSR consolidated statements

About our CSR consolidated statements

This CSR report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards (core option) and is structured based on our material aspects. The GRI Content Index can be found on our website.

Scope and boundaries

The information used for these CSR consolidated statements was collected from internal departments and is mainly based on information available through internal reporting. The information regards the 2020 calendar year and covers all of bpost's activities, including those of its subsidiaries, unless specifically stated otherwise.

The complete list of bpost's subsidiaries can be found in bpost's Financial Consolidated Statements. We define a subsidiary as an entity in which bpost owns more than 50% of the shares and that is significant in terms of turnover and employees. Subsidiaries included for our reported data are listed below.

BPOST ENTITIES	OWNERSHIP	SCOPE	PLANET	PEOPLE	PROXIMITY
bpost Belgium (bpost SA/NV)	100%	Yes	●	●	●
Radial	100%	Yes	●	●	◕
Landmark Group	100%	Yes	●	●	◕
DynaGroup (incl. Leen Menken)	100%	Yes	●	●	◕
Ubiway (incl. Kariboo!)	100%	Yes	●	●	◕
Speos	100%	Yes	●	●	◕
Apple Express	100%	Yes	●	●	◕
FDM	100%	Yes	●	●	◕
Active Ants	75.00%	Yes	●	●	◕
Euro-Sprinters	100.00%	Yes	●		
bpost bank	50.00%	No operational control			

◔ *Limited data available for subsidiary*
◕ *Data almost complete for subsidiary*
● *Data complete for subsidiary*

The subsidiaries in scope are included as of the date of acquisition. If the subsidiary was acquired or sold in 2020, the data only covers the period after/before the date of acquisition/sale.

Data quality and reliability

The quality and reliability of environmental data in the CSR consolidated statements is ensured by the Environmental and Energy Department of bpost Belgium, which performs yearly data checks and analyses, develops reduction plans and works closely with the different authorities. We involved various external parties when assessing the quality of the reported data: CO_2Logic, DNV, and Deloitte.

The HR data in the CSR consolidated statement are mostly reported to external parties, such as the National Social Security Office.

In 2020, we took further action in our internal reporting processes to improve the reliability of data provided by our subsidiaries. As well as establishing the formal definitions of our indicators, we also transitioned to a digital sustainability reporting platform. This will help us build a more robust groupwide reporting process, which will facilitate data quality checks among other things.

External verification

DNV, an external body, verifies the quality of bpost's CO_2 emissions data according to the ISO 14064 Standards. Also, bpost has obtained ISO 14001 certification for its strategic sites in Belgium from AIB Vincotte. bpost wants to further formalize the data reporting process and tool of its subsidiaries before submitting its entire CSR report for external verification.

For more information related to our CSR governance and awards and partnerships, we refer to our website.

People

At bpost, we believe it is essential to engage our employees in our mission to be a major part of our customers' daily lives. We value the wide array of skills, competences and unyielding loyalty they offer our company.

2020 proved particularly difficult in the context of the COVID-19 pandemic. However, the safety and wellbeing of our employees is our number-one priority and we have therefore taken a set of measures to protect them. We developed an internal tracing system with specific quarantine measures based on a personalized risk assessment. We also implemented measures specially adapted to our Mail & Retail teams to ensure that the prevention rules are properly followed. We also opened a special phoneline to answer all COVID-19-related questions of our employees. The line remains open at the time of writing.

It is our duty to provide all of our employees with the best corporate culture, safeguarding good working conditions, ethical behavior, health, safety and wellbeing at work. We achieve this by taking various actions within the different countries, businesses and business units to strengthen and anchor this culture shaping process.

By measuring the employee engagement score and absenteeism level, we are able to keep an eye on how our people feel about their jobs. Since these indicators are outcomes of our employee-related policies, such as health and safety, training and development, ethics and diversity and social dialogue, they provide good insight into our company culture and help us to make modifications when and where necessary.

PEOPLE – STRATEGIC KPIS	UNIT	BPOST BELGIUM 2017	2018	2019	2020
Employee engagement[(1)]	Score	n/a[(1)]	n/a[(1)]	6.9	7
Absenteeism[(2)]	%	7.57	7.85	7.96	8.36

(1) New Employee Engagement score following a change of provider. There are no comparable data at subsidiary or at bpost group level.

(2) Due to different legislations and associated definitions regarding health and safety figures among our subsidiaries, we are not able to consolidate absenteeism of our subsidiaries and at group level. However, bpost does track the individual days absent for its subsidiaries, and this information is available upon request.

Diversity and ethics

		BPOST BELGIUM				SUBSIDIARIES			BPOST GROUP		
PEOPLE – ETHICS AND DIVERSITY	UNIT	2017	2018	2019	2020	2018	2019	2020	2018	2019	2020
Total own employees	Headcount	25,460	25,770	26,282	27,493	8,060	7,704	8,594	33,830	33,986	36,087
Total male own employees	Headcount	17,269	17,585	17,944	18,963	4,162	3,901	4,354	21,747	21,845	23,317
Total female own employees	Headcount	8,191	8,185	8,338	8,530	3,898	3,803	4,240	12,083	12,141	12,770
Total FTE	FTE	23,353	23,658	24,211	25,534	7,840	7,374	7,823	31,499	31,585	33,358
Total male FTE	FTE	16,202	16,500	16,869	17,929	4,080	3,827	4,024	20,580	20,696	21,953
Total female FTE	FTE	7,152	7,158	7,342	7,606	3,760	3,552	3,799	10,918	10,894	11,405
DIVERSITY OF OWN EMPLOYEES (IN HEADCOUNT)											
Share of female (own employees)	%	32.20	31.80	31.70	31.0	48.40	49.40	49.3	35.70	35.70	35.4
Share of women in executive level positions	%	0.00	0.00	25.00	25.0	14.29	26.42	22.58	13.04	26.67	22.9
Share of women in management positions (excl. executive level)	%	35.06	36.79	37.79	40.0	37.07	39.16	40.95	36.85	38.40	40.4
HEADCOUNT BY TYPE OF CONTRACT											
Total own employees with fixed term contracts	Headcount	607	613	531	1,507	423	384	958	1,036	915	2,465
Total male own employees with fixed term contracts	Headcount	296	244	313	1,064	268	245	505	512	558	1,569
Total female own employees with fixed term contracts	Headcount	311	369	218	443	155	139	453	524	357	896
Total own employees with open-ended contracts	Headcount	24,853	25,157	25,751	25,986	7,636	7,319	7,636	32,793	33,070	33,622
Total male own employees with open-ended contracts	Headcount	16,973	17,341	17,631	17,899	3,892	3,715	3,849	21,233	21,346	21,748
Total female own employees with open-ended contracts	Headcount	7,880	7,816	8,120	8,087	3,744	3,605	3,787	11,560	11,725	11,874
HEADCOUNT BY FULL-TIME/PART-TIME											
Total own employees contracted on a full-time basis	Headcount	19,137	19,370	19,925	21,369	7,419	6,981	7,251	26,789	26,906	28,620
Total male own employees contracted on a full-time basis	Headcount	14039	14285	14,617	15,719	3,906	3,672	3,782	18,191	18,289	19,501
Total female own employees contracted on a full-time basis	Headcount	5,098	5,085	5,308	5,650	3,513	3,309	3,469	8,598	8,617	9,119
Total own employees contracted on a part-time basis	Headcount	6,323	6,400	6,357	6,124	641	723	1,341	7,041	7,080	7,465

Total male own employees contracted on a part-time basis	Headcount	3,230	3,300	3,327	3,244	253	276	572	3,553	3,603	3,816
Total female own employees contracted on a part-time basis	Headcount	3,093	3,100	3,030	2,880	388	447	769	3,488	3,477	3,649
HEADCOUNT BY AGE GROUP											
Total own employees ≤ 30 years old	Headcount	4,205	4,497	4,839	5,578	1,901	1,748	2,385	6,398	6,587	7,963
Total own employees within the age group 31-50	Headcount	12,717	12,601	12,593	12,022	3,924	3,630	3,754	16,525	16,223	15,776
Total own employees within the age group 50+	Headcount	8,538	8,672	8,850	9,893	2,235	2,326	2,455	10,907	11,176	12,348
EMPLOYEE TURNOVER											
Employee Turnover of own employees	%	10.94	10.49	10.91	12.31	40.92	33.98	32.04	17.94	16.27	16.90
Employee Turnover Male of own employees	%	11.14	10.43	11.08	12.71	39,94	34.53	30.91	16,29	15.42	16.04
Employee Turnover Female of own employees	%	10.51	10.63	10.53	11.43	41.99	33.40	33.20	20.88	17.80	18.46
Voluntary Employee Turnover of own employees	%	5.82	5.75	5.93	5.67	24.00	19.65	19.13	10.21	9.12	11.57
ETHICS											
Number of registered complaints on unethical workplace behavior	Number	11	10	10	11	40	37	11	50	47	22
Number of registered cases of corruption and bribery	Number	0	0	0	0	0	1	0	0	1	0
Monetary amount of legal and regulatory fines and settlements above 10,000 USD linked to data breaches, corruption or environment damage	EUR	0	0	0	0	0	0	0	0	0	0

DIVERSITY AND INCLUSIVENESS

At bpost, we aim to attract and retain individuals from different backgrounds, cultures, perspectives and experiences by creating and supporting a collaborative, inclusive workplace culture. We are convinced diversity and Inclusion contributes to a better connection with our customers and with our workforce, to surround ourselves with the best talent in all categories of the population and to be more agile.

We designed our Diversity Policy (available on the bpost website) based on these convictions. The policy serves as a guideline to create a culture where diversity and inclusion are a daily practice and has been translated into various policies and programs.

To continue to expand our recruitment channels, we formed partnerships, among other things, with the VDAB, Diversicom, Emino, Actiris, UNIA and Allyens.

These organizations are focused on getting people into work based on personal skills and the promotion of diversity in the workplace.

Through our “Duaal Leren” project we offer people in need (NEET, long-term jobseekers, those with few or no qualifications, those who do not speak any of the national languages, those without a driver’s license) a one-year training program in which they can earn a secondary school diploma, a driver’s license and a full-time job at bpost. Nine new colleagues joined the company through this program in 2020.

We have created a diversity portal, which is updated regularly, to enable our people managers to gain insight into diversity and inclusion issues, identify the applicable framework and the role they are expected to take up. They also have access to a toolbox, comprising full information, brochures, e-learning courses, workshops and a training catalogue. A new brochure and a comprehensive Q&A were added to the toolbox in 2020.

Leading@bpost is a special cultural exchange program that has been set up to help leaders at bpost group adopt a balanced leadership style.

We also partner with Duo for a Job, a Belgian organization matching young job seekers with an immigrant background to people over 50 years old. The initiative brings about high motivation, recognition and human impact, and was even awarded 'Coup de Coeur 2018' by the jury of PostEurop.

In 2019 a project Diversity & Inclusion (analysis, training and anchoring) was started with the aim of:

1. providing a clear, corporate and local framework with specific guidelines;
2. providing workable tools to support managers;
3. making diversity visible and discussable.

This project will be further upscaled in 2021 at various other sites. Additionally, we have a group of diversity ambassadors corporate and local within the organization whose function is be a sounding board and to promote diversity and prevent discrimination.

The Board of Directors and Group Executive Committee have also their role to play regarding diversity. They do so by organizing workshops around themes of diversity and inclusion, and the Board of Directors assesses every year whether diversity within the group has improved. Also, special attention is paid to diversity in the composition of the Board of Directors and Group Executive Committee. Various diversity criteria regarding gender, age, professional background and geographic diversity are taken into account when considering candidates for vacancies. For more information on the board composition, see the corporate governance statement.

ETHICS

At bpost we are proud of our high profile in society and of the role we play. To us, good conduct is important to earn trust as part of our responsible corporate values. We believe every human deserves the same rights and, as a company, we cannot get in the way of that. As a public listed company, we also ensure maximal transparency in terms of governance and decision-making processes, in accordance with the highest standards in this area.

We adopt a zero-tolerance policy regarding violations of human rights or anti-corruption laws, in line with the Universal principles of Human Rights and the ILO (International Labor Organization) conventions. With this policy, bpost wants to prevent the negative fall-out arising from human rights violations, illegal or fraudulent acts or practices on humanity's well-being, our reputation, and the continuity of our business. If an employee witnesses a situation of misconduct, s/he can call our Speak-Up line (the contact information is included in our Code of Conduct). The Speak-Up line is connected to a person of trust, available 24 hours a day to answer any question or signal from employees.

Since 2019 , we decided to put diversity and business ethics forward and therefore did a deep structural redesign and revision of our Code of Conduct so that our new construction would work at group-level. Our new Code of Conduct was launched in February 2019 for the entire group. It sets out the norms, values and minimal standards of behavior and conduct expected of all our employees, contractors and consultants at any level and in any company of the bpost group worldwide. It further enables appropriate measures when the Code of Conduct is not abided by.

Employee training and talent development

		BPOST BELGIUM				SUBSIDIARIES			BPOST GROUP		
PEOPLE – EMPLOYEE TRAINING AND TALENT DEVELOPMENT	UNIT	2017	2018	2019	2020	2018	2019	2020	2018	2019	2020
Total training hours per own employees	Training hours per FTE	20.89	21.52	20.45	19.95	12.42	43.78	9.21	19.26	25.90	17.43
Total training hours per temporary staff	Training hours per FTE	n/a	n/a	48.06	6.20	n/a	82.11	97.25	n/a	75.58	80.18

FORMAL TRAINING											
Formal training hours per own employees	Training hours per FTE	5.71	5.57	4.58	3.79	8.94	7.53	5.15	6.41	5.27	4.11
Formal training hours per temporary staff	Training hours per FTE	n/a	28.67	26.45	5.42	n/a	81.93	80.06	n/a	70.96	66.06
INFORMAL TRAINING											
Informal training hours per own employees	Training hours per FTE	15.18	15.95	15.87	16.16	3.48	36.25	4.06	12.84	20.63	13.32
Informal training hours per temporary staff	Training hours per FTE	n/a	n/a	22.61	0.78	n/a	n/a	n/a	n/a	n/a	n/a

In spite of the difficulties it generated, the pandemic contributed to the rapid deployment of high-quality online trainings, which were a big hit among employees (by way of example, the participation rate at Summer Academy doubled compared with the in-person trainings in 2019 (ILT)). Remote working trainings were rolled out in record time to help employees manage themselves, manage their teams and optimize the use of digital tools. Participation rates were very high. The new ways of learning we have developed and incorporated in our daily lives are one of the legacies of the 2020 pandemic.

Developing the skills and competences of our employees is something we particularly value at bpost. We are convinced that trained employees can increase efficiency and can also be more engaged. At bpost, we have our own academy for offering employees training opportunities. Over the past years, we have taken further steps to enhance our training offer to better meet the needs of specific target groups at bpost Belgium (e.g. juniors).

Besides the job-specific training sessions, all bpost Belgium employees are offered training in communication, sales, language and leadership. For example, the Summer Academy encourages employees to work on their skills and well-being during the low season. There, they learn about a range of personal development subjects.

Since 2012, bpost Belgium has been running the “FutureMe” program. This program gives employees who do not yet have a higher secondary diploma the opportunity to obtain it via bpost. This diploma can open doors for the students: to a new job, some pursue further studies and, above all, it increases their self-confidence. bpost organizes the training in close cooperation with Adult Education Centers, pays for the training and provides support with an option for career coaching after graduation. The program combines a limited number of classroom sessions with distance learning via an online platform. This ensures that students can organize themselves flexibly. Since the start, we have reached 985 colleagues with this program. 268 colleagues obtained their diploma, 208 of whom are still working at bpost.

Senior Belgian bpost employees can apply for vacancies at other organizations through the co-sourcing platform Experience@work, bpost’s partner. The platform was created in 2015 to link up organizations that need experienced people with organizations that have an abundance of experienced people and senior employees who want to put their experience to better use. Experience@work gives these organizations the opportunity to hire senior employees at a junior pay level, and allows senior employees to use their talent, experience and expertise in a new working environment, while remaining on bpost’s payroll.

Looking at the career development of our staff, our employees receive a broad range of career development opportunities. At bpost, internal mobility is also valued. To this end, bpost has developed a solid performance management process that follows most employees over the year. As such, employees’ business objectives, performance and developments are discussed annually with the responsible manager. The agreed development plan is reviewed after six months during the mid-year review. At the end of the year, the employee and his manager review the targets set. During this process, informal touchpoints are also organized to follow-up on objectives, performance, development and career.

Alongside our own employees, we are constantly recruiting new staff. Our strong collaboration with VDAB and Forem in Belgium helps us be in direct contact with companies that are restructuring and recruiting additional staff.

The deployment of our CONNECT 2026 vision confirms bpost group’s commitment to being a socially responsible employer. bpost sets out seven ambitions in CONNECT 2026, not the least of which is “to be an inclusive company that offers a 'lifelong learning' experience". This has led to the creation of bpost boost, a development program to train jobseekers, with in-house lifelong learning opportunities and training courses for external partners.

In bpost boost, the group is committed to ensuring sustainable employment based on continual upskilling opportunities in response to everchanging job requirements and society in general.

Employee health and safety

PEOPLE – EMPLOYEE HEALTH AND SAFETY(1)	UNIT	BPOST BELGIUM 2017	2018	2019	2020
HEALTH AND SAFETY OF OWN EMPLOYEES					
Occupational accidents of own employees	Number	918	947	944	895
Lost days of own employees	Days	30,850	30,890	28,487	27,348
Severity rate of own employees	Lost days per 1,000 hours worked	0.90	0.90	0.80	0.73
Frequency rate of own employees	Accidents per 1,000,000 hours worked	26.83	27.48	27.06	24.03
Absenteeism of own employees	%	7.57	7.85	7.96	8.36
Total number of fatalities own employees	Number	1	0	2	3
HEALTH AND SAFETY OF TEMPORARY STAFF					
Occupational accidents of temporary staff	Number	57	86	25	26
Lost days of temporary staff	Days	365	294	227	193
Severity rate of temporary staff	Lost days per 1,000 hours worked	0.19	0.14	0.11	0.1
Frequency rate of temporary staff	Accidents per 1,000,000 hours worked	29.87	42.36	22.56	12.6
Total number of fatalities temporary staff	Number	0	0	0	0
Total number of hours worked by temporary staff (actual)	Hours worked	1,908,050	2,030,019	1,663,483	2,641,593
ROAD SAFETY(2)					
Blameworthy road traffic incidents on behalf of the entity per 100,000 km^2	%	n/a*	2.40*	2.52*	2.06
Shared blameworthy road traffic incidents on behalf of the entity of total road traffic incidents(2)	%	77.00	75.00	76.00	79.41
Number of road fatalities drivers/million km (during working hours) on behalf of the entity(2)	Number per million km driven	0.01	0	0.01	0.01

(1) Due to different legislations and associated definitions regarding health and safety figures among our subsidiaries, we are not able to consolidate the health and safety figures of our subsidiaries and at group level. However, bpost does track the individual indicators for its subsidiaries, and this information is available upon request. Please note that there were 0 fatalities at our subsidiaries in 2021.

(2) The figures on road safety only contain the bpost entities with a delivery fleet: bpost N.V./S.A., DynaGroup and Euro-Sprinters.

** Restatement based on adjusted calculation method.*

The safety and wellbeing of our employees is paramount for bpost's operations. We therefore have a strict prevention policy to avoid occupational and road accidents, stress and illness and to ensure that our employees remain safe and healthy. In this regard, we comply with and anticipate regulations, monitor risks for safety and wellbeing, and continuously strive to improve those aspects.

In Belgium, our employee wellbeing policy is based on the Federal Government's Act of August 4, 1996 on well-being of workers in the performance of their work[1]. This is enforced by an external committee[2] that performs random compliance inspections. It also performs regular inspections for specific subjects. For instance, bpost Belgium's COVID 19 prevention measures were inspected in 2020.

Looking at our subsidiaries, the health and safety processes at Radial are compliant with OSHA (Occupational Health and Safety Act). DynaGroup, in The Netherlands, works according to the Dutch national occupational health & safety legislation (Arbo) based on health & safety Risk Inventories with associated control measures. Risk Inventories are also performed and formally assessed by an external company. Furthermore, Apple Express in Canada is compliant with OHSAS 18001 (Occupational Health and Safety Assessment Series) requirements and Ubiway and Landmark have a health and safety management system in place.

The most prevalent safety incidents in our business are slipping, falling, tripping or the improper use of vehicles. To limit the risks of accidents and health issues, we perform regular risk analyses. The identified risks are communicated within the organization together with clear measures to be taken.

We implemented several successful initiatives concerning health and safety. Examples are the use of a safety corner on the work floor, encouraging employees to report any type of safety incident, and safety communication campaigns. A Safety Register helps to follow safety checks in a structured manner. From the Safety Register, we can draw important lessons learned, which are then communicated to our employees.

To even further improve this performance and boost safety culture, bpost launched three initiatives in Belgium. The first initiative was the "Safety Performance Barometer", which is an improved well-being instrument that measures safety performance.

It works as follows: by consolidating different, already existing, safety performance indicators, we gain insight in the overall safety performance of a region and can prioritize where and for which aspects the need is greatest. The safety performance barometer is linked to the bpost Safety Register. First launched in 2019, it is now fully integrated into management's performance monitoring processes.

Secondly, we trained our employees on safety using a safety game. An application sends them two questions per day on issues related to any health and safety matter to refresh their memory. There is a total of fifty questions, and they vary depending on the season. For instance, in winter there will be questions on road safety, in summer on drinking enough water. We also included questions on healthy food. For every correct answer the employee can win ten stamps. Next to the safety games in mail distribution the tool is also used now in our logistic unit. The third initiative is an e-learning module about fire prevention for all members of a fire prevention team. These employees followed a complete online training with animations on everything related to fire prevention and safety and what to do in case of an emergency. After the training, the employees were tested on the content of the module. This e-learning has been an especially great success at our retail unit.

Road safety is also a key concern for us. We aim to eliminate road accidents. Since 2018, we run a large training project concerning road safety in Belgium. For every vehicle (including e-bicycles and internal transport), it is mandatory to receive driving training at bpost's driving school (FRAC[3]). The trainings focus on improving driving knowledge and skills; three different levels are proposed, depending on the current qualifications of the driver. We enhanced this successful approach in 2020. As well as specific training at the driving school, we also updated driver skills through a local 'train the trainers' approach.

We also want to make sure our employees remain healthy, and include psychosocial as well as physical aspects. To this end, bpost promotes and offers access to non-occupational medical and healthcare services, such as company doctors. Our Belgian "Health Surveillance" system provides mandatory medical check-ups for all bpost postal workers: a thirty-minute check-up, including a cardiovascular and musculoskeletal screening every four years for all

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1 *Belgian Law: Act of August 4, 1996 on well-being of workers in the performance of their work, "Codex over het welzijn op het werk" or "Le Code sur le bien-être". http://www.employment.belgium.be/defaultTab.aspx?id=556*

2 *"Toezicht op het welzijn op het werk" or "Contrôle du bien-être au travail": http://www.emploi.belgique.be/cbe.aspx*

3 *Formation Rationelle et Accelérée des Conducteurs*

employees working in mail distribution. We also ask our employees in sorting centers to go on a bi-annual basis. In 2020, a total of 5,550 bpost employees and 900 interim workers got a medical check-up. bpost employees can also get vaccinated against the flu in the Fall, in 2020, it was used by 2,000 employees, on a voluntary basis.

For the psychosocial wellbeing of our employees, we organize a survey to measure the level of employee engagement and organize a personalized "balance tool" so that employees can gain insight into their personal stress and motivation levels. Based on the result, we give personalized tips and tricks. Our employee Assistance Program (external psychologists) is available for more complicated individual problems. We will implement these tools on a global scale in the near future. Employees suffering from stress can ask a member of our specialized team of stress coaches for help on a voluntary basis and staff management receives psychological training on recognizing signs of distress in their employees. Also, we have a security line, which our employees can call anytime 24/24 7/7.

Moreover, we have a manager responsible for advising and integrating ergonomics in the work environment, both in the office, in our sorting centers and for our postmen. This led to the decision to switch from bikes to trikes a few years ago. We also measure the different lighting and air quality settings (including humidity) to improve the working environment.

We are delighted to be able to say that, in spite of the extremely difficult circumstances created by COVID-19, the accident frequency rate at three of our operating units has fallen significantly. We achieved our best result in mail delivery (27 vs 33 in 2019), while our NBX logistics and parcel sorting center also performed better than the previous year.

Social dialogue

		BPOST BELGIUM				SUBSIDIARIES			BPOST GROUP		
PEOPLE – SOCIAL DIALOGUE	UNIT	2017	2018	2019	2020	2018	2019	2020	2018	2019	2020
Average number of strike action days	strike days per 1.000 employees	1.55	2.60	1.40	1.81	0	0	5.70	1.98	1.06	2.74
Share of own employees covered by a CBA	%	n/a	96	95	95.3	5	11	11	74	76	75

bpost works hard to promote wellbeing and good working conditions for all employees and thus stays aware of our employees' needs. Aspects such as working hours and wages are in line with legislation and we respect our employees' Freedom of Association rights.

Since bpost is an autonomous enterprise with the Belgian state as its largest shareholder, its articles of association explicitly provide for a structure and processes at various levels to facilitate efficient negotiations, consultations and information sharing. To foster constructive dialogue and relations with the unions, bpost Belgium has its own Joint Committee and several other forums. Moreover, two senior-level directors have been appointed, which demonstrates our management's involvement in the social dialogue. This close collaboration allows us to hear and promptly react to our employees' needs in order to mitigate social conflicts.

bpost Belgium last collective labor agreement has been extended until the end of June 2021.

bpost Belgium has begun negotiating a new collective labor agreement for 2021-22. The aim is to finalize this new agreement by the end of June 2021 at the latest.

Two exceptional payments were awarded to operational employees in June and December 2020 in response to the pandemic.

Planet

As a logistic services provider, we have an impact on the environment at different levels: through our fleet's CO_2 emissions, energy consumption, employee commutes, waste production or subcontracted transport.

bpost manages and steers its environmental pillar, 'planet', using our CO_2 footprint as metric. In 2018, we set an ambitious objective for the Group: our goal is to achieve by 2030 a 20% reduction - compared to 2017 levels - in greenhouse gas emissions resulting from our activities. The "Science Based Targets" initiative approved this emissions reduction objective. This organization aims to promote corporate climate-change-related ambitions by supporting them to set objectives in line with a global temperature increase below 2° Celsius. To decrease this environmental footprint, we focus on our buildings, our fleet and our waste.

2020, our carbon footprint in scope 1 & 2 emissions increased by 3% and in scope 3 emissions decreased by 18% vs 2017, corresponding to an overall decrease of CO_2 emissions of 11% (scope 1, 2 and 3). This was predominantly due to the decrease in employee commuting, business travel and the reduction in air transport

	BPOST GROUP					
	UNIT	2018	2019	2020	2017 (RESTATED)(1)	TREND
SCOPE 1	**t CO_2 eq**	**82,826**	**87.848**	**88.996.30**	**84.834,57**	
Fuel fleet	t CO_2 eq	61,040	65.383	67.982.54	65.517,85	↘
Natural gas & heating oil	t CO_2 eq	21,786	22.442	20.985.76	19.288,77	↘
Oil for generators	t CO_2 eq	-	23	28,00	27,95	↘
SCOPE 2	**t CO_2 eq**	**31,569**	**28,619**	**30,266.06**	**32.553.98**	
Electricity (market-based)(2)	t CO_2 eq	30,938	28,156	29,794.00	32,054.44	↗
District Heating	t CO_2 eq	631	463	472.06	499.54	↗
Scope 1 & 2	t CO_2 eq	**114,395**	**116,467**	**119,262.36**	**117,388.55**	
SCOPE 3	**t CO_2 eq**	**218,016**	**192,390**	**189,320.25**	**179,586.32**	
Subcontracted road transport	t CO_2 eq	117,699	111,939	113,440.00	128,771.72	↗
Business travel	t CO_2 eq	1,844	1,349	1,374.00	510.44	↘
Employee commuting	t CO_2 eq	36,320	34,147	32,977.00	31,782.12	↘
Waste	t CO_2 eq	6,694	6,011	3,932.25	4,651.60	↗
Subcontracted air transport(3)	t CO_2 eq	55,459	38,944	37,597.00	13,870.44	↘
TOTAL CO_2 EMISSIONS (SCOPE 1+2+3)	**t CO_2 eq**	**332,411**	**308,857**	**308,583**	**296,975**	↘

(1) The restated 2017 CO_2 footprint is based on 100% accounts for Radial's activity data (compared to 16.7% in 2017), and uses actual 2017 consumption for its electricity (instead of an estimation). In addition, retroactively, Ubiway data on company cars has been added.

(2) The market-based method reflects bpost's choices in terms of electricity supply, such as the purchase of electricity from renewable energy sources. This is set out in detail in contracts between bpost and its energy suppliers.

(3) Subcontracted air transport figures for subsidiaries were excluded

Green fleet

	BPOST GROUP			SUBSIDIARIES			BPOST GROUP		
PLANET - GREEN FLEET(1)	2018	2019	2020	2018	2019	2020	2018	2019	2020
Share of EURO 5 and EURO 6 standard [%]	96	98	99	97	97	100	96	98	99
Average van fuel use [l/km]	9	10	8	15	15	12	10	10	9
Average truck fuel use [l/km]	26	27	24	n/a	n/a	n/a	26	27	24
Share of last mile alternative fuel vehicles [%]	35	32	31	13	11	5	34	31	30

(1) The figures on Green fleet only contain bpost entities with a delivery fleet: bpost Belgium (bpost SA/NV, Eurosprinters, and Speos), subsidiaries (Dynagroup).

An extensive and solid fleet is one of the most important assets for a postal and logistics company. bpost has one of Belgium's largest mail and package delivery fleets. However, this fleet is a large contributor to carbon emissions and air quality. Since bpost has decided to be a frontrunner in sustainability efforts, we are taking several measures to reduce our fleets' impact.

First of all, we are transforming our fleet by selecting vehicles with a lower -to-no carbon footprint, such as (electric) bicycles, delivery three-wheelers and electric vans.

We set up the Mechelen Ecozone in August 2020. The aim of this pilot project is emission-free letter and parcel delivery in the city. We are trialling new ways to complete this last mile in the delivery process by installing parcel locker stations for parcel pick-ups and drop-offs, using a fleet of 65 e-vans and 18 cargo bikes.

Going forward, this ambitious project may be rolled out to other Belgian cities, with another 600 e-vans slated for introduction by 2022 and the conversion of 50% of our last-mile fleet to electric alternatives (around 3400 vehicles).

bpost has introduced Non-Prior rubber stamps as an environmentally-friendly measure. This allows us to bundle the mail volumes more efficiently and, hence, make the delivery schedule more efficient and environmental responsible.

Also, we promote eco-driving with our own and subcontracted drivers and we encourage our employees to commute to work in a more environmentally friendly manner by structurally supporting alternative ways to come to work (incl. carpooling, promoting e-bikes) and/or flexible working.

Green buildings

	BPOST BELGIUM			SUBSIDIARIES			BPOST GROUP		
PLANET - GREEN BUILDINGS	2018	2019	2020	2018	2019	2020	2018	2019	2020
Total energy consumption per employee [MWh/unit(s)]	5	5	5	17	16	15	8	7	7
Total energy consumption [kWh]	138,382,365	129,388,488	123,832,690	138,997,380	124.404.895	129.507.750	277.379.745	253.793.383	253.340.440
Total renewable/green electricity consumed [kWh]	67,728,515	64,235,857	63,964,618	10,548,597	10.086.633	8.892.209	78.277.112	74.322.490	72.856.827
Share of renewable electricity [%]	95	95	93	11	12	10	46	49	46
Total non-renewable/grey electricity consumed [kWh]	3,840,338	3,543,804	4,981,205	86,272,565	74.448.078	81.792.728	90.112.903	77.991.882	86.773.932
Share of non-renewable electricity [%]	5	5	7	89	88	90	54	51	54
Total natural gas consumed [kWh]	54,194,732	49,605,667	44,032,354	40,614,887	38.377.600	36.930.293	94.809.619	87.983.267	80.962.648
Total heating oil consumed [kWh]	10,110,389	9,250,382	8,146,277	1,512,050	1.457.108	1.602.398	11.622.439	10.707.490	9.748.675
Total district heating consumed [kWh]	2,470,491	2,680,653	2,654,043	-	-	240.000	2.470.491	2.680.653	2.894.043
Total fuel oil consumed for generators [kWh]	37,900	72,124	54,193	49,281	35.476	50.122	87.181	107.600	104.315
Share of renewable electricity produced [%]	5	7	7	0	0	2	2	3	3
Total renewable energy capacity installed [MWp]	4,825	4,830	6,610	0	0	0	4.825	4.830	6.610
Total surface of solar electricity capacity installed [m^2]	31,503	31,503	40,098	354	14.387	14.387	31.857	45.890	54.485
Total water consumption [m^3]	144,017	149,075	136,343	N/A	356.976.131	322.891.331	N/A	357.125.206	323.027.674

bpost is also making investments to reduce the environmental impact of all its operations, its buildings and facilities, all of which consume electricity, gas and water. Where electricity is concerned, bpost has been heavily investing in renewable electricity. Almost 100% of the electricity consumed in Belgium is renewable and we produce 7% of our electricity consumption ourselves. To do so, and to support our Science Based reduction Target, we have increased our surface to 40.000m² of photovoltaic cells in 2020. It is our ambition to further compensate the share of non-renewable electricity consumption of our subsidiaries.

Furthermore, bpost is working hard to decrease the energy we consume by improving the energy efficiency of our operations and facilities. We invest in relighting and more energy efficient heating projects, both in Belgium and abroad. Examples of investments are switching to LED lighting, upgraded heat and ventilation systems, and installing sensors and timers for more efficient use of light and heating.

For instance, bpost Belgium has two state-of-the-art low-energy buildings in Mons and the Verviers region. Also, the new Brussels X sorting center (NBX) has 100% LED lighting. This has a massive impact, since this center is by far the biggest sorting center in Belgium, with more than 70,000 m² – the equivalent of 14 football fields. Moreover, the retail stores of Ubiway are exclusively powered by renewable energy, and only LED or high-pressure lighting is installed. The Ubiway headquarters has a BREEAM in-use certificate.

Waste management

	BPOST BELGIUM			SUBSIDIARIES			BPOST GROUP		
PLANET - WASTE MANAGEMENT	2018	2019	2020	2018	2019	2020	2018(1)	2019	2020
Total waste generated [t]	8,110	7,317	8,136	78,901	54,924	62,242	87,011	62,241	70,378
Total non-hazardous waste generated [t]	8,066	7,260	8,030	78,843	54,867	62,217	86,909	62,127	70,248
Recycled waste [t]	5,288	4,539	5,663	69,448	49,840	54,522	74,736	54,379	60,185
Share of recycled waste [%]	65	62	70	88	91	88	86	87	86
Residual waste incinerated for energy recovery [t]	2,778	2,721	2,368	588	525	276	3,366	3,246	2,644
Residual incinerated without energy recovery or land-filled [t]	-	-		8,807	4,499	7,419	8,807	4,499	7,419
Total Hazardous waste generated [t]	44	57	105	58	57	25	102	114	130

(1) A restatement of 2018 waste activity data has occurred for the subsidiary Ubiway, which in turn affects the bpost Group waste figures

bpost is conscious of the resources we use and the waste we produce and manages these waste streams responsibly. At all our locations we sort according to the different waste streams and work together with a registered waste partner for recycling (paper, drink cartons, plastic bottles, metal) or disposal with energy recovery. In Belgium, 100% of all plastic, paper and cardboard waste is recycled and 100% of our unsorted waste is incinerated for energy recovery. We aim to reach the same figures at our other locations.

Proximity

bpost is transforming into an international Omni commerce logistics group, but also values its proximity to the people surrounding the organization. We collaborate closely with both Belgian and international society, with our customers and our suppliers. We value these relationships that allow us to respond to current and future needs in Belgium and abroad. Our support to external organizations working for and with people, in Belgium and abroad, is important to us. We also encourage our suppliers to include CSR as far as possible in their business practices. For our customers, we provide them with services to facilitate their day to day lives.

		BPOST BELGIUM				SUBSIDIARIES			BPOST GROUP		
PROXIMITY – STRATEGIC KPIS	UNIT	2017	2018	2019	2020	2018	2019	2020	2018	2019	2020
Total donations	1,000 EUR	371	349	254	563	41	52	51	390	306	614
Share of significant tier 1 suppliers covered by the Supplier Code of Conduct	%	n/a*	39*	35*	31	n/a	n/a	n/a	n/a	n/a	n/a
Customer satisfaction(1)	Score	86	84	82	84	n/a(1)	n/a(1)	n/a(1)	n/a(1)	n/a(1)	n/a(1)

(1) The customer satisfaction methodology used by bpost Belgium is very specific to the organization (includes both residential and business customers and is based on a 7 points scale). This makes it difficult to consolidate the outcomes with our subsidiaries. We will investigate how we can develop a common metrics in the future.

** Restatement based on standardization definition.*

Proximity to society

		BPOST BELGIUM				SUBSIDIARIES			BPOST GROUP		
PROXIMITY – PROXIMI-TY TO SOCIETY	UNIT	2017	2018	2019	2020	2018	2019	2020	2018	2019	2020
Total donations	1,000 EUR	371	349	254	563	41	52	51	390	306	614

bpost doesn't operate in isolation, but within society at large. This society consists of different communities, for which we are grateful: they make our work interesting and worthwhile. As bpost grows, these communities grow with us: we started as a Belgian postal operator, but our business and communities have a more international character today. To stay close to our roots, we support a number of social and biodiversity projects in Belgium.

BPOST LITERACY FUND

In 1997, the bpost Literacy Fund was established to improve literacy rates by supporting new literacy projects run by various organizations. Managed by the King Baudouin Foundation, the bpost Literacy Fund was boosted in 2009, when we started donating a part of the revenue of a Christmas stamp sale. Since then, the Fund has received about 1.5 million EUR. In 2020, it received 100.000 EUR worth of grants.

DIGITALFORYOUTH

In June, bpost's 26,000 employees rallied behind DigitalForYouth, a charity that helps young people who are disadvantaged by the digital divide. They took part in the "Make some noise" campaign, raising 25,000 EUR, enough to fund 250 laptops.

STAR4U

Star4U is a bpost initiative that encourages employees to sign up for social, cultural and environmental projects in line with bpost values. The projects are selected by a panel of bpost employees and external experts. Since the launch in 2010, bpost has backed more than 950 projects to the tune of 785,000 EUR. In 2020 bpost gave more than 70,000 EUR to 89 selected projects.

LOVEYOU

In 2020, bpost group wanted to ensure that everyone stays in touch with their loved ones during the COVID-19 lockdown. By launching two free campaigns through its Mobile Postcard app more than two million personalized photo and video postcards were send to bring Belgium together.

BPOST FOREST

bpost helps to create natural habitats to maintain local biodiversity and flora. We contributed by freeing up for a 33-year no charge lease two pieces of land owned by bpost (one near Ekeren and another in Uccle) for a biodiversity protection initiative. Our idea is to have those pieces of land renovated to give the public access to nature. In addition, we planted a one-hectare 'bpost forest' in the Waver forest in Lier together with Natuurpunt.

CHILD FOCUS

Child Focus has been engaged with the search for missing children and the fight against child abuse since the late nineties. In 2018, in honor of its twentieth anniversary, bpost launched a stamp dedicated to the organization's hard work. bpost also started to use its post offices to help search for missing children, displaying missing persons posters on screens either locally or nationally .

GREEN DEAL BIODIVERSITY

Together with more than 110 other companies, organizations and local authorities, bpost has subscribed to the Green Deal Biodiversity. Through this voluntary agreement, we commit to taking action to enhance biodiversity and the natural value inside and outside our corporate sites over the next three years. One of bpost's actions within the requirements of the Green deal biodiversity is the installation of an insect hotel at NBX.

BEEPOST

Since 2016, in partnership with Made in Abeilles cooperative, we set up two beehives on the roofs of our Brussels head office. The idea was to promote a better use of our roofs while offering a response to the mass disappearance of bees and the associated loss of biodiversity. Hosting several bee colonies enables bpost to strengthen its environmental initiatives and to contribute to meet the challenges of biodiversity while reducing its ecological footprint.

HOUSE MARTINS

At bpost, we have a small project contributing to the survival of the House Martins in Flanders. In this region, House Martins are on the "Red Species List" and considered to be vulnerable. Due to changes in house construction and roof design, and due to building renovation, nests are being removed or destroyed and natural nesting sites are in decline. bpost contributes by placing artificial nests under the eaves of its post offices in the perimeter of colonies of House Martins, believing that this will encourage House Martins to build nests nearby. We have installed 5x2 artificial nests under the roof edge of the post office in Harelbeke, and 2x2 in Anzegem.

Proximity to our suppliers

		BPOST BELGIUM[2]		
PROXIMITY – PROXIMITY TO SUPPLIERS	UNIT	2018	2019	2020
Share of significant tier 1 suppliers covered by the Supplier Code of Conduct[1]	%	39*	35*	31
Share of procurement spent on significant tier 1 suppliers screened on CSR by Ecovadis[1]	%	n/a	39	39
Share of paper procurement spent on paper coming from certified forests (e.g. PEFC, FSC, SFI)[1]	%	100	100	100

(1) This indicator is specific to the postal activities (bpost Belgium) and, therefore not monitored at our subsidiaries.

(2) We are currently working on monitoring supplier information at our subsidiaries. This data is not yet available for subsidiaries in 2021.

** Restatement based on standardization definition.*

SUSTAINABLE PROCUREMENT PROGRAM

At the procurement department, we promote responsible practices in general and throughout our supply chain. Meaning we have the opportunity to work on the sourcing of sustainable solutions and building a strong and sustainable supply chain by collaborating with the right suppliers to further reduce the indirect impact. Both levels are tackled in our Sustainable Procurement Program. The Program is anchored by implementing appropriate tools and procedures.

Mainly our program will bring added value through increasing our expertise and follow-up on emerging trends and also building long-term relationships with our suppliers. The coming years our program will be yearly updated and aligned to further support bpost in its new vision CONNECT 2026.

SOURCING SUSTAINABLE SOLUTIONS

We are striving to have as many procurement contracts as possible in which sustainability was embedded in the tender process or contract.

In addition we search for best practices and expertise in our external network. Our connections help to identify opportunities and innovations that can be implemented at bpost.

SUSTAINABLE SUPPLY CHAIN

Driving sustainability throughout our supply chain is key to bring added value to bpost. Building strong relationships with our key suppliers is what we aim for. Agreeing on how to work together is therefore beneficial to both parties, as it improves our collaboration today and in the future.

bpost adheres to the highest standards of business ethics, environmental practices, social standards and working conditions. bpost does not intend to do business with third parties which do not fully comply with these standards. This is laid down in bpost's Supplier Code of Conduct and integrated in the general conditions of the contract.

Furthermore, a sustainability clause is available and used in the tender process and/or contract. The clause requires suppliers to perform a CSR risk assessment of their policies, processes and measures in place at their side. bpost has identified EcoVadis to conduct these sustainability performance assessments. During the assessment environmental (energy, water, waste, products) and social performance (health and safety, working conditions, child and forces labor), ethics and sustainable procurement policies are taking into account.

Proximity to our customers

		BPOST BELGIUM[2]			
PROXIMITY – PROXIMITY TO OUR CUSTOMERS	UNIT	2017	2018	2019	2020
Customer satisfaction[1]	Score	86	84	82	84
Amount of letters for which the customers have offset their mail carbon emissions[1]	Million letters	159	162	164	850
Total carbon emissions offset for the customers[1]	CO_2 teq.	2,404	2,533	1,809	8,000

(1) The customer satisfaction methodology used by bpost Belgium is very specific to the organization (includes both residential and business customers and is based on a 7 points scale). This makes it difficult to consolidate the outcomes with our subsidiaries. We will investigate how we can develop a common metric in the future.

(2) This indicator is specific to the postal activities (bpost Belgium) and, therefore not monitored at our subsidiaries.

Our employees are in touch with our customers daily. Because of this proximity to our customers, we maintain our awareness of their current and future needs. Since customers care about the impact they make, we offer them responsible choices. We are doing everything we can to improve our services and make our customers happy. Our U.S.-based subsidiary Radial is specialized in services related to customer care, from which we learn and which we try to implement everywhere at bpost.

CARBON METER SERVICE

With our Carbon Meter, we help our customers to make well-informed decisions that minimize their environmental impact. Depending, for example, on the type of paper, use of cardboard, size and ink, they can measure the carbon footprint of their advertising mail flows.

CARBON OFFSETTING SERVICE

We have been offsetting the carbon emissions generated by our mail handling activities since 2020. With CO_2logic, we raise financing for Gold Standard certified climate projects to cut greenhouse emissions in emerging countries. For each of these projects, we also contribute to key UN SDGs, such as climate action, life on land, sustainable communities, no poverty, or good health. This year, we invested in Safe Water for Rwanda where access to safe water and rely exclusively on unprotected wells, lakes and other open water sources that are highly susceptible to contamination. The only option to purify water is by boiling it, using firewood. This process results in deforestation and the release of greenhouse gas emissions from the combustion of wood. By providing safe water the project ensures that households consume less firewood to purify water. Therefore, it reduces greenhouse gas emissions. In total we compensated the handling of 850 million mail items, for more than 2500 of our clients., resulting in neutralizing over 8000 tons of CO_2.

PARCEL LOCKERS

We try to provide our customers with flexible and sustainable solutions. One of these solutions is parcel locker , an independent, open network of parcel lockers for retailers, online customers and couriers. Consumers can choose to ship their parcels to a locker, which they can pick up whenever convenient using their smartphone. The lockers are conveniently located at highly visited places, for example at train stations.

BCLOSE SERVICE

For socially isolated people in Belgium, our local postmen and postwomen are familiar faces and trusted people. By walking past every door every day, local postmen and postwomen can play a significant role in assessing whether older adults are socially isolated. Therefore, in some Belgian municipalities, bpost is offering the bclose service in collaboration with the local social services. After approval by the older adults, their trusted postman or woman pays them a home visit to ask some brief questions, in order to get insight into what they might need. This information provided by our bclose's services can be used confidentially to take action to help the isolated people and integrate them into community life.

DYNASURE PASSPORT DELIVERY

Thanks to our subsidiary Dynasure, Antwerp citizens can now receive their renewed passport when its suits them best. All they have to do is go to the local government office to apply for their passport, provide their digital fingerprints and sign. Then, Dynasure delivers their passport when it is most convenient for them. This makes their life a little easier, as citizens no longer have to fit their schedules around the opening hours of local government offices.

Glossary

Absenteeism

Total number of days where employees were absent in the reporting year (due to work-related occupational accidents or illness) out of the number of days worked in the reporting year times 100.

Blameworthy road traffic incidents

The number of a road traffic incidents (leading to near-miss, injury or fatality) during working hours caused by a bpost driver (employee or temporary staff of the entity performing work on behalf of the entity).

CO_2 eq. emissions

bpost Group uses the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (Revised Edition) as well as the joint methodology of UPU (universal postal union), PostEurope and IPC (international postal corporation) – "GHG Inventory standard for the postal sector last version 2010 standard" to collect activity data and calculate emissions. bpost Group reports CO_2 emissions only. HFCs emissions from on-site refrigeration or air-conditioning are negligibly small. Emissions from NH4, N2O, PFCs or SF6 are negligible and not relevant for bpost's activities. Therefore, the IPC GHG program has not included these emissions in the scope of emissions to be monitored. The majority of the conversion factors used are derived from IPC or provided directly by the relevant supplier.

Customer satisfaction

The bpost Belgium customer satisfaction survey is based on a 7 point scale in which level 7 and 6 designate enthusiastic customers and level 5 satisfied customers. It includes both residential and business customers.

Employee engagement

Employee engagement is determined by an independent third party via an employee engagement survey, in which the average of the question scores provides the level of engagement.

Employee turnover

The total number of employees that left the entity during the reporting period (year X), divided by the average number of employees in year X and year X-1, multiplied by 100.

Energy consumption

The total energy consumed in KWh by the buildings and by the activities within the buildings, excluding energy consumption for transportation and logistics purposes, during the reporting period. This consists of electricity, natural gas, heating oil, district heating, fuel oil consumed for generators and diesel for lift trucks.

Formal training

Planned training, instruction and/or education for employees or temporary staff, paid by bpost, during and outside working hours for the reporting period. Formal trainings are organized in collaboration with an (internal or external) educator or educational institution.

Frequency rate

The number of work-related occupational accidents that happened in the reporting year, out of the total number of hours worked in the reporting year, multiplied by 1,000,000 hours worked.

Informal training

Informal training hours are educational activities with a high degree of self-organization (there is no educator or educational institution), about content based on the individual needs of the employees and with a direct relation to the work activity.

Lost days

The number of working days employees did not come to work, due to occupational accidents involving employees, not counting any days on which the employee would not have worked (so excluding e.g. weekends, holidays, part-time days, etc.). This number did not include the day on which the occupational accident occurred.

Occupational work accidents

Total number of occupational accidents leading to a lost-time injury or a work-related fatality during the reporting period.

Severity rate

The total lost days in the reporting year out of the number of hours worked in the reporting year times 1,000 hours worked.

Significant tier 1 suppliers

Significant tier 1 suppliers are the suppliers that make up minimum 80% of the procurement spent during the reporting period.

Reference to external documents

For our Sustainability Governance, we refer to the following section on our website.

To read about how we engage with our stakeholders, we refer to the following section on our website.

bpost's Annual Report 2020 has been prepared in accordance with the GRI Standards: Core option. Our materiality analysis, materiality matrix, GRI content index for this report can be found on our website.

An overview of bpost's awards and partnerships, we refer to the following section on our website.

Financial review

1.1 Group overview

Compared to last year, **total external operating income** increased by +316.8 million EUR to 4,154.6 million EUR.

- Parcels & Logistics North America external operating income increased by +231.7 million EUR (+21%), driven by E-commerce logistics.
- The revenue increase of Parcels & Logistics Europe & Asia (+260.7 million EUR or +263.9 million EUR excluding last year's contingent consideration reversals) was mainly driven by Parcels BeNe.
- Mail & Retail external operating income declined by -161.0 million EUR primarily driven by mail volume decline and lower Proximity and convenience retail network revenues (including the deconsolidation of Alvadis -20.9 million EUR), partly compensated by mail pricing.
- Corporate revenues decreased by -14.7 million EUR driven by lower building sales, as in the second quarter of last year a +19.9 million EUR gain on the headquarter sale was realized.

Operating expenses including depreciation and amortization increased by -406.1 million EUR, excluding depreciation and amortization operating expenses increased by -335.3 million EUR. This increase was mainly driven by higher payroll, interims and transport costs driven by volume growth at Parcels & Logistics Europe & Asia and North America and additional costs due to COVID-19, partially offset by the lower material costs from Ubiway Retail including the impact of the deconsolidation of Alvadis. The increased depreciation is mainly explained by the non-cash impairment charges related to goodwill and purchase price allocation (-62.1 million EUR).

As a result **EBIT and adjusted EBIT** decreased respectively by -89.2 million EUR and -30.2 million EUR compared to last year. Excluding the unfavourable evolution of the contingent considerations, the VAT recovery and the terminal dues settlements (-10.6 million EUR combined) in Parcels & Logistics Europe & Asia, the impact of the ransomware attack (-9.2 million EUR) in Parcels & Logistics North America and last year's gain on the disposal of the headquarters in Corporate (-19.9 million EUR), adjusted EBIT would have increased by +9.5 million EUR compared to last year.

Net financial result improved by +13.7 million EUR mainly due to the decrease of non-cash financial charges related to IAS 19 employee benefits as a result of a lower decrease in discount rates.

Share of profit of associates and joint ventures amounted to 18.3 million EUR and increased by +2.5 million EUR compared to last year.

Remeasurement of assets held for sale at fair value less costs to sell amounted to -141.6 million EUR in 2020 as the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR was recognized.

Reported income tax expense decreased by +40.8 million EUR compared to last year due to the lower profit before tax combined with a lower statutory tax rate in Belgium and the recognition of an additional deferred tax asset for US tax losses carried forward in 2020. The effective tax rate (164.9%) was negatively impacted by non-tax deductible goodwill impairments and the fair value adjustment less costs to sell on bpost bank in 2020.

Adjusted group net profit increased by +27.8 million to 200.9 million EUR, whereas the **group net loss** amounted to -19.2 million EUR, impacted by the impairments and the fair value adjustment less costs to sell on bpost bank (-141.6 million EUR).

Adjusted contribution of the different business units for 2020 amounted to:

	2020			2019		
IN MILLION EUR (ADJUSTED)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)
Mail & Retail	1,958.0	**171.2**	8.7%	2,071.1	**257.4**	12.4%
Parcels & Logistics Europe & Asia	1,087.9	**101.4**	9.3%	830.9	**65.8**	7.9%
Parcels & Logistics North America	1,336.0	**32.8**	2.5%	1,104.2	**(3.0)**	-0.3%
Corporate	390.6	**(24.9)**	-6.4%	402.1	**(9.3)**	-2.3%
Eliminations	(617.9)			(571.2)		
Group	**4,154.6**	**280.6**	**6.8%**	**3,837.2**	**310.8**	**8.1%**

1.2 Description of Business Units

The business unit Mail & Retail (M&R) oversees the commercial activities related to Transactional and Advertising mail and Press and the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail, printed documents, newspapers and periodicals in Belgium and offers these operational activities for parcels to other business units of bpost. Furthermore M&R offers value added services including document management and related activities and offers proximity and convenience retail through its retail network in Belgium composed out of post offices, postal points and the Ubiway Retail network of different branded shops. It also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance. The business unit also carries out Services of General Economic Interest on behalf of the Belgian State (SGEI).

The business unit Parcels & Logistics Europe & Asia (PaLo Eurasia) oversees the commercial and operational activities related to last-mile delivery and express delivery in Belgium and the Netherlands (Parcels BeNe), e-commerce logistics (fulfillment, handling, distribution and return management) and cross-border (inbound, outbound and import services) for parcels in Europe & Asia and for international mail worldwide. The business unit runs several operational centers across Europe including a sorting center (NBX) and several parcel hubs. DynaGroup and the Radial and Landmark Global entities in Europe & Asia are part of this business unit.

The business unit Parcels & Logistics North America (PaLo N. Ame) is in charge of the commercial and operational activities related to e-commerce logistics (fulfillment, handling and distribution, return management, customer service and value-added technology services) in North America and Australia and cross-border parcels and international mail in North America. Radial North America and the Landmark Global entities in North America are part of this business unit.

Corporate and Support units (Corporate) consist out of the 3 support units and the corporate unit. The support units offer business solutions to the 3 business units and to Corporate and includes Finance & Accounting, Human Resources & Service Operations, ICT & Digital. The Corporate unit includes Strategy, M&A, Legal, Regulatory and Corporate Secretary.

1.3 Business Unit performance: Mail & Retail

Mail & Retail

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**1,736.1**	**1,897.1**	**-8.5%**
Transactional mail	725.2	748.0	-3.1%
Advertising mail	182.6	236.0	-22.6%
Press	339.1	346.6	-2.2%
Proximity and convenience retail network	386.5	462.6	-16.4%
Value added services	102.7	103.9	-1.1%
Intersegment operating income	221.8	174.7	27.0%
TOTAL OPERATING INCOME	**1,958.0**	**2,071.7**	**-5.5%**
Operating expenses	1,709.4	1,734.2	
EBITDA	**248.5**	**337.5**	**-26.4%**
Depreciation, amortization	128.9	83.7	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**119.6**	**253.8**	**-52.9%**
Margin (%)	*6.1%*	*12.3%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**171.2**	**257.4**	**-33.5%**
Margin (%)	*8.7%*	*12.4%*	
Average FTE & Interims	23,534	22,435	4.9%

Total operating income declined by -113.8 million EUR or -5.5% compared to last year. The decrease of the **external operating income** amounted to EUR -161.0 million EUR or -8.5% and was partly compensated by higher – volume driven – **intersegment operating income** (+47.2 million EUR) to PaLo Eurasia.

Revenues from **Domestic Mail** (i.e. Transactional, Advertising and Press combined) decreased by -83.7 million EUR to 1,246.9 million EUR. Underlying volume decline amounted to -12% for full year 2020 versus -7.9% in 2019. March 2020 to May 2020 stood at -20.1% due to COVID-19. Transactional mail noted an underlying volume decline of -11.3% for the year of which -16.7% from March to May 2020. During this period, the COVID-19 lockdown negatively impacted all mail categories, in particular smaller administrative mail volume and registered letters. Excluding COVID-19, underlying mail volumes were subject to the known trends of ongoing e-substitution and digitization. Advertising mail realized an underlying volume decrease of -18.8% for the year of which -36.2% from March to May 2020, mainly impacted by cancelled campaigns during the first COVID-19 lockdown of all non-essential retail from March 18, 2020 through May 10, 2020 and a ban on promotions through April 3, 2020. The full closure of non-essential retail in November 2020, impacting volumes by -24.3% during the month, and continued hesitance to advertise within an uncertain COVID-19 context also impacted the underlying volume decline negatively. Press volume decreased on an underlying basis by -5.3%, driven by e-substitution and rationalization.

Total Domestic Mail volume decline impacted revenues by -136.3 million EUR and elections of 2019 by -3.7 million EUR. These effects were only partly compensated by the net improvement in price and mix amounting to +53.2 million EUR and working days differences of +3.1 million EUR.

Mail & Retail

EVOLUTION UNDERLYING MAIL VOLUMES	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Domestic mail	-7.9%	**-9.9%**	**-17.7%**	**-8.2%**	**-11.8%**	**-12.0%**
Transactional mail	-9.2%	-8.8%	-16.7%	-8.3%	-10.8%	-11.3%
Advertising mail	-4.7%	-16.5%	-26.6%	-9.4%	-20.4%	-18.8%
Press	-6.5%	-5.2%	-8.0%	-5.4%	-2.7%	-5.3%

Proximity and convenience retail network decreased by -76.1 million EUR to 386.5 million EUR. Excluding the impact of the deconsolidation of Alvadis as from September 2019 (-20.9 million EUR), the decrease amounted to -55.2 million EUR driven by lower Ubiway Retail revenues as a result of the COVID-19 related partial closure of the network, reduced footfall and lower banking & finance revenues.

Value added services decreased by -1.2 million EUR to 102.7 million EUR driven by higher revenue from fine management more than offset by lower revenues from among other European license plates, data and mail value added services.

Operating expenses (including depreciation and amortization) increased by -20.5 million EUR, mainly explained by impairment charges on Press and Retail of -49.1 million EUR. Excluding depreciations, operating expenses decreased by +24.8 million EUR. Higher operating expenses from payroll and interim driven by (1) increased headcount from higher parcel volumes and absenteeism and (2) price from COVID-19 premiums and regular salary indexation, together with specific COVID-19 operating expenses, were more than compensated by lower material costs from Ubiway Retail including the impact from the deconsolidation of Alvadis, higher recoverable VAT, increased sorting expenses transferred to PaLo Eurasia driven by stellar growth in parcels volumes handled through the mail network and lower project related costs.

Reported EBIT at 119.6 million EUR was impacted by -49.1 million EUR of impairment charges on Press and Retail. **Adjusted EBIT** amounted to 171.2 million EUR and showed a decline of -86.1 million EUR compared to previous year.

COVID-19 had an estimated net negative impact on full year 2020 EBIT from additional mail volume decline, mainly in advertising mail, and pressure on retail combined with specific additional operating expenses, only partly compensated by cost savings. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.4 Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**1,073.9**	**813.2**	**32.1%**
Parcels BeNe	547.9	380.6	43.9%
E-commerce logistics	172.5	133.1	29.7%
Cross-border	353.5	299.5	18.0%
Intersegment operating income	14.0	17.8	-21.1%
TOTAL OPERATING INCOME	**1,087.9**	**830.9**	**30.9%**
Operating expenses	966.8	747.7	
EBITDA	**121.1**	**83.2**	**45.5%**
Depreciation, amortization	22.6	21.7	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**98.5**	**61.5**	**60.2%**
Margin (%)	*9.1%*	*7.4%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**101.4**	**65.8**	**54.2%**
Margin (%)	*9.3%*	*7.9%*	
Average FTE & Interims	3,668	3,248	12.9%

Total operating income increased by +257.0 million EUR or +30.9% (+260.2 million EUR excluding last year's reversals of -3.2 million EUR of the contingent consideration on DynaGroup and Leen Menken), mainly driven by the increase of the external operating income. **External operating income** amounted to 1,073.9 million EUR in 2020 and showed an increase of +260.7 million EUR or 32.1% compared to 2019. Terminal dues settlements had a -2.6 million EUR negative impact on revenues year-over-year.

Parcels BeNe increased by +167.2 million EUR (+43.9%) or +168.9 million EUR (+44.6%) excluding last year's positive effect of a contingent consideration reversal on DynaGroup (-1.7 million EUR). Year-over year growth was driven by Parcels B2X volume growth of +56.2% and Dynalogic. Volumes were fueled by the boost to online sales from COVID-19 and 2 lockdowns of non-essential retail in Belgium in the spring and November 2020. These positive effects were partly offset by declining revenues of other activities resulting among others from last year's closure of non-profitable businesses.

PARCELS & LOGISTICS EUROPE & ASIA	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Evolution B2X parcels volume	+20.9%	+25.2%	+79.3%	+49.0%	+67.4%	+56.2%

E-commerce logistics amounted to 172.5 million EUR, an increase of +39.5 million EUR (or +41.0 million EUR excluding last year's positive effect of a contingent consideration reversal on Leen Menken for 1.5 million EUR) compared to 2019. This increase was mainly driven by Radial Europe and Active Ants growth at existing customers. Further revenue growth was driven by the integration of MCS Fulfillment (part of Active Ants) as from October 1, 2019, contributing 9.3 million EUR year-to-date.

Cross-border increased by +54.0 million EUR to 353.5 million EUR. This was driven by exponential growth in Asian parcel volumes shipped by train since June 2020 as an alternative to the COVID-19 impacted air freight, with pace of growth slowing down quarter-over-quarter from the second through the fourth quarter 2020. This increase was partly offset by declining cross-border postal business where growth in inbound parcels could not fully compensate the decline in both inbound & outbound mail volumes. Terminal dues settlements had a -2.6 million EUR negative impact on revenues year-over-year.

Operating expenses (including depreciation and amortization) increased by -220.0 million EUR, mainly explained by higher volume-linked variable costs translating into higher payroll, interim and transport costs which also drove higher intersegment operating expenses from M&R for parcels volumes handled through the integrated last-mile mail and parcels network. In addition, PaLo Eurasia recorded specific COVID-19 related operating expenses and unfavorable year-over-year impacts related to terminal dues settlements (-2.3 million EUR) and VAT recovery (-2.5 million EUR).

As a result **reported EBIT** amounted to 98.5 million EUR and showed an increase of +37.0 million EUR (+60.2%) compared to 2019 with a margin of 9.1% and **adjusted EBIT** amounted to 101.4 million EUR and showed an increase of +35.6 million EUR (+54.2%) compared to 2019 with a margin of 9.3%. Excluding year-over-year contingent considerations reversals, additional VAT recovery and terminal dues settlements (-10.6 million EUR combined), adjusted EBIT was up +46.2 million EUR (+84%) operationally.

COVID-19 had an estimated net positive impact on full year 2020 EBIT from additional operating income growth in all business lines only partly offset by specific additional operating expenses. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.5 Business Unit performance: Parcels & Logistics North America

Parcels & Logistics North America

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**1,329.2**	**1,097.5**	**21.1%**
E-commerce logistics	1,246.4	1,008.1	23.6%
International mail	82.8	89.4	-7.4%
Intersegment operating income	6.8	6.8	1.0%
TOTAL OPERATING INCOME	**1,336.0**	**1,104.2**	**21.0%**
Operating expenses	1,233.7	1,048.7	
EBITDA	**102.3**	**55.5**	**84.4%**
Depreciation, amortization	95.0	71.6	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT REPORTED)	**7.4**	**(16.1)**	
Margin (%)	*0.6%*	*-1.5%*	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**32.8**	**(3.0)**	
Margin (%)	*2.5%*	*-0.3%*	
Average FTE & Interims	9,845	8,061	22.1%

Total operating income increased by +231.8 million EUR or 21% (+24.3% at constant exchange rate) to 1,336.0 million EUR, driven by E-commerce logistics. **External operating income** amounted to 1,329.2 million EUR and showed an increase of +231.7 million EUR or +21.1% compared to 2019.

E-commerce logistics increased by +238.4 million EUR or +23.6% to 1,246.4 million EUR (+27.2% at constant exchange rate). The revenue increase was mainly driven by Radial North America recording significant growth of existing customers (+26.8%) driven by COVID-19, as well as new clients launched in 2019 of which sales have more than tripled. This growth was slightly offset by client churn.

Radial North America[(1)]

IN MILLION USD (ADJUSTED)	2020	2019
TOTAL OPERATING INCOME	1,201.3	934.9
EBITDA	78.6	29.2
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT)	11.5	(29.2)

(1) Business unit performance expressed in USD of the consolidated Radial entities held by bpost North America Holdings Inc.

International mail amounted to 82.8 million EUR, a decrease of -6.6 million EUR or -7.4% (-5.8% at constant exchange rate), driven by declining revenues at The Mail Group from a significant drop-off in the business mail segment as a result of COVID-19.

Operating expenses (including depreciation and amortization) increased by -208.4 million EUR or -18.6% (-21.7% at constant exchange rate), resulting from (1) volume-driven higher variable labour and transportation costs and credit card fees, (2) bad debt driven by COVID-19, (3) higher depreciation and amortization from additional fulfillment sites and a 13.0 million EUR impairment charge on The Mail Group, (4) COVID-19 related operating expenses and (5) ransomware attack costs of -3.2 million EUR, net of partial insurance recovery. This was partly compensated by higher productivity and benefits from cost savings program as well as cost containment measures in general.

Estimated -6.0 million EUR gross margin shortfall due to ransomware attack.

Adjusted EBIT and reported EBIT respectively amounted to 32.8 million EUR and 7.4 million EUR and increased by +35.8 million EUR and +23.5 million EUR. This uplift was driven by strong e-commerce growth and high operating leverage at Radial. Excluding the impact of the ransomware attack (-9.2 million EUR), adjusted EBIT would have been at 41.9 million EUR (3.1% margin). Reported EBIT at 7.4 million EUR was impacted by 13.0 million EUR of impairment charges on The Mail Group.

COVID-19 had an estimated net positive impact on full year 2020 EBIT from additional e-commerce logistics volumes only partly offset by declining International Mail, specific additional operating expenses and bad debt. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.6 Business Unit performance: Corporate

Corporate

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**15.4**	**30.1**	**-48.9%**
Intersegment operating income	375.2	372.0	0.9%
TOTAL OPERATING INCOME	**390.6**	**402.1**	**-2.9%**
Operating expenses	343.4	340.7	0.8%
EBITDA	**47.2**	**61.4**	**-23.2%**
Depreciation, amortization	72.0	70.8	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT REPORTED)	**(24.9)**	**(9.3)**	
Margin (%)	*-6.4%*	*-2.3%*	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**(24.9)**	**(9.3)**	
Margin (%)	*-6.4%*	*-2.3%*	
Average FTE & Interims	1,591	1,633	-2.5%

External operating income decreased by -14.7 million EUR to 15.4 million EUR driven by lower building sales, due to the sale in the second quarter 2019 of the headquarters building Centre Monnaie (+19.9 million EUR gain on disposal).

Operating expenses (including depreciation and amortization) increased by -4.0 million EUR driven by higher re-invoicing of services to the operational business units (i.e. +3.2 million EUR higher intersegment operating income). Net of the intersegment operating income, operating expenses (including D&A) almost remained stable (-0.8 million EUR) as the negative year-over-year VAT recovery impact and higher provisions were partially offset by lower project costs and cost containment.

As a result, **Reported EBIT and adjusted EBIT** showed a decrease of -15.6 million EUR to -24.9 million EUR.

COVID-19 had an estimated net negative impact on full year 2020 EBIT mainly related to additional costs for health and safety measures. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.7 Cashflow statements

IN MILLION EUR	2020	2019
Net cash from operating activities	571.3	424.2
Net cash used in investing activities	(127.6)	(122.2)
Net cash from financing activities	(138.8)	(314.1)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**304.9**	**(12.1)**
Free cash flow	443.7	302.0

In 2020, the net cash flow increased compared to the same period last year by 317.0 million EUR to 304.9 million EUR.

Free cash flow amounted to 443.7 million EUR.

Cash flow from operating activities compared to the same period last year increased by 147.1 million EUR to 571.3 million EUR.

Cash flow from operating activities before change in working capital and provisions increased by 25.9 million EUR. EBITDA excluding gain on HQ was stable compared to last year (+1.4 million EUR, out of which +19.9 million EUR related to the non-cash item). 2020 benefited from a positive tax assessment on previous years (+7.5 million EUR vs. -13.8 million EUR in the first quarter 2019). Furthermore the lower tax prepayments had a positive impact on operating results (+4.9 million EUR). This was partially compensated by the absence of a dividend by bpost bank in 2020.

Change in working capital and provisions improved by 121.2 million EUR, to 140.1 million EUR in 2020 (18.9 million EUR in 2019). This was mainly explained by the positive impact of increased terminal dues in line with cross border activities expansion combined with extended payment terms in payables due to some temporary initiatives set up in the context of the pandemic, which will be unwound in the course of the first quarter next year. This was partially offset by lower supplier balances mainly due to timing of expense and increased days sales outstanding (DSO) as a consequence of the mix on receivables. Collected proceeds due to Radial's clients were lower by -10.8 million EUR compared to 2019.

Investing activities resulted in a cash outflow of 127.6 million EUR in 2020, compared to a cash outflow of 122.2 million EUR last year. This was mainly explained by the proceeds of building sales (-45.6 million EUR) combined with disposal of Alvadis (-5.9 million EUR) in 2019. This was partially compensated by the subordinated loan granted to bpost bank in 2019 (+25.0 million EUR), lower spend on M&A activities (+6.6 million EUR) and lower capital expenditures (+14.5 million EUR). Capital expenditures amounted to 147.7 million EUR compared to 162.3 million EUR prior year, and were mainly spent on ICT project and increasing capacity for parcels and e-commerce logistics at Radial, in Belgium (Parcels B2C) and the Netherlands (Active Ants).

In 2020 the cash outflow relating to **financing activities** amounted to -138.8 million EUR compared to -314.1 million EUR last year, mainly explained by the absence of dividend payments in 2020 (+174.0 million EUR).

1.8 Net debt

As at 31 December

IN MILLION EUR	2020	2019
Net Debt/(Net cash)		
Interest bearing loans and borrowings	1,443.2	1,449.4
Bank overdrafts	0.0	0.5
Non-interest bearing loans and borrowings	0.1	0.1
- Cash and cash equivalents	(948.1)	(670.2)
TOTAL	**495.2**	**779.9**

Net debt decreased by 284.7 million EUR, mainly driven by the increase of cash and cash equivalents (277.9 million EUR). This increase was mainly due to the absence of dividend payments in 2020, lower capex and a favorable impact of lower working capital needs. Gross debt increased by 6.7 million EUR through the combination of higher leasing liabilities and a decrease in financial debts instruments (mainly loans).

1.9 Balance sheet

IN MILLION EUR	2020	2019		2020	2019
Assets			**Equity and liabilities**		
Property, plant and equipment	1,138.0	1,133.6	Total equity	583.8	682.6
Intangible assets	771.7	898.3	Interest-bearing loans and borrowings (incl. overdraft)	1,443.2	1,449.9
Investments in associates and joint ventures	0.1	239.5	Employee benefits	320.0	320.6
Other assets	54.1	40.4	Trade and other payables	1,487.0	1,278.5
Trade and other receivables	826.6	759.0	Provisions	27.0	29.8
Inventories	32.7	34.7	Derivative instruments	0.3	1.3
Cash and cash equivalents	948.1	670.2	Other liabilities	13.2	14.3
Assets held for sale	103.3	1.4			
TOTAL ASSETS	**3,874.5**	**3,777.1**	**TOTAL EQUITY AND LIABILITIES**	**3,874.5**	**3,777.1**

Total assets and liabilities increased by 97.4 million EUR to 3,874.5 million EUR.

On the one hand cash and cash equivalents increased as a result of the absence of dividends and the improvement in cash from operating activities, amongst others as a result of the improvement of the working capital (+121.2 million EUR). This improvement was mainly due to temporary initiatives set up in the context of the pandemic which will be unwound in the course of the first quarter 2021 and increased outstanding terminal dues, these two elements also explain the increase of trade and other payables. Furthermore trade and other receivables increased in line with the increased revenues and increased DSO as a consequence of mix.

On the other hand, assets held for sale and investments in associates and joint ventures should be reviewed together given the non-binding agreement between bpost and BNP Paribas Fortis (BNPPF) concerning the future long-term partnership of bpost bank NV/SA, including the sale of participations from bpost to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. As a result the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR has been recognized in the income statement. The decrease of the intangible assets was mainly explained by the impairment charges on Press, Retail and International Mail (-62.1 million EUR) and exchange impact on goodwill (-42.4 million EUR).

1.10 Alternative Performance Measures (unaudited)

bpost also analyses the performance of its activities in addition to the reported IFRS figures with alternative performance measures (APMs). The definitions of these alternative performance measures can be found below.

Alternative performance measures (or non-GAAP measures) are presented to enhance an investor's understanding of the operating and financial performance, to aid in forecasting and to facilitate meaningful comparison of the result between periods.

The presentation of alternative performance measures is not in conformity with IFRS and the APMs are not audited. The APMs may not be comparable to the APMs reported by other companies as those companies may compute their APMs differently from bpost.

The calculation of the Adjusted performance measure, Adjusted operating free cash flow and the bpost NV/SA net profit (BGAAP) can be found below the definitions. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions

Adjusted performance (Adjusted operating income/Adjusted EBITDA/Adjusted EBIT/Adjusted EAT): bpost defines the Adjusted performance as operating income/EBITDA/EBIT/EAT excluding the adjusting items. Adjusting items represent significant income or expense items that, due to their non-recurring character, are excluded from internal reporting and performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the adjusted ones. An adjusting item is deemed to be significant if it amounts to 20.0 million EUR or more. All profits or losses on disposal of activities are adjusted whatever the amount they represent, as well as the year-to-date amortization and impairment on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions. Reversals of provisions whose addition had been adjusted are also adjusted whatever the amount they represent. The reconciliation of the Adjusted performance is available below the definitions.

bpost's management believes this measure provides the investor a better insight and comparability over time of the economic performance of bpost.

bpost NV/SA net profit (BGAAP): bpost defines bpost NV/SA net profit (BGAAP) as the non-consolidated profit (loss) following the Belgian General Accepted Accounting Principles after taxes and after transfer from/to untaxed reserves, this corresponds to the profit (loss) for the period available for appropriation (code #9905 of the BGAAP annual accounts). The detailed reconciliation from the consolidated IFRS result of the year to the performance measure is available below the definitions.

bpost's management believes this measure provides the investor an insight on the potential for distributable profit and reserves, thus potential for dividend.

Constant exchange rate: bpost excludes in the performance at constant exchange rate the impact of the different exchange rates applied in different periods for the segment Parcels & Logistics North America. The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.

bpost's management believes that the performance at constant exchange rate provides the investor an understanding of the operating performance of the entities part of the Parcels & Logistics North America segment.

CAPEX: capital expenditure for tangible and intangible assets including capitalised development costs, excluding right of use assets.

Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA): bpost defines EBITDA as Earnings from operating activities (EBIT) plus depreciations and amortizations and is derived from the consolidated income statement.

Net debt/(net cash): bpost defines Net debt/(Net cash) as the non-current and current interest-bearing loans and borrowings plus bank overdrafts minus cash and cash equivalents and is derived from the consolidated statement of financial position.

Operating free cash flow (FCF) and Adjusted Operating free cash flow: bpost defines FCF as the sum of net cash from operating activities and net cash used in investing activities and is derived from the consolidated statement of cash flows. Adjusted operating free cash flow is the operating free cash flow as defined excluding working capital impact of "the collected proceeds due to clients". The reconciliation is available below the definitions. In some cases, Radial performs the billing and receiving of payments on behalf of their customers. Under this arrangement, Radial routinely remits billed amounts back to the client, and performs periodical settlements with the client on amounts owed to or from Radial based on billings, fees, and amounts previously remitted. Adjusted operating free cash flows excludes the cash Radial received on behalf of their customers as Radial has no or little impact on the amount or the timing of these payments.

Evolution Parcels B2X volume: bpost defines the evolution of Parcels B2X as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of the B2X parcels processed by bpost NV/SA in the last mile delivery.

Radial North America Performance in USD: bpost defines the performance of Radial North America as the total operating income, EBITDA and EBIT expressed in USD following the consolidation of the group of Radial entities held by bpost North America Holdings Inc. Transactions between the group of Radial entities and other bpost group entities are not eliminated and are part of the total operating income, EBITDA and EBIT.

bpost's management believes this measure provides the investor a better insight in the performance of Radial and the scale up of its US presence and the expanding of its product offering into value-added activities that cover the entire value chain in e-commerce logistics and omnichannel technology.

Underlying volume (Transactional mail, advertising mail and press): bpost defines underlying mail volume as the reported mail volume including some corrections, for example the impact of the number of working days and mail volumes related to elections.

RECONCILIATION OF REPORTED TO ADJUSTED FINANCIAL METRICS

OPERATING INCOME FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Total operating income	4,154.6	3,837.8	8.3%
Gain on the sale of Alvadis[1]	0.0	(0.6)	
ADJUSTED TOTAL OPERATING INCOME	**4,154.6**	**3,837.2**	**8.3%**

OPERATING EXPENSES FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Total operating excluding depreciation, amortization	(3,635.5)	(3,300.2)	10.2%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION. AMORTIZATION	**(3,635.5)**	**(3,300.2)**	**10.2%**

EBITDA FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
EBITDA	519.1	537.6	-3.4%
Gain on the sale of Alvadis[1]	0.0	(0.6)	
ADJUSTED EBITDA	**519.1**	**537.0**	**-3.3%**

EBIT FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
EBIT	200.7	289.9	-30.8%
Gain on the sale of Alvadis[1]	0.0	(0.6)	
Impairment on goodwill[2]	41.4	0.0	
Non-cash impact of purchase price allocation (PPA)[3]	38.6	21.5	79.2%
ADJUSTED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**280.6**	**310.8**	**-9.7%**

RESULT (EAT, earnings after taxes) OF THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Result of the year	(19.2)	154.7	
Gain on the sale of Alvadis[1]	0.0	(0.6)	
Impairment on goodwill[2]	41.4	0.0	
Non-cash impact of purchase price allocation (PPA)[3]	37.1	19.1	94.4%
Remeasurement of assets held for sale at fair value less costs to sell[4]	141.6	0.0	
ADJUSTED RESULT OF THE YEAR	**200.9**	**173.1**	**16.0%**

(1) On August 30, 2019 – after approval from the Belgian Competition Authority – Ubiway finalised the share purchase agreement with Conway for the sale of Alvadis, a company of the Ubiway group. Alvadis has been deconsolidated end of August 30, 2019. At the time of the startup of the sales process (in December 2018), Alvadis had been transferred to assets held for sale. The adjustment of 0.6 million EUR corresponds to the gain on the disposal of the activities.

(2) In accordance with IAS 36 and the CGU (cash generating units) impairment testing, goodwill impairments were recognized within Mail & Retail as an impairment loss of 28.3 million EUR was recognized for Ubiway Retail and within Parcels & Logistics North America as an impairment loss of 13.0 million EUR was recognized for The Mail Group.

(3) In accordance with IFRS 3 and throughout the purchase price allocation (PPA) for several entities, bpost recognized several intangible assets (brand names, know-how, customer relationships…). The non-cash impact consisting of amortization and impairment charges on these intangible assets are being adjusted.

(4) On December 23, 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of participation from bpost to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. As a result the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR has been recognized.

RECONCILIATION OF REPORTED TO FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

For the year ended 31 December

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Net Cash from operating activities	571.3	424.2	34.7%
Net Cash used in investing activities	(127.6)	(122.2)	4.5%
OPERATING FREE CASH FLOW	**443.7**	**302.0**	**46.9%**
Collected proceeds due to clients	(3.1)	(14.0)	-77.6%
ADJUSTED OPERATING FREE CASH FLOW	**440.5**	**288.0**	**52.9%**

FROM IFRS CONSOLIDATED NET RESULT TO BELGIAN GAAP UNCONSOLIDATED NET RESULT

For the year ended 31 December

IN MILLION EUR	2020	2019
IFRS Consolidated Net Result	**(19.2)**	**154.7**
Results of subsidiaries and deconsolidation impacts	24.7	0.6
Differences in depreciation and impairments	(4.8)	(20.5)
Differences in recognition of provisions	0.7	(3.4)
Effects of IAS 19	1.2	15.5
Effects of IFRS 16	4.4	8.5
Depreciation intangible assets PPA	38.6	21.5
Deferred taxes	(19.8)	1.6
Other	15.9	(5.9)
BELGIAN GAAP UNCONSOLIDATED NET RESULT AVAILABLE FOR APPROPRIATION	**41.7**	**172.6**
Transfer to/(from) untaxed reserves	(1.0)	29.1
BELGIAN GAAP UNCONSOLIDATED NET RESULT FOR THE PERIOD	**40.7**	**201.7**

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

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

- Subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries. In 2020 the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR has been recognized, and
- Eliminating any other income statement impact the subsidiaries had (such as impairments, in 2020 for an amount of 127.5 million EUR statutory impairments were recognized, partially offset by 41.4 million EUR goodwill impairments) and adding the dividends received (2020: 11.8 million EUR), included in "other deconsolidation impacts".

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

For the year ended 31 December

IN MILLION EUR	2020	2019
Result of the Belgian fully consolidated subsidiaries (local GAAP)	(0.4)	(15.2)
Result of the international subsidiaries (local GAAP)	(25.0)	23.8
Remeasurement of assets held for sale at fair value less costs to sell	141.6	0.0
Share of results of associates and joint ventures (local GAAP)	(17.5)	(13.6)
Other deconsolidation impacts	(74.0)	5.6
TOTAL	**24.7**	**0.6**

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

- Differences in the treatment of depreciation and impairments: Belgian GAAP allows different useful lives (and hence depreciation rates) for fixed assets from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP;
- In 2019 bpost recognized the gain on the sale of the Centre Monnaie building (19.9 million EUR) whereas for the statutory books bpost has chosen to apply the spread taxation of this profit, hence there's no impact of this gain on the Belgian GAAP unconsolidated net profit in 2019. The sales price will be reinvested and this gain will be subject to taxes in accordance with the depreciation on these reinvested assets and will be recognized into profit over the years to come;
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;

- IFRS requires that all future obligations to personnel are recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on bpost's income statement under payroll costs or provisions, except for the impact of changes in the discount rates for the future obligations, which was recorded as a financial result;
- The evolution of the non-cash financial charges related to IAS 19 decreased by 16.3 million EUR compared to prior year and this can be explained by a decrease in the discount rates that has been less significant than the ones of 2019;
- In accordance with IFRS 3 "business combinations" bpost performed the purchase price allocation (PPA) for several entities and recognized several intangible assets (brand names, know-how, customer relationships,…);
- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS. The evolution year-over-year was mainly explained by the deferred tax assets recognized on the tax losses carried forward for Radial.

Outlook for 2021

With its strategic vision CONNECT 2026, bpost group wants to accelerate its transformation into a customer centric and sustainable omni-commerce group close to society, while continuing to be an efficient mail provider in Belgium.

The group total operating income for 2021 is expected to increase by a low single-digit percentage, while group adjusted EBIT is expected to range between 265 and 295 million EUR, broadly in line with the EBIT of 2020 which benefitted from a net positive COVID-19 effect.

For the business units, bpost group expects:

Mail & Retail:

- Total operating income evolution to result from an underlying Domestic Mail volume decline expected between -9% to -11%, an approved mail pricing increase of +6%, and an expected post COVID-19 recovery in Value added services and Proximity retail.
- 6-8% adjusted EBIT margin.

Parcels & Logistics Europe & Asia:

- Mid-single-digit percentage growth in total operating income with parcels and e-commerce logistics volumes expected to normalize from elevated COVID-19 levels observed in 2020.
- 8-10% adjusted EBIT margin.
- Operating expenses will include investments to grow omni-commerce logistics in Europe.

Parcels & Logistics North America:

- Mid-to high single-digit percentage growth in total operating income driven by Radial existing customers growth and new clients launches, normalized for 2020 COVID-19 spike.
- 4-5% adjusted EBIT margin.

Gross capex is expected to be around 200.0 – 220.0 million EUR, geared towards the priorities as stipulated in the CONNECT 2026 strategy to grow omni-commerce logistics.

The dividend relative to the results of the year 2021 will be in the range of 30-50% of IFRS net profit, and will be payable in May 2022 after the General Shareholders Meeting, in accordance with the new dividend policy.

Due to the continued COVID-19 uncertainties, visibility going forward remains limited and may impact the 2021 outlook.

Financial consolidated statements 2020

1. Consolidated Income Statement

For the year ended 31 December

IN MILLION EUR	NOTES	2020	2019	EVOLUTION 2020 - 2019
Revenue	6.8/6.9	4,115.1	3,779.4	8.9%
Other operating income	6.10	39.5	58.4	-32.4%
TOTAL OPERATING INCOME		**4,154.6**	**3,837.8**	**8.3%**
Material costs	6.12	(201.5)	(245.9)	-18.1%
Services and other goods	6.13	(1,813.1)	(1,525.0)	18.9%
Payroll costs	6.14	(1,586.5)	(1,505.1)	5.4%
Other operating expenses	6.11	(34.4)	(24.2)	42.2%
Depreciation, amortization and impairment	6.18/6.21	(318.5)	(247.7)	28.6%
TOTAL OPERATING EXPENSES		**(3,954.0)**	**(3,547.9)**	**11.4%**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**200.7**	**289.9**	**-30.8%**
Financial income	6.15	7.4	8.3	-10.4%
Financial costs	6.15	(55.2)	(69.7)	-20.9%
Remeasurement of assets held for sale at fair value less costs to sell	6.20	(141.6)	0.0	-
Share of result of associates and joint ventures	6.22	18.3	15.8	15.8%
PROFIT BEFORE TAX		**29.6**	**244.3**	**-87.9%**
Income tax expense	6.16	(48.8)	(89.6)	-45.5%
RESULT FROM CONTINUING OPERATIONS		**(19.2)**	**154.7**	**-112.4%**
RESULT OF THE YEAR (EAT – EARNINGS AFTER TAXES)		**(19.2)**	**154.7**	**-112.4%**
Attributable to:				
Owners of the Parent		(19.4)	154.2	
Non-controlling interests		0.1	0.5	-73.6%

Earnings per share

IN EUR	2020	2019
Basic, profit / (loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77
Diluted, profit / (loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77

2. Consolidated statement of comprehensive income

For the year ended 31 December

IN MILLION EUR	NOTES	2020	2019
RESULT FOR THE YEAR		**(19.2)**	**154.7**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Change of other comprehensive income of associates	6.22	(16.1)	(22.6)
Gross change of other comprehensive income of associates		*(21.5)*	*(33.5)*
Income tax effect		*5.4*	*10.9*
Net gain/(loss) on hedge of a net investment	6.31	11.0	(2.4)
Net gain on cash flow hedges	6.31	1.9	1.8
Gain on cash flow hedges		*2.5*	*2.5*
Income tax effect		*(0.6)*	*(0.7)*
Exchange differences on translation of foreign operations(1)		(62.6)	23.7
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**(65.9)**	**0.4**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on defined benefit plans	6.27	1.7	2.7
Gross Gain on defined benefit plan		*2.1*	*3.2*
Income tax effect		*(0.4)*	*(0.6)*
NET OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**1.7**	**2.7**
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR, NET OF TAX		**(64.2)**	**3.0**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX		**(83.4)**	**157.7**
Attributable to:			
Owners of the Parent		(83.5)	157.2
Non-controlling interest		0.1	0.5

(1) In 2020, the exchange differences on translation of foreign operations were mainly impacted by the movements of intangible assets (-51.4 million EUR out of which -42.2 million EUR related to the goodwill), mainly due to the evolution of the exchange rate of the USD. See note 6.21 for more details.

3. Consolidated statement of financial position

As at 31 December

IN MILLION EUR	NOTES	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	6.18	1,138.0	1,133.6
Intangible assets	6.21	771.7	898.3
Investments in associates and joint ventures	6.22	0.1	239.5
Investment properties	6.19	3.3	5.0
Deferred tax assets	6.16	45.6	27.3
Trade and other receivables	6.23	16.6	41.5
		1,975.2	**2,345.1**
Current assets			
Inventories	6.24	32.7	34.7
Income tax receivable	6.16	5.2	8.1
Trade and other receivables	6.23	810.0	717.6
Cash and cash equivalents	6.25	948.1	670.2
		1,796.0	**1,430.5**
Assets held for sale	6.20	103.3	1.4
TOTAL ASSETS		**3,874.5**	**3,777.1**
Equity and liabilities			
Issued capital		**364.0**	**364.0**
Reserves		249.8	252.3
Foreign currency translation		(17.6)	34.0
Retained earnings		(19.2)	30.7
Reserves of non-financial assets held for sale		5.6	0.0
Equity attributable to equity holders of the Parent		**582.5**	**680.9**
Equity attributable to non-controlling interests		1.3	1.7
TOTAL EQUITY	4	**583.8**	**682.6**
Non-current liabilities			
Interest-bearing loans and borrowings	6.26	1,165.0	1,176.8
Employee benefits	6.27	320.0	320.6
Trade and other payables	6.28	48.6	27.7
Provisions	6.29	13.3	16.2
Deferred tax liabilities	6.16	6.8	7.0
		1,553.6	**1,548.2**
Current liabilities			
Interest-bearing loans and borrowings	6.26	278.2	272.7
Bank overdrafts		0.0	0.5
Provisions	6.29	13.7	13.7
Income tax payable	6.16	6.4	7.3
Derivative intruments	6.31	0.3	1.3
Trade and other payables	6.28	1,438.4	1,250.9
		1,737.1	**1,546.3**
TOTAL LIABILITIES		**3,290.7**	**3,094.5**
TOTAL EQUITY AND LIABILITIES		**3,874.5**	**3,777.1**

4. Consolidated statement of changes in equity

IN MILLION EUR	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
AS PER 1 JANUARY 2019	**364.0**	**0.0**	**271.4**	**12.7**	**51.6**	**699.7**	**2.5**	**702.3**
Result of the year 2019					154.2	154.2	0.5	154.7
Other comprehensive income			33.4	21.3	(51.6)	3.0		3.0
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**33.4**	**21.3**	**102.6**	**157.2**	**0.5**	**157.7**
Dividends (Pay-out)			(50.0)		(124.0)	(174.0)	0.0	(174.0)
Other			(2.5)		0.5	(2.0)	(1.4)	(3.4)
AS PER 31 DECEMBER 2019	**364.0**	**0.0**	**252.3**	**34.0**	**30.7**	**680.9**	**1.7**	**682.6**
AS PER 1 JANUARY 2020	**364.0**	**0.0**	**252.3**	**34.0**	**30.7**	**680.9**	**1.7**	**682.6**
Result of the year 2020					(19.4)	(19.4)	0.1	(19.2)
Other comprehensive income			18.1	(51.6)	(30.7)	(64.2)		(64.2)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**18.1**	**(51.6)**	**(50.0)**	**(83.5)**	**0.1**	**(83.4)**
Other			(15.0)		0.1	(14.9)	(0.5)	(15.4)
AS PER 31 DECEMBER 2020	**364.0**	**0.0**	**255.4**	**(17.6)**	**(19.2)**	**582.5**	**1.3**	**583.8**

Total equity amounted to 583.8 million EUR out of which 263.1 million EUR distributable retained earnings and legal reserves of 50.8 million EUR within bpost NV/SA.

Equity decreased by 98.8 million EUR, or -14.5%, to 583.8 million EUR as of December 31, 2020 from 682.6 million EUR as of December 31, 2019. The effective part of a cash-flow hedge entered into to hedge the cash flow risk of the bond (1.9 million EUR) and the remeasurement gains on post-employment benefits (1.7 million EUR) were offset by the realized loss (19.2 million EUR), the fair value adjustment in respect of bpost bank's bond portfolio (16.1 million EUR), the exchange differences on translation of foreign operations (51.6 million EUR) and the net impact of the integration of Active Ants International comprising the non-controlling interests and the recognition of the contingent consideration for the purchase of the remaining shares (15.0 million EUR). The cash-flow hedge reserve will be reclassified to profit or loss over the 8 years after the issuance date of the bond.

At December 31, 2020, the shareholding of bpost is as follows:

	TOTAL	THE BELGIAN STATE(1)	FREE FLOAT
AS PER 1 JANUARY 2020	**200,000,944**	**102,075,649**	**97,925,295**
changes during the year	-	-	-
AS PER 31 DECEMBER 2020	**200,000,944**	**102,075,649**	**97,925,295**

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

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

Distributions made and proposed:

IN MILLION EUR	2020	2019
CASH DIVIDENDS ON ORDINARY SHARES DECLARED AND PAID:		
Final dividend for 2019: 0.0 EUR per share (2018: 0.25 EUR per share)	-	50.0
Interim dividend for 2020: 0.00 EUR per share (2019: 0.62 EUR per share)	-	124.0
	-	**174.0**
PROPOSED DIVIDENDS ON ORDINARY SHARES:		
Final cash dividend for 2020: 0.0 EUR per share (2019: 0.62 EUR per share)	-	124.0

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

5. Consolidated statement of cash flows

As at 31 December

IN MILLION EUR	NOTES	2020	2019
Operating activities			
Profit before tax	1	29.6	244.3
Depreciation and amortization		318.5	247.7
Impairment on bad debts	6.11	17.5	5.2
Gain on sale of property, plant and equipment		(11.7)	(25.6)
Gain on disposal of subsidiaries		0.0	(0.6)
Other non-cash items		28.6	31.9
Change in employee benefit obligations	6.27	1.5	15.5
Remeasurement of assets held for sale at fair value less costs to sell	6.20	141.6	0.0
Share of result of associates and joint ventures	6.22	(18.3)	(15.8)
Dividends received	6.22	0.0	5.0
Income tax paid		(83.5)	(88.4)
Income tax paid on previous years		7.5	(13.8)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**431.2**	**405.3**
Decrease/(increase) in trade and other receivables		(86.3)	(52.1)
Decrease/(increase) in inventories		1.7	3.7
Increase/(decrease) in trade and other payables		224.2	63.2
Increase/(decrease) in collected proceeds due to clients		3.1	14.0
Increase/(decrease) in provisions		(2.6)	(9.8)
NET CASH FROM OPERATING ACTIVITIES		**571.3**	**424.2**
Investing activities			
Proceeds from sale of property, plant and equipment		20.9	66.5
Disposal of subsidiaries, net of cash disposed of		0.0	5.9
Acquisition of property, plant and equipment	6.18	(108.6)	(119.8)
Acquisition of intangible assets	6.21	(39.1)	(42.4)
Loan to associate	6.22	0.0	(25.0)
Acquisition of subsidiaries, net of cash acquired		(0.7)	(7.4)
NET CASH USED IN INVESTING ACTIVITIES		**(127.6)**	**(122.2)**
Financing activities			
Proceeds from borrowings		1,180.7	861.5
Payments related to borrowings		(1,203.2)	(887.7)
Payments related to lease liabilities		(116.3)	(113.9)
Interim dividend paid to shareholders	4	0.0	(124.0)
Dividends paid	4	0.0	(50.0)
NET CASH FROM FINANCING ACTIVITIES		**(138.8)**	**(314.1)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**304.9**	**(12.1)**
NET FOREIGN EXCHANGE DIFFERENCE		**(26.5)**	**1.7**
Cash and cash equivalents less bank overdraft as of 1st January		669.7	680.1
Cash and cash equivalents less bank overdraft as of 31st December		948.1	669.7
MOVEMENTS BETWEEN 1ST JANUARY AND 31ST DECEMBER		**278.4**	**(10.4)**

6. Notes to the consolidated financial statements

6.1 General information

Business activities

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

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

Legal status

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

6.2 Basis of preparation

bpost's consolidated financial statements and Board of Directors' report prepared in accordance with article 3:32 of the Belgian code of companies and associations set forth on pages 11 to 70, 75, 162 and 166 of the annual report for the financial year ended December 31, 2020 were authorized for issue by the Board of Directors on March 9, 2021. The consolidated financial statements of bpost have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the European Union. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2020 and adopted by the EU are applied by bpost.

The consolidated financial statements are presented in Euro (EUR), all values are rounded to the nearest million except when otherwise indicated. The consolidated financial statements are prepared under the historical cost convention, except for those items that are measured at fair value.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and amended standards and interpretations effective as from January 1, 2020.

The following amendments to existing standards apply for the first time as from 2020:

- **IFRS 3 - Amendments** – Definition of a Business: This amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.
- **IAS 1 and IAS 8 – Amendments** - Definition of Material
- **The Conceptual Framework for Financial Reporting** issued on March 2018
- **IFRS 9, IAS 39 and IFRS 7 - Amendments** - Interest Rate Benchmark Reform
- **IFRS 16 – Amendments** – Leases COVID-19 – Related Rent Concessions (effective for periods beginning on or after 1 June 2020)

These amendments have no material impact on the consolidated financial statements, except for the amendments to IFRS 3, which may impact how bpost accounts for a business combination.

Standards and Interpretations issued but not yet applied by bpost

The following standards, interpretations, amendments and revision issued but not yet effective or which are yet to become mandatory, have not been applied by bpost for the preparation of its consolidated financial statements.

STANDARD OR INTERPRETATION	EFFECTIVE FOR IN REPORTING PERIOD STARTING ON OR AFTER
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Amendments – phase 2 - Interest Rate Benchmark Reform	1 January 2021
Annual Improvements to IFRS Standards 2018-2020(1)	1 January 2022
IFRS 3 - Amendments(1) - Reference to the Conceptual Framework	1 January 2022
IAS 16 - Amendments(1) - Proceeds before Intended Use	1 January 2022
IAS 37 - Amendments(1) - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IAS 1 - Amendments(1) - Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 - Insurance Contracts(1)	1 January 2023
IAS 1 - Amendments(1) - Disclosure of Accounting Policies	1 january 2023
IAS 8 - Amendments(1) - Definition of Accounting Estimates	1 january 2023

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

bpost has not early adopted any new or amended standard and interpretation that was issued but is not yet effective. The amendments are not expected to have a material impact on bpost's consolidated financial statements.

6.3 Significant accounting judgments and estimates

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

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

Employee Benefits - IAS 19

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

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

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days is derived from the statistics of the consumption average over a mobile average of 3 years (years 2018 to 2020 for December 2020). The number of days of illness depends on the age, identified per segment of the relevant population. The rate of guaranteed salary is set at 75% in case of long-term illness. Thus, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25%. The balance of the cumulated unused sickness days for civil servants is limited to a maximum of 63 days.

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

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

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

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

Fair value adjustments for business combinations

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

Revenue and revenue related accruals

bpost handles and ships international mail and parcels to and from other foreign postal operators. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position, however as the final settlements are based upon different assumptions (among which "items per kilo") final settlements might deviate from the initial assessment.

Income taxes and deferred taxes

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

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

Calculation of present value of lease payments and determining the lease term of contracts with renewal options

In calculating the present value of lease payments, bpost uses an incremental borrowing rate for buildings based on currency, economic environment and duration. For fleet and other leases, the discount rate is the rate implicit in the lease if available, otherwise same methodology applied as for buildings.

bpost determines the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain to be exercised.

Remeasurement bpost bank at fair value less costs to sell

In December 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of bpost's participation in bpost bank to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. The purchase price will be calculated based on the IFRS net asset value at time of closing taken into account a multiple, certain purchase price and closing adjustments and is furthermore subject to customary regulatory approvals, representations and warranties. Assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. bpost's current best estimate of the fair value less costs to sell amounts to a value of 100.0 million EUR that bpost will receive from BNPPF for 50% of the shares of bpost bank, hence an impairment loss of 141.6 million EUR was recognized.

6.4 Summary of significant accounting policies

Consolidation

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

Subsidiaries

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

Control is assumed to exist when bpost holds at least 50%, plus one share of the entity's voting power; these assumptions may be rebutted if there is clear evidence to the contrary. When bpost has less than a majority of the voting or similar rights of an investee then it considers all relevant facts and circumstances in assessing whether bpost has control over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether bpost controls an entity.

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

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

Associates and joint ventures

An associate is an entity in which bpost has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not to control those policies. It is assumed to exist when bpost holds at least 20% of the investee's voting power but not to exist when less than 20% is held; these assumptions may be rebutted if there is clear evidence to the contrary.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the legal entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities require the unanimous consent of the parties sharing control.

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

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

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

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

bpost bank is an associate and is accounted for using the equity method as bpost has significant influence but does not have joint control over the management of this company because the other venturer plays a more important role in certain management decisions, especially related to the allocation of assets under management.

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

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

Securities classified in "Hold to Collect & Sell financial assets" are measured at fair value and changes in fair value are recorded in other comprehensive income under a specific heading "Share of other comprehensive income of an associate" and presented as other comprehensive income to be reclassified to profit or loss in subsequent periods. Securities classified in "Hold to Collect financial assets" are measured at amortized cost.

For the year ended December 31, 2020 the investment in bpost bank has been classified as a non-current asset held for sale, following the signature of a non-binding agreement on the future long-term partnership of bpost bank with BNP Paribas Fortis (BNPPF) (see note 6.20). Accordingly, for the year ended December 31, 2020, the investment in bpost bank is presented separately from other assets in the statement of financial position and measured at the lower of its carrying amount (at the date of initial classification as held for sale) and the fair value less costs to sell.

Business combination, goodwill and negative acquisition differences

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. At acquisition date, the difference determined between the cost of the acquisition of the investment and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill (if the difference is positive) or directly as a profit in the income statement (if the difference is negative).

The consideration transferred may in certain situations include a contingent consideration, which is measured at fair value at the time of the business combination and included in the consideration transferred (i.e. included in the determination of goodwill or badwill). If the amount of the contingent consideration changes as a result of a post-acquisition event (such as meeting an earnings target), the change in fair value is recognized in profit or loss. In certain acquisitions, bpost does not obtain control over 100% of the shares of the acquired entity but enters into additional agreement (e.g.: put/call option) with the aim to acquire the remaining shares later. Unless the economic substance of these agreements is clearly a fixed price forward agreement (in which case bpost considers that it has acquired present economic interest in the shares concerned), bpost (i) continues recognizing the non-controlling interest (initially measured at fair value or proportionate share of the acquiree's net assets) and (ii) accounts for a financial liability measured at the present value of the amount payable upon exercise of the option. Any subsequent changes in the financial liability is recognized in profit or loss as financial income or financial costs. When in an acquisition, the consideration transferred includes contingent consideration (e.g. earn-out), these amounts are fair valued at the acquisition-date and subsequently at each reporting date. Changes in fair value are recognized in operating result.

After initial recognition, goodwill is not amortized, but is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of bpost's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Intangible assets

Intangible assets acquired separately are recognized in the consolidated statement of financial position when the following conditions are met:

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

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

(iii) bpost can control the resource; and

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

At initial recognition, these intangible assets are measured at cost (including the costs directly attributable to the transaction, but not indirect overheads). Subsequently, they are measured at cost less any accumulated amortization and less any accumulated impairment loss.

Internally generated intangibles are only capitalized when the cost relates to the development phase. The expenses in relation to the research phase are recognized in the consolidated income statement. Within bpost, internally generated intangible assets represent mainly IT projects.

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

INTANGIBLE ASSETS	USEFUL LIFE
Patent(1)	12 years
Know-how(1)	5 years
Points of sale network (replacement costs)(1)	20 years
IT development costs	5 years maximum
Licenses for minor software	3 years maximum
Tradenames/Brandnames(1)	Between 5 years and indefinite
Customer relationships(1)	Between 5 and 20 years

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

Intangible fixed assets with indefinite useful lives are not amortized but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be justifiable. If not, the change in useful life from indefinite to finite is made on a retrospective basis.

Property, plant and equipment

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT	USEFUL LIFE
Land	N/A
Central administrative buildings	40 years
Network buildings	40 years
Industrial buildings, sorting centers	25 years
Fitting-out works to buildings	10 years
Tractors and forklifts	10 years
Bikes and motorcycles	4 years
All other vehicles (cars, trucks, etc,)	5 years
Machines	5 - 10 years
Furniture	10 years
Computer Equipment	4 - 5 years

Lease transactions

bpost assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Under IFRS 16, bpost applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. bpost as lessee recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date (e.g. prepayments) less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities**

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. For example most of the Belgian building lease contracts are subject to indexation whereas most of the US building contracts have fixed lease payments. To be noted that unrecoverable VAT is not included in lease payments and is still recognized in the income statement. The lease payments also include the exercise price of a purchase option when it is reasonably certain that bpost will exercise the option. Similarly, lease term and lease payments can include the effect of penalties for terminating a lease, if the lease term reflects bpost exercising the option to terminate. For the so-called 3/6/9 commercial lease agreements in Belgium bpost has the unilateral right to cancel the agreement after 3 years. As for garages, post offices and retail outlets it's not reasonably certain that bpost will extend the lease after 3 years, the lease term is capped at 3 years. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, bpost uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- **Leases of low-value assets**

Applied the low-value asset lease expense exemptions to leases with value under 5,000 EUR mainly for ICT items as printers and rent of square meters for parcel lockers.

- **Short-term leases**

Applied the short-term lease expense exemptions for vehicles with lease terms of 12 months or less.

Investment properties

Investment property mainly relates to apartments located in buildings used as post offices that are rented out in order to earn rents.

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

Assets held for sale

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

Property, plant and equipment held for sale are no longer depreciated or amortized once classified as held for sale.

Stamp collection

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

Impairment of assets

bpost assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing is required (i.e.: goodwill and intangible assets with indefinite useful life), bpost estimates the asset's recoverable amount. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal (corresponding to the cash that bpost can recover through sale) and its value in use (corresponding to the cash that bpost can recover if it continues to use the asset).

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units, that are expected to benefit from the synergies of the combination.

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

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

Inventories

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

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

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

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

Revenue related accruals and contract assets and liabilities

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

Accrued income is the portion of income to be received during the subsequent financial periods that relates to the current or prior financial periods.

bpost recognizes advance customer payments on its balance sheet as deferred income and presents this as contract liability if the performance obligation has not yet been satisfied. Contract liabilities are predominantly relating to stamps, credits on franking machine sold but not yet used by customers at balance sheet date and the SGEI consideration for which the performance obligation has not been satisfied.

bpost recognizes a contract asset after transferring a good or service to a customer before the customer pays consideration or before payment is due. An unconditional right to consideration is presented as a trade receivable and a conditional right is presented as an accrued income.

Receivables

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

bpost recognizes a trade receivable when it has an unconditional right to payment of a consideration as a result of satisfying a performance obligation.

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

Contract costs

bpost recognizes as assets the incremental costs to obtain a contract and to fulfill a contract if bpost expects to recover them. If other standards are not applicable, only the directly related costs to fulfill a contract in scope of IFRS 15 are capitalized. The assessment of these criteria requires management judgement.

The costs capitalized are mainly system set-up and adaptation, project management and sales commission for logistic and fulfillment services and back-office and proximity and convenience services. The assets are amortized on the expected duration of the contract with the customer.

Investment securities

Investment securities can be classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of investment securities at initial recognition depends on the financial asset's contractual cash flow characteristics and bpost's business model for managing them. bpost initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The classification and measurement of bpost's investment securities are, as follows:

- Debt instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.
- Financial assets at FVPL comprise only derivative instruments.

All investment securities are subject to an impairment methodology, referred to as the Expected Credit Loss (ECL) model, which requires measuring the expected credit losses. Those ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that bpost expects to receive. For debt instruments, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in the credit risk since origination, the allowance will be based on the lifetime ECL. bpost considers an investment security to be in default (totally or partially) when internal or external information indicates that bpost is unlikely to receive the outstanding contractual amounts in full and account the appropriated ECL.

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

Cash and cash equivalents

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

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

Share capital

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

Treasury shares are deducted from equity. Movements of treasury shares do not affect the income statement.

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

Retained earnings include the result of the current period as disclosed in the income statement.

Employee benefits

SHORT-TERM BENEFITS

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

POST-EMPLOYMENT BENEFITS

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

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

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

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

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

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

The Belgian defined contribution plans with legal minimum guaranteed returns are valued under the projected unit credit method without projection of future premiums. Considering that the plans do not grant benefits that will lead to a materially higher level of benefit due to the employee's service in later years, i.e. the plans are not back-loaded, the straight-line base principle is not applicable. The applied methodology means that the current legal minimum reserves are projected under the Belgian legislation until the assumed retirement age and are discounted back (respecting vertical/horizontal method and the past legal minimum rates credited on the legal minimum reserves). IAS 19 paragraph 115 has been applied as the group insurance contracts are qualifying as insurance contract. The individual calculated defined benefit obligation cannot be lower than the individual fair value of plan assets as under Belgian legislation, there cannot be compensation between one person and another.

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liabilities or assets. Net interest costs are also recognized in the income statement.

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

OTHER LONG-TERM BENEFITS

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

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

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19

– Fair value of the plan assets

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

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

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

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

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

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

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

TERMINATION BENEFITS

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

Provisions

A provision is recognized only when:

1. bpost has a present (legal or constructive) obligation as a result of past events;
2. it is probable (more likely than not) that an outflow of resources will be required to settle the obligation; and
3. a reliable estimate of the amount of the obligation can be made.

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

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

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

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

Income taxes and deferred taxation

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

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

Deferred taxes are not recognized in respect of:

1. goodwill that is not amortized for tax purposes;
2. the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and
3. investments in subsidiaries, branches, associates and joint ventures if it is likely that dividends will not be distributed in the foreseeable future.

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

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

Transactions in foreign currencies

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

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

Revenue recognition

bpost earns revenue from a range of services including national and international postal and parcels services, e-commerce logistics, back-office, proximity and convenience services and sells a range of products including banking and financial, postal and retail products. bpost also carries out Services of General Economic Interest (SGEI) pursuant to a contract with the Belgian State. All income related to standard business operations is recognized as revenue in the income statement. All other income is reported as other operating income (see below in a separate section).

bpost recognizes revenue from contracts with customers when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which bpost expects to be entitled in exchange for those goods and services. Below the nature, amount, timing, uncertainty of recognition from revenues from contracts with customers is detailed per class of services.

The presentation of the revenues in the notes per product line item is composed of a combination of type of activities (as described below), type of product, customers and geographical region and is disaggregated in line with the information regularly reviewed by the CODM.

bpost's business activities can be split into three different revenue recognition streams: (i) Distribution and transport services, (ii) Logistic and fulfillment services and (iii) Back-office and proximity and convenience services.

(I) DISTRIBUTION AND TRANSPORT SERVICES

Service included in product line items: Transactional mail, Advertising mail, Press, Parcels BeNe, Cross-border (inbound and outbound) and International mail.

This class of services consists in the delivery of domestic and international mail and parcels comprising the collection, transport, sorting and distribution of addressed and non-addressed mail, printed documents, newspapers and parcels.

Revenue is recognized when the performance obligation, the promise to deliver a good (e.g.: letter, parcel…) to an addressee or location, is satisfied at a point in time. This is in general on the delivery of the goods. bpost generally considers that it is the principal in distribution and transport services, except for the delivery of newspapers and periodicals to newsstands where it acts as an agent.

The delivery of the newspapers and periodicals can occur in three different ways:

Firstly, bpost makes direct delivery to the households and business ("users") for their subscribed newspapers and periodicals (reported as product line 'Press'). In this case, bpost is a principal because it is the primary obligor to deliver the newspapers and periodicals directly to users and is remunerated by the publishing companies and the Belgian State ("customers"). The remunerations received from the publishing companies for the delivery are based on the volume handled. The remuneration received from the contract with the Belgian State (classified as SGEI) is split between a flat amount recognized over time (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration from the Belgian state is subject to an ex-post calculation based upon the evolution of the costs basis of bpost.

Secondly, bpost (through its wholly-owned subsidiary AMP) delivers these newspapers and periodicals to newsstand (reported as product line "Press"). In this situation, AMP acts as an agent on behalf of the publishing company ("customer") and is remunerated based on the number of delivered volumes and a commission on the retail price.

Thirdly, bpost can sell newspapers and periodicals through its Ubiway Retail network which is described below in the proximity and convenience revenue stream.

Certain activities of the distribution and transport services revenue stream (e.g.: transactional mail, cross-border…) are considered as universal postal services as set out in the Belgian Postal Act. bpost provides universal postal services in Belgium on the basis of a management contract concluded with the Belgian State. Certain postal services that are part of the universal postal service and are typically used by individuals and SMEs (known together as the Small User Basket, hereafter "SUB") are subject to a price cap, as provided for in the Postal Act. Each year bpost submits its proposed price increase for the services that are part of the SUB to the Belgian postal regulator (BIPT) for prior approval, with the BIPT having to agree to the price increase if the price cap is complied with. More generally, all postal services that fall under the universal postal service are subject to a range of obligations in terms of quality (such as frequency, geographic coverage and continuity) and pricing (transparency, uniformity, affordability, non-discrimination and cost-orientation). For the non-universal postal services and services not defined as postal items bpost has general sales conditions for smaller customers and contracts for larger customer with volume based pricing and discounts. The contracts with customers providing rebates, surcharges and penalties (volume or quality), that give rise to a variable consideration are accrued monthly and the best estimate of the outstanding position is reflected in the consolidated statement of financial position based on the expected value principle.

The consideration received by bpost for stamps and franking machines for which the performance obligation has not yet been fulfilled are recorded as deferred revenue and disclosed as a contract liability until the delivery of the letter or parcel (domestic or international) is satisfied. The revenue relative to the stamp sale and franking machine activity is only recognized as an estimated revenue at the time the good is delivered. Therefore, bpost has set up a revenue recognition model to recognize the predicted amount of revenues, based on historic data on the usage of stamps. The historical usage is than applied on the stamps sold during the reported period. Stamps not used after a considerate period are treated as a sale of a good.

The revenue relative to inbound (cross-border), a service to another postal operator to distribute mail and parcels in Belgium, is recognized as an estimated revenue at the time the service is performed. The consideration to which bpost is entitled is later on negotiated and definitely agreed with the customer (other postal operator). Due to this process the amount of the transaction price is variable and bpost estimates the amount of revenue using the expected value method based on historical data. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position, however as the final settlements are based upon different assumptions (among which "items per kilo" and transaction price) final settlements might deviate from the initial assessment. The net outstanding positions of outbound and inbound flows per postal operator are recorded as a receivable or payable. The process applied by bpost ensures that the variable consideration constrains of IFRS 15 is respected, i.e.: bpost recognizes variable consideration for which it is highly probable that no significant revenue will be reversed once the uncertainties have gone away.

(II) LOGISTIC AND FULFILLMENT SERVICES

Service included in product line items: E-commerce logistics, Parcels & Logistic Europe and Asia and North America (fulfillment and logistics) and Cross-border (custom duties)

This class of services consists of e-commerce fulfillment, including warehousing and handling of goods, e-commerce logistics, including repair services, and e-commerce cross-border services, including custom duties service.

Logistic and fulfillment services consist of following performance obligations: receiving, storing, picking and packing, returning, repairing and clearing of goods. Revenue is recognized when the performance obligation, the promise to deliver a service to the customer, is satisfied at a point in time (e.g.: when the actual picking, packing has taken place) or in case of storage of goods over time. bpost generally considers that it is the agent in logistic and fulfillment services. bpost performs the service of processing returned goods on behalf of the customer, but bpost does not take on any liability hence no liability for return is booked at bpost.

Volume rebates which give rise to a variable consideration are accrued monthly and the best estimate of the outstanding position is reflected in the consolidated statement of financial position based on the expected value principle.

(III) BACK-OFFICE AND PROXIMITY AND CONVENIENCE SERVICES

Service included in product line items: E-commerce logistics, Parcels & Logistic North America (call center and PT&F), Value added services and Proximity and convenience retail network (financial products, sale of goods…)

This class of services consist of:

- operational back-office services, including call center, payment and financial, Fraud and Tax, administrative and document management services; and
- proximity and convenience service, including the access to the network, over the counter service for different partners and sale of self-produced goods (mainly philately), retail products and goods of partners, including bpost bank products

Back-office and proximity and convenience services consist of following performance obligations: access to network and point of sales, over the counter services, sale of goods and processing of transactions, documents or calls. Revenue is recognized when the performance obligation, the promise to deliver a service or a good to the customer, is satisfied at a point in time (e.g. service over the counter, processing of items or sale of a good) or over time (e.g. access to network). bpost generally considers that it is the principle in back-office services and sale of retail and self-produced goods and that bpost is the agent receiving a commission in case of bpost bank products and sale of partner products.

Part of the revenue of Proximity and convenience retail network (reported as SGEI revenue) consist out of Services of General Economic Interest (SGEI) carried out by bpost on behalf of the Belgian State. These services consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. The compensation of SGEI is based on a net avoided cost ("NAC") methodology and is being equally distributed over the four quarters (recognized over time). This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. During the year calculations are made for the SGEI to ensure the remuneration is in line with the amounts recorded.

For Payment, Tax and Fraud (PT&F) services, management estimates a refund liability based upon the expected value method for potential payments related to the fraud services.

Other operating income

Gains on disposal of assets are determined by comparing the net proceeds received from the disposal of the asset with the assets carrying amount at the moment of the sale.

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

Government grants and subsidies are recognized as a reduction of expenses and are offsetting the related expenses for which the grant is intended.

Financial income and costs

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

Interest on borrowings is recognized in financial costs as incurred. For borrowings, any difference between the amount received and the amount repayable is recognized in the income statement using the effective interest method.

Derivative financial instruments

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

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

Hedge accounting

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

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

CASH FLOW HEDGES

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

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

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

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

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

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

6.5 Risk Management

Approach and methodology

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

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

bpost discloses the risks and uncertainties in three categories:

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

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

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

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

Regulatory/Legal Risks

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

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

RELATED TO OUR MAIL AND PARCEL BUSINESS

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

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

In accordance with the Belgian State's commitment to the European Commission, the Belgian State organized a competitive, transparent and non-discriminatory tendering procedure with respect to the distribution of recognized newspapers and periodicals in Belgium, following which the service concessions were awarded to bpost on October 16, 2015 to provide the services from January 1, 2016 until December 31, 2020. In December 2019, the Belgian government decided to extend the service concessions until December 31, 2022. In respect of the period commencing as of January 1, 2023, it is uncertain whether another call for tender will be issued and whether the concession, if any, will once more be granted to bpost.

On December 3, 2015, bpost and the Belgian State signed a new management contract ("6th management contract") with respect to the other SGEIs (*inter alia*, the maintenance of a retail network, distribution of pensions, cash at counter and other services). This 6th management contract provides for a continued provision of these SGEIs for a period of five years, ending on December 31, 2020, and for a remuneration in line with the principles of the 5th management contract, as approved by the European Commission on May 2, 2013. In December 2020, the Belgian government decided to extend the 6th management contract until December 31, 2021. For the period commencing January 1, 2022, it is uncertain whether the Belgian State will conclude that such services still constitute SGEIs and hence do warrant compensation, will entrust all or part of such services to bpost and/or will amend the scope and content of certain of these services.

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

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

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

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

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

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

bpost was designated by the Belgian State as the USO provider for an eight-year term commencing in 2011. In the new Postal Law, bpost is designated as USO provider until the end of 2023. The special terms and conditions of the USO are defined in a new dedicated management contract which entered into force in 2019. The obligation to provide the USO may represent a financial burden on bpost. Although the new Postal Law provides that bpost is entitled to compensation by the Belgian State in the event the USO has created an unfair burden, there can be no assurance that the entire net cost of the USO will be covered.

RELATED TO BPOST BANK, BPOST’S ASSOCIATE

bpost bank operates in a heavily regulated market. The regulatory landscape for financial institutions has changed considerably (e.g., increased focus on customer protection, anti-money laundering, etc.) and prudential supervision has been reinforced (e.g., quality and level of capital, liquidity, corporate governance). It is uncertain whether and to which extent Belgian or European regulators or third parties may raise material issues with regard to bpost bank’s compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments may have a material adverse effect on bpost bank’s business, financial condition, results of operations and prospects. The current business model of bpost bank, a traditional savings bank, is put under pressure since interest rates are expected to remain steadily at a very low level. To mitigate the effect of those market circumstances, bpost bank developed a mortgage loans portfolio bearing more yield while involving higher capital requirements and potential increased default risks.

On December 23, 2020, bpost NV/SA and BNP Paribas Fortis NV/SA (“BNPPF”) announced that they have reached a non-binding agreement on the future long-term partnership of bpost bank NV/SA (bpost bank). In the context of this future long-term partnership, bpost would sell its 50% stake in bpost bank to BNPPF. bpost would continue to provide banking services through its physical network of post offices. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. The duration of the future partnership is seven years. The transaction will be subject to customary conditions, including regulatory approvals.

RELATED TO OTHER REGULATORY & LEGAL REQUIREMENTS

The interaction between the laws applicable to all private limited liability companies and the specific public law provisions and principles applicable to bpost may present difficulties in interpretation and cause legal uncertainty. For instance, bpost is subject to certain specific risks in relation to employment matters deriving from the application of certain public law provisions and principles.

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

Regulatory changes may (directly or indirectly) impact the attractiveness of mail as a way of communicating and hence bpost's turnover.

External Business Risks

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

The use of mail has declined in recent years, primarily as a result of the increased use of e-mail and the internet. bpost expects that the mail volumes will continue to decline. E-government initiatives or other measures introduced by the Belgian State or other public authorities or private enterprises that encourage electronic substitution in administrative mail may also affect the rate of decline in mail volumes. Management has taken action to address the digitalization risk (e.g. launch of 'prior' stamp) and has in 2020 implemented an alternative mail distribution operating model. Both the speed of change as well as how our customers will react to the new product offerings and new ways of working remain uncertain.

This new "digital" area also impacts the parcels industry in the sense that the e-commerce clients have a limited willingness to pay for the delivery while requesting additional services (e.g. same day delivery). This might put pressure on the margins and overall profitability in the parcels industry. As such external factors triggered by the industry, competition and clients could challenge the growth in parcels (both in Belgium and abroad). In addition, a slowdown in the growth of the e-commerce market could also impact the growth in the parcels distribution and fulfillment business. Management has taken measures to ensure potential operational or financial impacts will be lowered to their minimum.

The outbreak of the COVID-19 virus in early 2020 and the results of the measures taken to contain the virus have an unprecedented impact on economic activity and society in general. During such crisis, the daily presence of bpost close to the citizens and its customers is of vital importance. Therefore, bpost group has focused on the continuity of its universal service missions and other national and international mail and parcels services while showing the utmost concern for the health and safety of its employees and customers. The COVID-19 crisis had several operational implications for the bpost group in 2020: the temporary closure of non-essential retail in Belgium, the negative impact on the mail volume, the performance of proximity and convenience retail network and the negative impact on international mail due to the lock-down and the travel ban. The COVID-19 crisis has boosted e-commerce affinity and adoption which had a positive impact on most parcel and e-commerce activities. The unknowns surrounding the severity and duration of the COVID-19 crisis will continue to create uncertainties and opportunities. bpost group is monitoring the evolution of the COVID-19 crisis and will continue to assess further impact going forward. Management has taken measures to ensure potential operational or financial impacts of uncertainties will be lowered to their minimum and to grasp all emerging opportunities.

On January 1, 2021, the United Kingdom has left the European Union Customs Union and the European Union Single Market. From that date, customs documentation needs to be prepared for goods moving between the United Kingdom and the European Union for border control purposes. All goods leaving the United Kingdom to the European Union and vice versa are subject to import and export customs clearance in the same way that goods shipped from/to non-EU destinations are processed already. The goods are subject to import duties and VAT in the United Kingdom and the European Union if applicable and electronic data has become mandatory on all shipments. These changes mean that shippers need to fulfill more formalities on their shipments. These formalities also cause time losses in different points in the supply chain, mostly during transport due to the border crossing formalities and during the import customs clearance process. These additional steps also come with an additional cost. Another attention point is that the customer driven return flows become more complicated due to the additional import/export formalities. Brexit was an important change. It has been prepared in depth and in close cooperation with our customers. After a few minor teething issues in early January 2021, the business has resumed as expected. bpost continues to offer both delivery service with duty paid and unpaid to the United Kingdom, with the full mix of postal and commercial products for shipping parcels.

Operational Risks – Business risks

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

RELATED TO THE AGILITY AND FLEXIBILITY OF THE BPOST NETWORK

Due to the relatively fixed nature of its cost base, a decline in mail volumes may translate into a significant decline in profit, unless bpost can reduce its costs. Accordingly and as stated earlier above, bpost has introduced multiple levers for transformation of the legacy business (e.g. alternating distribution model, network optimization, etc.). However, there can be no 100 percent assurance that bpost will realize all of the benefits expected from such initiatives in time, since it depends from exogenous factors e.g. the speed of the mail volume decline. Some of the critical elements for success are change management, project prioritization and stakeholder alignment.

RELATED TO INFORMATION AND COMMUNICATION TECHNOLOGY

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

Increased global cyber security intimidations, threats and more complex and targeted cyber-related attacks threatens the security of bpost, its customers, partners, suppliers and third-party service providers in terms of services, systems and networks. The confidentiality, integrity and availability of the data of bpost and its customers may be at risk. bpost is taking the necessary measures and making the required investments to reduce these risks, including employee awareness trainings, protective measures, detective measures, security testing and roll out of contingency plans.

RELATED TO THE INTEGRATION OF RECENT ACQUISITIONS

To pursue its growth ambitions, bpost has bought several companies over the last few years. The most important acquisition was Radial in the US. As for all acquisitions and integration paths there is the risk of not being able to successfully integrate and whether bpost's subsidiaries will actually realize the related business plans. bpost has strengthened its post-merger integration activities to mitigate this risk as much as possible.

RELATED TO THE ATTRACTIVENESS OF BPOST AS EMPLOYER

bpost may face difficulties to attract and retain the operational workforce it needs to ensure day-to-day delivery of mail and parcels. In addition, as any large employer, talent management in view of effective succession planning for critical functions and successful in-sourcing of certain new capabilities may also be challenging. To develop career opportunities in a proactive, structured and managed way within the group, across the various businesses and support units a Career Management function is being developed at bpost group level with the aim to develop future leaders in-house, on the basis of career paths and development routes.

RELATED TO THE BUSINESS CONTINUITY

bpost's ability to serve its customers and the public in general depends highly on the sorting centers where bpost centralizes, sorts and prepares the mail and parcels for distribution. In Belgium, bpost operates six sorting centers. If one or more of these facilities were to shut down for a period of time due to, e.g., power outage, accident, strike action, natural disaster resulting in fire or flooding, terrorist attack or otherwise, bpost may be unable to distribute or comply with delivery times for a period of time. This could have a negative impact on bpost's reputation, customer satisfaction and financial performance. In the United States, Radial conducts its North American fulfillment operations at 21 fulfillment centers providing its clients with a range of services including receiving and storage of inventory, returns management and shipping solutions. This high number of sites offer greater potential back-up solutions in case of continuity issue in one or more of these facilities.

RELATED TO "FORCE MAJEURE"

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

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

Operational Risks - Financial risks

CLIMATE CHANGE RISK

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

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

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

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

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

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

EXCHANGE RATE RISK

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

These exchange rate risks consist of (i) transaction risk related to operational activities with cash flows in foreign currency and (ii) translation risk related to the consolidation in EUR of subsidiaries whose functional currency is not the EUR (bpost's functional currency). The main exposure to the foreign exchange rate risk corresponds to the translation risk of the USD, there are no material monetary items.

Hedging instruments are used to mitigate these impacts.

The following table demonstrates the sensitivity to a reasonable possible change in the USD exchange rate, with all other variables held constant. The translation risk is represented by the impact of the variation of the USD value on the EBIT and the equity of the Group (after considering the net investment hedge) of the North America subsidiaries of bpost for 2020. The group's exposure to foreign currency changes for all other currencies is not material.

As at 31 December

IN MILLION EUR	+5% USD VS EUR	-5% USD VS EUR
Effect on EBIT	(1.0)	1.2
Effect on Group equity after considering the net investment hedge	(20.4)	22.6

INTEREST RATE RISK

bpost is exposed to interest rate risk through its investment in bpost bank (Associate), which, like in any other bank, fluctuations in the interest rate directly influence its margin. Interest rates likewise influence valuation of bpost bank's bond portfolio as the portfolio is classified on the statement of financial position of bpost bank as Hold to Collect and Sell category of financial assets, under which changes in valuation are reflected as fair value through other comprehensive income.

bpost bank has been accounted for using the equity method in accordance with the accounting policy for investments in associates, consequently 50% of the change in its equity directly influences the consolidated equity of bpost.

However, as explained in note 6.20, the investment in bpost bank as at December 31, 2020 was classified as a non-current asset held for sale, following the signature of a non-binding agreement with BNP Paribas Fortis, and remeasured to its fair value less costs to sell.

The following table illustrates the impact of a change of 50 basis points (bp) or 0.5% (from 1% to 1.5% for instance) on bpost bank's equity and, through the equity pick up, on bpost:

As at 31 December

IN MILLION EUR	+50BP	-50BP
Equity bpost bank	(0.7)	1.8
Equity bpost	(0.4)	0.9

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

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

At the end of 2020, the external financing consisted of:

- 185.0 million USD unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and has been extended in 2020 to July 2023.
- 650.0 million EUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 million EUR to hedge the interest risk of the bond.
- 18.2 million EUR EIB (European Investment Bank) loan (floating interest rate). bpost took out a 100.0 million EUR loan from the EIB on May 5, 2007. It has a yearly reimbursement of 9.1 million EUR and last payment is foreseen in 2022.

The table below illustrates the impact of a change in interest rates of 50bp (from 1% to 1.5% for example) on the floating rate debts (i.e. the term loan in USD and the European Investment Bank loan in EUR). Interest is calculated as Euribor / USD Libor plus margin. As the margin is determined in the contract, the sensitivity analysis only applies on the Euribor / USD Libor, known as the "base rate". As base rates are currently floored at zero in the loan agreements, a decrease of 50bp on the Euribor / USD Libor has a lower impact than an increase of 50bp. Consequently the sensitivity analysis is asymmetrical.

As at 31 December

IN MILLION EUR	SENSITIVITY TO A -50BP MOVEMENT IN MARKET INTEREST RATES	SENSITIVITY TO A +50BP MOVEMENT IN MARKET INTEREST RATES
Impact on costs	(0.3)	0.8

Financial results of bpost are also influenced by the evolution of the discount rates, used to calculate the employee benefits obligation. At December 31, 2020, an increase of 50 bp or 0.5% of the average discount rates, would generate a decrease of financial charge of 21.5 million EUR. A decrease of 50 basis point or 0.5% of the average discount rates, would increase financial charges by 23.8 million EUR. For further detail, see note 6.27 employee benefits.

CREDIT RISK

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

As at 31 December

IN MILLION EUR	2020	2019
Cash and Cash equivalents	948.1	670.2
Trade receivables (current and non-current)	721.6	656.5
Other receivables exposed at credit risk	81.8	50.3
Of which loan to associate	25.0	25.0
CREDIT RISK CLASSES ASSETS	**1,776.5**	**1,377.0**

On December 11, 2019 bpost granted to bpost bank a subordinated loan of 25.0 million EUR with a maturity of 10 years and a first call date after 5 years. As such, this debt ranks after the other debts if bpost bank falls into liquidation or bankruptcy.

Operational activities

The credit risk by definition only concerns that portion of bpost's activities that are not paid upfront in cash. bpost actively manages its exposure to credit risk by investigating the solvency of its customers. This translates into a credit rating and a credit limit.

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

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

IN MILLION EUR	2020	2019
AT 1 JANUARY	**16.9**	**18.5**
Impairments: Additions through business combinations	0.0	0.0
Impairments: Additions	10.8	7.7
Impairments: Utilization	(0.3)	(5.0)
Impairments: Reversal	(1.9)	(2.5)
Impairments: Translation differences	(0.5)	(1.8)
AT 31 DECEMBER	**24.8**	**16.9**

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

As at 31 December 2019

IN MILLION EUR	CURRENT	DAYS PAST DUE < 60 DAYS	DAYS PAST DUE 60 -120 DAYS	DAYS PAST DUE > 120 DAYS	DAYS PAST DUE OUTSTANDING BALANCE SGEI IN DEFAULT	TOTAL
Estimated total gross carrying amount at default	581.9	69.8	4.3	10.9	6.5	673.3
Expected credit loss rate	0.2%	5.1%	29.5%	37.7%	100.0%	
Allowance for expected credit losses	(1.4)	(3.5)	(1.3)	(4.1)	(6.5)	(16.9)
TRADE AND TERMINAL DUES RECEIVABLES	**580.4**	**66.2**	**3.0**	**6.8**	**0.0**	**656.5**

As at 31 December 2020

IN MILLION EUR	CURRENT	DAYS PAST DUE < 60 DAYS	DAYS PAST DUE 60 -120 DAYS	DAYS PAST DUE > 120 DAYS	DAYS PAST DUE OUTSTANDING BALANCE SGEI IN DEFAULT	TOTAL
Estimated total gross carrying amount at default	669.2	55.5	5.1	5.6	6.5	741.9
Expected credit loss rate	0.5%	9.5%	39.7%	52.5%	100.0%	
Allowance for expected credit losses	(3.5)	(5.3)	(2.0)	(2.9)	(6.5)	(20.3)
TRADE AND TERMINAL DUES RECEIVABLES	**665.7**	**50.2**	**3.1**	**2.6**	**0.0**	**721.6**

The expected credit loss rate increased in 2020 in comparison with 2019 as the historical default rates were corrected for the increasing e-commerce and parcel activities with higher historical default rates in comparison with the declining mail activities with lower historical default rates. Furthermore given the difficulty to assess the impact of COVID-19 bpost has made use of a post-model overlay based on customer credit rating provided by an external credit rating agency.

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

Investment of liquidities

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

bpost bank

bpost bank invests the funds that have been deposited by its customers. The bank has adopted a strict investment policy that determines an overall allocation of the investments across Belgian State bonds, other sovereign bonds and bonds from financial and commercial corporations as well as mortgages. Per December 31, 2020 bpost bank had invested the funds deposited by its customers in interbank assets (1,228.1 million EUR), loans and advances to customers (mainly mortgage and term loans, 7,100.0 million EUR) and securities (mainly government bonds and corporate bonds, 3,398.0 million EUR). In addition, maximum concentration limits per issuer, per sector, per rating, per country and per currency have been established and are constantly monitored.

LIQUIDITY RISK

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

The maturity of the liabilities are presented as follow:

	CURRENT	NON-CURRENT		
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	LATER THAN 5 YEARS	TOTAL
31 DECEMBER 2019				
Lease obligations	100.7	255.7	139.6	496.0
Trade and other payables	1,250.9	27.7	0.0	1,278.5
Long term bond	8.1	40.6	658.1	706.9
Commercial papers	164.5	0.0	0.0	164.5
Derivative instruments	1.3	0.0	0.0	1.3
Bank overdraft	0.5	0.0	0.0	0.5
Bank loan	13.7	189.7	0.0	203.5
Other loans	0.1	0.7	0.0	0.8
TOTAL FINANCIAL LIABILITIES	**1,539.9**	**514.4**	**797.7**	**2,852.0**

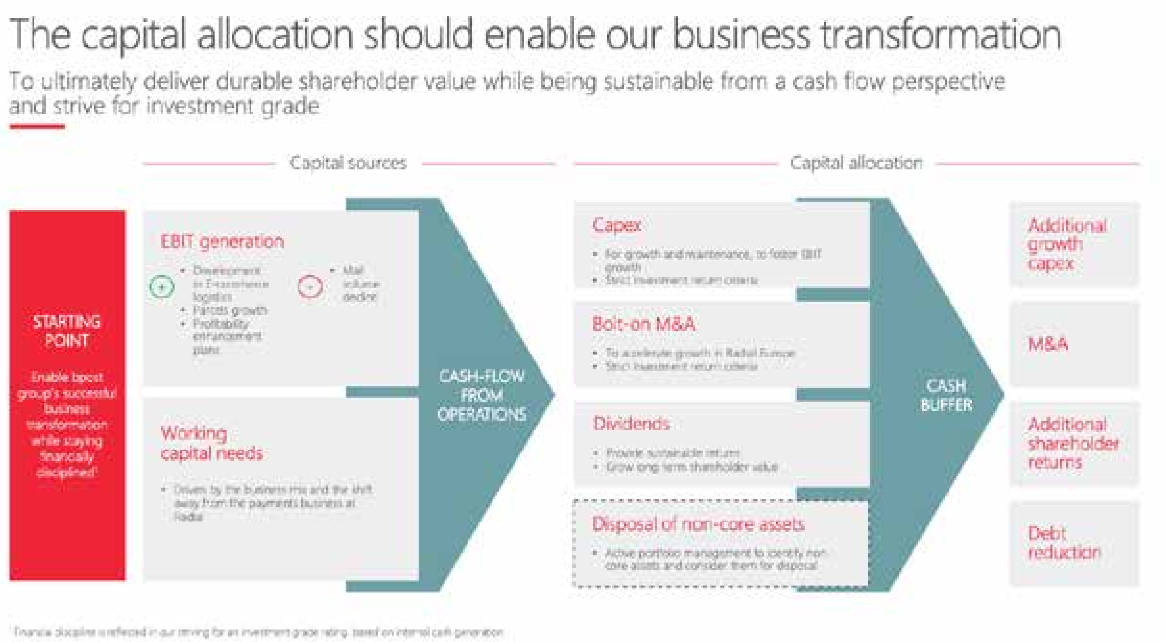
	CURRENT	NON-CURRENT		
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	LATER THAN 5 YEARS	TOTAL
31 DECEMBER 2020				
Lease obligations	106.0	273.6	143.7	523.3
Trade and other payables	1,438.4	48.6	0.0	1,487.0
Long term bond	8.1	32.5	654.3	694.9
Commercial papers	165.0	0.0	0.0	165.0
Derivative instruments	0.3	0.0	0.0	0.3
Bank overdraft	0.0	0.0	0.0	0.0
Bank loan	10.6	160.6	0.0	171.3
Other loans	0.2	0.0	0.0	0.2
TOTAL FINANCIAL LIABILITIES	**1,728.7**	**515.3**	**798.0**	**3,042.0**

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

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

Capital management policies and procedures

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



bpost's policy is also to maintain an intrinsic solid investment grade credit profile based on internal cash generation, which is currently the case looking at bpost reiterated single A rating of Standard & Poor's.

The main indicators followed are: (1) the ratio between the net debt, as determined by Standard & Poor's credit rating methodology[1], and the EBITDA; and (2) the ratio between the adjusted Funds from Operations and the net debt, as determined by Standard & Poor's credit rating methodology.

1 *Note that the Standard & Poor's figures for 2020 were not available yet at the time of the issuance of the annual report, once available these will be published on our corporate website, section investors/debt-profile.*

6.6 Impact of COVID-19

The spread of the COVID-19 virus has an unprecedented impact on economic activity and society in general. During such crisis, the daily presence of bpost close to the citizens and its customers is of vital importance. Therefore, bpost group has focused on the continuity of its universal postal service missions and its other national and international mail and parcels services while showing the utmost concern for the health and safety of its employees and customers.

The operational implications on bpost group were the following so far:

- The closure of non-essential retail from March 13 until May 10 and during the month November, 2020 in Belgium, negatively impacted mail volumes, especially Advertising mail. Transactional mail was to a lesser extent hurt from general economic disruption. The impact mainly related to smaller administrative volumes from big senders and small and medium-sized enterprises (SMEs), and registered letters. Hesitance to advertise within an uncertain COVID-19 context continues to impact Advertising mail negatively.
- Ubiway Retail stores, being located mostly in travel environments, saw a large impact on footfall, as well as a partial closure.
- The exceptional circumstances of the lockdown also had a temporarily significant negative impact on bpost group's international service offering related to the dispatch of letters and parcels (mainly destinations outside Europe).
- On the other hand, the worldwide COVID-19 crisis created a shift to online shopping. This had a positive impact on most parcel & e-commerce activities.

To limit the negative impact of COVID-19 on its results, bpost group has put targeted cost containment actions in place particularly in discretionary spending. bpost group is monitoring the evolution of COVID-19 and will continue to assess further impacts going forward. The main elements impacting the consolidated financial statements are mentioned hereunder:

Going concern and associated liquidity measures

The General Meeting of Shareholders held on May 13, 2020 decided to distribute a gross dividend per share on the results of full year 2019 of 0.62 EUR. Since an interim dividend of 0.62 EUR gross per share was already paid on December 9, 2019, no further dividend on the results of full year 2019 was paid. Furthermore the Board will recommend to the Annual Shareholders' Meeting not to grant a dividend on the results of full year 2020 to shareholders. In the exceptional circumstances of COVID-19 and its uncertain impact on macroeconomics in the future, the Board wants to prioritize the strength of bpost group's balance sheet, cash reserves and capacity to invest on the long-term. In addition, early May 2020 the initial capex budget for 2020 of 200.0 million EUR was reduced to a maximum of 150.0 million EUR.

Insights in the financing structure and the liquidity are disclosed in note 6.30 and 6.25. At the end of December cash and cash equivalents amounted to 948.1 million EUR, furthermore bpost has 2 undrawn revolving credit facilities for a total amount of 375.0 million EUR and out of the external funding (excluding interests) 803.5 million EUR is long-term debt. Based upon the above and the net cash movement in 2020 (cash inflow 304.9 million EUR), bpost considers it has sufficient resources to continue operations for the next 12 months. Furthermore Standard & Poor Global Ratings reaffirmed the long- and short-term credit rating at A/A-1, with a stable outlook.

Goodwill

At reporting date, bpost group assessed if there was any indication of impairment and performed impairment testing of the goodwill as defined by IAS 36, which lead to the recognition of an impairment loss of 41.4 million EUR. See note 6.21 intangible assets.

Investments in associates and joint-ventures

COVID-19 had a negative impact on the net result of bpost bank. Beside the decrease in activities, 2,018 clients requested moratoria whereby the payment of the monthly instalments on their mortgage loans was suspended and for which bpost bank recognized a financial loss (impact after taxes at 50%) 0.3 million EUR corresponding to the difference of the NPV of the contracts before and after the moratorium. Furthermore bpost bank made two additional provisions linked to a default risk due to COVID-19, 0.4 million EUR (impact after taxes at 50%) due to a deterioration of macroeconomic conditions (higher unemployment and lower housing prices) and 0.4 million EUR (impact after taxes at 50%) linked to an increase of probability of default of loans that are currently in moratorium for credit payments.

Expected credit loss

bpost recognizes an allowance for expected credit losses on all of its trade receivables based on the lifetime expected credit losses (ECL) model. In order to calculate the ECL rates, bpost uses a provision matrix based on adapted historical default rates per ageing category. Given the difficulty to assess the impact of COVID-19 on the ECL rates, bpost has made use of a post-model overlay based on customer credit rating provided by an external credit rating agency. This led to an additional provision for bad debt of 4.5 million EUR in 2020.

IFRS 16 rent free period

For some leases which were closed due to COVID-19 circumstances (e.g. Ubiway Retail shops at the airport) bpost didn't have to pay a rent or got a discount. bpost applied the practical expedient for these rent concessions as the change in lease payments didn't result in substantially revised considerations or change in terms and conditions and the reductions only affected payments due in 2020. As a result, costs in 2020 were reduced by an amount of 1.4 million EUR.

6.7 Business combinations

Change in scope of consolidation: creation of Active Ants International BV

On April 1, 2020 Active Ants International BV was established in order to further expand the fulfillment business across Europe. bpost holds 75% of the shares for which bpost paid an amount of 7.5 million EUR. Next to that, the agreement foresees a call and put structure for the remaining shares (25%). At the time of the establishment the variable exercise price of the put had been recognized as a financial liability for a discounted amount of 17.5 million EUR (corresponding to the maximum amount). Changes to the financial liability will be recognized in the income statement. At year-end 2020 the unwinding of the discount triggered 0.2 million EUR financial costs hence the outstanding discounted liability amounted to 17.7 million EUR. Given the put option, the company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method.

Acquisition of Freight4U Logistics BV

On April 3, 2020 bpost acquired 100% of shares of the company Freight 4U Logistics BV. Freight 4U Logistics is a ground handler based in Brussels and Liège airport area with services including freight breakdown, sorting and processing of freight, import and export customs activities and freight forwarding. Revenues in 2019 amounted to 2.8 million EUR. bpost paid an amount of 0.2 million EUR for the acquisition of the shares of Freight 4U. In addition, the agreement foresees a contingent consideration based on the average EBITDA over the financial years 2021-2022, 2022-2023 or 2023-2024 which can amount up to 0.8 million EUR maximum and for which no liability was foreseen. Transaction costs were expensed and are included in the operating expenses in 2020. The company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method as from April 2020.

The calculated goodwill is presented as follows:

FAIR VALUE OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED IN THE ACQUIRED ENTITY	IN MILLION EUR
Non-Current Assets	**0.1**
Property, plant and equipment	0.1
Current Assets	**0.5**
Trade and other receivables	0.5
Cash and cash equivalents	0.0
Non-Current Liabilities	**0.0**
Current Liabilities	**(0.5)**
Interest bearing loans and borrowings	(0.2)
Trade and other payables	(0.3)
FAIR VALUE OF NET ASSETS ACQUIRED	**0.0**
Goodwill arising on acquisition	0.2
PURCHASE CONSIDERATION TRANSFERRED	**0.2**
of which:	
- Cash paid	0.2
- Contingent consideration	0.0

ANALYSIS OF CASH FLOWS ON ACQUISITION	IN MILLION EUR
Net cash acquired with the subsidiary	0.0
Cash paid	(0.2)
NET CASH OUTFLOW	**(0.2)**

The fair value of the current and non-current trade receivables amounted to 0.5 million EUR and it is expected that the full contractual amounts can be collected.

In 2020 Freight 4U contributed to 0.5 million EUR of revenue and -2.2 million EUR to profit before tax from continuing operations of the group. Not taking into account any intercompany eliminations, revenues and EAT respectively amounted to 2.6 million EUR and -0.2 million EUR.

The resulting goodwill of 0.2 million EUR derives from future growth and expected synergies within the cross-border activities. None of the goodwill is expected to be deductible for income tax purposes.

Contingent consideration for Anthill BV

In June 2020, bpost paid an amount of 3.0 million EUR for 11.4% of the shares of Anthill in execution of the call option foreseen in the agreement of 2018. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill nor on the result of the year.

Furthermore in June 2020, the agreement of March 2018 has been amended and the variable exercise price of the put for the remaining shares of Anthill BV (25.0%) has been reassessed, the total discounted outstanding liability amounted to the maximum amount of 13.3 million EUR at time. The increase of the contingent liability (3.9 million EUR) was recognized in the financial costs in the second quarter. At year-end 2020 the unwinding of the discount triggered 0.2 million EUR financial costs, hence the outstanding discounted liability amounted to 13.5 million EUR at year end 2020.

Purchase Price Allocation for AtoZ Global BV and MCS Fulfillment BV

In September 2019, Active Ants acquired 100% of the shares of AtoZ Global BV and Multi-Channel Services Fulfillment BV. The group is active in the national and international distribution of packages or multi-channel services fulfillment, consisting of product storing, picking, packing, organization of transport activities, returns handling and shipping. Active Ants paid an amount of 3.6 million EUR for the shares. Next to that, the agreement foresees a contingent consideration based upon the 2019 and 2020 revenues and a second one based upon the 2021 EBITDA margin, the fair-value of the contingent considerations was recognized for an amount of 1.4 million EUR (maximum amount of 1.9 million EUR) related to revenues target and 0.4 million EUR (corresponding to maximum amount) related to EBITDA margin target. Transaction costs were expensed and are included in the operating expenses in 2019. The company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method as from October 2019.

The calculated goodwill is presented as follows:

FAIR VALUE OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED IN THE ACQUIRED ENTITIES	IN MILLION EUR
Non-Current Assets	**0.9**
Property, plant and equipment	0.3
Intangible assets	0.7
Current Assets	**1.5**
Trade and other receivables	1.0
Cash and cash equivalents	0.5
Non-Current Liabilities	**(0.1)**
Deferred tax liabilities	(0.1)
Current Liabilities	**(0.9)**
Trade and other payables	(0.9)
FAIR VALUE OF NET ASSETS ACQUIRED	**1.4**
Goodwill arising on acquisition	4.0
PURCHASE CONSIDERATION TRANSFERRED	**5.4**
of which:	
- Cash paid	3.6
- Contingent consideration	1.8

ANALYSIS OF CASH FLOWS ON ACQUISITION	IN MILLION EUR
Net cash acquired with the subsidiary	0.5
Cash paid in 2019	(3.6)
NET CASH OUTFLOW	**(3.1)**

The fair value of the current and non-current trade receivables amounted to 1.0 million EUR and it is expected that the full contractual amounts can be collected.

The adjustment to fair value following the purchase price allocation consisted of the recognition of customer relationships (useful life 5 year) for an amount of 0.7 million EUR.

In 2020 AtoZ and MCS contributed to 11.9 million EUR of revenue and 0.9 million EUR to profit before tax from continuing operations of the group. In 2019 AtoZ and MCS contributed 2.7 million EUR of revenue and 0.3 million EUR to profit before tax from continuing operations of the group.

The resulting goodwill of 4.0 million EUR derives from future growth and expected synergies within the fulfillment activities. None of the goodwill is expected to be deductible for income tax purposes.

6.8 Segment information

bpost operates through three business units and support units providing services to these business units:

The business unit Mail & Retail ("M&R") oversees the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail and printed documents, in Belgium and offers these operational activities for parcels to other business units of bpost and oversees the activities related to:

- Transactional and Advertising mail;
- Press: regrouping the distribution of newspapers and periodicals to newsstands, distribution of newspapers and periodicals to addressees;
- Value added services: document management and related activities; and
- Proximity and convenience retail network: offering proximity and convenience retail through its retail network in Belgium composed out of post offices, postal points and the Ubiway Retail network of different branded shops. It also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance.

The business unit also carries out Services of General Economic Interest on behalf of the Belgian State (SGEI).

The business unit Parcels & Logistics Europe & Asia ("PaLo Eurasia") oversees:

- Parcels BeNe: the commercial and operational activities related to last-mile delivery and express delivery in Belgium and Netherlands and combines the last mile parcels delivery of bpost NV/SA and DynaLogic;
- E-commerce logistics Europe & Asia operating in fulfillment, handling, distribution and return management and combines Radial Europe, Anthill, DynaFix and Landmark entities in Europe and Asia; and
- Cross-border providing inbound, outbound and import services (custom duties) for parcels in Europe & Asia and for international mail worldwide.

The business unit runs several operations centers across Europe including a sorting center (NBX) and several Parcel hubs.

The business unit Parcels & Logistics North America ("PaLo N. Am.") is in charge of the commercial and operational activities related to:

- E-commerce logistics North America: operating in fulfillment, handling and distribution, return management, customer service and value-added technology services in North America (Radial and Apple Express) and Australia (FDM) and cross-border parcels services (Landmark US); and
- International mail: as full-service mail delivery provider in North America and combines MSI, Imex and M.A.I.L.

Corporate and Support units ("Corporate") consist out of the 3 support units and the corporate unit. The support units offer business solutions to the 3 business units and to Corporate and includes Finance & Accounting, Human Resources & Service Operations, ICT & Digital. The Corporate unit includes Strategy, M&A, Legal, Regulatory and Corporate Secretary. The EBIT generated by the support units is recharged to the business units as OPEX while the depreciation remains in Corporate. Revenues generated by the Support Units, including sales building are disclosed in Corporate.

As bpost identifies its CEO as the chief operating decision maker ("CODM"), the operating segments are based on the information provided to the CEO. bpost computes its profit from operating activities (EBIT) at the segment level and is measured consistently with the financial statements' accounting guidelines (IFRS). Assets and liabilities are not reported per segment to the CODM.

No operating segments have been aggregated to form the above reportable operating segments.

Services and products offered between legal entities are at arm's length whereas the service and products offered between business units of the same legal entity are generally based on incremental costs. Services provided by support units to business units of the same legal entity are based on full cost.

Corporate treasury, bpost bank and tax are centrally managed for the group. The net financial result, income tax and share of results of associates and joint ventures are only disclosed at the level of the group.

The following tables present an overview of the segment results:

For the year ended 31 December

	M&R		PALO EURASIA		PALO N. AM.		CORPORATE		ELIMINATIONS		GROUP	
IN MILLION EUR	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External operating income	**1,736.1**	**1,897.1**	**1,073.9**	**813.2**	**1,329.2**	**1,097.5**	**15.4**	**30.1**			**4,154.6**	**3,837.8**
Intersegment operating income	221.8	174.7	14.0	17.8	6.8	6.8	375.2	372.0	(617.9)	(571.2)	0.0	0.0
TOTAL OPERATING INCOME	**1,958.0**	**2,071.7**	**1,087.9**	**830.9**	**1,336.0**	**1,104.2**	**390.6**	**402.1**	**(617.9)**	**(571.2)**	**4,154.6**	**3,837.8**
Operating expenses	1,709.4	1,734.2	966.8	747.7	1,233.7	1,048.7	343.4	340.7	(617.9)	(571.2)	3,635.5	3,300.2
Depreciation, amortization	128.9	83.7	22.6	21.7	95.0	71.6	72.0	70.8			318.5	247.7
PROFIT / (LOSS) FROM OPERATING ACTIVITIES (EBIT)	**119.6**	**253.8**	**98.5**	**61.5**	**7.4**	**(16.1)**	**(24.9)**	**(9.3)**	**0.0**	**0.0**	**200.7**	**289.9**
Share of results of associates and joint ventures											18.3	15.8
Remeasurement of assets held for sale at fair value less costs to sell											(141.6)	0.0
Financial results											(47.8)	(61.5)
Income tax expenses											(48.8)	(89.6)
PROFIT / (LOSS) OF THE PERIOD (EAT)	**119.6**	**253.8**	**98.5**	**61.5**	**7.4**	**(16.1)**	**(24.9)**	**(9.3)**	**0.0**	**0.0**	**(19.2)**	**154.7**

The tables presented below provide an overview of the entity wide disclosures and covers also the IFRS 15 disclosure requirements.

The total operating income (excluding intersegment operating income), revenue and other operating income, is measured on the same basis as the financial statements' accounting guidelines (IFRS) and business unit performance. Other operating income is allocated to several line items, but mainly to Corporate & Supporting functions as this line item only represents other operating income.

For the year ended 31 December

	EXTERNAL OPERATING INCOME			REVENUE	
IN MILLION EUR	2020	2019	CHANGE %	2020	2019
Mail & Retail	**1,736.1**	**1,897.1**	**-8.5%**	**1,724.3**	**1,880.4**
Transactional mail	725.2	748.0	-3.1%	724.7	747.7
Advertising mail	182.6	236.0	-22.6%	182.6	235.9
Press	339.1	346.6	-2.2%	332.6	337.4
Proximity and convenience retail network	386.5	462.6	-16.4%	381.7	456.4
Value added services	102.7	103.9	-1.1%	102.7	102.9
Parcels & Logistics Europe & Asia	**1,073.9**	**813.2**	**32.1%**	**1,073.4**	**809.7**
Parcels BeNe	547.9	380.6	43.9%	547.8	378.8
E-commerce logistics	172.5	133.1	29.7%	171.8	131.4
Cross border	353.5	299.5	18.0%	353.8	299.5
Parcels & Logistics North America	**1,329.2**	**1,097.5**	**21.1%**	**1,317.4**	**1,089.3**
E-commerce logistics	1,246.4	1,008.1	23.6%	1,234.7	1,000.2
International mail	82.8	89.4	-7.4%	82.7	89.1
Corporate & Supporting functions	**15.4**	**30.1**	**-48.9%**	**0.0**	**0.0**
TOTAL	**4,154.6**	**3,837.8**	**8.3%**	**4,115.1**	**3,779.4**

The geographical split of total operating income (excluded intersegment operating income) and the non-current assets is attributed to Belgium, rest of Europe, United States of America and the rest of the world. The allocation per geographical location is based on the location of the entity generating the income or holding the net asset. Other operating income is allocated to several line items.

For the year ended 31 December

			EVOLUTION
IN MILLION EUR	2020	2019	2020 - 2019
Belgium	2,465.0	2,464.3	0.0%
Rest of Europe	315.3	262.2	20.3%
US	1,277.3	1,054.8	21.1%
Rest of world	97.0	56.4	71.8%
TOTAL OPERATING INCOME	**4,154.6**	**3,837.8**	**8.3%**

For the year ended 31 December

			EVOLUTION
IN MILLION EUR	2020	2019	2020 - 2019
Belgium	885.8	977.2	-9.4%
Rest of Europe	194.7	180.1	8.1%
US	805.7	874.8	-7.9%
Rest of world	43.4	46.2	-6.1%
TOTAL NON-CURRENT ASSETS	**1,929.6**	**2,078.4**	**-7.2%**

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

Excluding the compensation received from the Belgian federal government to provide the services as described in the management contract and press concessions, included in the Mail and Retail segment, no single external customer exceeded 10% of bpost's operating income.

6.9 Revenue

For the year ended 31 December

IN MILLION EUR	2020	2019
Revenue excluding the SGEI remuneration	3,847.9	3,508.3
SGEI remuneration	267.2	271.0
TOTAL	**4,115.1**	**3,779.4**

Compared to last year, revenue increased by 335.7 million EUR to 4,115.1 million EUR. The revenue increase at Parcels & Logistics Europe & Asia and Parcels & Logistics North America was partially offset by the revenue decrease at Mail & Retail, primarily driven by mail volume decline and lower proximity and convenience retail network revenues (including the deconsolidation of Alvadis).

SGEI remuneration is disclosed under Press and Proximity and convenience retail network in the Mail and Retail segment.

6.10 Other operating income

For the year ended 31 December

IN MILLION EUR	2020	2019
Gain on disposal of property, plant and equipment	12.2	25.8
Gain on disposal of activities Alvadis	0.0	0.6
Rental income of investment property	1.2	1.0
Third party cost recovery	4.2	9.7
Gain on contingent considerations	0.0	3.2
Other Retail income	3.8	5.8
Other	18.0	12.3
TOTAL	**39.5**	**58.4**

Gains on disposal of property, plant and equipment decreased by 13.6 million EUR due to lower revenues on the sales of buildings in 2020 compared to 2019 (in the second quarter 2019 19.9 million EUR gain on the headquarters sale was realized).

The third party cost recovery mainly relate to reimbursements by third parties of non-core services and sales realized by bpost's restaurants.

In 2019 an amount of 1.7 million EUR and 1.5 million EUR was recognized for respectively the difference between the cash paid and the outstanding contingent consideration of DynaGroup and the reversal of the contingent consideration of Leen Menken.

Other Retail income mainly consisted of non-specific product income in the retail channel which is not part of the ordinary activity of bpost.

6.11 Other operating expenses

For the year ended 31 December

IN MILLION EUR	2020	2019
Provisions	(1.2)	(0.2)
Local, real estate and other taxes	8.6	12.5
Impairment on trade receivables and charge backs payment services	17.5	5.2
Penalties	0.1	0.1
Other	9.4	6.6
TOTAL	**34.4**	**24.2**

Other operating expenses increased by 10.2 million EUR versus last year. This increase was mainly explained by an increase of 12.3 million EUR of the impairments on trade receivables (due to the bankruptcy of some clients as well as some additional provisions to cover the impact of COVID-19) and an increase of the charge backs on payment services, in line with the increased payments volumes. This increase was partly offset by a decrease of local, real estate and other taxes (3.9 million EUR), mainly due to the higher VAT recuperation.

6.12 Material costs

Compared to last year, material costs decreased by 44.4 million EUR or 18.1%. This decrease was mainly explained by lower Ubiway Retail material costs in line with lower revenues as a result of the COVID-19 related partial closure of the network and reduced footfall, furthermore the deconsolidation of Alvadis as from September 2019 contributed to this decrease.

6.13 Services and other goods

The cost of goods and services increased by 288.0 million EUR to 1,813.1 million EUR, this should be seen together with the increased revenues and result from higher volume of parcels and COVID-19.

For the year ended 31 December

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Rent and rental costs	80.3	56.9	41.1%
Maintenance and repairs	114.8	116.8	-1.7%
Energy delivery	42.7	45.8	-6.9%
Other goods	48.6	39.1	24.3%
Postal and telecom costs	21.5	21.2	1.6%
Insurance costs	26.7	24.9	7.2%
Transport costs	867.6	695.6	24.7%
Publicity and advertising	19.0	28.3	-32.8%
Consultancy	19.9	45.1	-55.7%
Interim employees	277.3	198.2	39.9%
Third party remuneration, fees	165.7	146.9	12.8%
Other services	128.9	106.2	21.4%
TOTAL	**1,813.1**	**1,525.0**	**18.9%**

- Rental costs increased by 23.4 million EUR due to higher fleet rent costs for short term leases in order to manage higher volumes of parcels and higher storage costs related to cloud services.
- Other goods amounted to 48.6 million EUR and increased by 9.5 million EUR amongst others due to additional expenses related to COVID-19 (protective masks, gloves and hydro-alcoholic gel).
- Transport costs amounted to 867.6 million EUR and increased by 172.0 million EUR in line with the evolution of international activities and higher domestic parcel volumes.
- The interim costs increased by 79.1 million EUR due to the increased number of interim employees and should be viewed together with the evolution of the payroll costs, see note 6.14.
- Third party remuneration fees mainly relate to ICT services, remuneration postal points, interim management, facility, security and outsourced services. These costs increased by 18.8 million EUR mainly due to increased ICT project-related costs (e.g. Alternative Distribution Model) and by higher cleaning costs due to COVID-19.
- Other services relate to costs for payment processing, HR services, training costs and administration costs. Other services increased by 22.8 million EUR, mainly due to increased payments processing fees of Radial US in line with increased volumes.

Partially compensated by cost containment actions in place for:

- Publicity and advertising decreased by 9.3 million EUR.
- Consultancy decreased by 25.1 million EUR, in line with increased projects executed by bpost employees.

6.14 Payroll costs

For the year ended 31 December

IN MILLION EUR	2020	2019
Wages and salaries	1,335.9	1,263.1
Social security costs	227.1	219.4
Pension costs (note 6.27)	7.8	7.6
Termination benefits, Other LT benefits and post-employment benefits other than Pension (note 6.27)	15.8	15.0
TOTAL	**1,586.5**	**1,505.1**

As at December 31, 2020, the headcount of bpost amounted to 36,291 (2019: 34,296) and was composed as follows:

- Statutory personnel : 8,048 (2019: 8,783).
- Contractual personnel : 28,243 (2019: 25,513).

The average FTE for 2020 was 32,030 (2019: 31,054).

The average FTE and interims for 2020 was 38,639 (2019 : 35,377).

Payroll costs (1,586.5 million EUR) and interim costs (277.3 million EUR) in 2020 amounted to 1,863.8 million EUR (1,703.2 million EUR in 2019). Payroll and interim costs increased by 160.6 million EUR (81.5 million EUR for payroll and 79.1 million EUR for interim costs) compared to last year.

The payroll and interim costs increase driven by the FTE increase, generated 136.4 million EUR higher costs. COVID-19 related premiums, salary indexation and merit increases partly offset by the exchange rate evolution mainly led to a negative price impact of 32.9 million EUR. The effects mentioned above were partly compensated by a positive mix effect of 8.8 million EUR which was mainly driven by the recruitment of auxiliary postmen.

6.15 Financial income and financial costs

The following amounts have been included in the income statement for the reporting periods presented:

For the year ended 31 December

IN MILLION EUR	2020	2019
Financial income	7.4	8.3
Financial costs	(55.2)	(69.7)
TOTAL	**(47.8)**	**(61.5)**

The net financial result of 2020 amounted -47.8 million EUR and increased by 13.7 million EUR compared to 2019. This increase was mainly due to the decrease of non-cash financial charges related to IAS 19 employee benefits as a result of a lower decrease in discount rates

Financial income

For the year ended 31 December

IN MILLION EUR	2020	2019
Interest income from current accounts/commercial papers	0.8	1.1
Gain from exchange differences	4.9	6.3
Other	1.7	0.9
FINANCIAL INCOME	**7.4**	**8.3**

Financial costs

For the year ended 31 December

IN MILLION EUR	2020	2019
Financial costs on benefit obligations (IAS 19)	8.8	25.1
Lease interest expenses (IFRS 16)	10.3	9.7
Interest on loans	3.2	5.4
Interest and costs related to long-term bond	9.3	9.3
Unwinding of pre-hedge interest swap	2.5	2.5
Loss from exchange differences	13.7	6.4
Impairment current/financial assets	0.0	0.0
Contingent consideration : unwinding of discount and effect of changes in discount rate and effect of changes related to purchase of minority interests	4.2	7.3
Other finance costs	3.1	4.0
FINANCIAL COSTS	**55.2**	**69.7**

The loss from exchange differences was mainly due to the evolution of the exchange rate EUR vs USD.

In 2020 the variable exercise price of the put for the remaining shares of Anthill BV was reassessed, the increase of the contingent liability (3.9 million EUR) was recognized in financial costs. In 2019 based upon the updated long term plan of Anthill BV the fair-value of the put for the remaining shares was adjusted leading to an increase of the contingent liability (7.3 million EUR).

6.16 Income tax/Deferred tax

Breakdown of Income tax expense recognized in the income statement

The income tax expense recognized in the income statement for 2020 amounted to 48.8 million EUR and breaks down as follows:

As at 31 December

IN MILLION EUR	2020	2019
INCOME TAX EXPENSE INCLUDED:		
Current Income tax expenses	70.5	89.7
Adjustment to current tax expenses related to prior years	(1.9)	(1.6)
Deferred tax expenses	(19.8)	1.6
TOTAL INCOME TAX EXPENSE	**48.8**	**89.6**

Reconciliation of theoretical income tax expense with income tax expense recognized in the income statement

A reconciliation of theoretical tax expense with income tax expense recognized in the income statement can be detailed as follows:

IN MILLION EUR	2020	2019
Profit before tax (A)	29.6	244.3
Statutory income tax rate of the parent company (B)	25.0%	29.6%
TAX EXPENSE USING STATUTORY TAX RATE (C) = (A) X (B)	**7.4**	**72.3**
Reconciling items between statutory and effective income tax expense		
Tax effect of non tax deductible expenses	6.8	6.7
Tax effects prior years	(2.6)	(1.6)
Tax effect of goodwill impairment	10.3	0.0
Tax effect of remeasurement of assets held for sale at fair value less costs to sell	35.4	0.0
Tax effect of tax losses utilized by subsidiaries for which no deferred tax asset or no full deferred tax asset was recognized	(1.0)	(1.2)
Subsidiaries in loss situation for which no deferred tax asset or no full deferred tax asset was recognize on their tax losses	2.9	19.0
Associates and joint ventures (equity method)	(4.6)	(4.7)
Other:		
Tax effect of subsidiaries liquidation	(3.3)	0.0
Tax effect of the changes in future tax rates	1.0	(0.3)
Other differences	(3.5)	(0.6)
TOTAL	**48.8**	**89.6**
Tax using effective rate (current period)	(48.8)	(89.6)
Profit before income tax	29.6	244.3
Effective tax rate	164.9%	36.7%

In 2020 the tax effect of the subsidiaries in a loss situation (for which no deferred tax asset or no full deferred tax asset is recognized) improved compared to 2019 in line with the better performance of these subsidiaries.

Non-tax deductible goodwill impairments (The Mail Group and Ubiway Retail) and the remeasurement of assets held for sale at fair value less costs to sell explain the exceptional effective tax rate of 164.9% in 2020.

Deferred tax presented in the statement of financial position

Net balances of deferred taxes are calculated based upon the tax position of each company and are disclosed in the statement of financial position for their net amount by legal entity.

As of December 31, 2020, bpost recognized a net deferred income tax asset of 45.6 million EUR. This net deferred income tax asset is composed as follows:

As at 31 december

		IMPACT ON				
IN MILLION EUR	2019	RESULT OF THE YEAR	OTHER COMPREHENSIVE INCOME	IMPACT OF BUSINESS COMBINATIONS	OTHER	2020
Deferred tax assets						
Employee benefits	24.6	0.3	(0.4)			24.5
Provisions	2.7	(0.8)				1.9
Tax losses carried forward	46.4	4.9				51.4
Other	33.9	6.9	(0.6)			40.2
TOTAL DEFERRED TAX ASSETS	**107.7**	**11.3**	**(1.0)**	**0.0**	**0.0**	**117.9**
Deferred tax liabilities						
Property plant and equipment	44.9	(0.4)				44.6
Intangible assets	35.4	(7.7)				27.8
Other	0.0	0.0				0.0
TOTAL DEFERRED TAX LIABILITIES	**80.4**	**(8.1)**	**0.0**	**0.0**	**0.0**	**72.3**
NET DEFERRED TAX ASSET	**27.3**	**19.4**	**(1.0)**	**0.0**	**0.0**	**45.6**

The deferred tax assets related to tax losses carried forward have increased mainly due to the recognition of an additional deferred tax asset for Radial US (6.7 million EUR). These US tax losses carried forward for which a deferred tax asset has been recognized have an expiration date ranging between 2022 and 2037 and the tax losses incurred as from 2018 can be carried forward indefinitely.

Deferred tax assets have been recognized in 2020 under the category "Other" mainly due to the favorable US exchange rate evolution impacting the net investment hedge and taxed reserves.

The decrease of the deferred tax on intangible assets is a result of the depreciations recorded on the Radial US intangible assets related to the purchase price allocation.

As of December 31, 2020, bpost recognized a net deferred income tax liability of 6.8 million EUR. The net deferred income tax liability mainly results from the depreciations and impairment of intangible assets related to the purchase price allocation (other than Radial). The net deferred tax liability by type of temporary difference and the changes break down as follows :

As at 31 december

IN MILLION EUR	2019	IMPACT ON RESULT OF THE YEAR	IMPACT ON OTHER COMPREHENSIVE	IMPACT OF BUSINESS COMBINATIONS	NETTING OF TAX POSITIONS	2020
Deferred tax assets						
Employee benefits	0.7	0.0				0.7
Provisions	1.0	(1.0)				0.1
Tax losses carried forward	3.8	(3.8)				0.0
Other	0.0	0.0				0.0
TOTAL DEFERRED TAX ASSETS	**5.5**	**(4.7)**	**0.0**	**0.0**	**0.0**	**0.7**
Deferred tax liabilities						
Property plant and equipment	1.9	(0.4)				1.5
Intangible assets	10.4	(3.8)		0.1		6.8
Other	0.2	(0.9)				(0.8)
TOTAL DEFERRED TAX LIABILITIES	**12.5**	**(5.1)**	**0.0**	**0.1**	**0.0**	**7.5**
NET DEFERRED TAX LIABILITIES	**(7.0)**	**0.4**	**0.0**	**(0.1)**	**0.0**	**(6.8)**

The decrease of the deferred tax on tax losses carried forward relates to the reversal of deferred taxes booked for AMP. The decrease of the deferred taxes on intangible assets mainly relates to the impairment on intangible assets of AMP.

Unrecognized deferred taxes

Deferred tax assets on the tax losses carried forward are only recognized to the extent that those losses are expected to offset a taxable profit in the future. bpost assesses a recoverability period of 5 years. Further to this assessment, no deferred tax asset has been recognized for 104.8 million EUR of carried forward tax losses. The majority of these unrecognized tax losses relate to entities located in Belgium (54.8 million EUR), in Germany (21.9 million EUR) and Luxembourg (20.7 million EUR). In Belgium and Germany, tax losses may be carried forward indefinitely. In Luxembourg, losses incurred before January 1, 2017 can be carried forward without a time limitation while the use of losses incurred afterwards is limited to 17 years.

6.17 Earnings per share

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

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

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

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

For the year ended 31 December

IN MILLION EUR	2020	2019
Net profit/(loss) attributable to ordinary equity holders of the parent for basic earnings	(19.4)	154.2
Adjustments for the effect of dilution		
Net profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of dillution	(19.4)	154.2

IN MILLION SHARES		
Weighted average number of ordinary shares for basic earnings per share	200.0	200.0
Effect of dilution		
Weighted average number of ordinary shares adjusted for the effect of dilution	200.0	200.0

IN EUR		
Basic, profit/(loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77
Diluted, profit/(loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77

6.18 Property, plant and equipment

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
ACQUISITION COST								
Balance at 1 January 2019	**717.9**	**409.8**	**449.9**	**195.8**	**12.8**	**1,786.2**	**0.0**	**1,786.2**
Impact of IFRS 16 transition	0.0	0.0	0.0	0.0	0.0	0.0	417.8	417.8
Acquisitions	8.7	24.3	51.3	28.1	7.5	119.8	113.4	233.2
Acquisitions through business combinations	0.0	0.3	0.0	0.0	0.0	0.3	0.0	0.3
Reassessment	0.0	0.0	0.0	0.0	0.0	0.0	12.3	12.3
Disposals	(2.3)	(4.3)	(30.0)	(43.2)	0.0	(79.8)	(18.7)	(98.4)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Assets classified as held for sale or investment property	(73.2)	0.0	0.0	15.2	0.0	(58.0)	0.0	(58.0)
Exchange rate difference	0.0	0.2	2.9	0.5	0.1	3.7	1.8	5.5
Other movements	(32.1)	0.1	(2.7)	20.4	(3.0)	(17.4)	18.7	1.3
BALANCE AT 31 DECEMBER 2019	**619.1**	**430.4**	**471.4**	**216.8**	**17.3**	**1,755.0**	**545.0**	**2,300.0**
Balance at 1 January 2020	**619.1**	**430.4**	**471.4**	**216.8**	**17.3**	**1,755.0**	**545.0**	**2,300.0**
Acquisitions	4.3	27.6	31.3	20.5	24.8	108.5	112.9	221.4
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2
Reassessment	0.0	0.0	0.0	0.0	0.0	0.0	31.4	31.4
Disposals	0.0	(5.9)	(4.4)	(3.9)	0.0	(14.3)	(24.1)	(38.3)
Assets classified as held for sale or investment property	(25.7)	0.0	0.0	(1.3)	0.0	(27.0)	0.0	(27.0)
Exchange rate difference	(0.3)	(0.6)	(15.0)	(2.1)	(1.3)	(19.4)	(14.8)	(34.2)
Other movements	9.0	2.2	(1.1)	(1.5)	(8.5)	0.1	0.0	(0.1)
BALANCE AT 31 DECEMBER 2020	**606.3**	**453.7**	**482.2**	**228.4**	**32.4**	**1,803.0**	**650.5**	**2,453.5**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
REVALUATION								
Balance at 1 January 2019	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2019	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Balance at 1 January 2020	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2020	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
DEPRECIATION AND IMPAIRMENT LOSSES								
Balance at 1 January 2019	**(423.0)**	**(279.2)**	**(282.9)**	**(96.7)**	**(3.7)**	**(1,085.4)**	**0.0**	**(1,085.6)**
Depreciation through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	2.3	4.1	27.0	43.2	0.0	76.6	6.6	83.2
Disposals through the sale of subsidiaries	0.0	0.0	1.0	0.1	0.0	1.1	0.0	1.2
Depreciation and impairment losses	(11.0)	(24.1)	(41.7)	(21.8)	0.0	(98.5)	(105.9)	(204.4)
Assets classified as held for sale or investment property	46.6	0.0	0.0	(11.9)	0.0	34.7	0.0	34.7
Exchange rate difference	0.0	(0.1)	(0.8)	(0.1)	0.0	(1.0)	0.1	(0.9)
Other movements	32.0	(0.3)	(0.8)	(30.5)	0.0	0.4	(2.3)	(1.9)
BALANCE AT 31 DECEMBER 2019	**(353.0)**	**(299.5)**	**(298.1)**	**(117.8)**	**(3.7)**	**(1,072.1)**	**(101.7)**	**(1,173.8)**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
Balance at 1 January 2020	**(353.0)**	**(299.5)**	**(298.1)**	**(117.8)**	**(3.7)**	**(1,072.1)**	**(101.7)**	**(1,173.8)**
Depreciations through business combinations	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Disposals	0.0	5.4	4.3	3.4	0.0	13.0	13.0	26.0
Disposals through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and impairment losses	(21.6)	(17.0)	(29.0)	(23.9)	0.0	(91.4)	(112.3)	(203.7)
Assets classified as held for sale or investment property	16.0	0.0	0.0	1.4	0.0	17.5	0.0	17.5
Exchange rate difference	0.0	0.4	5.7	0.4	0.0	6.6	4.8	11.4
Other movements	(2.9)	(0.9)	0.4	3.2	0.0	(0.2)	0.0	(0.2)
BALANCE AT 31 DECEMBER 2020	**(361.4)**	**(311.7)**	**(316.7)**	**(133.3)**	**(3.7)**	**(1,126.7)**	**(196.3)**	**(1,323.0)**
CARRYING AMOUNT								
At 31 December 2019	266.1	130.9	173.3	99.0	21.0	690.3	443.4	1,133.6
At 31 December 2020	245.0	142.0	165.5	95.1	36.1	683.7	454.2	1,138.0

Amortization and depreciation charges related to property, plant and equipment amounted to 203.7 million EUR and slightly decreased by 0.4 million EUR as compared to last year.

6.18.1 Property, plant and equipment (excluding right-of-use assets)

Property, plant and equipment decreased by 6.5 million EUR from 690.3 million EUR to 683.7 million EUR. This decrease was mainly explained by:

- depreciation and impairment amounting to 91.4 million EUR (98.1 million EUR in 2019);
- transfer to assets held for sale or investment property for 9.6 million EUR (23.4 million EUR in 2019);
- exchange rate impact for 12.8 million EUR (-4.6 million EUR in 2019)
- partially compensated by acquisitions for 108.5 million EUR (119.8 million EUR in 2019), mainly related to increased capacity and e-commerce logistics at Radial, Belgium Parcels B2C and Active Ants.

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

6.18.2 Right-of-use assets and leases

The right-of-use assets increased by 10.9 million EUR and amounted to 454.2 million EUR. This increase was mainly explained by:

- 112.9 million EUR additions, mainly related to additional warehouse leases (mainly Radial North America and AMP) and additional vehicles for distribution;
- 31.4 million EUR reassessments mainly explained by extension of lease duration;
- partially compensated by depreciations amounting to 112.3 million EUR, 10.1 million EUR of exchange rate difference and 11.1 million EUR disposals.

bpost has lease contracts mainly for buildings (warehouses and post offices), vehicles, machinery and other equipment used in its operations. Lease terms and carrying amounts are detailed in the table hereunder:

IN MILLION EUR	USEFUL LIVES	CARRYING AMOUNT DEC 31, 2020
Land and Buildings	3 to 25 years	392.3
Vehicles	4 or 5 years (8 years for trucks)	54.8
Machinery and other equipment	1 to 15 years	7.1
TOTAL		**454.2**

The carrying amounts and movements (including cash outflows) of the lease liabilities (under interest-bearing loans and borrowings) are being disclosed in note 6.26, whereas the maturity analysis is available in note 6.5.

bpost has leases for vehicles with lease terms of 12 months or less (2020 8.0 million EUR, 2019 2.6 million EUR), as well as leases for printers (2020: 0.5 million EUR) and rent of square meters for lockers (2020: 0.1 million EUR) with low value, all are disclosed under rent costs, within operating expenses.

Certain rent contracts of Ubiway Retail, concessions within train stations and airports, include variable lease payments, depending on the sales of the shops. In 2020 these costs amounted to 0.6 million EUR (2019: 2.6 million EUR) explained by lower activities due to COVID-19 and were included in rent, within operating expenses.

There are several lease contracts that include extensions and termination options. The major lease contract relates to Brussels X (NBX), the term of this lease contract is 15 years (until 2031) with 3 possible extensions of 5 years each. These extensions are currently not included into the lease term as it is not reasonable certain that these will be exercised. The impact per extension of 5 years is estimated to increase the overall lease liability by 5%. All other major sorting centers are within property, plant and equipment.

The significant leases contracts that have not yet commenced are disclosed in 6.33 rights and commitments.

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

Operating Lease Income

bpost's future minimum operating lease income related to buildings is as followed and relates to buildings of which bpost is owner as well as subleases:

For the year ended 31 December

IN MILLION EUR	2020	2019
Less than one year	0.5	0.5
Between one year and five years	1.9	1.3
More than five years	2.8	0.6
TOTAL	**5.3**	**2.4**

The increase on future minimum operating lease income compared to 2019 was mainly explained by the sublease of the headquarter of Radial US partially compensated by lower rents of bpost NV/SA given lower number of buildings in property.

The income that is related to lease agreements was recognized in the section "Other operating income" for an amount of 1.2 million EUR in 2020.

6.19 Investment property

IN MILLION EUR	LAND AND BUILDINGS
ACQUISITION COST	
Balance at 1 January 2019	**61.3**
Acquisitions	0.0
Transfer from/to other asset categories	(45.5)
BALANCE AT 31 DECEMBER 2019	**15.8**
Balance at 1 January 2020	**15.8**
Acquisitions	0.0
Transfer from/to other asset categories	(4.7)
BALANCE AT 31 DECEMBER 2020	**11.1**
DEPRECIATION AND IMPAIRMENT LOSSES	
Balance at 1 January 2019	**(42.6)**
Depreciations	(0.1)
Transfer from/to other asset categories	31.9
BALANCE AT 31 DECEMBER 2019	**(10.8)**
Balance at 1 January 2020	**(10.8)**
Depreciations	0.0
Transfer from/to other asset categories	3.0
BALANCE AT 31 DECEMBER 2020	**(7.8)**
CARRYING AMOUNT	
At 31 December 2019	5.0
At 31 December 2020	3.3

Investment property mainly relates to apartments located in buildings used as post offices. The decrease of investment property in 2020 compared to 2019 was mainly explained by the transfer of one considerable building to assets held for sale.

Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over useful life (in general 40 years).

The rental income of the investment property amounted to 1.2 million EUR (2019: 1.0 million EUR). The estimated fair value of the investment property decreased from 5.0 million EUR to 3.3 million EUR given the transfer of one considerable building to assets held for sale.

6.20 Assets held for sale

As at 31 December

IN MILLION EUR	2020	2019
Assets		
Property, plant and equipment	3.3	1.4
bpost bank	100.0	0.0
Assets held for sale	**103.3**	**1.4**

Property, plant and equipment

The number of buildings recognized in assets held for sale amounted to 5 at the end of 2019 (and sold in 2020) versus 3 at the end of 2020. These assets are retail outlets, offices or mail centers which are vacant as a consequence of the optimization of the post offices and mail center network.

Profits on disposal of 12.2 million EUR (2019: 25.8 million EUR) were accounted for in the income statement in the section 6.10 Other Operating Income.

bpost bank

On December 23, 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of participations from bpost to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. As a result, after assessing the criteria for classification as non-current assets held for sale, the investment in bpost bank (241.6 million EUR) has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell (100.0 million EUR), hence an impairment loss of 141.6 million EUR has been recognized.

6.21 Intangible assets

IN MILLION EUR	GOODWILL	DEVELOPMENT	SOFTWARE	CUSTOMER RELATIONSHIP	TRADENAME	TOTAL
ACQUISITION COST						
Balance at 1 January 2019	**683.6**	**119.6**	**172.6**	**131.6**	**52.5**	**1,159.8**
Acquisitions	0.0	27.5	14.8	0.2	0.0	42.4
Acquisitions and additions through business combinations	6.0	1.4	0.0	2.0	0.6	10.0
Disposals	0.0	0.0	(2.5)	(0.2)	0.0	(2.7)
Disposals via business combinations	0.0	0.0	0.0	(1.3)	(0.5)	(1.8)
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	13.4	0.0	0.9	1.5	0.8	16.6
Other movements	0.0	(0.9)	0.6	1.7	0.5	1.8
BALANCE AT 31 DECEMBER 2019	**702.8**	**147.5**	**186.3**	**135.4**	**53.9**	**1,225.9**
Balance at 1 January 2020	**702.8**	**147.5**	**186.3**	**135.4**	**53.9**	**1,225.9**
Acquisitions	0.0	19.7	19.3	0.0	0.0	39.1
Acquisitions and additions through business combinations	(0.3)	0.0	0.0	0.7	0.0	0.4
Disposals	0.0	(0.5)	(0.6)	(11.1)	0.0	(12.2)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	(42.5)	0.0	(5.1)	(6.7)	(2.8)	(57.0)
Other movements	0.0	1.5	(1.6)	0.0	0.0	(0.1)
BALANCE AT 31 DECEMBER 2020	**660.0**	**168.3**	**198.4**	**118.3**	**51.1**	**1,196.0**

IN MILLION EUR	GOODWILL	DEVELOPMENT	SOFTWARE	CUSTOMER RELATIONSHIP	TRADENAME	TOTAL
DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 January 2019	**(36.7)**	**(85.9)**	**(133.4)**	**(22.1)**	**(6.7)**	**(284.8)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	2.0	0.1	0.0	2.1
Disposals via business combinations	0.0	0.0	0.0	1.3	0.5	1.8
Depreciation	0.0	(12.3)	(16.7)	(7.1)	(7.2)	(43.3)
Impairment losses	0.0	0.2	(0.2)	(0.5)	(1.2)	(1.7)
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	(0.4)	(0.1)	0.0	(0.5)
Other movements	0.0	(0.1)	0.6	(1.3)	(0.5)	(1.3)
BALANCE AT 31 DECEMBER 2019	**(36.7)**	**(98.0)**	**(148.0)**	**(29.8)**	**(15.2)**	**(327.6)**
Balance at 1 January 2020	**(36.7)**	**(98.0)**	**(148.0)**	**(29.8)**	**(15.2)**	**(327.6)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.5	0.6	11.0	0.0	12.1
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	(15.7)	(18.2)	(8.9)	(4.6)	(47.3)
Impairment losses	(41.4)	(5.0)	0.0	(16.4)	(4.4)	(67.2)
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.1	0.0	3.3	1.5	0.7	5.6
Other movements	0.0	(0.2)	(0.8)	(1.3)	2.5	0.2
BALANCE AT 31 DECEMBER 2020	**(77.9)**	**(118.4)**	**(163.1)**	**(43.9)**	**(21.0)**	**(424.3)**

IN MILLION EUR	GOODWILL	DEVELOPMENT	SOFTWARE	CUSTOMER RELATIONSHIP	TRADENAME	TOTAL
CARRYING AMOUNT						
At 31 December 2019	666.3	49.5	38.3	105.6	38.7	898.3
At 31 December 2020	582.2	49.9	35.3	74.3	30.1	771.7

Depreciation and impairment charges increased by 61.0 million EUR to 105.9 million EUR in 2020 mainly due to impairments performed on:

- Goodwill of Ubiway Retail network and The Mail Group (41.4 million EUR).
- Customer relationships and tradenames (20.8 million EUR) recognized during PPA in the segment Mail & Retail driven by volume decline following e-substitution, COVID-19 impact and allocation of an impairment loss as a result of the annual impairment testing of Ubiway Retail network (2.8 million EUR) as disclosed in the section goodwill.

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

Intangible assets decreased by 126.6 million EUR, mainly due to:

- Depreciation amounting to 47.3 million EUR,
- Impairments amounting to 67.2 million EUR, The evolution of the exchange rate (51.4 million EUR),
- Partially compensated by acquisitions (39.1 million EUR) mainly related to ICT development costs capitalized, the migration of ICT infrastructure to the cloud and the new distribution model.

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

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of assets.

In million EUR

	PRESS	UBIWAY RETAIL NETWORK(1)	PARCELS BENE	E-COMMERCE LOGISTICS EUROPE & ASIA	E-COMMERCE LOGISTICS NORTH AMERICA	INTERNATIONAL MAIL	OTHER	TOTAL
Balance at 1 January 2019	**21.9**	**28.3**	**38.3**	**51.7**	**493.3**	**12.0**	**1.4**	**646.8**
Acquisitions	0.0	0.0	0.0	6.0	0.0	0.0	0.0	6.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	11.3	2.1	0.0	13.4
BALANCE AT 31 DECEMBER 2019	**21.9**	**28.3**	**38.3**	**57.7**	**504.6**	**14.1**	**1.4**	**666.3**
Balance at 1 January 2020	**21.9**	**28.3**	**38.3**	**57.7**	**504.6**	**14.1**	**1.4**	**666.3**
Acquisitions	0.0	0.0	0.0	(0.5)	0.0	0.0	0.2	(0.3)
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	(28.3)	0.0	0.0	0.0	(13.0)	0.0	(41.4)
Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	(0.2)	(41.1)	(1.1)	0.0	(42.4)
BALANCE AT 31 DECEMBER 2020	**21.9**	**0.0**	**38.3**	**57.0**	**463.5**	**0.0**	**1.5**	**582.2**

(1) Comparable period 2019: proximity and convenience retail network

In 2020 the Proximity and convenience retail network part has been split in bpost retail network and the Ubiway Retail network to monitor separately both retail networks. In line with the updated strategy to deliver new neighborhood and proximity services through the bpost retail network different products are offered differentiating it from the Ubiway Retail network. The goodwill of 28.3 million EUR part of the business combination Ubiway has been fully allocated to the CGU Ubiway Retail network. The impairment test of Ubiway Retail network lead to a recoverable amount lower than the carrying value and impairment loss has been recorded in Mail & Retail on goodwill (28.3 million EUR) and on intangible assets (2.8 million EUR). Ubiway Retail stores, newsagents' shops located mostly in travel environments, saw a large impact on reduced footfall competitions as well as partial closure due to COVID-19, an accelerating trend of online shopping and an ongoing e-substitution and digitization of press and periodicals. The goodwill of International Mail (13.0 million EUR) part of Parcels and Logistics North America has been impaired as the carrying amount is not supported anymore by the recoverable amount given the uncertainty on the change in operations from business mail to domestic parcels.

The goodwill of E-commerce Logistic Europe & Asia was adjusted as a result of the finalization of the purchase price allocation of Vector Invest BV (-0.5 million EUR) and the consolidation (0.2 million EUR) of Freight4U Logistics BV (see note 6.7 business combinations). Note that the goodwill of Vector Invest BV was not retrospectively adjusted as the impact was deemed not material. In 2019 the goodwill of E-commerce Logistic Europe & Asia was adjusted as a result of the finalization of the purchase price allocation of Anthill BV (1.5 million EUR) and the consolidation of Vector Invest BV (4.5 million EUR) as from October 2019.

Goodwill is not amortized but is tested for impairment on an annual basis (December). For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of assets. The test consists of comparing the carrying amount of the assets (or group) of the CGUs with their recoverable amount. The CGUs are described in the note segment reporting and combine business operations active in a same geographical region.

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

- most recent business plan and budgets, including detailed planning for EBITDA, net working capital and investment planning via capital expenditure or leasing, which covers a five year period (prior year testing a period of 4 year);
- consideration of a terminal value determined from the cash flows obtained by extrapolating the cash flows of the last year of the business plan referred to above, affected by a long-term growth rate deemed appropriate for the activity and the location of the assets;
- discounting of expected cash flows at a rate determined using the weighted average cost of capital formula.

The assumption for which the recoverable amounts is the most sensitive for all CGU's tested is the EBITDA. The key assumption (EBITDA) in the budgets is based on past experiences adapted for changing market conditions. The EBITDA is the result of volume evolutions, price evolution and cost improvement projects along with new value added services following the judgement and estimates made by management in developing the budgets and forecasts for the coming years.

The discount rate is estimated based on an extensive benchmarking with peers, so as to reflect the return investors would require if they were to choose an investment in the underlying assets. The peer group was divided into mail-related peers and parcels-related peers. Besides this, the different economic environment was also factored in the determination of the weighted average cost of capital (WACC). Driven by a decrease of costs of debt (mainly in USD), discount rates are below the ones applied during last year's testing except for CGU's Parcels BeNe and E-commerce Europe & Asia.

The long-term growth rate was set at 0% for mail activities and 2% for parcels activities and e-commerce logistics. The growth rates were determined based on internal expectations (same assumptions as for EBITDA evolution) and external sources and are consistent with real growth figures and expectations for the relevant sectors in which the CGUs operate and take into consideration the long-term inflation for Europe and United States.

The discount rates and the growth rates for the CGUs with material goodwill are shown in the following table:

	DISCOUNT RATES		GROWTH RATES	
	2020	2019	2020	2019
Press	5.6%	5.7%	0%	0%
Ubiway Retail[1]	5.6%	5.7%	0%	0%
Parcels BeNe	6.5%	5.9%	2%	2%
E-commerce logistics Europe & Asia	6.5%	5.9%	2%	2%
E-commerce logistics North America	6.9%	7.5%	2%	2%
International Mail	6.2%	7.2%	0%	0%

(1) Comparable period 2019: proximity and convenience retail network

The impairment tests performed at CGU level, except for Ubiway Retail network and International mail, did not lead to any impairment of assets, as the recoverable amounts of the (groups of) CGUs were significantly higher than their carrying amounts. More specifically, the difference between the CGUs' carrying amount and their value in use (headroom) represents in all cases at least more than 9% of their carrying amount. As such, a reasonable change in a key assumption on which the recoverable amount of the CGUs is based would not result in an impairment loss for the related CGUs.

In this respect, for e-commerce Logistics North America, e-commerce Europe & Asia and Parcels BeNe, which are the 3 CGUs which represent 96% of the total amount of goodwill, the worst case sensitivity analysis below leads to headroom that is still more than 82% of their respective carrying amounts. The sensitivity of the recoverable amount to changes in the key assumption, long-term growth rate and discount rate is shown in the following table:

	E-COMMERCE LOGISTICS NORTH AMERICA	E-COMMERCE LOGISTICS EUROPE & ASIA	PARCELS BENE
Sensitivity to long-term growth rate -1%	-13.9%	-19.5%	-15.3%
Sensitivity to long-term growth rate +1%	21.1%	30.7%	24.1%
Sensitivity to discount rate -0.5%	11.6%	16.0%	12.7%
Sensitivity to discount rate +0.5%	-9.4%	-12.7%	-10.1%
Sensitivity to EBITDA margin -1%	-9.4%	-31.3%	-16.4%
Sensitivity to EBITDA margin +1%	26.7%	42.0%	21.9%

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

6.22 Investment in associates and joint ventures

IN MILLION EUR	2020	2019
Balance at 1 January	**239.5**	**251.2**
Addition through business combinations	0.0	0.1
Share of results	18.3	15.8
Dividends received	0.0	(5.0)
Transfer to assets held for sale - bpost bank	(241.6)	0.0
Other movements in equity of associates and joint ventures	(16.1)	(22.6)
BALANCE AT 31 DECEMBER	**0.1**	**239.5**

Equity accounted investees decreased by 239.4 million EUR, to 0.1 million EUR as of December 31, 2020. The bpost's share in the gain of bpost bank and Jofico for 18.3 million EUR was more than offset by decrease in the unrealized gain on the bond portfolio of bpost bank in the amount of 16.1 million EUR recognized in other comprehensive income, reflecting a decrease of the underlying yield curve by 18 basis points (bps) compared to December 31, 2019 and the transfer to assets held for sale (241.6 million EUR).

The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but are rather recognized directly in equity in other comprehensive income.

On December 23, 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of participations from bpost to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. As a result, bpost concluded the investment meets the criteria for classification as non-current asset held for sale and therefore the full investment in bpost bank (in the amount of 241.6 million EUR) was transferred to assets held for sale (note 6.20) at year end. Immediately before the initial classification held for sale, bpost applied the equity method. In addition, before the transfer to assets held for sale, bpost assessed whether there was any objective evidence that its net investment in the associate was impaired in accordance with IAS 28, and no impairment trigger was identified.

6.23 Trade and other receivables

As at 31 December

IN MILLION EUR	2020	2019
Loan to associates	0.0	25.0
Contract costs - assets recognized to obtain or fulfil a contract	3.1	3.7
Other receivables	13.5	12.8
NON CURRENT TRADE AND OTHER RECEIVABLES	**16.6**	**41.5**

The decrease of the non-current receivables was mainly due to the transfer of the subordinated loan of 25.0 million EUR granted to bpost bank to current receivables. On December 23, 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of participations from bpost to BNPPF and the repayment of the loan. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021.

As at 31 December

IN MILLION EUR	2020	2019
Trade receivables	572.8	529.3
Terminal dues receivables	148.8	127.2
Tax receivables, other than income tax	5.3	4.3
Loan to associate	25.0	0.0
Other receivables	58.1	56.8
CURRENT TRADE AND OTHER RECEIVABLES	**810.0**	**717.6**

As at 31 December

IN MILLION EUR	2020	2019
Accrued income	10.9	7.6
Deferred charges	38.5	44.1
Other receivables	8.7	5.2
CURRENT - OTHER RECEIVABLES	**58.1**	**56.8**

Current trade and other receivables increased by 92.4 million EUR to 810.0 million EUR (2019: 717.6 million EUR), driven by the increase of the trade receivables by 43.6 million EUR, the transfer of the bpost bank loan from non-current to current receivables (25.0 million EUR) and the increase of terminal dues from postal operators by 21.7 million EUR. The increase of the latter was mainly due to fewer settlements of previous year's outstanding positions with two major postal operators. The increase of the trade receivables was mainly explained by the increased revenues and increased days sales outstanding (DSO).

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

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

6.24 Inventories

As at 31 December

IN MILLION EUR	2020	2019
Raw materials	3.6	3.0
Finished products	6.2	5.3
Goods purchased for resale	24.4	27.3
Reductions in value	(1.5)	(0.9)
INVENTORIES	**32.7**	**34.7**

Inventories decreased by 2.0 million EUR, mainly due to the lower inventory held by Ubiway Retail due to the reduced footfall from COVID-19. Raw materials include consumables, i.e. materials used for printing purposes. Finished products are stamps available for sale. Goods purchased for resale mainly include post cards, supplies for resale, press distribution inventory and retail inventory (tobacco, beverage, multimedia, etc.).

6.25 Cash and cash equivalents

As at 31 December

IN MILLION EUR	2020	2019
Cash in postal network	167.2	163.6
Transit accounts	32.2	105.8
Cash payment transactions under execution	(30.9)	(26.7)
Bank current accounts	574.6	377.4
Short term deposits	205.0	50.0
CASH AND CASH EQUIVALENTS	**948.1**	**670.2**

Cash and cash equivalents increased by 277.9 million EUR as a result of the absence of dividend payment in 2020 and the improvement in cash from operating activities, amongst others as a result of the improvement of the working capital (+121.2 million EUR). This improvement was mainly due to temporary initiatives set up in the context of the pandemic which will be unwound in the course of the first quarter 2021 and due to increased outstanding terminal dues.

6.26 Interest-bearing loans and borrowings

			NON-CASH FLOW CHANGES						
IN MILLION EUR	2019	CASH FLOWS	FOREIGN EXCHANGE MOVEMENT	NEW LEASES	REASSESSMENT	DISPOSAL	TRANSFER	OTHER	2020
Bank loans	182.9	0.0	(13.9)	0.0	0.0	0.0	(9.1)	0.0	159.9
Long-term bond	642.5	0.0	0.0	0.0	0.0	0.0	0.0	1.1	643.7
Other loans	0.7	(0.2)	0.0	0.0	0.0	0.0	0.0	(0.5)	0.0
Non-Current Lease liabilities	350.7	(1.0)	(9.0)	113.0	31.4	(11.1)	(122.7)	10.3	361.5
NON CURRENT INTEREST-BEARING LOANS AND BORROWINGS	**1,176.8**	**(1.2)**	**(22.9)**	**113.0**	**31.4**	**(11.1)**	**(131.9)**	**11.0**	**1,165.0**

Non-current interest-bearing loans and borrowings decreased by 11.8 million EUR to 1,165.0 million EUR. The increase of the lease liabilities was offset by the foreign exchange movement on the unsecured term loan and the decrease of 9.1 million EUR corresponding to the portion of the loan of the European Investment Bank transferred to current interest-bearing loans and borrowings. All movements related to additions and lease details are explained in note 6.18.

IN MILLION EUR	2019	CASH FLOWS	NON-CASH FLOW CHANGES FOREIGN EXCHANGE MOVEMENT	NEW LEASES	REASSESSMENT	DISPOSAL	TRANSFER	OTHER	2020
Bank loans	9.4	(9.5)	0.0	0.0	0.0	0.0	9.1	0.1	9.1
Commercial papers	164.5	1.0	0.0	0.0	0.0	0.0	0.0	(0.5)	165.0
Other loans	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Current Lease liabilities	98.6	(115.4)	(2.2)	0.0	0.0	0.0	122.7	0.0	103.9
CURRENT INTEREST-BEARING LOANS AND BORROWINGS	**272.7**	**(123.8)**	**(2.2)**	**0.0**	**0.0**	**0.0**	**131.9**	**(0.4)**	**278.2**

Current interest-bearing loans and borrowings increased by 5.5 million EUR to 278.2 million EUR, mainly explained by the movement on the lease liabilities.

Note that the total of the columns “cash flow” mentioned in the two tables above amounted to -125.0 million EUR, while “the net flows related to borrowings and lease liabilities” in the consolidated statement of cash flow amounted to -138.8 million EUR. The difference of -13.7 million EUR was mainly due to the interests on the term loan and the yield of bond booked on the trade and other payable accounts, hence are not being disclosed in this note. Furthermore in the consolidated statement of cash flows for the commercial paper the gross amounts related to the settlement and issuing of the different commercial papers in 2020 are presented respectively as cash outflow and cash inflow, whereas in the table above the net cash flow is shown.

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

6.27 Employee benefits

bpost grants its active and retired personnel post-employment benefits, other long term benefits and termination benefits. These benefit plans have been valued in conformity with IAS 19. Some of them originate from measures negotiated in the framework of Collective Labor Agreements (“CLA”). The benefits granted under these plans differ depending on the categories of bpost’s employees: civil servants (also known as statutory employees) and contractual employees. It should also be mentioned that bpost NV/SA has 3 types of contractual employees: pay scale contractual employees, auxiliary agents and non-pay scale contractual employees.

The employee benefits are as follows:

As at 31 December

IN MILLION EUR	2020	2019
Post-employment benefits (note 6.27.1)	(26.8)	(29.4)
Other long-term benefits (note 6.27.2)	(283.4)	(282.2)
Termination benefits (note 6.27.3)	(9.8)	(9.0)
TOTAL	**(320.0)**	**(320.6)**

Net of the deferred tax assets related to them, employee benefits amount to 295.5 million EUR (2019: 296.0 million EUR).

As at 31 December

IN MILLION EUR	2020	2019
Employee benefits	(320.0)	(320.6)
Deferred tax assets impact	24.5	24.6
EMPLOYEE BENEFITS NET OF DEFERRED TAX	**(295.5)**	**(296.0)**

The net liability for employee benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(408.5)	(403.8)
Fair value of plan assets	88.5	83.2
Present value of net obligations	**(320.0)**	**(320.6)**
NET LIABILITY	**(320.0)**	**(320.6)**
Employee benefits amounts in the statement of financial position		
Liabilities	(320.0)	(320.6)
NET LIABILITY	**(320.0)**	**(320.6)**

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

IN MILLION EUR	2020	2019
Present value at 1 January	**(403.8)**	**(373.7)**
Service cost	(25.9)	(27.5)
-Current service cost	*(25.9)*	*(27.5)*
Net interest	(2.6)	(5.0)
Benefits paid	29.3	29.8
Remeasurement gains/(losses) in P&L	(6.2)	(17.8)
-Actuarial gains/(losses)	*(6.2)*	*(17.8)*
Remeasurement gains/(losses) in OCI	0.7	(9.7)
-Actuarial gains/(losses)	*0.7*	*(9.7)*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(408.5)**	**(403.8)**

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

IN MILLION EUR	2020	2019
Fair value of plan assets at 1 January	**83.2**	**65.3**
Contributions by employer	30.9	32.2
Contributions by employee	1.5	1.4
Benefits paid	(29.3)	(29.8)
Interest income/(cost) on assets (P&L item)	0.8	1.1
Actuarial gain/(loss) on assets (OCI item)	1.4	12.9
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**88.5**	**83.2**

The plan assets relate to the group insurance's benefit in accordance with IAS 19. These plan assets are held by a third party insurance company, and are composed of the reserves accumulated from the employer and employee contributions (insured contracts with a guaranteed return).

2020 changes in the defined benefit obligation and fair value of plan assets:

IN MILLION EUR	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF PLAN ASSETS	NET LIABILITY
1 January 2020	**(403.8)**	**83.2**	**(320.6)**
Service cost	(25.9)		(25.9)
Contributions by employee		1.5	1.5
Actuarial gains/(losses) reported as operating	0.8		0.8
Subtotal included in Payroll P&L (note 6.14)	**(25.1)**	**1.5**	**(23.6)**
Interest cost	(2.6)		(2.6)
Interest income/(cost) on assets (P&L item)		0.8	0.8
Actuarial gains/(losses) reported as financial	(7.0)		(7.0)
Subtotal included in Financial P&L (note 6.15)	**(9.6)**	**0.8**	**(8.8)**
Benefits paid	29.3	(29.3)	(0.0)
Contributions by employer		30.9	30.9
SUBTOTAL CASH FLOWS STATEMENT	**(5.5)**	**3.9**	**(1.5)**
Remeasurement gains/(losses) in OCI	0.7	1.4	2.1
31 DECEMBER 2020	**(408.5)**	**88.5**	**(320.0)**

The expense recognized in the income statement is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Service cost	(24.5)	(26.1)
-Current service cost	*(24.5)*	*(26.1)*
Net interest	(1.8)	(3.8)
Remeasurement gains/(losses)	(6.2)	(17.8)
- Actuarial gains/(losses) reported as financial	*(7.0)*	*(21.3)*
- Actuarial gains/(losses) reported as operating	*0.8*	*3.5*
NET EXPENSE	**(32.4)**	**(47.7)**

As regards to post-employment benefits, actuarial gains and losses (both financial and operating) are recognized in other comprehensive income. While, actuarial gains and losses (both financial and operating) on other long-term benefits and termination benefits are recognized immediately in the income statement. Net interest and financial actuarial gains and losses are presented in financial costs. Service cost and operating actuarial gains and losses are presented in payroll costs.

The impact on payroll costs and financial costs in the income statement is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Payroll costs	(23.6)	(22.6)
Financial costs	(8.8)	(25.1)
NET EXPENSE	**(32.4)**	**(47.7)**

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

As at 31 December

IN MILLION EUR	2020	2019
Remeasurement gains/(losses)	2.1	3.2
- Actuarial gains/(losses)	*2.1*	*3.2*
NET EXPENSE	**2.1**	**3.2**

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

	2020	2019
Rate of inflation	1.8%	1.8%
Future salary increase	2.8%	2.8%
Medical cost trend rate	5.0%	5.0%
Mortality tables	MR/FR-2	MR/FR-2

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2020 range from -0.3% to 0.7% (2019: -0.15% to 1%):

BENEFIT	DURATION	DISCOUNT RATE		NET LIABILITY
		2020	2019	2020
Family allowances	6.7	0.20%	0.45%	(18.3)
Bank	15.2	0.65%	1.00%	(2.9)
Funeral expense	7.8	0.30%	0.55%	(2.3)
Gratification	from 11.4 to 11.5	from 0.40% to 0.45%	from 0.70% to 0.75%	(2.0)
Group insurance	from 10.5 to 18.0	from 0.40% to 0.70%	from 0.75% to 1.00%	(1.2)
Accumulated compensated absences	1.7	-0.20%	-0.05%	(17.9)
Workers compensation in case of accidents	12.8	0.50%	0.75%	(131.8)
Medical expenses in case of accidents	17.9	0.70%	1.00%	(12.2)
Pension saving days	8.8	0.35%	0.60%	(98.7)
Jubilee Premiums	from 5.8 to 7.3	from 0.15% to 0.30%	from 0.40% to 0.55%	(1.2)
DSPR/DVVP for Job Mobility Center	8.2	0.35%	0.55%	(16.4)
Part-time regime (54+)	from 1.5 to 3.2	-0.20%	0.00%	(5.1)
Early retirement scheme	from 0.5 to 1.5	-0.30%	from -0.15% to 0.00%	(9.8)

The average duration of the defined benefit plan obligation at the end of 2020 is 11.3 years (2019: 11.3 years).

A quantitative sensitivity analysis for significant assumptions at December 31, 2020 has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

This sensitivity analysis is outlined here below:

	DISCOUNT RATE		MORTALITY TABLE MR/FR	MEDICAL TREND RATE
IN MILLION EUR	50 BP INCREASE	50 BP DECREASE	DECREASE BY 1 YEAR	100 BP INCREASE
Impact on defined benefit obligation decrease/(increase)	21.5	(23.8)	(6.7)	(2.3)

6.27.1 Post-employment

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

FAMILY ALLOWANCES

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

BANK

bpost NV/SA civil servants and contractual employees (both active and pensioner) can benefit from a reduction of the fees charged on the current account as well as favorable interest rates and/or reductions on savings certificates, investment funds, insurances and loans.

GROUP INSURANCE

bpost offers to its active contractual employees (under certain conditions such as the function level) a group insurance benefit. Since the introduction of the WAP/LPC legislation in Belgium these plans have the characteristics of a defined benefit plan under IAS 19.

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

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

Although there is no full consensus in the market concerning the methodology, in 2018 the underlying methodology used for IAS19 accounting of these defined contribution plans has been finetuned taken into account the evolution in methodologies in the market based on new insights. bpost continues to use the PUC (projected unit credit) methodology but without projection of future contributions and salaries as the plans are not backloaded (contributions do not increase with age). The only reason why contributions may materially increase at a later stage of a career is linked to salary increases being higher than indexations in step rate plans. bpost applies paragraph 115 of IAS 19. The assets and liabilities are determined taking into account contractual interest guarantees on mathematical reserves, guaranteed by the insurance company. Applying paragraph 115 may result in higher assets when guaranteed interest rates are higher than the discount rate, resulting in a lower net liability.

The net liability for employee post-employment benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(115.3)	(112.6)
Fair value of plan assets	88.5	83.2
Present value of net obligations	**(26.8)**	**(29.4)**
NET LIABILITY	**(26.8)**	**(29.4)**
Employee benefits amounts in the statement of financial position		
Liabilities	(26.8)	(29.4)
NET LIABILITY	**(26.8)**	**(29.4)**

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

IN MILLION EUR	2020	2019
Present value at 1 January	(112.6)	(98.1)
Service cost	(10.2)	(10.0)
-Current service cost	*(10.2)*	*(10.0)*
Net interest	(0.9)	(1.5)
Benefits paid	7.7	6.6
Remeasurement gains/(losses) in P&L	0.0	0.0
- Actuarial gains/(losses)	*0.0*	*0.0*
Remeasurement gains/(losses) in OCI	0.7	(9.7)
- Actuarial gains/(losses)	*0.7*	*(9.7)*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(115.3)**	**(112.6)**

The fair value of the plan assets is presented as follows:

IN MILLION EUR	2020	2019
Fair value of plan assets at 1 January	**83.2**	**65.3**
Contributions by employer	9.4	9.0
Contributions by employee	1.5	1.4
Benefits paid	(7.7)	(6.6)
Interest income/(cost) on assets (P&L item)	0.8	1.1
Actuarial gain/(loss) on assets (OCI item)	1.4	12.9
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**88.5**	**83.2**

The expense recognized in the income statement is presented hereafter:

As of 31 December

IN MILLION EUR	2020	2019
Service cost	(8.8)	(8.5)
-Current service cost	*(8.8)*	*(8.5)*
Net interest	(0.1)	(0.3)
Remeasurement gains/(losses)	0.0	0.0
- Actuarial gains/(losses) reported as financial	*0.0*	*0.0*
- Actuarial gains/(losses) reported as operating	*0.0*	*0.0*
NET EXPENSE	**(8.9)**	**(8.9)**

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

For the year ended 31 December

IN MILLION EUR	2020	2019
Payroll costs	(8.8)	(8.5)
Financial costs	(0.1)	(0.3)
NET EXPENSE	**(8.9)**	**(8.9)**

The expense recognized in other comprehensive income is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Remeasurement gains/(losses)	2.1	3.2
- Actuarial gains/(losses)	*2.1*	*3.2*
NET EXPENSE	**2.1**	**3.2**

6.27.2 Other long-term employee benefits

Other long-term employee benefits include accumulated compensated absences, pension saving days, part-time benefits, worker compensation in case of accident, medical expenses in case of accident, jubilee premiums and DSPR/DVVP for Job Mobility Center.

ACCUMULATED COMPENSATED ABSENCES

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

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

There was no modification to the calculation methodology compared to 2019. The valuation is based on the future "projected payments / cash outflows". The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the 12 months of 2020. The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

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

PENSION SAVING DAYS

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

The methodology of valuation is based on the same approach as the benefit "Accumulated Compensated Absences". The valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the 12 months of 2020, as provided by the human resources department. The individual "pension saving days" accounts are projected per person and decreased by the actual number of used pension saving days.

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

PART-TIME REGIME (54+)

The regulatory framework regarding part-time regime for bpost employees (plans accessible to civil servants and pay scale contractual employees only) is as follows:

- Framework Agreement of December 20, 2012: partial (50%) career interruption is accessible to the distributors aged 54 and older and to the other employees as from 55 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the distributors and 48 months for the other beneficiaries of the plan.
- Framework Agreement of May 22, 2014: (i) the plan approved in 2012 and accessible to the distributors is extended to the employees working during night and (ii) for the other employees, the plan is accessible as from 55 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers and 48 months for the other beneficiaries of the plan.
- Framework Agreement of June 2, 2016 (valid until December 2016): (i) the plan approved in 2012 for distributors and extended in 2014 to employees working during night is also applicable for collect agents and (ii) for the other employees, the plan is accessible as from 57 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the collect agents and 48 months for the other beneficiaries of the plan;
- Framework Agreement of September 30, 2016: (i) for the distributors, collect agents and the employees working during night, the plan is accessible as from 55 years old and (ii) for the other employees, the minimum age required is 57 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers, distributors and collect agents and 48 months for the other beneficiaries of the plan. This plan is extended until December 2020 following the Framework Agreement of December 20, 2018.

WORKERS COMPENSATION IN CASE OF ACCIDENT

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

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

DSPR/ DVVP FOR JOB MOBILITY CENTER

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

The net liability for other long-term benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(283.4)	(282.2)
Fair value of plan assets	0.0	0.0
Present value of net obligations	**(283.4)**	**(282.2)**
NET LIABILITY	**(283.4)**	**(282.2)**
Employee benefits amounts in the statement of financial position		
Liabilities	(283.4)	(282.2)
NET LIABILITY	**(283.4)**	**(282.2)**

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

IN MILLION EUR	2020	2019
Present value at 1 January	**(282.2)**	**(267.1)**
Service cost	(12.1)	(12.8)
- Current service cost	*(12.1)*	*(12.8)*
Net interest	(1.7)	(3.5)
Benefits paid	17.5	19.1
Remeasurement gains/(losses) in P&L	(5.0)	(18.0)
- Actuarial gains/(losses)	*(5.0)*	*(18.0)*
Remeasurement gains/(losses) in OCI	0.0	0.0
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(283.4)**	**(282.2)**

The expense recognized in the income statement is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Service cost	(12.1)	(12.8)
- Current service cost	*(12.1)*	*(12.8)*
Net interest	(1.7)	(3.5)
Remeasurement gains/(losses)	(5.0)	(18.0)
- Actuarial gains/(losses) reported as financial	*(7.0)*	*(21.3)*
- Actuarial gains/(losses) reported as operating	*2.0*	*3.3*
NET EXPENSE	**(18.8)**	**(34.2)**

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

For the year ended 31 December

IN MILLION EUR	2020	2019
Payroll costs	(10.1)	(9.5)
Financial costs	(8.7)	(24.7)
NET EXPENSE	**(18.8)**	**(34.2)**

6.27.3 Termination benefits

EARLY RETIREMENT SCHEME

The bpost NV/SA early retirement plans are as follows :

- An early retirement plan was approved by the Joint Committee of July 23, 2015 linked to the Alpha plan. This plan was accessible to civil servants whose function was impacted by Alpha and under certain conditions of age and seniority. bpost NV/SA continues to pay to the beneficiaries a portion (between 65% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age. Besides this, an exceptional yearly allowance was paid, whereof the amount depends on the duration of the early-retirement.
- The plan covered by the Framework Agreement of June 2, 2016 (open until end of December 2016) and accessible to civil servants under certain conditions of age, seniority and service organization. bpost NV/SA continues to pay to the beneficiaries a portion (between 60% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age.
- The plan covered by the Framework Agreement of September 30, 2016 and accessible to civil servants under certain conditions of age, seniority and service organization. bpost NV/SA continues to pay to the beneficiaries 75% of their salary at departure and until they reach retirement age, with a maximum of 5 years. This plan has an indefinite duration.

The Ubiway group retirement plans are as follows :

- In 2011, a first plan of early retirement had been announced in the framework of a restructuring under the procedure Renault. The plan was accessible for people with a minimum age of 55 year and will end in 2021. AMP pays on monthly base an indemnity till the moment of the legal retirement. The payment corresponds to 80% of the difference between : (the last net salary * 14.92) /12 and the social allowance. The plan was presented to the Works Council on September 22, 2011 and was open until September 22, 2013.
- A second plan of early retirement had been announced in 2014 in the framework of a restructuring under the procedure Renault. The plan was accessible for people with a minimum age of 55 year and will end in 2024. AMP pays on monthly base an indemnity till the moment of the legal retirement. The payment corresponds to 80% of the difference between : (the last net salary * 14.92) /12 and the social allowance. The plan was presented to the Works Council on May 22, 2014 and was open until September 09, 2016.
- Given the economic and financial challenges, Ubiway has put a concept of soft exit for their employees with a financial incentive in place. Employees older than 59 year could opt for a part-time career interruption in combination with early legal retirement or early legal retirement. During the career interruption, the employee receives a monthly additional premium and a one-off premium when they reach the early retirement age (24.000 EUR for day workers and 38.000 EUR for night workers). Employees above 59 years, opting for early legal retirement receive the one-off premium as well. The plan was presented to the Works Council on September 16, 2020 and was open until December 31, 2020.

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

The net liability for termination benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(9.8)	(9.0)
Fair value of plan assets	0.0	0.0
Present value of net obligations	**(9.8)**	**(9.0)**
NET LIABILITY	**(9.8)**	**(9.0)**
Employee benefits amounts in the statement of financial position		
Liabilities	(9.8)	(9.0)
NET LIABILITY	**(9.8)**	**(9.0)**

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

IN MILLION EUR	2020	2019
Present value at 1 January	**(9.0)**	**(8.5)**
Service cost	(3.6)	(4.7)
- Current service cost	*(3.6)*	*(4.7)*
Net interest	0.0	0.0
Benefits paid	4.1	4.1
Remeasurement gains/(losses) in P&L	(1.2)	0.2
- Actuarial gains/(losses)	*(1.2)*	*0.2*
Remeasurement gains/(losses) in OCI	0.0	0.0
- Actuarial gains/(losses)	*0.0*	*0.0*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(9.8)**	**(9.0)**

The expense recognized in the income statement is presented hereafter:

As at 31 December

IN MILLION EUR	2020	2019
Service cost	(3.6)	(4.7)
- Current service cost	*(3.6)*	*(4.7)*
Net interest	0.0	0.0
Remeasurement gains/(losses)	(1.2)	0.2
- Actuarial gains/(losses) reported as financial	*0.0*	*0.0*
- Actuarial gains/(losses) reported as operating	*(1.1)*	*0.2*
NET EXPENSE	**(4.8)**	**(4.6)**

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

As at 31 December

IN MILLION EUR	2020	2019
Payroll costs	(4.8)	(4.5)
Financial costs	(0.0)	0.0
NET EXPENSE	**(4.8)**	**(4.6)**

6.28 Trade and other payables

As at 31 December

IN MILLION EUR	2020	2019
Trade payables	1.3	1.4
Other payables	47.3	26.2
NON-CURRENT TRADE AND OTHER PAYABLES	**48.6**	**27.7**

Non-current trade and other payables amounted to 48.6 million EUR and consisted mainly of the working capital provided by bpost bank enabling bpost to conduct business on behalf of bpost bank and the purchase of the remaining shares of Active Ants International and Anthill. The increase compared to last year was mainly explained by the increase of the contingent consideration of Anthill and the recognition of the liability for 25% of the shares of Active Ants International, see note 6.7 business combinations.

As at 31 December

IN MILLION EUR	2020	2019
Trade payables	447.4	363.5
Collected proceeds due to clients	90.7	98.7
Terminal dues from postal operators	261.0	166.3
Payroll and social security payables	359.5	336.8
Tax payable other than income tax	13.3	10.3
Transit account franking machines	10.2	9.7
Working capital provided for postal financial services	18.8	18.8
Cash guarantees received	10.2	13.4
Accruals (excluding terminal dues)	140.8	173.5
Deferred income	75.1	51.9
Other payables	11.3	7.9
CURRENT TRADE AND OTHER PAYABLES	**1,438.4**	**1,250.9**

The carrying amounts are considered to be a reasonable approximation of the fair value. :

The increase of current trade and other payables by 187.6 million EUR to 1,438.4 million EUR was mainly explained by:

- The net increase of trade payables and accruals by 51.2 million EUR mainly due to some temporary working capital initiatives set up by Radial US in the context of the pandemic.
- Terminal dues from postal operators increased by 94.7 million EUR to 261.0 million EUR in line with the cross border activities expansion and fewer settlements of the previous year's outstanding positions.
- The increase of the outstanding payroll and social security payables (22.7 million EUR) was mainly explained by the higher headcount compared to last year and the deferral of some payroll taxes in the US given COVID-19 measures allowed by governmental authorities.
- The increase of the deferred income by 23.2 million EUR was mainly due to the higher sales of stamps in December 2020 compared to December 2019 and the slower usage of the stamps.

Contract liabilities

As at 31 December

IN MILLION EUR	2020	2019
Stamps sold not yet used and credit on franking machine	47.0	36.2
Other contract liabilities	25.1	11.8
CONTRACT LIABILITIES	**72.1**	**48.0**

The considerations paid already by customers that have been allocated to the remaining performance obligation that are (partially) unsatisfied at reporting date amounted to 47.0 million EUR and are mainly related to stamps and credits on franking machine sold but not yet used by customers at balance sheet date. At year-end the performance obligation for the SGEI has been satisfied and no contract liabilities are recorded.

6.29 Provisions

IN MILLION EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACT	RESTRUCTURING & OTHER	TOTAL
Balance at 1 January 2019	16.2	0.6	14.1	8.5	39.3
Additional provisions recognized	2.1	0.0	0.0	3.2	5.3
Addition through Business Combinations	0.0	0.0	0.0	0.0	0.0
Provisions used	(0.3)	0.0	(5.9)	(2.6)	(8.8)
Provisions reversed	(2.3)	0.0	(2.6)	(1.3)	(6.3)
Exchange rate difference	0.0	0.0	0.3	0.0	0.3
Other movements	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2019	**15.7**	**0.5**	**5.9**	**7.7**	**29.8**
Non current balance at end of year	11.6	0.5	3.3	0.7	16.2
Current balance at end of year	4.1	0.0	2.6	7.0	13.7
	15.7	**0.5**	**5.9**	**7.7**	**29.8**
Balance at 1 January 2020	15.7	0.5	5.9	7.7	29.8
Additional provisions recognized	4.0	2.1	0.5	3.4	10.1
Addition through Business Combinations	0.0	0.0	0.0	0.0	0.0
Provisions used	0.0	0.0	(2.7)	(3.2)	(5.9)
Provisions reversed	(4.5)	0.0	(0.7)	(1.5)	(6.8)
Exchange rate difference	0.0	0.0	(0.2)	0.0	(0.2)
BALANCE AT 31 DECEMBER 2020	**15.2**	**2.6**	**2.8**	**6.4**	**27.0**
Non current balance at end of year	12.0	0.5	0.7	0.1	13.3
Current balance at end of year	3.2	2.1	2.1	6.2	13.7
	15.2	**2.6**	**2.8**	**6.4**	**27.0**

The provision for litigation amounted to 15.2 million EUR. It represents the expected financial outflow relating to many different (actual or imminent) litigations between bpost and third parties.

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

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

- A claim for damages in an alleged (provisional) amount of approximately 21.1 million EUR (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail NV/SA. The Brussels commercial court rejected Publimail's claim on May 3, 2016. Publimail appealed this decision on December 16, 2016. The appeal is now pending before the Brussels Court of Appeal. The case is due to be pleaded in April 2021. A judgement is not expected before the end of the second quarter 2021.
- A claim for damages in an alleged (provisional) amount of approximately 28.0 million EUR (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV/SA and pending before the Brussels commercial court. Certain aspects of the contractual relationship between Link2Biz and bpost are also the subject of a cease and desist order (adopted on June 21, 2010), which bpost has appealed in August 2010 and which is currently pending before the Brussels Court of Appeal. It is expected that the Court will remove this matter from the register following the closure of the bankruptcy proceedings by the Company Court of Walloon Brabant in April 2020.

All claims and allegations are contested by bpost.

Finally, on December 10, 2012, the Belgian Competition Authority concluded that certain aspects of bpost's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately 37.4 million EUR. While bpost paid the fine in 2013, it contested the Belgian Competition Authority's findings and appealed the decision before the Brussels Court of Appeal. On November 10, 2016, the Brussels Court of Appeal annulled the Authority's decision. The Belgian Competition Authority appealed this judgment before the Supreme Court on points of law. On November 22, 2018, the Supreme Court annulled the judgment and referred the case to the Brussels Court of Appeal for retrial. By a judgement dated February 19, 2020, the Brussels Court of Appeal decided to refer 2 questions to the EU Court of Justice ("**ECJ**") for a preliminary ruling. A decision of the ECJ[1] is not expected before second quarter 2021.

The provision related to **environment** issues amounted to 2.6 million EUR. It covers soil sanitation.

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

Other provisions include expected costs related to obligations for repairs and legal obligations among others. As at December 31, 2020 other provisions amounted to 6.4 million EUR.

1 *The ECJ hands down its decision to the referring court, which is then obliged to implement the ruling.*

6.30 Financial assets and financial liabilities

The following tables provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities:

IN MILLION EUR As of 31 December 2019	CARRYING AMOUNT	FAIR VALUE CATEGORIZED QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)
FINANCIAL ASSETS MEASURED AT AMORTIZED COST				
Non-Current				
Financial assets	37.6	0.0	37.6	0.0
Current				
Financial assets	1,391.8	0.0	1,391.8	0.0
TOTAL FINANCIAL ASSETS	1,429.4	0.0	1,429.4	0.0
FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST (EXCEPT FOR DERIVATIVES):				
Non-Current				
Long-term bond	642.5	674.8	0.0	0.0
Financial liabilities	561.9	0.0	561.9	0.0
Current				
Derivatives instruments - forex swap	0.6	0.0	0.6	0.0
Derivatives instruments - forex forward	0.7	0.0	0.7	0.0
Financial liabilities	1,528.1	0.0	1,528.1	0.0
TOTAL FINANCIAL LIABILITIES	2,733.8	674.8	2,091.3	0.0

IN MILLION EUR As of 31 December 2020	CARRYING AMOUNT	FAIR VALUE CATEGORIZED QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)
FINANCIAL ASSETS MEASURED AT AMORTIZED COST				
Non-Current				
Financial assets	13.5	0.0	13.5	0.0
Current				
Financial assets	1,756.8	0.0	1,756.8	0.0
TOTAL FINANCIAL ASSETS	1,770.4	0.0	1,770.4	0.0
FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST (EXCEPT FOR DERIVATIVES):				
Non-Current				
Long-term bond	643.7	680.6	0.0	0.0
Financial liabilities	569.9	0.0	569.9	0.0
Current				
Derivatives instruments - forex swap	0.2	0.0	0.2	0.0
Derivatives instruments - forex forward	0.2	0.0	0.2	0.0
Financial liabilities	1,716.6	0.0	1,716.6	0.0
TOTAL FINANCIAL LIABILITIES	2,930.5	680.6	2,286.9	0.0

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

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

Financial assets measured at amortized cost

In 2020 the subordinated loan granted to bpost bank (25.0 million EUR) has been classified as current instead of non-current as the loan will be reimbursed within the year 2021 in line with non-binding agreement on the future long-term partnership of bpost bank NV/SA.

Financial liabilities measured at amortized cost – non-current

At the end of 2020, the non-current financial liabilities consisted of:

- 185.0 million USD unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and has been extended in 2020 to July 2023.
- 650.0 million EUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 million EUR to hedge the interest risk of the bond.
- 9.1 million EUR EIB (European Investment Bank) loan (floating interest rate). bpost took out a 100.0 million EUR loan from the EIB on May 5, 2007. It has a yearly reimbursement of 9.1 million EUR and last payment is foreseen in 2022. The yearly amount of 9.1 million EUR is included in the section "Interest-bearing loans and borrowings - current".
- Liabilities related to leases: 361.5 million EUR.

Derivative instruments

bpost is exposed to certain risks relating to its daily business operations. The primary risk is the foreign currency risk and is managed using derivative instruments. bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries. At year end 2020 the impact of the fair value of the forward contracts and foreign exchange swap contracts amounted to an increase of the liabilities by 0.3 million EUR.

Financial liabilities measured at amortized cost – current

At year end 2020 the outstanding commercial paper issued by bpost amounted to 165.0 million EUR. The maturity of the different commercial papers ranges between 1 to 6 months. Given the current market conditions, bpost can benefit from negative interest rates. The outstanding balance of liabilities related to leases amounted to 103.9 million EUR.

6.31 Derivative financial instruments and hedging

Derivative instruments

bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries.

At year-end 2020 bpost had three foreign exchange swaps and three foreign exchange forwards outstanding, four with ING and two with Société Générale.

On January 2020, July 2020 and November 2020 bpost entered into two swap contracts and one foreign exchange forward to exchange 0.9 million SGD against 0.5 million EUR to cover the currency risk of a specific debt in SGD.

On July 2020 bpost entered in a swap contract with ING to exchange 8.8 million GBP against 9.6 million EUR to cover the currency risk of a specific debt in GBP.

The other foreign exchange swap started on September 2020 to exchange 6.0 million HKD with 0.7 million EUR.

Furthermore on May 2018 bpost underwrote one foreign exchange forward to exchange 3.0 million USD with 2.3 million EUR. This contract is used to cover the currency risk of specific debts in USD.

Interest Rate Swap

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

In July 2018, bpost issued a 650.0 million EUR 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of 21.5 million EUR split between an effective part 20.0 million EUR and an ineffective part 1.5 million EUR. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (20.0 million EUR) has been recognized in other comprehensive income (amount net of tax is 14.8 million EUR) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2020 a net amount of 1.9 million EUR has been reclassified to the income statement.

Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to 143.0 million USD, whereas the carrying amount converted into EUR amounted to 116.5 million EUR. At December 31, 2020 the net profit on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to 11.0 million EUR. There was no ineffectiveness in 2020.

6.32 Contingent liabilities and contingent assets

As described under note 6.28, the Brussels Court of Appeal annulled the Belgian Competition Authority's decision imposing a fine of 37.4 million EUR on November 10, 2016. The Belgian Competition Authority appealed this judgment before the Supreme Court on points of law. On November 22, 2018, the Supreme Court annulled the judgment and referred the case to the Brussels Court of Appeal for retrial. By a judgement dated February 19, 2020, the Brussels Court of Appeal decided to refer 2 questions to the EU Court of Justice ("ECJ") for a preliminary ruling. A decision of the ECJ[1] is expected within 2 years. The foregoing constitutes a contingent asset as, should the Court of Appeal annul the Belgian Competition Authority's decision, bpost may recover the fine of 37.4 million EUR (excluding interests).

1 *The ECJ hands down its decision to the referring court, which is then obliged to implement the ruling.*

In October 2020, Radial North America experienced a ransomware attack impacting a portion of its US operations, including technology services and downstream impacts to its operational services. An in-depth analysis with the assistance of leading forensic investigation providers concluded this was an encryption attack meant to halt business operations so that the attackers could make a ransom demand. The attack and the malware was not capable of exfiltrating or stealing data and there is no indication that any client or personal data left Radial North America systems. In addition, Radial North America's payment processing systems were not impacted by any aspect of the attack. Immediately following the attack, Radial North America shut down its technology services voluntarily to halt the attack and enable the recovery of systems in a safe manner. Within a reasonable timeframe following the attack and prior to the 2020 peak holiday period, Radial North America managed to regain sufficient functionality in its technology services in order to restart operations at all of its locations. Radial North America maintains two layers of cyber insurance coverage and is currently in the process of developing and submitting its claim in connection with the ransomware attack. As such, bpost is unable at the reporting date to estimate the amount that can be recovered under its cyber insurance policies in connection with the ransomware attack. In 2020 the net estimated costs amounted to 9.2 million EUR, the insurance coverage should be sufficient to cover the 2020 estimated costs.

6.33 Rights and commitments

Lease contracts signed but not started yet

Two significant new leases contracts have been signed for which the start date is after the statement of financial position date. The contract is related to the lease for the new headquarters of the group, start date foreseen end 2021, duration of 15 years with an estimated right-of-use asset of 48.4 million EUR. Radial Inc will have an additional location from the second quarter 2021 and a duration of 18 months with an estimated impact of 5.0 million EUR.

Guarantees received

At 31 December 2020, bpost benefits from bank guarantees amounting to 45.9 million EUR, issued by banks on behalf of bpost's customers. These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At 31 December 2020, merchandise representing a sales value of 3.4 million EUR had been consigned by partners for the purpose of sale through the postal network.

Revolving credit facilities

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

Guarantees given

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

bpost has an agreement with BNP, Belfius, ING and KBC, according to which they agree to provide for up to 88.1 million EUR in guarantees for bpost upon simple request. Furthermore bpost has provided for an amount of 8.8 million EUR of guarantees to third parties.

Funds of the State

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

6.34 Related party transactions

a) Relations with the shareholders

THE BELGIAN STATE AS A SHAREHOLDER

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

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

THE BELGIAN STATE AS PUBLIC AUTHORITY

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

THE BELGIAN STATE AS A CUSTOMER

The Belgian State is one of bpost's largest customers. Including the remuneration for the Services of General Economic Interest ("SGEIs"), 9.5% of bpost's total operating income in 2020 was attributable to the Belgian State and State related entities.

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

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

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

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

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

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

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

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

In December 2019 the Belgian Federal Council of Ministers decided to extend the current press concessions with bpost for a period of two years (2021-2022) at the conditions that apply for 2020, as specified in the current concessions. This decision is being notified to the European Commission.

In December 2020, the Belgian Government decided to extend the 6th management contract until December 31, 2021. The extension will be notified to the European Commission.

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

The compensation granted to bpost in respect of the SGEIs is being disclosed in note 6.9 of the annual report and amounted to 267.2 million EUR for 2020 (271.0 million EUR in 2019).

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

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

In 2015, the Belgian State unilaterally decided to reduce the compensation for 2015 by 6.5 million EUR. Nevertheless, bpost has reserved its rights and booked an equivalent amount of doubtful debt that is still outstanding per end of December 2020. Including the doubtful debtor, the outstanding amount owed by the Belgian State for the SGEI remuneration on December 31, 2020 amounted to 105.0 million EUR (109.7 million EUR on December 31, 2019). bpost has also provided a bank guarantee of 5.4 million EUR with respect to the SGEI remuneration to the Belgian State.

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

b) Consolidated companies

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

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

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

c) Relations with associates and joint ventures

BPOST BANK

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

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

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

bpost bank had approximately 719,407 current accounts and 865,804 savings accounts as of December 31, 2020. All accounts include basic services such as debit cards, access to payment and money transfer services and cash withdrawals at post office tellers or ATMs. bpost also offers the MasterCard bpost bank credit card.

bpost bank's customer lending activity consists of granting or offering consumer credits and mortgages credits. As of December 31, 2020, bpost bank had approximately 6,534 million EUR in loans on its balance sheet.

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

BANKING AND INSURANCE PARTNERSHIP AGREEMENT

The cooperation between bpost bank and BNP Paribas Fortis with respect to bpost bank is set out in a banking partnership agreement that was renegotiated and signed on December 13, 2013 until December 31, 2021.

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

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

The cooperation between AG Insurance, bpost bank and bpost is set out in an insurance distribution agreement that was renegotiated and signed on December 17, 2014. The distribution agreement provides for an access fee, commissions on all the insurance products sold by bpost and additional commissions if certain sales objectives are achieved.

bpost bank pays bpost a commission determined in accordance with market conditions for the distribution of banking and insurance products and for the performance of certain back-office activities. The amount of the commission for the distribution of banking and insurance products depends, inter alia, on the interest margin realized by bpost bank, the assets under management and the sales of financial/insurance products realized by bpost's retail network. Total income related to banking and financial products amounted to 155.1 million EUR in 2020 (2019: 165.3 million EUR), of which a significant amount is related to the commission paid by bpost bank. The amount owed by bpost bank to bpost on December 31, 2020 amounted to 8.1 million EUR (2019: 8.1 million EUR).

On December 23, 2020, bpost and BNP Paribas Fortis signed a non-binding letter of intent expressing the intention of BNP Paribas Fortis to acquire bpost's 50% holding in bpost bank and become its sole shareholder. The purchase price will be calculated based on the IFRS net asset value at time of closing. bpost would continue to provide banking services through its physical network of post offices, thereby ensuring high-quality service and thus secure future revenue from the banking activities within bpost. Pricing for these banking services is subject to further discussions. However, bpost currently does not expect a material deviation from the revenues under the new commercial agreement than it could have expected under the existing agreements with BNP Paribas Fortis and bpost bank, subject to bpost sales performance and the market circumstances. The current context of low margins, low interest rates and stringent capital requirements to keep a smaller independent bank up and running, are at the basis of the envisaged agreement. Through this long-term partnership, bpost and BNPPF bolster their sustainable commercial relationship built on a shared proximity strategy to offer financial services through a branch network close to the citizen. This confirms the continued future added value of bpost's network and with that, the bpost bank clients can count on a continuity in excellent service in their familiar environment.

bpost and BNP Paribas Fortis have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. The duration of the future partnership is seven (7) years. The transaction will be subject to customary conditions, including regulatory approvals.

WORKING CAPITAL

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

DIVIDEND

In 2020, bpost received no dividend from bpost bank (5.0 million EUR in 2019).

JOFICO

On November 4, 2019, bpost NV/SA, AXA Bank Belgium NV/SA, Crelan NV/SA, Argenta Spaarbank NV/SA and vdk bank NV/SA incorporated the joint venture "Jofico CV". This joint venture in which each shareholder has an equal part, aims at implementing an ATM-as-a-service model according to which the participating companies will combine forces for the purchase and maintenance of their respective ATM network.

d) Compensation of key management

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

As further described in the Remuneration Report, the remuneration of the members of the Board of Directors (with the exception of the CEO) was approved by the General Shareholders' Meeting of 25 April 2000 and continued to be applicable in 2020. In compliance with the applicable corporate governance requirements, bpost will submit a new remuneration policy for the members of its Board Directors and of the Group Executive Committee, applicable as from January 1, 2021, to the vote of its shareholders at the Shareholders' Meeting of May 12, 2021.

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

In 2020, total remuneration paid to the Board of Directors' members (excluding the CEO) amounted to 0.3 million EUR (2019: 0.4 million EUR).

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

For the year ended December 31, 2020, a total remuneration of 4.7 million EUR (2019: 4.2 million EUR) excluding the variable remuneration was paid to CEO and the members of the Group Executive Committee, and can be broken down as follows:

- base remuneration: 3,764,758.31 EUR (2019: 3,384,170.62 EUR)
- pension contribution : 656,837.00 EUR (2019: 563,678.86 EUR)
- other benefits : 359,723.63 EUR (2019: 247,302.03 EUR)

In addition, the CEO and the members of the Group Executive Committee received in 2020 a global variable remuneration of 1,095,854.63 EUR (2019: 819,139.09 EUR) because the corporate objectives and the individual targets for the year that ended on December 31, 2019 were met (the 2019 assessment was only completed in 2020).

No shares, stock options or other rights to acquire shares (or other share-based remuneration) were granted to or exercised by the CEO or the other members of the Group Executive Committee or have expired in 2020. No options under previous stock option plans were still outstanding for the financial year 2020.

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

6.35 Group companies

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

- The business activities of **Active Ants, Multichannel Fulfilment** and **AtoZ** consist of cross-border e-fulfilment for webshops, including product storing, picking, packing, transport and shipping and returns handling. On April 1, 2020 **Active Ants International** was established in order to further expand the fulfilment business across Europe. The first expansion takes place in Belgium through **Active Ants Belgium**, created on December 11, 2020.
- **Apple Express Courier** (Miami) and **Apple Express Courier** (Canada) are logistics and supply chain companies specializing in premium expedited and dedicated transportation, value-added forward and reverse warehousing services and end-mile delivery services in Canada.
- **bpost Singapore** and **bpost Hong-Kong** provide a full range of delivery and logistics solutions, including cross-border mail and parcels and e-commerce fulfilment. Both entities are mainly focused on directly collecting parcels from overseas e-commerce companies and businesses for delivery in Europe and other regions. **bpost International Logistics (Beijing) Co.** is a company affiliated to **bpost Hong Kong** and is established in Beijing (China). It offers a full range of cross-border parcel distribution services to the Chinese e-tailers and consolidators, with a strong focus on delivery of parcels to ruropean and other global buyers. It is primarily active in Beijing, Shanghai and Shenzhen.
- **DynaGroup** offers a range of specialized logistics services and software, from the repair of electronics (from smartphones and drones to coffee machines) to personalized e-commerce delivery services, for both small products (such as smartphones) and large consumer products (such as the delivery and installation of large televisions, washing machines and furniture). DynaGroup also provides safe and reliable services for governments and financial institutions, such as the delivery of passports and the finalizing of contracts at the customer's home.
- **Euro-Sprinters** is a courier service offering express deliveries of any size 7 days a week, 24 hours per day, within Belgium as well as internationally.
- **Freight 4U Logistics** is a ground handler based in Brussels and Liège airports areas with services including freight breakdown, sorting and processing of freight, import and export customs activities and freight forwarding.
- **Freight Distribution Management Systems** and **FDM Warehousing** are specialized in providing a personalized customer service for warehousing, fulfillment and distributing products in Australia. Its businesses consist of third party logistics (3PL) warehousing, transport & distribution.
- **Landmark Global** and **Landmark Trade Services** are leading international parcels consolidators respectively based in the US and Canada. They are mainly focused on the distribution of e-commerce parcels from U.S.-based e-tailers into Canada, Europe, Australia and Latin America. They also offers various logistics solutions and fulfillment services in locations in the United States and Canada for their e-commerce customers.
- **Landmark Global (UK)** is a UK based mail, parcel and transport company providing global logistics solutions to the market in UK. Based near to Heathrow airport, Landmark Global (UK) has a customs bonded facility enabling to offer customs clearance services and x-ray security screening services. Landmark Global (UK) acts as an inbound and outbound gateway for other bpost entities around the world.
- **Landmark Trade Services (UK)** provides import services for goods entering the UK. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports. **Landmark Trade Services USA** provides import services for goods entering the US.
- **Leen Menken Foodservices Logistics** is a logistic operator for the storage, logistics and distribution of refrigerated and frozen products for e-commerce.
- **Radial Netherlands**[1] provides import services for US customers looking to sell their products in Europe. This includes customs clearance services, warehousing, pick & pack and last mile delivery. Landmark Trade Services (Netherlands) focuses on advising new US customers on how to enter their products into Europe. This includes both advice on customs/VAT set-up and on product registration in the various European countries.

1 *Previously Landmark Global (Netherlands*

- **Radial Poland**[1] provides fulfillment, logistics and distribution activities. It operates as logistics and distribution partner for direct selling companies across Western, Central and Eastern Europe.
- **Radial**'s American and other European entities market a range of services all along the e-commerce logistics chain. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfillment and delivery options, intelligent fraud protection and payment processing and personalized customer care services, allowing brands to simplify their post click experience and improve their customer service.
- Speos Belgium manages outgoing document flows for its customers, specializing in the outsourcing of financial and administrative documents, such as invoices, bank statements and salary slips. Services include document generation, printing and enclosing, electronic distribution and archiving.
- **The Mail Group** (TMG) is a full-service mail delivery provider handling business-critical mail, parcels and publications from customers located throughout North America and elsewhere. It provides creative, customized, cost-effective delivery solutions with personalized customer care. The Mail Group includes **Mail Services Incorporated (MSI), IMEX Global Solutions** and **M.A.I.L.**.
- The activities of **Ubiway Group** relate to press logistics, non-press logistics and convenience & proximity retail. **AMP** is a prominent player in the Belgian press distribution market with a large number of points of sale serviced and a large number of titles distributed. **Ubiway Retail** is a significant player in the national press, tobacco and convenience retail market with a network of shops mostly operated under the Press Shop, Relay, Hello! and Hubiz brands.

NAME	SHARE OF VOTING RIGHTS IN % TERMS 2020	2019	COUNTRY OF INCORPORATION
bpost bank NV-bpost banque SA	50%	50%	Belgium
Jofico CV	20%	20%	Belgium

NAME	SHARE OF VOTING RIGHTS IN % TERMS 2020	2019	COUNTRY OF INCORPORATION
Alteris NV-SA	100.0%	100.0%	Belgium
Certipost NV-SA	100.0%	100.0%	Belgium
Euro-Sprinters NV-SA	100.0%	100.0%	Belgium
CYDEP NV-SA	100.0%	100.0%	Belgium
Parcify NV-SA(2)	-	100.0%	Belgium
Radial Poland Sp z o.o.(1)	100.0%	100.0%	Poland
Speos Belgium NV-SA	100.0%	100.0%	Belgium
Mail Services INC	100.0%	100.0%	USA
Landmark Global (UK) LTD	100.0%	100.0%	UK
bpost Hong Kong LTD	100.0%	100.0%	Hong Kong
bpost Singapore Pte. LTD	100.0%	100.0%	Singapore
bpost International Logistics (Beijing) Co., LTD	100.0%	100.0%	China
bpost U.S. Holdings INC	100.0%	100.0%	USA
Landmark Global, INC	100.0%	100.0%	USA
Landmark Trade Services, LTD	100.0%	100.0%	Canada
Landmark Global (Australia) Distribution PTY LTD(2)	-	100.0%	Australia
Radial (Netherlands) BV(3)	100.0%	100.0%	Netherlands

1 *Previously Landmark Global (Poland)*

Landmark Trade Services (Netherlands) BV	100.0%	100.0%	Netherlands
Landmark Trade Services (UK) LTD	100.0%	100.0%	UK
Landmark Trade Services USA, INC	100.0%	100.0%	USA
Apple Express Courier INC	100.0%	100.0%	USA
Apple Express Courier LTD	100.0%	100.0%	Canada
Freight Distribution Management Systems PTY, LTD	100.0%	100.0%	Australia
FDM Warehousing PTY, LTD	100.0%	100.0%	Australia
AMP NV-SA	100.0%	100.0%	Belgium
Import Lux Burnonville SARL(2)	-	100.0%	Luxemburg
Ubiway NV-SA	100.0%	100.0%	Belgium
Ubiway Services NV-SA	100.0%	100.0%	Belgium
Internationale Boekhandel Distributiedienst NV-SA(2)	-	100.0%	Belgium
Distridijle NV-SA(2)	-	100.0%	Belgium
Ubiway Retail NV-SA	100.0%	100.0%	Belgium
kariboo! NV-SA	100.0%	100.0%	Belgium
Bubble Post NV-SA(2)	-	100.0%	Belgium
Welcome Media NV-SA	100.0%	100.0%	Belgium
Dynagroup BV	100.0%	100.0%	Netherlands
Dynafix Repair BV	100.0%	100.0%	Netherlands
Dynalogic Benelux BV	100.0%	100.0%	Netherlands
Dynafix Care BV	100.0%	100.0%	Netherlands
Dynalogic Courier BV	100.0%	100.0%	Netherlands
Dynafix Computer Repair BV	100.0%	100.0%	Netherlands
Dynasure BV	100.0%	100.0%	Netherlands
Dynafix Onsite BV	100.0%	100.0%	Netherlands
Dynalinq BV	100.0%	100.0%	Netherlands
Dynalogic Belgium NV	100.0%	100.0%	Belgium
Radial Solutions Hong Kong LTD	100.0%	100.0%	Hong Kong
Radial Holdings LP	100.0%	100.0%	USA
Radial Commerce INC	100.0%	100.0%	USA
Radial South LP	100.0%	100.0%	USA
Radial INC	100.0%	100.0%	USA
Radial Luxembourg SARL	100.0%	100.0%	Luxembourg
Radial Omnichannel Technologies India Private LTD	100.0%	100.0%	India
Radial Omnichannel International SLU	100.0%	100.0%	Spain
Radial Fulfillment GmbH	100.0%	100.0%	Germany
Radial GmbH	100.0%	100.0%	Germany
Radial Commerce LTD	100.0%	100.0%	UK
Radial Solutions Singapore PTE LTD	100.0%	100.0%	Singapore
Radial E-commerce (Shanghai) Corp. LTD	100.0%	100.0%	China
bpost North America Holdings, INC	100.0%	100.0%	USA
Radial III GP, LLC	100.0%	100.0%	USA
Radial South GP, LLC	100.0%	100.0%	USA

IMEX Global Solutions, LLC	100.0%	100.0%	USA
M.A.I.L. (Mailing Assistance In Lafayette), INC	100.0%	100.0%	USA
Leen Menken Foodservice Logistics BV	100.0%	100.0%	Netherlands
Active Ants BV	75.0%	63.6%	Netherlands
Anthill BV	75.0%	63.6%	Netherlands
Radial Italy SRL	100.0%	100.0%	Italy
Atoz Global BV	75.0%	63.6%	Netherlands
Multi Channel Services Fulfillment BV	75.0%	63.6%	Netherlands
Freight 4U Logistics BVBA	100.0%	-	Belgium
Active Ants International BV	75.0%		Netherlands
Active Ants Belgium BV	75.0%		Belgium

(1) Previous name : Landmark Global (PL) Sp z o.o.

(2) Liquidated during the year 2020

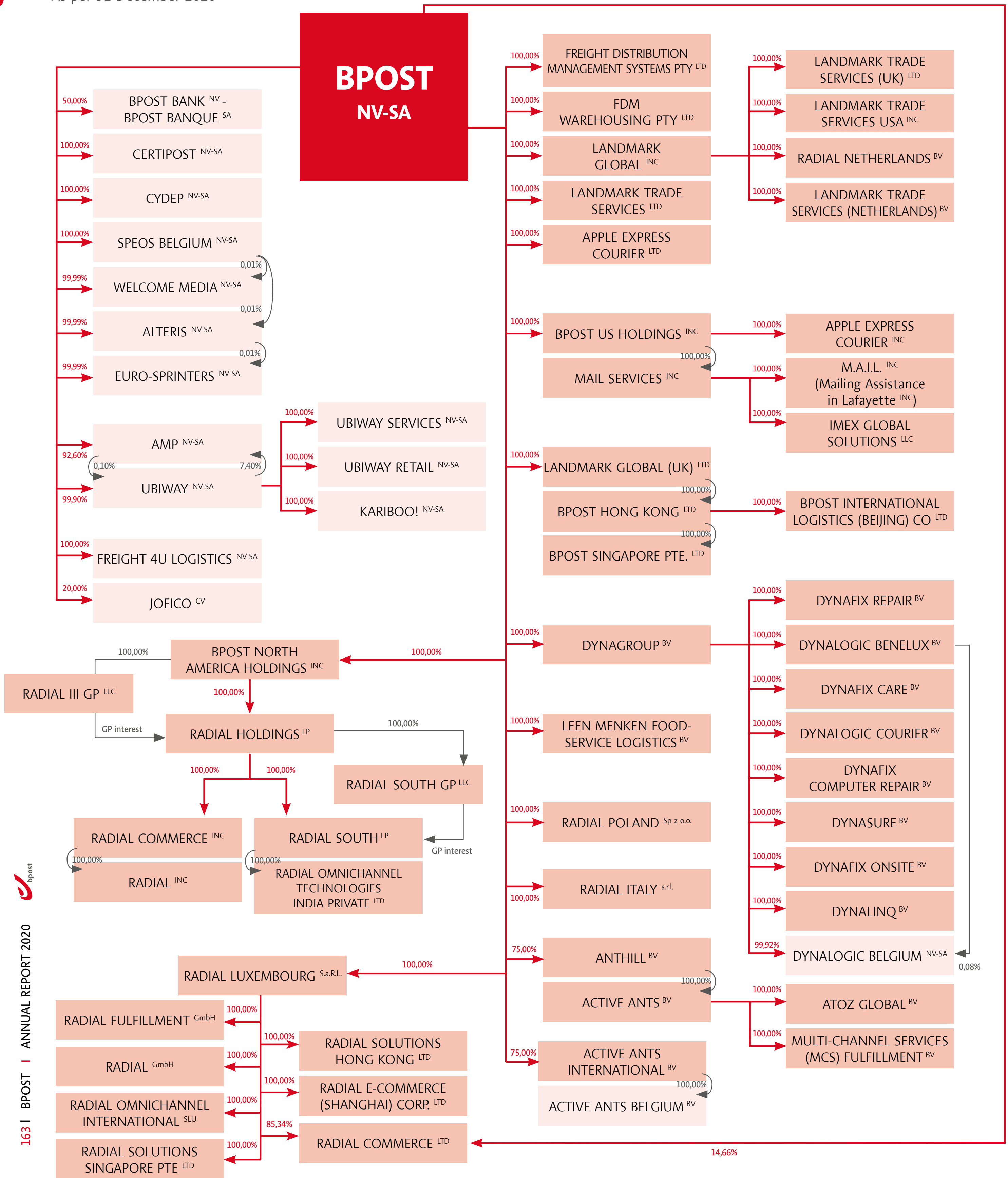
(3) Previous name : Landmark Global (Netherlands) BV

6.36 Events after the statement of financial position date

No significant events impacting bpost's financial position have been observed after the statement of financial position date.

bpost group structure

As per 31 December 2020



Summary of financial statements of bpost NV/SA

This section contains a summary version of the statutory (non-consolidated) annual accounts of bpost NV/SA under BGAAP. The statutory auditor issued an unqualified opinion on the statutory accounts of bpost NV/SA as of and for the year ended December 2020.

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

BALANCE SHEET OF BPOST NV/SA (SUMMARY)

As at 31 December

IN MILLION EUR	2020	2019
Assets		
Non-current assets		
Intangible assets (including formation expenses)	49.1	43.5
Tangible assets	283.9	291.0
Financial assets	1,425.9	1,480.4
	1,758.9	**1,815.0**
Current assets		
Inventories	9.3	8.8
Trade and other receivables	537.4	481.7
Cash and cash equivalents	710.0	509.7
Deferred charges and accrued income	44.3	44.9
	1,301.0	**1,045.1**
TOTAL ASSETS	**3,059.9**	**2,860.1**
Equity and liabilities		
Equity		
Issued capital	364.0	364.0
Reevaluation surpluses	0.1	0.1
Reserves	79.0	79.9
Retained earnings	263.0	221.4
	706.1	**665.4**
Provisions		
Pension related provisions	31.0	31.4
Provision for repairs and maintenance	0.1	1.0
Other liabilities and charges	136.8	139.3
Deferred taxes	9.4	9.7
	177.3	**181.4**
Non-current liabilities		
Long term debts	838.8	861.0
	838.8	**861.0**

As at 31 December

IN MILLION EUR	2020	2019
Current liabilities		
Trade and other payables	344.3	275.3
Short term debts	179.6	178.9
Social debts payable	374.9	359.9
Tax payable	10.6	11.3
Other debts	254.9	193.5
Accrued charges and deferred income	173.6	133.4
	1,337.7	**1,152.3**
TOTAL LIABILITIES	**3,059.9**	**2,860.1**

INCOME STATEMENT OF BPOST NV/SA (SUMMARY)

For the year ended 31 December

IN MILLION EUR	2020	2019
Revenue	2,257.1	2,145.4
Other operating income	40.8	72.4
Non-recurring operating income	1.8	0.0
TOTAL OPERATING INCOME	**2,299.7**	**2,217.8**
Material costs	6.6	5.9
Payroll costs	1,198.3	1,130.2
Services and other goods	825.1	717.1
Other operating expenses	11.5	12.7
Provisions	(3.8)	2.6
Depreciation and amortization	62.5	53.7
Non-recurring operating expenses	13.8	2.8
TOTAL OPERATING EXPENSES	**2,114.0**	**1,925.0**
PROFIT FROM OPERATING ACTIVITIES	**185.7**	**292.8**
Financial gains/(losses)	3.6	21.1
Non-recurring financial gains / (losses)	(99.2)	(29.3)
PROFIT FOR THE PERIOD BEFORE TAXES	**90.2**	**284.6**
Transfer from postponed taxes	(0.3)	0.0
Transfer to postponed taxes	0.0	9.7
Income taxes	49.8	73.2
NET PROFIT FOR THE PERIOD	**40.7**	**201.7**
Transfer to/(from) untaxed reserves	(1.0)	29.1
NET PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	**41.7**	**172.6**

Management Responsibility Statement

Jean-Paul Van Avermaet, Chief Executive Officer and Leen Geirnaerdt, Chief Financial Officer, declare in title and for the entity that to the best of their knowledge:

- the consolidated financial statements for the financial years 2019 and 2020, prepared in accordance with "International Financial Reporting Standards" (IFRS) as accepted by the European Union up until December 31, 2020, give a true and fair view of the net assets, the financial position and the results of bpost NV/SA and the entities included in the consolidation scope; and
- the management report related to the consolidated financial statements give a true and fair view of the development and the result of bpost's activities, as well as the position of bpost NV/SA and the entities that are included in the consolidation scope, together with a description of the main risks and uncertainties that bpost faces.

Jean-Paul Van Avermaet
Chief Executive Officer

Leen Geirnaerdt
Chief Financial Officer

Report of the joint auditors

Report of the Joint Auditors to the General Meeting of bpost SA de droit public / bpost NV van publiek recht for the year ended 31 December 2020

As required by law and the Company's articles of association, we report to you as statutory joint auditors of bpost SA de droit public / bpost NV van publiek recht (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on a consolidated statement of financial position as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2020 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory joint auditors by the Shareholders' Meeting of 9 May 2018, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and on recommendation of the Workers Council. Our mandate expires at the Shareholders' Meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2020. We performed the audit of the Consolidated Financial Statements of the Group during 12 consecutive years.

Report on the audit of the Consolidated Financial Statements

UNQUALIFIED OPINION

We have audited the Consolidated Financial Statements of bpost SA de droit public / bpost NV van publiek recht, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of 3,874.5 million EUR and of which the consolidated income statement shows a loss for the year of 19.2 million EUR.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2020, and of its consolidated results and its consolidated cash flows for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

BASIS FOR THE UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Long term employee benefits

Description of the key audit matter

Provisions for long term employee benefits amount to 320.0 million EUR as of 31 December 2020 and are disclosed in note 6.27 to the Consolidated Financial Statements. This area is important to our audit because of the magnitude of the amounts, the judgments involved concerning the key actuarial assumptions (such as discount rates, inflation, mortality, increase in salaries and medical costs,…) and the technical expertise required to evaluate these provisions and to properly reflect the impacts in the Consolidated Financial Statements in accordance with IAS 19.

Summary of the procedures performed

- We have assessed the design and operating effectiveness of the processes and controls established by the Company to manage the underlying participant data and to ensure that the amendments to the plans are properly and timely reflected in the Consolidated Financial Statements.
- We have performed an assessment of the actuarial report prepared by the external actuary engaged by the Company to ensure that all characteristics of the plans have been properly considered in the actuarial calculations.
- We have assessed the expertise, independence and integrity of the external actuary engaged by the Company.
- We have compared the input data used for the calculation of the provisions by the external actuary (such as population, age, years of service, wage,…) with source information of the human resources department of the Company.
- We have assessed the appropriateness of the key actuarial assumptions (such as discount rates, mortality, increase in medical costs) with the assistance of our internal actuarial specialists.
- We have verified that the actuarial calculations are properly reflected in the provisions recorded in the Consolidated Financial Statements and ensured that impacts are correctly recorded in accordance with IAS19.
- We have audited the roll-forward of the provisions to understand the changes in the valuation of the provisions compared to last year.
- We have assessed the adequacy and completeness of the disclosures presented in the note 6.27 of the Consolidated Financial Statement based on the requirements of IAS19.

Impairment of long term assets

Description of the key audit matter

As described in note 6.21, relating to impairment testing on long term assets (including goodwill), the Company reviews the carrying amounts of its cash generating units ("CGU") annually of more frequently if impairment indicators are present. The impairment assessment involves a comparison of the estimated value in use of the CGU to its carrying amount. The assessment is a judgmental process which requires estimates concerning the projected future cash flows associated with the CGU including COVID-19 impacts, the weighted average cost of capital ("WACC") and the growth rate of revenue and costs to be applied in determining the value in use. This area is important to our audit because of the magnitude of the amounts, the judgments and the technical expertise required to perform the impairment testing of long term assets.

Summary of the procedures performed

- We have assessed the design and implementation of the internal controls relating to Management's impairment testing of goodwill and long term assets.
- We have tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data.

- We have challenged each of the key assumptions employed in the annual impairment test. These key assumptions include the WACC, the growth rates and projected cash flows. We have involved our internal valuation specialists to assess and benchmark those assumptions to comparable independent data. We have tested the reasonableness of projected cash flows in the light of the Group's historic forecasting accuracy and compared these projections with the long term plan as presented to the Board of Directors.
- Specifically in the context of COVID-19, we have tested the reasonableness of the impact of the pandemic on the long term plans as presented to the Board of Directors.
- We have concluded on the reasonableness of the conclusion reached by Management not to impair the goodwill or when an impairment was necessary on the valuation of the impairment loss.
- We have assessed Management's sensitivity analyses and the appropriateness and completeness of the sensitivity disclosures.
- We have assessed the appropriateness and completeness of the disclosures in accordance with IAS36 as included in note 6.21 to the Consolidated Financial Statements.

Revenue Recognition

Description of the key audit matter

Revenue recognition is a key audit matter in our audit resulting considering the amounts involved (4,154.6 million EUR of operating income for 2020) and the complexity and assumptions used to estimate several revenue streams at year-end in accordance with IFRS 15. The main risk areas relate to:

- Revenue relating to the financial compensation for Services of General Economic Interest ("SGEI") and for the distribution of press and periodicals that are estimated at year-end based on complex calculations included in contractual agreements and which amounts to 267.2 million EUR for 2020 as disclosed in note 6.9 to the Consolidated Financial Statements. These contracts include various calculation models for the determination of the annual financial compensation for which the lowest compensation is granted and thus taken into consideration for the revenue recognition. These calculation models are based on various input data (such as actual volumes, quality targets, incurred costs relating to the concerned services,…) and involves management estimates.
- Revenue of December 2020 for Radial that is estimated at year-end and will be billed to customers in January of the next year. Radial is providing E-commerce outsourcing services (Technology services, payment processing services, shipping and handling services, 24/7 customer services related to the webstores, order management and fulfillment) and other professional services to its customers. The estimation of the December 2020 revenue in accordance with IFRS 15 is complex considering the various input data used in the calculations, the volume of transactions and the specific contractual conditions agreed with customers.
- Revenue with other postal operators ("terminal dues") that is estimated based on complex calculations involving various input data. The estimation of these revenues is based on volumes exchanged (in kilogram's and per item), the prices agreed with the foreign postal operators and also other contractual conditions (e.g. quality of service of the mail distribution).

Summary of the procedures performed

- We have gained an understanding of internal control environment relating to the revenue processes, performed walkthroughs of the significant revenue classes of transactions and evaluated the design and operating effectiveness of key internal controls. We have also evaluated the IT general controls and key IT application controls supporting the revenue processes with assistance of our internal IT experts.
- We have assessed the Management's estimation process and challenged their calculations by performing (i) an assessment and comparison of the key inputs and assumptions in the calculation models with the contractual agreements, (ii) a validation on whether the transfer of risks and rewards are properly reflected based on the contractual agreements and (iii) a reconciliation of the key underlying data used in the revenue calculation models (e.g. volumes, prices,…) with underlying IT systems, contracts and other documents provided by external parties.
- We have performed analytical procedures on the important revenue streams to detect unusual trends or transactions by comparing revenue with last year and performing an analysis of revenue on a disaggregated basis.
- We have performed subsequent events procedures by reviewing significant transactions recorded during 2021 and comparing these transactions with estimates recorded at year-end.

- We have assessed the adequacy and completeness of the disclosures on revenue in the Consolidated Financial Statements based on the IFRS requirements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, the non-financial information and other information included in the annual report.

RESPONSIBILITIES OF THE JOINT AUDITORS

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information and other information included in the annual report, as well as to report on these matters.

ASPECTS RELATING TO BOARD OF DIRECTORS' REPORT AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of Companies and Associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Overview of key figures;
- Key events of the year;

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any assurance regarding the Board of Directors' report and other information included in the annual report.

The non–financial information required by article 3:32, § 2, of the Code of Companies and Associations has been included in the annual report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiatives Standards. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiatives Standards. We do not express any form of reasonable assurance regarding the individual elements included in this non-financial information.

INDEPENDENCE MATTERS

Our audit firms and our networks have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of Companies and Associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

OTHER COMMUNICATIONS

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 9 March 2021

EY Réviseurs d'Entreprises SRL
Represented by

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Partner
*Acting on behalf of a BV/SRL

PVMD Bedrijfsrevisoren CV
Represented by

Caroline Baert
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