

of 2023. The special terms and conditions of the USO are defined in a dedicated management contract which entered into force in 2019. The obligation to provide the USO may represent a financial burden on bpost. Although the 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 the final outcomes and financial consequences of the recent crisis.

As a consequence of the crisis weathered by bpostgroup led to different potential litigations and compliance cases that are still pending today. Despite a financial provision of 85 Mio Euro that has been recorded, various factors and circumstances should be considered beyond bpost's control and remaining uncertainties could lead to additional financial impacts. More detailed information on these compliance matters can be found in the Contingent liabilities section of this annual report.

## Related to the third party management

In the context of the upcoming Supply Chain Due Diligence Regulation and given the rising importance of third party management in light of bpostgroup's strategic ESG ambitions, potential gaps, notably compliance related, within bpostgroup's current third-party management systems are possible and are currently being reviewed in greater details. In the case of material gaps being identified, appropriate mitigation plans will be defined and deployed on due time.

## Related to bpost as agent to of BNP Paribas Fortis NV/SA (“BNPPF”)

Following the sale by bpost NV/SA of its 50% stake in bpost bank NV/SA (“bpost bank”) to BNPPF” in 2021 (effective 2022), bpost bank has merged into BNPPF on January 19, 2024 and, as of January 22, 2024, bpost welcomes -as an agent of BNPPF- the clients of BNPPF (including former clients of bpost bank) in its network of postal offices for banking and insurance matters. 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. It is uncertain whether future legislative, regulatory or judicial changes may have a material adverse effect on BNPPF's business, financial condition, results of operations and prospects which could have an impact on bpost as agent of BNPPF.

## 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 bpostgroup, especially in Belgium, may present difficulties in interpretation and cause legal uncertainty, notably regarding competition law. Many bpostgroup entities are subject to specific transport regulations inducing the potential for heightened compliance risks and liabilities. In Belgium, bpost SA/NV is subject to certain specific risks in relation to employment matters deriving from the application of certain public law provisions and principles, uncertain interpretation of tax exemption's right and is also subject to a correct application of public procurement law.

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 SA/NV's contractual employees could also challenge their employment status for being deprived of statutory employment protection and benefits.

# 4.3 Strengthening due diligence in the value chain

## We are strengthening our due diligence processes, anchoring human rights and environmental considerations throughout our operations, value chain, and corporate governance

Here at bpostgroup we work closely together with our customers, partners, suppliers and other key stakeholders. We value these relationships as they enable us to respond to current and future needs across the globe. For a complete overview of bpostgroup's engagement with customers and communities, please refer to the [Customer and Citizen Value chapter](#). A detailed account of our sustainable supply chain activities can be found below.

In preparation for the upcoming EU Corporative Sustainability Due Diligence Directive (CSDDD) aimed at protecting human rights and the environment, bpostgroup has taken first steps to identify and take action to prevent or mitigate adverse environmental, social, and governance (ESG) impacts in our operations, subsidiaries and supply chain. Backing these steps, we are collecting human rights and environmental data from our stakeholders, in line with our recently launched [human rights policy](#) (training courses to follow in 2024/5) applicable to our entire value chain. Similarly, we have been tracking Scope 1, 2 and 3 emissions data, where necessary taking action to reduce the climate impact of our operations and suppliers. Furthermore, in line with the key role played by risk assessment and compliance, we plan to conduct a new climate risk and scenario analysis in 2024.

This intensified focus on sustainability within bpostgroup's strategic vision is reflected in our procurement. First steps were taken in 2023 to establish a Group Procurement Program at bpostgroup, aimed at transforming our procurement model with a view to enhancing collaboration and efficiency across subsidiaries in Belgium, North America and Eurasia. Beyond cost savings, one of its main goals is to strengthen due diligence in our value chain.

We also aspire to champion ESG goals in our procurement, with a specific focus on carbon reduction, waste reduction, eco-design, and solidarity sourcing. By centralizing our efforts, we will be fostering transparent communication, encouraging best practices, and driving innovation in sustainable sourcing.

This marks a pivotal step in our commitment to operational excellence and sustainability, aligning our procurement practices with bpostgroup ambitions.

Ensuring sustainability in often complex supply chains is a challenging task. Nevertheless, a top priority for bpostgroup is to improve our transparency and performance. Over the years, we have been stepping up our efforts to exercise our duty of care with regard to the impact of our activities and those across our value chain.

Our sustainable procurement strategy already integrates ESG in different steps of the procurement process, from selecting to evaluating suppliers. In so doing, we not only interact with suppliers and supply chains, but also source sustainable solutions with a view to:

- Upskilling the procurement team on sustainable procurement and bpostgroup ESG strategy.
- Raising awareness about sustainable solutions and approaches with our internal stakeholders.
- Conducting high-level risk and impact assessments on each ESG category and defining actions where appropriate.
- Monitoring our supply chain: all our suppliers are bound by a minimum set of requirements, one of which is our [Supplier Code of Conduct](#). This is a set of ethical principles and standards to which we and our suppliers, including their employees, suppliers and subcontractors, must adhere.
- Including specific sustainability criteria in our tender documents and contracts.
- Monitoring and assessing the sustainability performance of our suppliers, using tools such as EcoVadis scorecards.

In the coming years we will be reviewing our processes and tools to adequately identify, monitor, prevent and report back on fundamental human rights and environmental factors in our value chain. We will continue to strengthen our due diligence practices in 2024 in line with the expected EU CSDDD legislation.

### Sustainable Procurement Performance Summary<sup>33</sup>

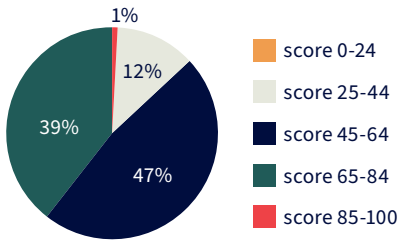
INDICATOR	UNIT	2019 BASELINE	2022	2023
Share of significant Tier-1 suppliers covered by the Supplier Code of Conduct	%	35	49	45
Share of procurement spent on significant Tier-1 suppliers screened on CSR by Ecovadis	%	39	65	66
Number of Tier-1 suppliers with SBTi approved targets	Number	n/a – new metric	25	28

In 2023, KPIs related to sustainable procurement have demonstrated stability. This trend underscores our steadfast commitment to incorporating environmentally and socially responsible practices within our procurement processes.

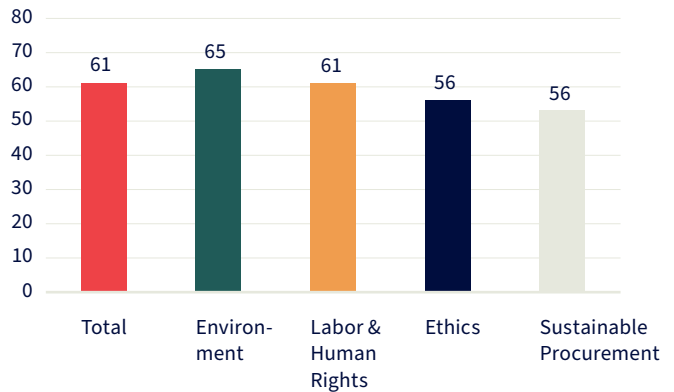
bpostgroup is committed to incorporating environmentally and socially responsible practices into our procurement processes. We conduct sustainability performance assessments of key and high-risk suppliers via EcoVadis. Ecovadis provides an outsourced sustainability management program allowing us to invite our suppliers to be rated on their environmental, social and ethical performance, and drive continuous improvement. The assessment is centered around four themes: the environment; labor and human rights; ethics; and sustainable procurement. We expect our key suppliers to have an EcoVadis scorecard (or equivalent) and a score of at least 45 of max. 100 points. Suppliers with lower scores are encouraged to improve their scores, while bpost reserves the right to end collaboration when no improvement is registered. Working this way increases transparency and standardizes reporting, ultimately leading to more sustainable practices at our suppliers.

# Figures for bpost NV/SA

## DISTRIBUTION OF ECOVADIS SCORES



## SUPPLIER ECOVADIS SCORES



**61**

**Average score EcoVadis**

**67%**

**Spend screened with EcoVadis**

In 2023, 74 assessment scores for key suppliers were made available to the bpost Belgium team. In 2023, 88% of assessed suppliers achieved a score of 45 or higher. The average score was 61, pointing to a relatively good sustainability performance level, but with room for improvement. Suppliers not meeting the benchmark are requested to improve their overall sustainability performance, whereby we offer support to them in setting up an improvement plan. In the long term, the aim is to continuously improve the sustainability performance of our entire supply chain.

Most of our suppliers screened with EcoVadis are located in Europe (> 80%), with almost half of them in Belgium. Of the rest, most are located in USA, followed by Asia and the Middle East.

## Key initiatives in 2023

### Sustainable Procurement at Radial North America – leveraging the bpostgroup ESG strategy and roadmap to 2040 to engage key suppliers

In the first half of 2023, Radial North America and Landmark Global International invited tenders from temporary labour agencies for services entailing an annual spend of approximately \$300 million. All preferred vendors are to comply with the bpostgroup’s ESG strategy and roadmap and will invest at least 1% of their revenues from Radial - equal to an annual total of about \$3 million - on ‘social initiatives’ in accordance with the policy. Examples of such initiatives include stimulating local employment, supporting continuous learning pathways, investing in health and safety, providing fair compensation to employees and being more inclusive in hiring. Such initiatives will be intensified through the newly installed procurement department at Radial.

### Sustainable Procurement Day 2023, bpost Belgium

On March 21, 2023, bpost held its annual Sustainable Procurement Day, an event dedicated to advancing environmentally and socially responsible procurement practices and featuring internal and external speakers. The procurement team gained a better understanding of bpostgroup’s ESG strategy and roadmap, with a specific focus on how procurement contributes towards our overall ambition and targets, and on many of the sustainable solutions bpost is bringing to the market.

### bpostgroup Subcontractor Policy

bpostgroup launched a new Subcontractor Policy in May 2023. The policy encompasses daily controls and the establishment of a Compliance Monitoring Program by the Transport Compliance Department. bpost takes a robust approach to working with subcontractors:

- Minimizing the extent to which bpostgroup outsources its core activities (i.e. transport), wherever possible working with our own employees.
- Monitoring whether subcontractors are providing minimal social protections and decent working conditions, particularly in transport.
- Reviewing the results of the controls on an annual basis. This is done by the Transport Governance Board, the Executive Committee and the Audit, Risk and Compliance Committee.