

**POSTNL N.V.**  
**AUDIT COMMITTEE OF THE SUPERVISORY BOARD**  
**TERMS OF REFERENCE**

Adopted by the Supervisory Board on 3 November 2017

**Introduction**

- These Terms of Reference are established by the Supervisory Board pursuant to clause 5 of the Bylaws of the Supervisory Board.
- The Audit Committee is a Committee of the Supervisory Board.
- Capitalized terms used but not defined herein shall have the meaning set forth in the List of Definitions attached to the Bylaws of the Supervisory Board.

**1. Purpose**

- 1.1 The Audit Committee is appointed by the Supervisory Board to assist and advise the Supervisory Board and prepare the decision making of the Supervisory Board on the monitoring of the integrity and quality of the financial reporting by the Company and on the effectiveness of the internal risk management and control systems of the Company. The Audit Committee focuses *inter alia* on the supervision of the Board of Management concerning (i) the integrity of the financial and corporate responsibility reporting by the Company (including but not limited to the choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the Financial Statements and forecasts), (ii) the External Auditor's qualifications and independence, remuneration and non-audit services for the Company, (iii) the relationship with the External Auditor and the compliance by the Company with the recommendations from the External Auditor and the Company's internal audit function, (iv) the financing of the Company, (v) the Company's tax planning and (x) the application of information and communication technology by the Company, including the risks related to cyber security;<sup>1</sup>
- 1.2 The Audit Committee shall have delegated authority on behalf of the Supervisory Board only on issues specified in these Terms of Reference or on other issues as the Supervisory Board may specifically decide from time to time. Any use by the Audit Committee of the aforementioned delegated authority shall be timely communicated to the Supervisory Board and shall, where specifically provided in these Terms of Reference, be subject to confirmation by the Supervisory Board.
- 1.3 The Audit Committee shall report its deliberations, findings and recommendations to the Supervisory Board for consideration. Such report shall at minimum include (i) the way the effectiveness of the setup and working of internal risk management and control systems as per articles 8.2 and 8.3 of the Bylaws of the Board of Management is judged; (ii) the way the effectiveness of the internal and external audit process is judged; (iii) material findings concerning the financial reporting; and (iv) the way the material risks and uncertainties as per best practice clause 1.4.3 of the Dutch Corporate Governance Code have been analysed and discussed, including the most important findings of the Audit Committee.
- 1.4 The Audit Committee shall report to the Supervisory Board as soon as possible and in an appropriate manner on the annual and interim Financial Statements and corresponding items, which information will subsequently be discussed in a meeting of the Supervisory Board. The Financial Statements and Annual Report shall be discussed in a meeting of the Supervisory Board and Board of Management within four months following the end of the book year. Interim Financial Statements shall be discussed in a meeting of the Supervisory Board and Board of Management within two months following the end of each quarter. Such meetings will be prepared by the Audit Committee and shall be attended by the External Auditor.

**2. Composition**

- 2.1 The Audit Committee shall consist of at least three members. More than half of the members of the

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<sup>1</sup> Dutch Corporate Governance Code, clause 1.5.1.

Audit Committee shall be Supervisory Board members who are independent within the meaning of clauses 1.3<sup>2</sup> and 1.4 of the Bylaws of the Supervisory Board. Each member of the Audit Committee must be financially literate and at least one member of the Audit Committee shall be a financial expert as defined in clause 1.3(f) of the Bylaws of the Supervisory Board.<sup>3</sup> Members of the Audit Committee shall not simultaneously serve on the audit committees of more than two other companies unless the Supervisory Board determines that such simultaneous service would not impair the ability of such member to serve effectively on the Audit Committee.

- 2.2 The members of the Audit Committee shall be appointed by the Supervisory Board. Members of the Audit Committee may be replaced by the Supervisory Board at any time.
- 2.3 The chairman of the Audit Committee shall be designated by the Supervisory Board. The Audit Committee shall not be chaired by the Chairman or by a former member of the Board of Management.<sup>4</sup>
- 2.4 The term of office of a member of the Audit Committee will generally not be set beforehand. It will, *inter alia*, depend on the composition of the Supervisory Board as a whole and other Committees from time to time.
- 2.5 The Corporate Secretary shall act as the secretary to the Audit Committee.
- 2.6 No member of the Audit Committee may receive, directly or indirectly, any compensation from the Company other than fees paid to Supervisory Board members for service on the Supervisory Board or a Committee thereof.

### **3. Meetings**

- 3.1 The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The CFO, the Company's Group Director Audit & Security and the External Auditor shall attend the meetings of the Audit Committee, unless the Audit Committee determines differently. The Audit Committee determines if and when the CEO shall attend its meetings. The Audit Committee shall furthermore meet with the External Auditor as often as it considers necessary, but at least once a year, outside the presence of members of the Board of Management.<sup>5</sup> The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or External Auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Every Supervisory Board member may attend meetings of the Audit Committee. When the need arises, the External Auditor may request the chairman of the Audit Committee to be allowed to attend the meeting of the Audit Committee.<sup>6</sup>
- 3.2 Except in case of urgency, meetings shall be called at least seven calendar days before the meeting. Meetings of the Audit Committee may also be held by conference call, video conference or by any other means of communication, provided the participants can communicate with each other simultaneously. The Corporate Secretary shall draw up minutes of the meeting, to be circulated as soon as possible to all the Supervisory Board members.
- 3.3 The chairman of the Audit Committee shall provide the report as per article 1.3 of these Terms of Reference to the Supervisory Board.

### **4. Specific Committee Authority and Responsibilities**

- 4.1 The Audit Committee shall discuss the effectiveness and working of the internal risk management and control systems of the Company with the Board of Management.

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<sup>2</sup> Dutch Corporate Governance Code, clause 2.3.4.

<sup>3</sup> Art 39 Lid 1 Directive 2014/56/EU.

<sup>4</sup> Dutch Corporate Governance Code, clause 2.3.4.

<sup>5</sup> Dutch Corporate Governance Code, clause 1.7.4.

<sup>6</sup> Dutch Corporate Governance Code, clause 1.7.1 and 1.7.6.

- 4.2 The External Auditor shall in any event attend the meeting of the Supervisory Board, at which the report of the External Auditor with respect to the audit of the Financial Statements is discussed, and at which Financial Statements are to be approved or adopted. The External Auditor shall timely receive all information required in performing its duties and shall be given the opportunity to respond to the provided information.<sup>7</sup>
- 4.3 The Audit Committee shall report its dealings with and functioning of the External Auditor to the Supervisory Board in a manner consistent with article 11.3 of the Bylaws of the Supervisory Board. The Audit Committee advises the Supervisory Board on the recommendation of the (re)appointment or replacement of the External Auditor and prepares the selection of the External Auditor. In performing the aforementioned tasks, the Audit Committee shall involve the observations of the Board of Management. Based on the advice of the Audit Committee the Supervisory Board shall make its recommendation to the General Meeting of Shareholders for the appointment of the External Auditor. The Supervisory Board shall inform the General Meeting of Shareholders on the main conclusions of the recommendation and the outcome of the selection procedure for the External Auditor.
- 4.4 The Audit Committee shall make a proposal to the Supervisory Board on the assignment for the audit to be performed by the External Auditor. The Board of Management shall facilitate this. In preparing the assignment the Audit Committee shall involve the scope of the audit, the materiality and the fees of the audit. The Supervisory Board establishes the assignment.
- 4.5 The Audit Committee shall be directly responsible for the compensation and oversight of the work of the External Auditor (including resolution of disagreements between management and the External Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, as further determined in **annex B**.
- 4.6 The Audit Committee shall ensure the Supervisory Board is informed on the main discussions between the External Accountant and the Board of Management in relation to the draft management letter and/or draft audit report.
- 4.7 The Audit Committee shall determine if and how the External Auditor should be involved in the content and publication of financial reports of the Company other than the Financial Statements.<sup>8</sup>
- 4.8 The Audit Committee shall request the External Auditor to include in its report the matters which the External Auditor wishes to bring to the attention of the Board of Management and the Supervisory Board in relation to his audit of the Financial Statements and the related audits.
- 4.9 The Audit Committee shall ensure that the External Auditor may be questioned by the General Meeting of Shareholders in relation to its audit opinion and that the External Auditor shall for this purpose attend the General Meeting of Shareholders and be entitled to address this meeting.<sup>9</sup>
- 4.10 The Audit Committee shall pre-approve all auditing services (including the fees and terms thereof) to be performed for the Company by its External Auditor. The Audit Committee may delegate such authority to its chairman, but for special occasions only, provided that any decision of the chairman of the Audit Committee to grant such a pre-approval shall be presented to the full Audit Committee at its next scheduled meeting.
- 4.11 The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the External Auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.
- 4.12 The Audit Committee is authorised by the Supervisory Board on its behalf to exercise all powers of the Supervisory Board needed to discharge itself of its assignments and may consequently inspect all

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<sup>7</sup> Dutch Corporate Governance Code, clause 1.7.1 and 1.7.6.

<sup>8</sup> Dutch Corporate Governance Code, clause 1.7.3.

<sup>9</sup> Dutch Corporate Governance Code, clause 4.1.9.

relevant corporate books and records, interview all officers and employees of the Company in so far as necessary to fulfil its assignment.

- 4.13 The Audit Committee shall ensure that the Group Director Audit & Security shall have access to the External Auditor and to the chairman of the Audit Committee.<sup>10</sup>
- 4.14 The Audit Committee, to the extent it deems necessary or appropriate, shall take the actions described in the following Annexes to these Terms of Reference:

**Annex A** - Oversight of the External Auditor and Internal Audit Function

**Annex B** – Financial Statements and Disclosure Matters

**Annex C** - Compliance Oversight Responsibilities

**Annex D** - Financing and Finance Related Strategies,

and the Audit Committee shall furthermore act in accordance with and take the actions described in the Dutch independence regulations for auditors performing assurance engagements ('Wet op het accountantsberoep' and the 'Verordening inzake onafhankelijkheid accountants bij assurance-opdrachten').

## **5. Limitation of Audit Committee's Role**

- 5.1 While the Audit Committee has the responsibilities and powers set forth in these Terms of Reference, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's Financial Statements and disclosures are complete and accurate and are in accordance with applicable legislation.

## **6. Annual Assessment of Committee Functioning**

- 6.1 The Audit Committee shall review and re-assess the adequacy of these Terms of Reference annually, report its assessment to the Supervisory Board and recommend, where appropriate, any proposed changes to the Supervisory Board for approval and adoption.

## **7. Amendment of these Terms of Reference; Revocation of Powers**

- 7.1 Subject to applicable primary and secondary legislation, the Supervisory Board can at all times amend these Terms of Reference and/or revoke any powers granted by it to the Audit Committee.

## **8. Disclosures regarding Audit Committee**

- 8.1 The composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed shall be mentioned in the Annual Supervisory Board Report forming part of the Annual Report and on the Company's website.
- 8.2 These Terms of Reference shall be posted on the Company's website.

## **9. Miscellaneous**

- 9.1 Every Supervisory Board member shall have unrestricted access to all records of the Audit Committee.
- 9.2 The chairman of the Audit Committee (or one of the other Audit Committee members) shall be available to answer questions about the Audit Committee's activities at the annual General Meeting of Shareholders.
- 9.3 Clauses 27.2 through 27.6 of the Bylaws of the Supervisory Board apply to the terms of reference of the Audit Committee by analogy.

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<sup>10</sup> Dutch Corporate Governance Code, clause 1.3.4.

### **Oversight of the External Auditor and Internal Audit Function**

1. Review and evaluate the External Auditor and the lead partner of the External Auditor team, and inform the External Auditor on the main items of the assessments performed on its functioning in line with article 11.4 of the Bylaws of the Supervisory Board.
2. Obtain and review a report from the External Auditor at least annually regarding (a) the External Auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years in respect of one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues and (d) all relationships between the External Auditor and the Company. Evaluate the qualifications, performance and independence of the External Auditor, including considering whether the External Auditor's quality controls are adequate, and taking into account the opinions of the Board of Management and internal auditors. The Audit Committee shall present its conclusions with respect to the External Auditor to the Supervisory Board.
3. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, regulation or the Company's Auditor Independence Policy.
4. Annually discuss with the External Auditor: (i) the scope and materiality of the audit plan and the most important risks of the financial reporting mentioned by the External Auditor in the audit plan; and (ii) the findings and outcomes of the audit and the management letter.
5. Review and discuss annually with the External Auditor, the Group Director Audit & Security and the Board of Management PostNL's internal audit charter and the independence of the audit process.
6. Meet with the External Auditor prior to the audit to discuss the planning, scope and staffing of the audit.
7. Advise the Board of Management and Supervisory Board on the appointment and replacement of the Group Director Audit & Security.
8. Review the work performed by the Internal Audit function and inform the Board of Management accordingly.
9. Review the significant reports to the Board of Management prepared by the Internal Audit function and the Board of Management's responses.
10. Discuss with the External Auditor and the Board of Management the internal audit department's responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
11. Discuss with the Group Director Audit & Security its audit findings in accordance with article 10.4 of the Bylaws of the Board of Management.

### Financial Statements and Disclosure Matters

1. Review and discuss with the Board of Management and the External Auditor the annual audited Financial Statements, including disclosures made in management's discussion and analysis or similar sections.
2. Review and discuss with the Board of Management and the External Auditor the Company's interim Financial Statements prior to their release, including the results of any review by the External Auditors of the interim Financial Statements.
3. Discuss with the Board of Management and the External Auditor significant financial reporting issues and judgements made in connection with the preparation of the Company's Financial Statements, including the quality of earnings, significant deviations between planned and actual performance, any significant changes in the Company's selection or application of accounting principles, any issues as to the adequacy of the Company's internal controls and any special steps adopted in light of control deficiencies.
4. Review and discuss any reports from the External Auditors on:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Board of Management or any member thereof, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditor; and
  - (c) other material written communications between the External Auditor and the Board of Management or any member thereof, such as any management letter or schedule of unadjusted differences.
5. Discuss with the Board of Management the Company's earnings press releases.
6. Discuss with the Board of Management and the External Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's Financial Statements.
7. Discuss with the Board of Management the Company's major financial risk exposures and the steps the Board of Management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
8. Discuss with the External Auditor the matters required to be discussed by the International Standard on Auditing No. 260 and No. 265. ISA 260 includes the responsibilities of the External Auditor to communicate its responsibility in relation to the Financial Statements audit, the overview of the planned scope and timing of the audit, the External Auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and Financial Statements disclosures, significant issues (if any) encountered during the audit, any circumstances that may impact the format and the content of the External Auditor's Report, matters (if any) arising from the audit that are to the External Auditor's professional judgment significant to the oversight of the financial reporting process, and about safeguarding the External Auditor's independence. ISA 265 includes the External Auditor's responsibility to communicate appropriately deficiencies in internal control that the External Auditor has identified during an audit of Financial Statements.
9. To the extent applicable, review disclosures made to the Audit Committee by the Company's CEO and CFO about any deficiencies in the design or operation of disclosure or internal controls or material weaknesses therein and any fraud involving any BoM member or other employees who have a significant role in the Company's internal controls.

### **Compliance Oversight Responsibilities**

1. Obtain reports from Board of Management, the Company's Group Director Audit & Security, the Group Director Control & Strategy, the Disclosure Committee and the External Auditor that the Company and its Subsidiaries/foreign affiliated enterprises are in conformity with applicable legal requirements and the PostNL Business Principles. Review reports and disclosures of insider and affiliated party transactions. Advise the Supervisory Board with respect to the Company's policies and procedures regarding compliance with applicable primary and secondary legislation and with the PostNL Business Principles.
2. Establish procedures for the receipt, recording and handling of complaints received by the Company in respect of accounting, internal accounting controls or audit matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
3. Discuss with the Board of Management and the External Auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's Financial Statements or accounting policies.
4. Discuss with the Company's General Counsel legal matters that may have a material impact on the Financial Statements or the Company's compliance policies.
5. Review and discuss with the Board of Management and the responsible Group Director the annual Corporate Responsibility Report prior to its release, either as a part of the Financial Statements, the Annual Report or otherwise.

**Financing and Finance Related Strategies**

1. Review and discuss with the Board of Management at least once per year the general financing strategy.
2. Review and discuss with the Board of Management (1) material mergers and acquisitions (and in any event, those requiring a commitment in excess of €15 million) and their financing prior to their discussion in the Supervisory Board, and (2) post investment reviews one and, as the case may be, two years after completion of an acquisition.

If relevant, the discussion between the Audit Committee and the Board of Management on the aforementioned matters shall take place before these are discussed between the Supervisory Board and the Board of Management.