

Remuneration Policy

Board of Management

2024



Preamble

1. Evaluation of the Board of Management remuneration policy

Background

During the upcoming Annual General Meeting ('AGM') on 16 April 2024, PostNL will put forward the updated Board of Management's remuneration policy ('Policy') for a binding shareholder vote. This updated Policy is the result of a strategic evaluation that was primarily conducted in 2023 and testing the outcome of this review with key stakeholders.

The existing Policy was initially adopted by the 2013 AGM, has been brought in line with the requirements of the EU Shareholders Directive II in 2020, and was slightly amended in 2022 to further align the Policy with the long-term interests of PostNL's stakeholders. Over the last decade, PostNL's operating environment did change substantially, with heightened levels of macroeconomic uncertainty emerging in recent years. As such, PostNL has conducted a strategic evaluation of the existing Policy with the aim to better reflect the current operating environment and to drive execution of PostNL's strategy to being the leading e-commerce and postal service provider in, to, and from the Benelux.

Evaluation process

PostNL's Remuneration Committee kicked off the strategic evaluation of the Policy in the fourth quarter of 2022. Throughout the evaluation process, the Remuneration Committee has met on multiple occasions and considered a variety of internal and external perspectives and insights.

Guiding principles

As a first step, the Remuneration Committee reviewed the guiding principles on which the Policy for the Board of Management is built. These principles are: *alignment, transparent, compliant, simple* and *sustainable*. The Remuneration Committee concluded that the existing principles are still fit-for-purpose and align with PostNL's objectives for the remuneration policy and its view on remuneration. The guiding principles and acknowledgment of the societal context in which PostNL operates formed the basis for the further evaluation of the existing Policy.

Peer group

As market alignment is one of the factors in setting appropriate remuneration levels, the review of the guiding principles was followed by a peer group study. This study was conducted on the same basis as for the previous peer group study conducted in 2020 (taking into account listing in the Netherlands, comparability in terms of size, comparability in board structure and comparability in geographical focus). The updated peer group restrengthens alignment with PostNL's current business profile and provides a balanced representation of the relevant labour market for executive talent. The approval of the peer group by the Supervisory Board, was followed by a market assessment of the Board of Management remuneration levels against the updated peer group. Furthermore, the Remuneration Committee tested the design of the various remuneration elements against the guiding principles, external market developments, corporate governance developments and the societal context and environment in which PostNL operates.

2. Outcomes of the review process

The Remuneration Committee identified several themes in which the existing Policy does not fully align with its guiding principles, external market developments and corporate governance developments. These are summarised below:

Themes	Key items
Pay competitiveness	<ul style="list-style-type: none">Both the STI and LTI opportunities are below the Policy ambition, which is set with reference to the 25th percentile of the peer group.
Pay-for-performance	<ul style="list-style-type: none">The variable remuneration structure (STI and LTI) does not sufficiently reflect the desired pay-for-performance mechanism.The existing approach differs significantly from common market practice in the Netherlands.

Supervisory Board decision making	<ul style="list-style-type: none"> The STI and LTI performance frameworks provide insufficient flexibility for the Supervisory Board to make decisions in accordance with PostNL's annual strategic objectives and to anticipate to changing (macro)economic circumstances.
Governance	<ul style="list-style-type: none"> There is room to further align the Policy with evolving practices and ensure continuing alignment with highest governance standards.

During the strategic evaluation of the Policy and when drafting a proposal for the updated Policy, the Remuneration Committee has carefully considered the internal perspective and the societal context in which PostNL operates. The Policy ambition to have a modest positioning against external market levels was maintained (base salaries set around the median level and variable remuneration with a reference to the 25th percentile of the peer group). Various stakeholders were engaged by means of discussing the main policy proposals.

3. Stakeholder engagement

Conscious of PostNL's diverse stakeholder environment and deep roots in Dutch society, a great effort was made to engage in a two-way dialogue with various internal and external stakeholders in the update of the Policy. After the evaluation of the Policy, PostNL consulted with shareholders, shareholder representatives, proxy advisors and the Central Works Council during a roadshow, which commenced in September 2023. During the roadshow, the proposed changes to the Policy and their rationale were presented. In turn, these stakeholders were invited to provide their feedback and suggestions on the proposed changes.

In general, the parties we engaged with during the roadshow reacted positively on the proposed changes including the variable remuneration increase up to the Policy ambition level and variable remuneration design adjustments to improve the pay for performance mechanism. Below, an overview is provided of the main input received from stakeholders and how PostNL has acted upon this.

Element	Feedback	Follow-up
STI performance measures disclosure	<ul style="list-style-type: none"> Further clarification of the annual STI performance measures selection was requested. 	<ul style="list-style-type: none"> In view of the introduction of the bucket approach, examples of performance measures that may be selected are included in the Policy. It was further clarified that the selection and weighting of performance measures, including rationale, will be disclosed (in the remuneration report), at the beginning of the performance period.
Non-financial performance measures	<ul style="list-style-type: none"> The weighting of 40% for the non-financial performance measures in the STI was questioned. Further clarification on LTI non-financial performance measures was requested. 	<ul style="list-style-type: none"> The distribution of performance measures has been in place since 2013 and is reflective of PostNL's multi-stakeholder approach. Furthermore, although timing effects may apply, realisation of non-financial targets merely also has financial implications. It was further clarified that the weighting of LTI non-financial measures remains at 33.33% and are linked to ESG-objectives. Furthermore, it was emphasized that the bucket approach will not result in overlap in selection of STI and LTI ESG performance measures.
Share ownership guidelines	<ul style="list-style-type: none"> The current minimum shareholding requirement is considered to be low in view of the proposed LTI opportunity increase and introduction of LTI stretch. 	<ul style="list-style-type: none"> Subject to Supervisory Board decision making on the increase of LTI opportunity and introduction of LTI stretch, the minimum shareholding requirement will be increased to 100% of base salary for any new Board of Management members.
Governance provisions	<ul style="list-style-type: none"> The combination of payment during the six-month notice period and the severance payment was questioned. Further explanation of the derogation clause and adjustments section was requested. 	<ul style="list-style-type: none"> The six-month notice period is considered in line with Dutch market practice and reasonable from a succession and handover perspective. However, the Supervisory Board decided to include in the Policy that any severance payment may be reduced for the impact of a period of garden leave, if applicable, for any new Board of Management members. It was clarified that the Policy includes further explanation of the circumstances in which the derogation clause may be applied.

The aim hereof is to increase transparency of the clause rather than expanding the scope or application of the existing clause.

- It was explained that the newly introduced *Adjustments* section provides further context and explains that adjustments to the application of STI and LTI would be only made on grounds of reasonableness and fairness or for impact of significant and/or unforeseen events. It further explains the Supervisory Board will be reluctant in the application of adjustments.

In accordance with the Dutch Civil Code, PostNL has also made a formal request for advice to PostNL's Central Works Council on the proposed Policy. The request for advice, the (positive) advice provided by the Central Works Council as well as PostNL's response are posted as part of the 2024 AGM convening notice.

As required by the Dutch Corporate Governance Code, the Supervisory Board has also taken note of the views of the Board of Management members on their own remuneration.

PostNL would like to thank all stakeholders that attended, for sharing their views on the Policy proposal.

4. No variable remuneration increases in 2024 for the Board of Management

The Supervisory Board considers it necessary to renew the current Policy of the Board of Management. The policy evaluation made clear that the current Policy is no longer in line with best practice and rewards below variable remuneration ambition (and market) levels. The evaluation process and subsequent valuable stakeholder engagement process have led to a responsible and balanced new Policy. Amongst other items, the new Policy includes an increase in STI and LTI target levels up to the Policy ambition level and the introduction of a threshold and stretch opportunity. The aim of the new Policy is to ensure it provides sufficient room in variable remuneration opportunities and is designed to align with the (unchanged) policy ambition (which is moderate compared to the market, taking into account PostNL's position in society) and to make it more flexible, fit for purpose and in line with evolving market practice. A policy that will be better equipped to attract, reward and retain qualified Board of Management members who are able to execute the company's long term strategy.

On 26 February 2024, PostNL published its 2023 annual results. Impacted by uncertain geopolitical and economic conditions, the year 2023 was challenging and also 2024 is expected to remain difficult for PostNL. In this volatile environment, we remain focused on our long-term strategy. At Parcels, growth in e-commerce, underpinned by the progress in online penetration and dependent on consumer spending, will continue to drive volume growth. Furthermore, a clear direction was set to keep postal service in the Netherlands sustainable. To achieve this, adjustment in regulation is necessary, comparable with changes already implemented in regulation in other European countries. So that a financially viable postal service in the Netherlands, that provides job security to thousands of people, can be secured, now and going forward.

Both the Supervisory Board and the Board of Management acknowledge the societal context PostNL operates in and have considered its performance and all stakeholders' interests. This has led to the joint conclusion that now is not the right moment to effectuate the proposed increases in variable remuneration (incl. introduction of stretch opportunities) for the Board of Management yet. The increases are included in the Policy proposal that will be put forward for voting at the AGM, but implementation of these quantum proposals will be deferred until a more suitable moment.

As a result hereof, in 2024, no variable remuneration increases will be implemented yet. Unchanged maximum target levels of 37.5% for both STI and LTI will be applied. As of 2025, the Supervisory Board may (gradually) increase STI and LTI levels towards Policy maximum. The Supervisory Board will carefully review the developments around PostNL, its performance and stakeholder interests in determining the appropriate moment to increase the STI and LTI opportunity towards the maximum, as defined in the new Policy. When implementing these changes, the Supervisory Board will disclose such decision making, including rationale, in the remuneration report.

5. Proposed key changes

Based on the results of the evaluation of the Policy, and after testing these outcomes with various stakeholders, PostNL proposes to implement the key changes outlined below.

Element	Key changes	Rationale
STI and LTI opportunities	<ul style="list-style-type: none"> STI target opportunity remains the same as per date of introduction, but may be increased from 37.5% to 40% of base salary subject to Supervisory Board decision making. LTI target opportunity remains the same as per date of introduction, but may be increased from 37.5% to 50% of base salary subject to Supervisory Board decision making. 	<ul style="list-style-type: none"> Bring opportunities closer to the Policy ambition (25th percentile).
STI and LTI performance framework	<ul style="list-style-type: none"> Introduction of a threshold pay-out for STI, equal to 18.75% of base salary and, if the Supervisory Board decides to increase the STI opportunity, equal to 20% of base salary. The Supervisory Board may decide to introduce a stretch pay-out of 60% of base salary for STI and stretch vesting of 75% of base salary for LTI. 	<ul style="list-style-type: none"> Improve pay-for-performance mechanism.
STI and LTI performance measures	<ul style="list-style-type: none"> A bucket for financial (STI) and non-financial (STI and LTI) performance measures will be included in the policy. The Supervisory Board will select on an annual basis the most relevant performance measures and their weighting. Decision making will be disclosed at the beginning of the performance period in the remuneration report. 	<ul style="list-style-type: none"> Enable the Supervisory Board to acknowledge (annual) moving strategic priorities in selection of STI and LTI performance measures.
	<ul style="list-style-type: none"> Minimum shareholding requirements will be increased to 100% for any new Board of Management members, subject to Supervisory Board decision-making on increased LTI target opportunity and introduction of stretch. Severance payment may be reduced for the impact of the period of garden leave (if applicable) for any new Board of Management members. Introduction of a hiring policy. Introduction of Supervisory Board authority to adjust STI and LTI targets and vesting schemes for significant and/or unforeseen events. Further specification of the existing derogation clause. 	<ul style="list-style-type: none"> Align with highest governance standards. Ensure STI and LTI outcomes are fair and aligned with stakeholder interests.

Section 7 (Policy revision) in the Policy document provides a detailed overview of all changes on Policy elements, including detailed rationale for the proposal.

6. Implementation of the updated Policy

Subject to shareholder approval at the 2024 AGM, this Policy will become effective retroactively as of January 1, 2024, and is intended to remain in place for four years. Below, more context is provided around the selection of 2024 STI and LTI performance measures.

2024 STI and LTI performance measures

Following the change of selecting STI performance measures and LTI non-financial performance measures via the bucket approach, the Supervisory Board has reviewed and selected the most appropriate measures for 2024. The weight of financial and non-financial performance measures is set in accordance with the Policy, at 60% financial and 40% non-financial for STI and 66.66% financial and 33.33% non-financial for LTI.

The overview below provides insight into the selected performance measures for the STI in 2024 and the LTI 2024 - 2026 grant.

STI performance measure	Definition	Weight	Link to strategic objectives
Profitability	Normalised EBIT	30%	Generate sustainable growth and cash flow
Cash Generation	Free Cash Flow	30%	Generate sustainable growth and cash flow
Client Satisfaction	Realise the average No 1 NPS position on the for PostNL relevant markets	10%	Accelerate our customers' success
Employee Engagement	The share of engaged employees	10%	Our people take pride in the work we do
Quality Mail improvement	The annual net inflow of mail deliverers	10%	Secure a sustainable mail business
Quality Parcels	The share of parcels with an on-time, first-time delivery attempt	10%	Consumers can count on us

LTI performance measure	Definition	Weight	Link to strategic objectives
Earnings attributable to shareholders	Cumulative Normalised Comprehensive Income	33.33%	Generate sustainable growth and cash flow
Cash Generation	Free Cash Flow	33.33%	Generate sustainable growth and cash flow
Climate Impact	CO ₂ efficiency of our own operations	33.33%	Reduce our environmental impact

As per the STI in 2025 and the LTI 2025 - 2027 grant, the selected performance measures will be disclosed at the beginning of the performance period in the remuneration report, starting in the 2024 remuneration report.

Remuneration Policy Board of Management

1. Introduction

The purpose of PostNL is to deliver special moments and the ambition is to be the favourite deliverer of customers, consumers and across society. PostNL's strategy is to be the leading ecommerce logistics and postal service provider in, to and from the Benelux. This will be achieved by focussing on a number of strategic drivers that add value for shareholders and other stakeholders.

Bringing PostNL's purpose to life involves achieving the strategic objectives. PostNL has identified three strategic pillars that form the foundation for realising the strategic objectives:

- Manage Parcels for sustainable growth;
- Manage Mail in the Netherlands for value;
- Accelerate digital transformation.

PostNL actively steers on the strategic objectives to be the leading e-commerce logistics and postal service provider:

- Customer value: accelerate our customers' success, consumers can count on us and secure a sustainable mail business;
- Social value: Our people take pride in their work and PostNL makes a positive impact on society;
- Environmental value: Reduce our environmental impact;
- Financial value: Generate sustainable growth and cash flow.

More information on the strategy can be found [here](#).

Aforementioned purpose, ambition and strategy translates into the objective and guiding principles of the Board of Management remuneration policy ('Policy') and the application thereof in the various remuneration elements. In such a way, it is ensured that the remuneration practices are aligned with the interests of all stakeholders, balances financial and non-financial performance and that the strategic objectives are reflected in the performance measures of the variable remuneration.

The following sections set out the Policy, which will be put forward for a binding shareholder vote at the 2024 Annual General Meeting ('AGM'). Subject to shareholder approval, the Policy will take effect from January 1, 2024 onwards and is, in line with applicable legislation, intended to remain in place for four years.

Objective and guiding principles

The objective of the Policy is to attract, reward and retain qualified Board of Management members to set and implement PostNL's purpose, ambition and strategy and does not encourage Board of Management members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The Policy is built on the following principles:

- **Alignment** - the Policy is aligned with multi-stakeholder interests and supports both short- and long term objectives while acknowledging the societal context
- **Transparent** - the Policy and its execution are clear and practical
- **Compliant** - PostNL adopts the highest standards of good corporate governance and complies with laws and regulations
- **Simple** - the Policy and its execution are simple and easy to understand for all stakeholders
- **Sustainable** - the Policy is aligned with PostNL sustainability goals and fosters corporate responsibility

The remuneration for the Executive Committee, other senior management and employees who fall under a Collective Labour Agreement, is intended to be aligned with the principles underlying the Policy. Such in order to establish internal consistency within salary structure, design of incentive plans and guidelines for salary increases. In this regard, the Supervisory Board continuously monitors the development of the pay ratios and will disclose these in the annual remuneration report.

Societal context

As outlined in the guiding principles, the Policy acknowledges the societal context PostNL operates in. PostNL has deep roots in society and through their business they connect with millions of stakeholders on a daily basis. As a large company, PostNL is

responsible for the various ways impact is created across society, in the Benelux and beyond. This is reflected in PostNL's strategy and objectives, but also in how is looked at the value that is created over the longer term and on a broader range of societal topics. The strategic objectives go beyond financial value creation only, also focusing on customer, social and environmental value.

PostNL sees a pivotal role for stakeholder engagement to ensure the design of the Policy and the operation thereof sufficiently balances the interests of all our stakeholders. PostNL engages on a regular basis with a wide range of stakeholders, including the Central Works Council, to seek input about remuneration. The Central Works Council represents the view of over 30,000 employees and is a fair representation of Dutch society at large and the context PostNL operates in.

PostNL takes notice of the input received during the regular stakeholder engagement sessions to ensure that the Policy sufficiently acknowledges the societal context PostNL operates in. This is reflected in:

- **Guiding principle 'alignment':** The Policy is, amongst others, built on the guiding principles. Herein, explicit reference is made to the importance of balancing the interests of all stakeholders and acknowledging the societal context PostNL operates in.
- **Remuneration opportunity:** PostNL operates a modest approach on Board of Management remuneration, with base salaries set around the median market level of the peer group and variable remuneration opportunities set with a reference to the 25th percentile of the peer group.
- **Internal and external alignment:** The operation of the Policy takes multiple factors into consideration and is not driven by an external comparison only. The general salary increases of the Board of Management members are also capped at the salary increases of the broader PostNL workforce.
- **Performance criteria:** PostNL's deep roots in society and focus on long-term sustainable value creation on a broad range of societal topics is reflected in the selection of short-and long-term ('STI' and 'LTI') performance measures. 40% of STI performance measures and 33.33% of LTI performance measures are related to non-financial objectives, including sustainability-, people-, customer-, strategy and broader ESG-related objectives.

Market perspective

Market perspective is one of the factors that the Supervisory Board takes into account when determining adequate remuneration levels. The Supervisory Board reviews a peer group to ensure a balanced representation of the relevant labour market. The main criteria applied to determine the peer group are Dutch listing and comparability to PostNL in terms of size (revenue, employees, market capitalisation, assets), board structure and geographical focus.

The 2024 peer group consists of the following 14 companies:

Aalberts	Arcadis	BAM Groep	Basic Fit
Brunel	ForFarmers	Fugro	Heijmans
KPN	Signify	Sligro Food Group	TKH Group
TomTom	Vopak		

The Supervisory Board may decide to replace peer companies in case of delisting or significant changes in the size, board structure, geographical focus of PostNL and/or peer companies. Such a decision will be disclosed in the remuneration report. PostNL will benchmark its remuneration against a reassessed peer group at least every four years. Based on such benchmarking, adjustments of the Policy and/or its application might be considered and (if applicable) submitted for approval at the AGM.

2. Remuneration

The remuneration of the Board of Management consists of the following elements: base salary, variable income and pension and benefits. The variable income part of the remuneration consists of STI and LTI incentives.

Base salary

Purpose and link to strategy

Provides a fixed level of earnings to attract and retain the Board of Management to execute PostNL's strategy.

Operation

- The Supervisory Board sets base salaries in line with the opportunity and takes multiple objectives and (gender-neutral) factors into account, such as the environment and societal context where PostNL operates in, the nature and responsibility of the role, the individual's experience and profile, individual and business performance, the pay conditions of PostNL's broader employee population and market positioning within the relevant market context.
- The possible regular increases are capped at the increases of the broader PostNL workforce, as agreed upon in the PostNL Collective Labour Agreement.

Opportunity

Base salary levels are set at around the median market level of the peer group. Information on the peer group selection criteria and composition can be found in section 'Market perspective'.

STI

Purpose and link to strategy

Rewards the delivery of short-term performance and takes into account the interests of multiple stakeholders.

Operation

- The Supervisory Board sets challenging, realistic and measurable targets for each performance measure.
- The performance period is one year.
- At the end of the performance period, the Supervisory Board reviews the performance and assesses to what extent each of the targets have been achieved to determine pay-out levels. Pay-out starts if threshold performance is met and is capped at target level. Subject to the introduction of a stretch opportunity by the Supervisory Board, pay-out is capped at stretch level in case of outperformance. There is linear pay-out between threshold and target and, if stretch is introduced, between target and stretch. No pay-out occurs if performance is below threshold.
- The STI is paid on an annual basis in cash.
- The Supervisory Board selects on an annual basis the most relevant performance measures.
- Financial performance measures count for 60% of the performance measures and may consist of measures that are:
 - Profit related (e.g. Normalised EBIT, Normalised Comprehensive Income);
 - Cash related (e.g. Free Cash Flow, Investments);
 - Return-on related (e.g. ROIC PostNL, ROIC Parcels);
 - Revenue and/or market/volume related (e.g. Revenue, Revenue growth, Parcels volume growth).
- Non-financial performance measures count for 40% of the performance measures and may consist of measures that are:
 - Sustainability related (e.g. CO₂-emission per parcel/mail item, share of emission free last-mile delivery);
 - People related (e.g. Employee engagement);
 - Customer related (e.g. Net Promotor Score, Quality MailNL (improvement), Quality Parcels);
 - Strategy related (e.g. Digital Next leading metrics)
- The selected performance measures will reflect the most important annual strategic objectives for the respective financial year, balancing the interests of all PostNL's relevant stakeholders. The selection of performance measures and rationale thereof will be disclosed at the beginning of the performance period in the remuneration report.

Opportunity

- Set with a reference to the 25th percentile of the peer group.
- For all Board of Management members, pay-out (as % of annual base salary) occurs as follows:

Performance	Pay-out <i>Policy start</i>	Pay-out <i>Policy maximum</i>
Below threshold	0%	0%
At threshold	18.75%	20%
At target	37.50%	40%
At stretch	Not applicable	60%

There is linear vesting between threshold and target and, if stretch is introduced, between target and stretch.

- As per date of introduction of the Policy, the start scenario will apply. Subject to the developments around PostNL, its performance and stakeholder interests, the Supervisory Board may decide to increase the STI target opportunity and introduce a stretch. If applied, the Supervisory Board will disclose this, including rationale, in the remuneration report for the relevant year

LTI

Purpose and link to strategy

Rewards long-term sustainable value creation to PostNL’s strategy, stakeholder landscape, and reinforces alignment with shareholder interests by granting shares.

Operation

- The Supervisory Board sets challenging, realistic and measurable targets for each performance measure.
- The performance period is three years.
- Ordinary PostNL shares will be conditionally granted on an annual basis and at the beginning of the performance period.
- If dividend is paid out by PostNL, a conditional dividend equivalent is added to the conditional shares equal to the dividend rights of ordinary shares.
- At the end of the performance period, the Supervisory Board reviews the performance and assesses to what extent each of the targets have been achieved to determine vesting levels. Vesting of conditional shares and their dividend equivalent starts if threshold performance is met and is capped at target level. Subject to the introduction of a stretch opportunity, vesting is capped at stretch level in case of outperformance. There is linear vesting between threshold and target and, if stretch is introduced, between target and stretch. No vesting occurs if performance is below threshold.
- Upon vesting performance shares and their conditional dividend equivalent, are subject to a holding period of two years. Consequently, the performance shares are blocked for a total period of 5 years.
- In case a tax payment is due upon vesting, performance shares may be (partially) sold at vesting.
- The financial performance measures count for 66.66% of the performance measures and are selected, weighted and linked to the strategy as shown below:

Performance measure	Weight	Link to strategic objectives
Normalised comprehensive income	33.33%	Generate profitable growth and sustainable cash flow
Free cash flow	33.33%	

- The non-financial performance measures count for 33.33% of the performance measures. The Supervisory Board selects per annual award the most relevant non-financial performance measure(s) (assuring no identity with the performance measures selected for the STI) which are ESG-related (e.g. CO₂-efficiency or emission-free last-mile delivery).
- The selected performance measures will reflect the most important long-term strategic objectives for the performance period, balancing the interests of all PostNL’s relevant stakeholders. The selection of performance measures and rationale thereof will be disclosed at the beginning of the performance period in the remuneration report.

- To achieve immediate stakeholder alignment, new Board of Management members will directly participate in the running LTI plans. Conditional shares under the running LTI plans will be granted pro-rata in time, with the same performance measures and targets as applied to other Board of Management members.

Opportunity

- Set with a reference to the 25th percentile of the peer group.
- For all Board of Management members, the grant value is used as a reference to determine the number of conditional shares at grant date.
- Vesting of the conditionally awarded shares (as % of annual base salary) occurs as follows:

Performance	Vesting <i>Policy start</i>	Vesting <i>Policy cap</i>
Below threshold	0%	0%
At threshold	18.75%	25%
At target	37.50%	50%
At stretch	Not applicable	75%

There is linear vesting between threshold and target and, if stretch is introduced, between target and stretch.

- As per date of introduction of the Policy, the start scenario will apply. Subject to the developments around PostNL, its performance and stakeholder interests, the Supervisory Board may decide to increase the LTI grant amount to 50% of annual base salary and introduce a stretch. If applied, the Supervisory Board will disclose this, including rationale, in the remuneration report for the relevant year.

Benefits

Purpose and link to strategy

Remain competitive with the market.

Operation

- Board of Management members are entitled to benefits such as pension benefits, risk insurances, company car (allowances), tax and social security, a fixed expense allowance and possible services costs.
- Participation in the basic pension plan is mandatory under the conditions that apply to the participating PostNL employees.
For the pensionable salary that is not covered by the basic pension plan, a company paid pension allowance of 19% can be applied. This contribution can be used to participate in the so-called Net Pension Plan. Dependent pension and waiver of premium in the event of disability are insured on a risk basis as part of the Net Pension Plan, the premium of which is paid by PostNL. Any changes and compensations due to changes in law and regulation in the pension scheme(s) that apply to participating PostNL employees also apply to the Board of Management, if applicable.

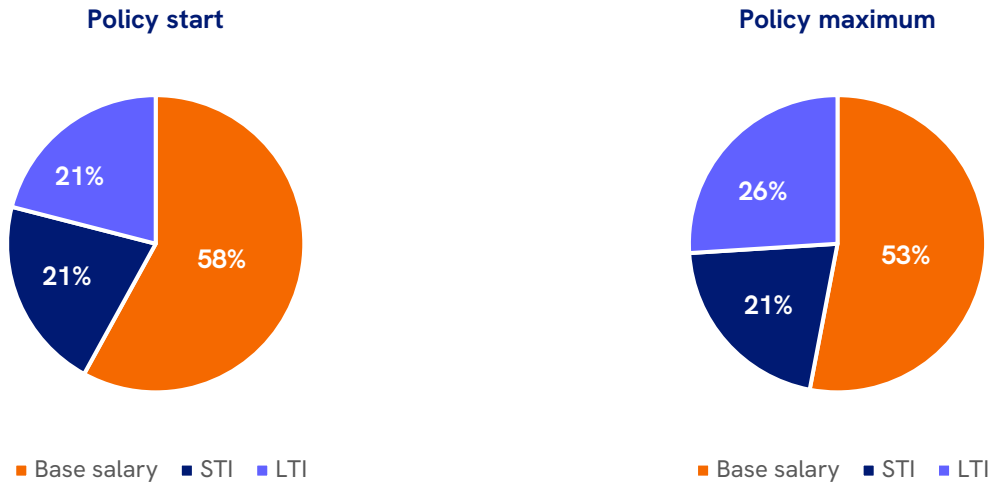
Opportunity

Pension and benefits are in line with Dutch market practice and are aligned with the elements applicable to the wider workforce.

3. Relative proportion of the elements

Scenario analyses of the possible outcomes of the variable remuneration component and their effect on the remuneration of the Board of Management are conducted in accordance with the Dutch Corporate Governance Code.

The chart below illustrates the relative proportion of the remuneration elements (excl. pension and benefits) for the Board of Management at target level of performance as per date of introduction of the Policy and as per scenario whereby STI and LTI opportunities are increased to the policy maximum.



4. Share Ownership Guidelines

All members of the Board of Management are required to hold a specified value of PostNL shares. This minimum shareholding requirement fosters the identification of the Board of Management members with PostNL’s strategy and its shareholders and aims to ensure a sustainable link to the performance of the company. The minimum after-tax shareholding requirement for the current Board of Management members is equivalent to 75% of base salary. Subject to the Supervisory Board’s decision making on the increase of the value of the LTI grant and the introduction of a stretch, the minimum after tax-shareholding requirement is equivalent to 100% of base salary for any new Board of Management members. These shareholdings can be built up over seven years. For current Board of Management members, this period starts as from the date share ownership guidelines were introduced within the previous Policy (i.e. 2020). At their discretion the Supervisory Board may waive this obligation for a limited period of time in the event of extraordinary circumstances.

5. Contractual arrangements

Term of employment

As from 2013 onwards, new Board of Management members are engaged on the basis of a service agreement for an indefinite period of time. The service agreement ends either on the date of retirement, by notice of either party or in case of no re-appointment by the Annual General Meeting of Shareholders. Mrs. Verhagen joined PostNL prior to 1 January 2013 and is engaged on the basis of an employment contract for an indefinite period of time. The employment contract ends either on the date of retirement or by notice of either party.

Members of the Board of Management are appointed for a period of four years. On expiry of the four-year term, a Board of Management member may be re-appointed for a successive term of four years.

Notice period

Termination of a services agreement is subject to a notice period of six months for either party. Mrs. Verhagen must observe a notice period of three months. A notice period of six months applies in the event of termination by the company.

Ultimate remedy and claw-back

Ultimate remedy and claw-back provisions are part of the contractual arrangements.

Loans

PostNL does not grant loans, including mortgage loans or advance payments to the Board of Management members, nor provides guarantees to members of the Board of Management.

Pension allowance

A monthly cash allowance for Mrs. Verhagen to compensate for the effects of legislative amendments in the past with regard to pensions, is respected and does not apply to new Board of Management members.

Termination provisions

For Board of Management members a non-compete and non-poaching clause are in place.

Severance payments are capped at one annual base salary. A severance payment will not be awarded if the service agreement is terminated early at the initiative of the Board of Management member, or in the event of seriously culpable or negligent behavior on the part of the Board of Management member in accordance with the Dutch Corporate Governance Code. For new Board of Management members, should garden leave occur, this period may be taken into consideration in the determination of severance payment. In such case, an equivalent of base salary received during this period may be deducted from the severance payment due.

A deviating agreement on severance payment limited to the event of a change of control with Mrs. Verhagen, is respected. In the event of a change of control, the severance payment is equal to the sum of the last annual base salary and pension contribution plus the average variable remuneration received over the last three years, multiplied by two.

If a Board of Management member leaves the company due to circumstances including fraud or gross misbehavior, STI entitlements will lapse and accrued rights within the LTI plan will become void. In case of death of the Board of Management member, deviating provisions apply.

If a Board of Management member leaves the company due to other reasons, a pro rata time-based vesting for STI and LTI applies. Performance is determined upon actual realisation at the end of the respective full performance period and is made payable hereafter in shares, unless decided otherwise by the Supervisory Board.

6. Governance provisions

Hiring policy

Both for internal and external hires into the Board of Management, the Supervisory Board will determine the remuneration in accordance with the Policy in force at date of appointment.

For new appointments, base salary may be set below the Policy opportunity of at around median market level at date of appointment if appropriate, objectively justified and depending on the individual's situation. In such cases, increases in base salary may exceed the Board of Management's general increases to acknowledge for developments in the new role and gained experience.

To attract external talent, an additional, one-off award may be granted to the external hire, provided that compensation is considered to be forfeited at their previous employer and to the extent that the fixed and/or variable remuneration as set forth in the policy is considered inadequate.

In case a salary below the Policy principles or an one-off award will be agreed upon, this will be disclosed in the remuneration report.

Derogation

The Supervisory Board may, upon recommendation of the Remuneration Committee, temporarily derogate from the Policy in exceptional circumstances as defined by the Dutch Civil Code. Such circumstances could be, but are not limited to, the urgently required appointment or retention of a member of the Board of Management. Derogation will only be applied to serve the long-term interests and sustainability of PostNL as a whole or to assure its viability.

Derogation is limited to the (remuneration) elements of the Policy (base salary, variable remuneration, pension and benefits and contractual arrangements).

In case derogation is applied, this will be disclosed in the remuneration report.

Claw back

The Supervisory Board has the authority to partially or in whole claim back the variable income if it is granted on the basis of incorrect information on achieving the performance measures relating to the variable income component or on the circumstances the variable income component depended on.

Adjustments

The Supervisory Board shall have the power to adjust variable remuneration conditionally awarded to a more suitable value if such payment on grounds of reasonableness and fairness would be unacceptable. Such an adjustment could for example be made in case the outcomes do not sufficiently balance the interests of PostNL's stakeholders, are not a fair representation of PostNL's overall business performance and/or appropriately reward (unanticipated) decisions which are in line with PostNL's strategy.

The Supervisory Board has the discretionary authority, based on the recommendation of the Audit Committee, to adjust STI and LTI targets and related vesting schemes for the impact of significant events, such as, but not limited to, portfolio disposals or acquisitions, accounting changes, exceptional one-off costs and/or unforeseen events at date of target setting and outside the span of management's control. Regular conjunctural cycle influences do not lead to adjustments.

The Supervisory Board will be reluctant in this respect. In case the Supervisory Board decides to make adjustments, these will be disclosed in the annual report.

Procedure

The Supervisory Board is responsible for the Policy and its implementation in accordance with statutory, legal and regulatory requirements. The Remuneration Committee is appointed by the Supervisory Board to make a proposal to the Supervisory Board for the Policy to be pursued, make a proposal for the remuneration of the individual members of the Board of Management and to prepare the remuneration report on the implementation of the Policy. The Supervisory Board presents the Policy and remuneration report to the AGM. Potential conflicts of interest are dealt with in accordance with the by-laws of the Supervisory Board.

7. Policy revision

(Representing bodies of) several internal and external stakeholders have been consulted in drafting this Policy. Their valuable feedback and how PostNL has acted upon in the final policy design is presented in the preamble of this Policy.

This Policy contains the following adjustments compared to the previous (2022-2023) policy:

Element	Previous policy	Changes	Rationale
Peer group	<ul style="list-style-type: none"> Main criteria to determine the peer group are Dutch listing and comparability to PostNL in size, board structure and geographical focus. The 2020 peer group consists of 16 companies. 	<ul style="list-style-type: none"> An updated peer group of 14 companies is proposed. 	<ul style="list-style-type: none"> Ensure the peer group composition is aligned with the selection criteria and methodology and fit for purpose for the upcoming four-years policy mandate.
STI Performance framework	Performance measures and definitions are fully incorporated in the Policy: <ul style="list-style-type: none"> Normalised EBIT – 30% Free cash flow – 30% Employee engagement – 10% Customer satisfaction – 10% Quality Mail – 10% Quality Parcels – 10% 	<ul style="list-style-type: none"> A bucket for financial (60%) and non-financial performance measures (40%) are included in the policy. These buckets consist of a non-restrictive list of performance measures per category. On an annual basis, measures and weighting are selected, reflecting annual strategic priorities. Selection will be disclosed at the beginning of the performance period in the remuneration report. 	<ul style="list-style-type: none"> Enable the Supervisory Board to select most relevant measures, their definition and weightings on an annual basis. Enable to translate moving strategic priorities in the STI, while maintaining transparency by upfront disclosure in the remuneration report.
	<ul style="list-style-type: none"> No stretch and threshold pay-out. 	<ul style="list-style-type: none"> Introduction of threshold pay-out. The Supervisory Board may decide when to introduce stretch pay-out. 	<ul style="list-style-type: none"> Improve pay for performance mechanism and avoid all-or-nothing approach. Provide a range around target with stretch and threshold. This mitigates for increased difficulty in target setting due to macro-economic volatility. Align with Dutch market practice.
STI Opportunity	<ul style="list-style-type: none"> Set with a reference to the 25th percentile of the peer group. Maximum value is set at 37.5% of base salary for all Board of Management members. 	Market positioning is maintained. Opportunity for all Board of Management members will remain the same as per date of introduction, but may be increased subject to Supervisory Board decision making to (as % of base salary): <ul style="list-style-type: none"> Threshold: 20%, Target: 40% Stretch: 60% Linear pay-out between Threshold and Target and Target and Stretch. 	<ul style="list-style-type: none"> Align target % with the policy ambition (closer to the 25th percentile levels within the peer group) Threshold and stretch as % of target STI are aligned with Dutch market practice.
LTI Performance framework	Performance measures and definitions are fully incorporated in the Policy: <ul style="list-style-type: none"> Cumulative normalised comprehensive income – 33.33%; 	<ul style="list-style-type: none"> A bucket for non-financial performance measures is included in the Policy. This bucket consists of a non-restrictive list of performance measures and are ESG related. 	<ul style="list-style-type: none"> Provide flexibility to anticipate on changes in definition and measurement on non-financial measures. The ambition is to maintain selection of non-financial measures as stable as possible.

	<ul style="list-style-type: none"> Cumulative free cash flow - 33.33%; Climate impact - 33.33%. 	<ul style="list-style-type: none"> On an annual basis, non-financial measure(s) and weighting are selected, reflecting long-term strategic priorities. Selection will be disclosed at the beginning of the performance period in the remuneration report. 	
	<ul style="list-style-type: none"> No stretch vesting. 	<ul style="list-style-type: none"> The Supervisory Board may decide to introduce stretch vesting. 	<ul style="list-style-type: none"> Improve pay for performance mechanism and allow to reward for significant outperformance. Provide a range around target with stretch (and already existing threshold). This mitigates for increased difficulty in target setting due to macro-economic volatility. Align with Dutch market practice and proposed STI changes.
LTI Opportunity	<ul style="list-style-type: none"> Set with a reference to the 25th percentile of the peer group. Maximum value is set at 37.5% of base salary for all Board of Management members 	<p>Market positioning is maintained. Opportunity for all Board of Management members will remain the same as per date of introduction, but may be increased subject to Supervisory Board decision making to (as % of base salary):</p> <ul style="list-style-type: none"> Threshold: 25%, Target: 50% Stretch: 75% Linear vesting between Threshold and Target and Target and Stretch 	<ul style="list-style-type: none"> Align target % with the policy ambition (closer to the 25th percentile levels within the peer group) Threshold and stretch as % of target STI are aligned with Dutch market practice. Higher LTI award versus STI target emphasises focus on long-term value creation.
Pension and benefits	<ul style="list-style-type: none"> Participation in basic pension plan and a company paid allowance of 19% for the pensionable salary not covered by the basic pension plan. 	<ul style="list-style-type: none"> Textual adjustments are proposed in relation to the Dutch pension act. Any changes and compensations in the pension scheme(s) in relation to changes in law and regulation that apply to participating PostNL's employees also apply for the Board of Management, if applicable. 	<ul style="list-style-type: none"> Ensure pension remains aligned with wider workforce. Allow for changes in arrangements in accordance with updated pension regulation during the four year policy mandate.
Share ownership guidelines	<ul style="list-style-type: none"> Minimum after-tax shareholding requirement of 75% of base salary for Board of Management. 	<ul style="list-style-type: none"> Minimum after-tax shareholding requirement of 100% for new Board of Management members, subject to decision making on increased value of the LTI grant and introduction of stretch opportunity. 	<ul style="list-style-type: none"> Reflect the impact of a potential increase in the value of the LTI grant and further align Board of Management's and shareholders' interests.

Termination provisions	<ul style="list-style-type: none"> Severance payments are capped at one annual base salary. 	<ul style="list-style-type: none"> For new Board of Management members, any severance payment may be reduced for the impact of period of garden leave (if applicable). 	<ul style="list-style-type: none"> Bring severance payment clause in line with best practice governance standards and avoid paying for periods of time during which no work was performed.
Hiring policy	<ul style="list-style-type: none"> For internal and external hires, remuneration will be determined in accordance with the Policy. 	<ul style="list-style-type: none"> Remuneration will in principle be set in accordance with the Policy. For new hires, increases in base salary may exceed general increases if base salary is set below the median and developments in new role and experience gained should be acknowledged. To attract external talent, an additional, one-off award may be granted to the external hire, provided that compensation is considered to be forfeited at their previous employer and to the extent that the fixed and/or variable remuneration as set forth in the policy is considered inadequate. 	<ul style="list-style-type: none"> Ensure the Policy sufficiently accommodates the attraction of talent should new Board of Management members be recruited internally or externally.
Clawback	<ul style="list-style-type: none"> The Supervisory Board can adjust the value of variable remuneration on the grounds of reasonableness and fairness. 	<ul style="list-style-type: none"> Further specifications are provided which factors are considered when adjusting value of variable remuneration on the grounds of reasonableness and fairness. 	<ul style="list-style-type: none"> Ensure variable remuneration outcomes are fair, reflective of overall company performance and aligned with broader stakeholder interests.
Adjustments		<ul style="list-style-type: none"> Introduction of the Supervisory Board authority to adjust STI and LTI targets and related vesting schemes for significant events and/or unforeseen events at date of target setting and outside the span of management's control 	
Derogation	<ul style="list-style-type: none"> A generic derogation clause is in place, allowing for derogation on all remuneration elements. 	<ul style="list-style-type: none"> Derogation clause further specifies in which circumstances and regarding which elements derogation can be applied. 	<ul style="list-style-type: none"> Bring the derogation clause in line with best practice governance standards and increase transparency of the policy.

