

# PostNL N.V. Corporate Governance statement 2014

PostNL N.V. (“**PostNL**” or the “**company**”) is a limited liability company listed on NYSE Euronext Amsterdam and governed by the Dutch large company regime (*structuurvennootschap*). The large company regime provides a legal framework which determines the corporate management structure as well as the powers and duties of the Board of Management and Supervisory Board. Further information can be found in this statement.

PostNL has a two-tier governance structure with a board of management entrusted with executive management under the supervision of an independent supervisory board.

## 1. Management of the company

### 1.1 The Board of Management and its duties

The Board of Management is collectively responsible for setting and implementing PostNL’s mission, vision and strategy, for the management of PostNL as a whole and for all decisions taken in this respect. In addition, the Board of Management takes responsibility for PostNL’s overall results.

The Board of Management consists of two members: chairman and chief executive officer (CEO) Ms H.W.P.M.A. Verhagen and chief financial officer (CFO) Mr J.P.P. Bos.

The Executive Committee advises and supports the Board of Management. The Executive Committee comprises the members of the Board of Management and the directors of the PostNL segments, HR and IT. In 2014, the Executive Committee had seven members:

- Ms H.W.P.M.A. Verhagen (CEO and chairman)
- Mr J.P.P. Bos (CFO)
- Mr A.C. van Bijnen, responsible for Marketing & Sales Mail in the Netherlands
- Mr M.J.M. Krom, responsible for International and Group IT
- Mr G. Mastenbroek, responsible for Parcels
- Mr R.P.J.M. Muys, responsible for Group HR
- Mr A.G. Rodenboog, responsible for Operations Mail in the Netherlands.

The directors of PostNL’s segments are primarily responsible for developing and executing the business strategy and operational performance of each of their respective segments within the framework set by PostNL’s corporate strategy.

The Board of Management acts in accordance with the interests of PostNL. To that end, it is required to consider all relevant interests associated with the company. The Board of Management is committed to managing the company transparently. The responsibility for day-to-day management of the PostNL segments is decentralised within established standards, processes, requirements and guidelines.

The Board of Management is responsible for compliance with all relevant legislation, the risk profile laid down in the strategy, PostNL’s financing, the corporate responsibility policy and external communication. It is required to report developments on these topics to the Supervisory Board and its audit committee, and discusses the internal risk management and control systems with them.

For a comprehensive overview of the roles of internal audit and the assurance services provided by the external auditor please see the chapter corporate governance in PostNL’s Annual Report (which can be found on PostNL’s corporate website [postnl.nl/en](http://postnl.nl/en)).

The Board of Management has incorporated the following bodies to ensure compliance with applicable corporate governance requirements: a disclosure committee, an integrity committee and a corporate responsibility council (CR Council).

The disclosure committee advises and assists the Board of Management in ensuring that PostNL’s disclosures are accurate and complete and are, where available and appropriate, supported by accurate and reasonable detailed records, fairly representing the condition of the company in all material respects and are - if necessary - communicated to the AFM in compliance with relevant laws and regulations.

The integrity committee advises and assists the Board of Management in developing, implementing and monitoring Group policies aimed at enhancing integrity and ethical behaviour and at preventing fraud throughout PostNL. The integrity committee oversees and coordinates investigations based on reports of possible breaches under the PostNL Business Principles and related policies.

The CR Council advises and assists the Board of Management in deploying the CR strategy and integrating it into daily operations, and provides guidance on CR issues and opportunities. Additionally, the CR Council advises the Board of Management on the company’s CR targets and oversees the implementation and execution thereof in the daily operations. The CR Council meets regularly and reports directly to the Board of Management and the Executive Committee. Both business and staff are represented in the CR Council. The CR council is chaired by Mr A.G. Rodenboog, member of the Executive Committee.

Specific functions and departments – Internal Audit, Legal, Procurement, Real Estate & Facilities, Human Resources, Investor Relations & Treasury, Communication and Accounting & Reporting – are responsible for ensuring that the legal and regulatory compliance objectives are achieved.

The by-laws of the Board of Management and the terms of reference of the disclosure committee can be found on PostNL's corporate website: [postnl.nl/en](http://postnl.nl/en).

## 1.2 The Supervisory Board and its duties

The Supervisory Board is charged with supervising the Board of Management and the general course of affairs of PostNL, as well as assisting the Board of Management with advice. Members of the Supervisory Board may take views that differ from those of the Board of Management. The Supervisory Board evaluates the main organisational structure and the control mechanisms established by the Board of Management, as well as the general and financial risks and the internal risk management and control systems.

In performing its duties, the Supervisory Board acts in accordance with the interests of PostNL and takes into account the relevant interests of the company's stakeholders. Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the company's business. PostNL's Supervisory Board is responsible for the quality of its own performance, which is reviewed annually. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole.

The Supervisory Board and the public affairs committee of the Supervisory Board perform an oversight role with respect to corporate responsibility issues supported by PostNL's internal

audit function and the company's external auditors who monitor the CR governance structure and reporting.

The Board of Management provides the Supervisory Board with the information necessary for the proper performance of its duties in a timely manner. In addition, the Board of Management is required to provide the means to allow the Supervisory Board and its individual members to obtain all information necessary to be able to function as the supervisory body of PostNL. The Board of Management seeks full transparency in its communication with the Supervisory Board.

## 1.3 Composition of the Supervisory Board

The Supervisory Board consists of seven members: the chairman of the Supervisory Board Mr P.C. Klaver (also chairman of the Nomination committee), Mr J. Wallage (vice-chairman of the Supervisory Board and chairman of the Remuneration committee), Ms T. Menssen (chairman of the Audit committee), Ms A.M. Jongerius, Mr M.A.M. Boersma, Mr J.W.M. Engel and Mr F.H. Rövekamp (chairman of the Public affairs committee).

The Supervisory Board discusses annually changes in composition as part of the succession policy of its members and in relation to the profile of the Supervisory Board. In 2014 no amendments to the profile were made.

Composition of the Supervisory Board and committees per 31 December 2014.

| Name              | Nationality | Appointed  | Term expires | Committee membership                 |
|-------------------|-------------|------------|--------------|--------------------------------------|
| Mr P.C. Klaver    | Dutch       | April 2008 | 2016         | Nomination (chair), remuneration     |
| Mr J. Wallage     | Dutch       | April 2010 | 2018         | Remuneration (chair), public affairs |
| Mr M.A.M. Boersma | Dutch       | May 2011   | 2015         | Audit, nomination                    |
| Mr J.W.M. Engel   | Dutch       | April 2013 | 2017         | Nomination, remuneration             |
| Ms A.M. Jongerius | Dutch       | April 2013 | 2017         | Audit, public affairs                |
| Ms T. Menssen     | Dutch       | May 2011   | 2015         | Audit (chair), nomination            |
| Mr F.H. Rövekamp  | Dutch       | May 2012   | 2016         | Audit, public affairs (chair)        |

According to the by-laws and the profile of the Supervisory Board, a person may be appointed to the Supervisory Board for a maximum of three terms of four years. PostNL's articles of association provide that members of the Supervisory Board shall resign periodically in accordance with a rotation plan drawn up by the Supervisory Board in order to avoid, as far as possible, a situation in which appointments and/or reappointments occur simultaneously. Both profile and rotation plan can be found on PostNL's corporate website: [postnl.nl/en](http://postnl.nl/en).

The Dutch Civil Code limits the number of supervisory positions that managing and supervisory board directors may hold in certain companies. The Act prohibits a person as of 1 January 2013 from being appointed as member of the supervisory board of more than five so-called large entities (including PostNL), whereby a chairman position counts twice. Existing positions are exempt, but if they exceed five, they must be reconsidered at the moment of reappointment. An overview of the compliance with these provisions can be found in PostNL's Annual Report.

#### **1.4 Committees of the Supervisory Board**

PostNL's Supervisory Board has an Audit committee, a Nomination committee, a Public affairs committee and a Remuneration committee. The powers of the committees are limited to an advisory role based on a mandate from the Supervisory Board. Only the Supervisory Board has decision-making power. The committees operate pursuant to terms of reference set by the Supervisory Board according to the law and the Dutch Corporate Governance Code. The terms of reference of these committees are available on PostNL's corporate website.

#### **1.5 Audit committee**

The Audit committee assists the Supervisory Board on matters relating to aspects such as the integrity of PostNL's financial and corporate responsibility reporting and reporting process, financing and finance-related strategies, system of internal control and financial reporting and system of risk management. The committee reviews the functioning of the external auditor and the internal audit department, its tax planning and compliance with relevant legislation and codes of conduct. The audit committee may hire independent advisors as it deems appropriate.

The Audit committee consists of at least three members. All members of the Audit committee shall be members of the Supervisory Board who are determined by the Supervisory Board to be independent within the meaning of its by-laws and the applicable corporate governance rules. A member of the Audit committee shall not simultaneously serve on the audit committees of more than two other companies unless the Supervisory Board determines that this simultaneous service would not impair the ability of such a member to serve effectively on the audit committee.

Each member of the Audit committee must be financially literate and at least one member of the audit committee shall be a financial expert, with relevant knowledge and expertise of financial administration and accounting for listed companies or other large companies.

#### **1.6 Nomination committee**

The Nomination committee assists the Supervisory Board with drawing up selection criteria and appointment procedures for members of the Supervisory Board and the Board of Management and procedures to secure adequate succession of members of the Board of Management and the assessment of such candidates, and with assessing the size and composition of the Supervisory Board and the Board of Management. The Nomination committee prepares proposals for nominations, appointments and reappointments. At least once a year, the size and composition of the Supervisory Board and the Board of Management and the functioning of the individual members are assessed by the Nomination committee and discussed by the Supervisory Board.

The Nomination committee consists of at least three members, including the chairman (or vice-chairman) of the Supervisory

Board, of which all but one need to be independent within the meaning of its by-laws and the applicable corporate governance rules. All members of the Nominations committee are members of the Supervisory Board.

#### **1.7 Public affairs committee**

The Public affairs committee acts as a sounding board and advisory committee for the Board of Management with respect to (i) formulating, developing and monitoring PostNL's public affairs policy governing the relationships between PostNL and national and international public and semi-public bodies, including but not limited to governments, ministries, parliaments, industry supervising authorities, works councils and trade unions, and (ii) formulating and developing PostNL's social and environmental policies.

The Public affairs committee consists of at least three members, of which all but one need to be independent within the meaning of its by-laws and the applicable corporate governance rules. All members of the Public affairs committee are members of the Supervisory Board.

#### **1.8 Remuneration committee**

The Remuneration committee proposes the remuneration of the individual members of the Board of Management for adoption by the Supervisory Board on the basis of scenario analyses and taking into account the compensation rate within the company. It also proposes a remuneration policy - including schemes under which rights to shares are granted for members of the Board of Management - which is submitted for adoption to the General Meeting of Shareholders. In addition, the Remuneration committee prepares the allocation by the Board of Management (after approval by the Supervisory Board) of rights to PostNL shares to senior management (other than members of the Board of Management).

The Remuneration committee consists of at least three members (of which all but one need to be independent within the meaning of its by-laws and the applicable corporate governance rules). The chairman of the Remuneration committee shall not simultaneously be chairman of the Supervisory Board.

#### **1.9 Reporting by committees**

Each committee reports its findings and conclusions after each meeting to the full Supervisory Board. The information on the composition and functioning of the Supervisory Board and its committees are included in this corporate governance statement. Information on the actual meetings of both the Supervisory Board and its committees can be found in PostNL's Annual Report.

PostNL's articles of association and the by-laws of the Supervisory Board can be viewed on PostNL's corporate website [postnl.nl/en](http://postnl.nl/en).

### ***The large company regime***

PostNL operates as a company subject to the rules of the large company regime. Under this regime, certain resolutions of a board of management of a large company such as PostNL require the prior approval of the supervisory board. Both the supervisory board and the board of management are accountable to the general meeting of shareholders for the performance of their duties.

Both the supervisory board and the board of management are accountable to the general meeting of shareholders for the performance of their duties. Members of the PostNL Board of Management are appointed and can be suspended or dismissed by the Supervisory Board. A decision by the Supervisory Board to dismiss a member of the Board of Management can only be taken after the General Meeting of Shareholders has been consulted on the intended dismissal.

For further details on the appointment and dismissal of members of the Board of Management and/or the Supervisory Board, see article 17 of PostNL's articles of association.

## **2. General meetings of shareholders**

### **2.1 frequency and venue**

PostNL is required to hold an Annual General Meeting of Shareholders within six months after the end of the financial year. The agenda for this meeting includes the adoption of the financial statements, a proposal on dividend and the release from liability of the members of the Board of Management and the Supervisory Board for the performance of their respective duties during the financial year. This release only covers liability for matters reflected in the relevant financial statements or otherwise disclosed to the General Meeting of Shareholders prior to the adoption of the relevant financial statements.

General Meetings of Shareholders are held as often as the Board of Management or the Supervisory Board deem necessary, and shall be convened in case of a decision entailing a significant change in the identity or character of PostNL or its business. Furthermore, in the event that one or more shareholders representing at least 10% of the issued share capital request the Supervisory Board and the Board of Management in writing to convene a shareholders meeting, stating their proposed agenda in detail, such meeting shall in principle be convened.

General Meetings of Shareholders may be held in Amsterdam, The Hague, Hoofddorp or in the municipality of Haarlemmermeer (Schiphol).

### **2.2 Agenda**

One or more shareholders representing at least 1% of PostNL's issued share capital have the right to request that the Board of Management or the Supervisory Board place items on the agenda of a General Meeting of Shareholders. Such a request must be honoured by the Board of Management or the Supervisory

Board, provided that the request is received in writing at least 60 days before the date of such a meeting.

In the event a request is made by one or more shareholders to either convene a meeting or to place an item on the agenda of a General Meeting of Shareholders that may result in a change to the company's strategy, the Board of Management shall be given the opportunity to stipulate a reasonable period in which to respond, which shall not exceed 180 days.

The central works council of PostNL has the right to form an opinion on proposals to determine or modify the policy on the remuneration of the Board of Management, proposals that entail a significant change in the identity or character of the company or its business and proposals to appoint a member of the Supervisory Board. The central works council has the right to explain its position during the General Meeting of Shareholders.

### **2.3 Notice to convene**

General Meetings of Shareholders are convened at least 42 days in advance by a notice published on PostNL's website.

### **2.4 Admission to and voting rights at the meeting**

Each shareholder has the right to attend a General Meeting of Shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of PostNL's articles of association. An eligible shareholder has the aforementioned rights if registered as a shareholder on the applicable record date to the extent described by Dutch law.

Each of the shares in PostNL's share capital carries the right to cast one vote. Unless otherwise required by Dutch law or PostNL's articles of association, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting.

Pursuant to PostNL's articles of association, there are no limitations to the rights of Dutch, non-resident or foreign shareholders to hold or exercise voting rights in respect of PostNL's securities.

### **2.5 Liquidation rights**

In the event of PostNL's dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses are to be distributed in the following order of preference: firstly, to the holders of all outstanding preference shares B (if any), the nominal amount paid up on these shares plus accumulated dividends for preceding years that have not yet been paid; and secondly, to holders of ordinary shares in proportion to their shareholdings.

### **2.6 Changes to the rights of shareholders**

Rights of shareholders may change by way of an amendment to the articles of association, a statutory merger or demerger within the meaning of book 2 of the Dutch Civil Code, or dissolution of the company. A resolution of the General Meeting of Share-

holders is required to effect these changes. Under PostNL's articles of association, such a resolution may only be adopted upon a proposal by the Board of Management that has been approved by the Supervisory Board.

## 2.7 Major shareholders

To PostNL's knowledge, PostNL is not directly or indirectly owned or controlled by another company or by any government. PostNL does not know of any arrangements of which the operation might, at a subsequent date, result in a change of control, except as described under 'Foundation Continuity PostNL and preference shares B' below.

The Financial Markets Supervision Act (*Wet op het financieel toezicht*) imposes a duty to disclose percentage holdings in the capital and/or underlying financial instruments and/or voting rights in the company when such holding reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such a disclosure must be made to the Dutch Authority for the Financial Markets (AFM) without delay. The AFM then notifies the company.

## 2.8 Annual General Meeting of Shareholders held on 16 April 2014

On 16 April 2014, PostNL held its Annual General Meeting of Shareholders in The Hague, the Netherlands. The attendance rate was 45.5% of the total outstanding share capital, the same as in 2013.

At the Annual General Meeting of Shareholders, all proposed resolutions were adopted, including the extension of the mandate granted to the Board of Management to issue ordinary shares. The Annual General Meeting of Shareholders extended the mandate with a period of 18 months, i.e. until 16 October 2015. The mandate is limited to 10% of the issued capital at the time of issue and an additional 10% of the issued capital at the time of issue in case of a merger or an acquisition. The agenda, resolutions adopted at the meeting and voting results for each resolution, the presentations given during the meeting and a webcast of the meeting, are available on PostNL's corporate website. Minutes of the meeting are available on PostNL's corporate website (only in Dutch).

## 3. Foundation continuity PostNL and preference shares B

*Stichting Continuïteit PostNL* ("**Foundation Continuity PostNL**") was formed to safeguard PostNL's interests and those of its Group companies and all interested parties. It does this by, among other things, preventing as far as possible any influences that could threaten PostNL's continuity, independence and identity. Foundation Continuity PostNL is an independent legal entity and is not owned or controlled by PostNL or any other legal person.

The members of the Board of Foundation Continuity PostNL are Mr R. Pieterse (chairman), Mr J.H.M. Lindenbergh, Mr W. van

Vonno and Mr M.P. Nieuwe Weme. All members of the Board of Foundation Continuity PostNL are independent from PostNL. This means that Foundation Continuity PostNL is an independent legal entity as referred to in section 5:71 paragraph 1 sub c of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

More information on the Foundation Continuity PostNL can be found in the chapter corporate governance in PostNL's Annual Report (which can be found on PostNL's corporate website [postnl.nl/en](http://postnl.nl/en)).

## 4. Dutch Corporate Governance code

postNL applies the principles and best practices of the Dutch Corporate Governance Code (the "**Code**") which are based on a 'comply or explain' principle requiring companies listed on a regulated stock exchange to explain in their annual report how they complied with the Code and to give a motivated account of principles and/or best practice provisions which have not been complied with.

The full text of the Code is available on PostNL's corporate website.

### 4.1 Non-compliance with the Code

PostNL complies with the principles and best practices of the Code, except for the best practice provisions below that are not fully complied with.

In the relevant chapters of its Annual Report, PostNL explains why it does not comply with these best practice provisions. Material future corporate or other developments might justify further deviations from the Code at the moment of occurrence. Each substantial change in the corporate governance structure of the company and in the compliance of the company with the Code shall be submitted to the General Meeting of Shareholders for discussion.

- *Provision II.2.8 of the Code states that remuneration in the event of dismissal of members of the Board of Management may not exceed one year's salary (the 'fixed' remuneration component). In the event that one year's salary would be manifestly unreasonable, the severance pay may not exceed twice the annual salary.*

Unless there is a change of control, severance payments for members of the Board of Management shall not exceed one year's base salary or a maximum of two years' base salary in the first four years. For Ms Verhagen and Mr Bos, the contractual severance pay in case of dismissal in their first four-year term has been set at twice the annual salary. Ms Verhagen and Mr Bos are in their first four-year term as members of the Board of Management and were employed by PostNL before 2011. Severance payments in case of a change of control equal the sum of the last annual base salary and pension contribution plus the average bonus received over the last three years, multiplied by two.

Employment contracts entered into after 2004 must be brought into line with provision II.2.8 of the Code. PostNL is of the opinion that the agreed severance payment in case of a change of control is realistic, taking into account the special position of members of the Board of Management in a change of control situation. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.

- *Provision II.2.13(f) of the Code states that the remuneration overview in the remuneration report of the Supervisory Board shall in any event contain a description of the performance criteria on which the performance-related component of the variable remuneration is dependent, insofar that disclosure would not be undesirable because the information is competition-sensitive.*

PostNL discloses quantified financial and non-financial targets in general terms. The actual targets are specific and thus contain competition-sensitive information. They are therefore not disclosed in advance, but will be disclosed afterwards.

The Board of Management's statement pursuant to chapter 5.1a of the Dutch Financial Markets Supervision Act, can be found in the chapter corporate governance in PostNL's Annual Report (which can be found on PostNL's corporate website [postnl.nl/en](http://postnl.nl/en)).

Unless otherwise indicated terms defined have the meaning as referred to in PostNL's 2014 Annual Report.