bpost

2021

Annual report

Contents

This PDF version is not ESEF (European Single Electronic Reporting Format) compliant. The ESEF package is available on our website and includes a readable XHTML version. This pdf is prepared for the ease of use, the ESEF package prevails in case of discrepancy with other formats.

Profile

bpostgroup is Belgium's leading postal operator and a parcel and e-commerce logistics partner in Europe, North-America and Asia. Our 36,000 employees in Belgium and across the globe connect consumers, businesses and government, by delivering mail and parcels to millions of door-steps and providing logistics services for e-commerce. As a people- and planet-friendly company we create long-term sustainable value for our customers and shareholders. In 2021 bpostgroup generated a turnover of 4,333.7 million EUR.

BELGIUM	E-LOGISTICS EURASIA	E-LOGISTICS NORTH AMERICA
DESCRIPTION		
- Last mile parcels delivery (582,000 parcels per day on average in Belgium and The Netherlands) - Mail and press distribution (5.74 million letters handled daily in Belgium) - Retail network and customer care - Value added services	Logistics backbone for e-commerce, offering more specifically: - fulfilment and warehouse solutions; - cross border services - transportation and delivery solutions, including specialized last mile delivery (Belgium/ Netherlands); - lifecycle solutions, for returns (global) and recycling/refurbishing of high-end products (Belgium/Netherlands).	Full e-commerce logistics offering, including: - fulfillment and warehouse solutions; - cross border services - transportation and delivery solutions; - returns handling; - customer care.
- 5 sorting centers - 244 distribution hubs for mail and parcels, servicing 5 million letter boxes - 6 dedicated hubs for parcel distribution - 2,500 service points in Belgium (post offices, post points, parcel points and parcel lockers)	- 14 e-commerce fulfilment centers in Europe - 8 depots for specialized delivery in Belgium/ Netherlands - 3 hubs for international deliveries	- 46 locations for e-commerce fulfilment and warehousing, in the USA, Canada, Australia and New Zealand.

bpostgroup entities*

** At March 17, 2022*

Overview of Key Figures

ADJUSTED FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020	EVOLUTION 2021-2020
Total Operating Income (1)	4,333.7	4,154.6	4.3%
Result from operating activities (EBIT) (2)	349.3	280.6	24.5%
Result of the year (consolidated - IFRS) (3)	246.6	200.9	22.8%
Operating free cash flow (4)	290.5	440.5	-34.1%

REPORTED FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020	EVOLUTION 2021-2020
Total Operating Income	4,335.1	4,154.6	4.3%
Result from operating activities (EBIT)	338.0	200.7	68.4%
Impairments:			
Goodwill	0.0	(41.4)	-
Purchase price allocation (PPA)	0.0	(20.8)	-
Remeasurement of assets held for sale at fair value less costs to sell	12.2	(141.6)	-
Result of the year (consolidated - IFRS)	250.2	(19.2)	-
bpost NV/SA net profit (unconsolidated - Belgian GAAP)	160.5	41.7	-
Operating free cash flow (5)	253.2	443.7	-42.9%
Net debt/(Net cash) (6)	470.3	495.2	-5,0%
Basic earnings per share, in EUR	1.25	(0.10)	-
Dividend per share, in EUR	0.49	-	-
Number of employees (at year end)	36,272	36,291	-0.1%
Number of FTE (average)	32,429	32,030	1.2%
Number of FTE and interim (average)	40,339	38,639	4.4%

(1) Adjusted total operating income represents total operating income excluding the impact of adjusting items and is not audited.
(2) Adjusted EBIT represents profit from operating activities excluding the impact of adjusting items and is not audited.
(3) Adjusted result of the year represents result of the year excluding the impact of adjusting items and is not audited.
(4) Adjusted operating free cash flow for the year represents operating free cash flow for the year excluding the impact of adjusting items and is not audited.
(5) Operating free cash flow represents net cash from operating activities less net cash used in investing activities
(6) Net debt/(Net cash) represents interest and non-interest bearing loans less cash and cash equivalents
For further details on reconciliation of Adjusted and reported key figures, please refer to section "Reconciliation of Reported to Adjusted Financial Metrics" of this document.

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Message to the stakeholders

Looking back on a special year for bpostgroup

2021 will be described as a strategic year in bpostgroup's history, say chairman Audrey Hanard and CEO Dirk Tirez. 'Our new strategic plan will give all employees a sustainable future.' bpostgroup's ambition is clear: to become a growth company as an e-commerce logistics player, in Belgium as well as in Europe and the United States.

2021 will stay with Audrey Hanard and Dirk Tirez for a long time to come. Not so much because Audrey Hanard was appointed bpostgroup's Chairperson of the Board of Directors or because Dirk Tirez took charge as CEO. It was rather because together they drew up a new strategic plan for the group's future as a logistics services company in e-commerce. 'An important moment in bpost's history', concludes Dirk Tirez. 'Management and Board are fully aligned on a socially, ecologically and economically sustainable growth strategy.'

This strategy translates into clear ambitions. Audrey Hanard sums them up. 'We want to transform things in Belgium, making our model future-proof and, moreover, economically and ecologically sustainable as well as socially responsible. In Europe, we will continue to expand our e-commerce logistics services and attract new customers. And in the US we want to keep growing.'

'We are building an ecosystem of e-commerce logistics services in Europe, with the ambition to become five times larger by 2026.'

Dirk Tirez,
CEO bpostgroup

bpostgroup ended 2021 with an operating profit of almost
350
million euros

'We started an Ecozone in several Belgian cities, an area in which we deliver letters and parcels emission-free using electric vehicles.'

Audrey Hanard,
Chairperson of the Board of Directors at bpostgroup

bpostgroup wants to reduce its own CO_2 emissions by 55% by 2030

'In fact, we are a partner in our customers' growth. We are proud of their success.'

Dirk Tirez,
CEO bpostgroup

On which 2021 realizations do you look back with satisfaction?

Dirk Tirez: 'First of all, it was important for me to restore the stakeholders' trust and to calm things down again. In fact, we immediately set to work to determine the priorities for Belgium, Europe and the US. For me, the mother of all priorities was coping with the end-of-year peak. And it must be said, our focus enabled us to achieve good results, to which the entire group has contributed. For example, we ended 2021 with an operating profit of almost 350 million euros, an excellent result.

We also started several leadership and development programs. In doing so, we are building a culture of empowerment. We no longer think in silos and departments, but we work together on projects and formulate joint solutions. There is simply a lot of talent in our group and we will continue to invest in it. bpostgroup must become an example of how to manage 36,000 people and how to train tomorrow's leaders within a company in the field of sustainable business.'

Audrey Hanard: 'I think we can look back with satisfaction on a lot of results. For example, the appointment of Dirk as CEO and the other appointments to the executive committee were crucial. We can be very proud of the talents we were able to attract.

Another important achievement is setting up an ESG committee with a sustainability roadmap, including a number of ambitious objectives. Reduce our own CO_2 emissions by 55 percent by 2030, for example. These initiatives are already translating into the first results. We started an Ecozone in several Belgian cities, an area in which we deliver letters and parcels emission-free using electric vehicles and with a dense network of pick-up points to make things easier for our customers. The aim is to roll out this model in other places as well.'

Are there any events you will specially remember?

Audrey Hanard: 'The wave of solidarity during the floods in Belgium was astonishing. As astonishing as the way colleagues stood up for each other within bpostgroup. Affected colleagues immediately received shelter, food and clothes.

During the floods, bpost also fulfilled its social task, for example by allowing people who had to leave their home to register a new address quickly and free of charge. We should certainly also emphasize our postal workers' role, not only during the flood but also during the pandemic. For many people, during a lockdown, the postman or woman is the only person they see during the day, allowing them to have some kind of social contact. 2021 has, once again, pointed out to us how important bpost 's social role is.'

Dirk Tirez: 'Anyone who needed some kind of service could count on bpost. Even in the most difficult circumstances, bpost is always present. Our postmen and women show great solidarity to ensure that newspapers, letters and parcels are continuously delivered. I also want to emphasize that our post offices never closed during

'As a company, we want to stand for sustainable jobs, which means that people can build their lives around bpost'

Audrey Hanard,
Chairperson of the Board of Directors at bpostgroup

the pandemic. We showed us as Belgium's logistics backbone. What's more, despite the many company closures and the problems in the supply chains, we were able to increase our footprint in e-commerce logistics. And not only in Belgium, but also elsewhere in Europe, for that matter.'

What have you personally invested a lot of energy in?

Audrey Hanard: 'First of all, it was important for me to get to know the company better. I went on rounds with postmen and women, and I helped out in sorting centers. With the directors, we did the important strategic exercise in the autumn. So we laid the foundation for continuing to work together in the coming years. During the exercise with the Board of Directors, for example, we especially emphasized how, as a company, we want to stand for sustainable jobs, which means that people can build their lives around bpost.'

Dirk Tirez: 'Our customers. But that doesn't require any energy. On the contrary, our customers give me energy. They are actually asking us to do even more. This applies to Belgian citizens when delivering parcels and letters as well as to major brands that want to grow. And as an e-commerce logistics player, we are in a unique position to help them. Not only in Belgium, but all over the world. Do not forget that already more than half of our turnover is generated abroad. In fact, we are a partner in our customers' growth. We are proud of their success. I have simply found that there is a huge demand for the services we can offer at bpostgroup.'

What are 2022's major challenges?

Dirk Tirez: 'In Belgium we are facing a transformation. For example, we are going to integrate letter and parcel delivery in order to be able to provide the best service to the Belgian population. And in our support services we will save a third of the costs. The key is to explain why: our long-term strategy is to develop a sustainable future for the group. This strategy makes bpost a growth company. In 2022 we will take measures to be able to continue to grow and invest in that future.

In Europe we are entrepreneurs. We already have 14 fulfilment centers, 8 depots for specialized deliveries in Belgium and the Netherlands and 3 hubs for international shipments, but we are still expanding our footprint. We are very active in countries such as Poland, Germany, the Netherlands and Italy. We are also making further progress in the United Kingdom. Europe is our main growth centre. We are building an ecosystem of e-commerce logistics services in Europe, with the ambition to become five times larger by 2026.

In the US, we are strategically very well positioned to provide e-commerce logistics services to major brands. This is a very forward-looking, growing market, in which we occupy a leadership position. We have succeeded in reaching a successful transformation. Now there are an incredible number of opportunities that can act as a growth engine for the group.

In short, because we are a growth company in Belgium, Europe and the US, we offer a sustainable future to all our employees.'

Audrey Hanard: 'An important challenge that I would like to mention is the creation of a level playing field in Belgium, so bpost can compete on an equal footing. We want to be a sustainable company. That is only possible if the same rules apply to everyone.'

bpostgroup wants to be a sustainable company. What exactly does it mean?

Audrey Hanard: 'Sustainability is part of how we run the business. It is not a separate program. It is integrated into the way we develop our vision.'

Dirk Tirez: 'Sustainability actually has three components. First, an economic one. bpost invests in the long term to ensure the future of the company. Second, an environmental one. We are going to invest heavily in it, including in the electrification of the fleet. And finally – and that's where we are really unique – a social one. We create sustainable employment for the low-skilled, because we believe in a future in which everyone should be able to expand their lives. In this way we are society's social elevator.'

Does the challenging environment of rising inflation and costs not thwart all those plans?

Audrey Hanard: 'The only constant is change. That is the world we live in. There were challenges last year and there will be this year as well. Today, inflation is a reality, and it affects the costs, but that applies to everyone. Above all, I am convinced that we now have a good team to tackle those challenges.'

Dirk Tirez: 'A number of market conditions such as inflation, rising energy prices, disrupted supply chains from Asia or the somewhat slower growth in e-commerce will continue to play a role. These circumstances lead to major challenges, but we always maintain our long-term vision. So we will take measures to be able to grow and invest.'

What will make you a happy woman and man at the end of the year?

Audrey Hanard: 'To achieve our goals in a sustainable way, responsible for people and the environment. Then we will have taken a huge step, because then the foundation has been laid for the coming years.'

Dirk Tirez: 'When our people say they get meaning from their work for bpost, I will be happy.'

How do we create value for our stakeholders?

Our rapidly changing world presents challenges and opportunities, which bpostgroup takes on with enthusiasm

Changes in the e-commerce logistics landscape

Fast-changing consumer requirements and behaviour are driving disruptive trends in the e-commerce logistics landscape.

Digitization and e-substitution

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

E-commerce

COVID-19 impacted the e-commerce and cross-border business positively, as B2C e-commerce deliveries are expected to continue to grow. Competition between parcel delivery companies and e-commerce fulfilment companies will significantly intensify as consumers demand faster, more flexible services at lower prices, such as free delivery, parcel tracking and e-notifications.

Talent scarcity

Talent is a postal company's most valuable asset. But, according to the IPC, the average age of postal employees is increasing: 37% of the workforce is over 50, while only 12% is under 30[1]. The required skills are changing due to the new technologies and new postal activities. Young people are quick to switch jobs, making it harder to attract and retain talent with the right skill-set.

Climate change

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

New technologies

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

Shared value KPIs

4,335.1	83	7	297,810 eq CO_2
million EUR Operating income	Customer satisfaction score	Employee engagement score[2]	Total CO_2eq emissions (scope 1+2+3)

1 IPC (2020) – Global Postal Industry Report 2020

2 Employee Engagement Score results are from 2020: the bpost Employee Engagement Survey is conducted bi-annually as the survey is conducted "in the field". Due to the COVID-19 pandemic, this was not possible in 2021. Following the results of the 2020 survey, business units within bpost took the time to implement priority actions based on national recommendations.

How we answer?

bpostgroup will deliver on three strategic aspirations

Belgium

Proximity services to citizens and State such as mail, press and retail remain a core part of our service and will continue to generate profit with a more adapted distribution model for mail and parcels combined, and a partnership model to grow revenues and profit in retail.

E-Logistics Eurasia

Considerably boost profitable growth in e-commerce fulfilment and logistics in Europe.

E-Logistics North America

Grow the Radial top line significantly while improving on the bottom line to remain leading in the promising North American e-commerce fulfilment market.

respecting its stakeholders

People

We strive to be an employer of choice

Planet

We strive to be one of the greenest players in the countries we operate

Proximity

We are close to society and its emerging needs

Our impact on society and the Sustainable Development Goals

The goals set by the United Nations show us how to proceed to create a better, more sustainable future for all by 2030. These goals address the global challenges and are intertwined with the three pillars set by bpostgroup: people, planet and proximity.

7 AFFORDABLE AND CLEAN ENERGY

By investing in the reduction of the environmental impact of all our operations, buildings and facilities and investing in renewable electricity, we contribute to accelerating the transition to an affordable, reliable and sustainable energy system.

8 DECENT WORK AND ECONOMIC GROWTH

By being an inclusive organization, offering life-learning experiences enabling employability for our people, we contribute to promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all..

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

By being an important contributor to social cohesion in society and the preferred partner for public services providing affordable and reliable postal service to all Belgian citizens across rural and urban areas, we contribute to building a resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation.

11 SUSTAINABLE CITIES AND COMMUNITIES

By being fully active as zero emission last mile delivery in the Belgian city centers and by working closely with suppliers, customers and communities, we contribute to making cities and human settlements inclusive, safe, resilient and sustainable.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

By being the omni-commerce partner sustainably diversifying, innovating and growing in e-commerce logistics services while respecting our environment, we contribute to ensuring sustainable consumption and production patterns.

13 CLIMATE ACTION

By being a reference earth & people friendly company through our commitment to the Paris Climate Agreement & to the Belgian Alliance for Climate Action , via our Science Based CO_2 reduction Target, we contribute to taking urgent action to combat climate change and its impacts.

Stakeholders

Shareholders and investors	Customers	Employees and trade unions	Suppliers	NGOs	Authorities

Key events of the year

On April 1, bpost and BNP Paribas Fortis agreed a new-seven year commercial partnership

bpost and BNP Paribas Fortis signed an agreement whereby BNP Paribas Fortis would acquire bpost's 50% holding in bpost bank to become its sole shareholder. This agreement was finalized on January 3, 2022.

In May, bpost launched bpost boost!: a springboard for jobseekers and employees

bpost boost! strengthens and extends the company's existing training programme, providing jobseekers with a gateway to high-quality employment at the company or at employers in other industries that struggle to find skilled labour.

On May 12, the General Shareholders' Meeting of bpost approved the appointment of 7 directors and the Board of Directors appointed a new Chairperson

The Ordinary General Meeting of Shareholders terminated the mandate of Jean-Paul Van Avermaet as director, renewed the mandate of Jos Donvil as non-executive director and appointed Mohssin El Ghabri and Audrey Hanard as non-executive directors, as well as Lionel Desclée, Jules Noten, Sonja Rottiers and Sonja Willems as independent directors. The members of the newly composed Board of Directors decided to appoint Audrey Hanard as Chairperson of the bpost Board of Directors.

On July 1, new European Union law on shopping outside the EU effective

Under the new law, goods that are imported from outside the EU are no longer given preferential treatment compared with goods that are sold within the EU. This means that as of July 1, 2021 VAT and any customs duties are charged on all goods purchased in non-EU online stores that arrive in Belgium.

On July 12, Dirk Tirez was appointed as CEO of bpostgroup

The bpost Board of Directors unanimously decided, following the recommendation of bpost's Remuneration and Nomination Committee, to nominate Dirk Tirez – at that time CEO a.i. and Chief Legal & Regulatory Officer and Company Secretary – as the new CEO of bpostgroup.

In July bpostgroup launched its Ecozone, a project with the aim of reducing the impact on traffic and the climate of parcel and letter pick-ups and drop-offs.

bpost and the cities of Mechelen, Mons and Leuven joined forces to open an Ecozone in which newspapers, letters and parcels are delivered without CO_2 emissions. The project won the "Environmental Achievement of the Year"-award at the Parcel and Postal Technology International Awards 2021.

On July 23, the Belgian government approved the seventh management contract with bpost

bpost will therefore continue to perform the Services of General Economic Interest (SGEI) that were foreseen in the sixth management contract in the next five years adding the offering of digital public services. The calculation of bpost's remuneration for the execution of this contract is based on the same principles as those of the previous management contracts and is in line with European law.

During the summer bpostgroup subsidiary Active Ants opened its next e-fulfilment center of the future in Belgium (Willebroek)

With the new 10,000m² state-of-the-art e-fulfilment center with robots assisting employees, bpostgroup expands its e-commerce logistics activities in Europe. During the autumn Active Ants opened a similar center in Dorsten, Germany.

On November 9, bpost announced two new members of its Group Executive Committee

On November 9, 2021, the Board of Directors of bpostgroup decided to appoint Jean Muls as CEO bpost Belgium and Nicolas Baise as Chief Strategy & Transformation Officer.

Corporate Governance Statement

Reference Code and introduction

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

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

Articles of Association

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

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

- The **Board of Directors** sets bpost's general policy and strategy and oversees operational management.
- The Board of Directors has set up a **Strategic Committee**, an **Audit Committee**, a **Remuneration and Nomination Committee** and an **ESG Committee** to assist and make recommendations to the Board of Directors.
- An ***Ad Hoc* Committee** consisting of at least 3 independent directors of the Board of Directors, which is established and intervenes if and when the procedure prescribed by Article 7:97 of the BCCA, as incorporated in bpost's Corporate Governance Charter must be applied
- The Chief Executive Officer ("**CEO**") is responsible for operational management; the Board of Directors has delegated the powers of day-to-day management to the CEO.
- The **Group Executive Committee** assists the CEO with operational management.
- There is a clear division of responsibilities between the Board of Directors and the CEO.

Corporate Governance Charter

The Board of Directors adopted the Corporate Governance Charter on May 27, 2013. The Charter has been in effect since June 25, 2013 and was last amended by the Board of Directors' decision of June 16, 2021.

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

The Corporate Governance Charter contains rules with respect to:

- the corporate governance structure: bpost applies a "one-tier" governance structure in accordance with article 7:85 of the BCCA;
- the duties of the Board of Directors, Board Committees, Group Executive Committee, and CEO;
- the responsibilities of the Board of Directors' Chairperson and Corporate Secretary;
- the requirements that apply to the Board of Directors' members to ensure that they have adequate experience, expertise, and competences to fulfill their duties and responsibilities;
- the disclosure system on mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board of Directors in a transparent way in case conflicts occur, and a prohibition on director participation in the deliberations and voting on any matter in which he or she has a conflicting interest.

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

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

Reference Corporate Governance Code

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

Deviations from the Corporate Governance Code

During the financial year 2021, bpost complied with the Corporate Governance Code, with the exception of the following 4 deviations:

- The Corporate Governance Code (provision 5.6) states that the term of a board mandate should not exceed 4 years. However Dirk Tirez was appointed at the Shareholders' Meeting of September 15, 2021 as director for a term ending after 6 years as from July 1, 2021. Linking his board mandate to his mandate as CEO, instead of setting a term of 4 years, is justified and even necessary to ensure continuity in the organization and management of the company, and contributes to the achievement of bpost's long-term objectives.
- The Corporate Governance Code (provision 7.6) provides that non-executive directors should receive part of their remuneration in the form of shares in the company to allow them to act from the perspective of a long-term shareholder. bpost deviates from this principle, and does not award any share-based remuneration to the non-executive members of the Board of Directors. Taking into account the current remuneration as well as the independence of the non-executive directors, bpost is of the view that granting remuneration in shares would not necessarily contribute to the objectives of the Corporate Governance Code, and believes that the applied remuneration policy already achieves the objective of enabling such directors to act from the perspective of a long-term shareholder and reduces the likelihood of conflicts of interest. Moreover, 6 of the 12 non-executive Directors are appointed upon nomination by the reference shareholder and, based on a survey of Spencer Stuart, many listed companies do not pay their non-executives directors in shares, including other Belgian state-owned listed companies. Therefore, bpost considers that such deviation from provision 7.6 of the Corporate Governance Code is justified.
- The Corporate Governance Code (provisions 7.7 and 7.9) states that executives should hold a minimum number of shares in the company and receive an appropriate balance of cash and deferred remuneration. However, the members of the Group Executive Committee are not awarded any equity-based remuneration (shares, stock-options or other rights to acquire shares) and no part of their remuneration is deferred. This decision is in line with the majority shareholder's expectation and bpost considers it to be justified as the Board of Directors is convinced that the current remuneration package of executives already contributes to achieving the objectives of promoting sustainable value creation and strategic objectives, as well as attracting and retaining talents. To further align bpost's remuneration policy with the Corporate Governance Code, the Board of Directors is evaluating the introduction of a long-term incentive plan (**"LTIP"**) based on a balance between the individual and the Group performances, similar to the LTIP implemented by another Belgian stated-owned listed company. The members of the Group Executive Committee would be incentivized to align their interests with the sustainable value-creation objectives of the company through an LTIP based on the satisfaction of performance criteria and paid in cash after a vesting period.
- The Corporate Governance Code (provision 7.12) provides that contracts with executives should include claw-back provisions. However, no specific provisions on early termination (including on recovery of or withholding of payment of variable remuneration) are inserted in the contracts with executives. This deviation from the Corporate Governance Code is justified as the variable remuneration of members of the Group Executive Committee is capped, and does not represent a significant portion of their remuneration package[2]. In these circumstances, the insertion of claw-back provisions with regard to the payment of variable remuneration to executives would have a limited influence in the pursuit of long-term and sustainable value-creation objectives. In addition, the number of situations that could give rise to a claw-back is very limited, as grants of variable remuneration will be based on audited financial information.

Board of Directors

Composition

General rules governing the composition of the Board of Directors

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

- The Board of Directors consists of a maximum of 12 directors, including the CEO, and comprises only non-executive directors, except for the CEO.
- All directors are appointed (and can be removed) by the shareholders at a Shareholders' Meeting, on proposal by the Board of Directors and from candidates nominated by the Remuneration and Nomination Committee.
- Directors are appointed for a renewable term of maximum 4 years, to the extent that the total term of their mandate (as renewed) does not exceed 12 years. To ensure continuity in the organization, these limitations do not apply to the CEO.
- Any shareholder holding at least 15% of bpost's shares has the right to nominate directors for appointment pro rata its shareholding ("nomination right"). Directors nominated by a shareholder may be independent, provided they fulfill the general independence criterion laid down in Article 7:87 of the BCCA (also considering the specific independence criteria laid down in Article 3.5. of the Corporate Governance Code and article 4.2.6 of the Corporate Governance Charter), but do not have to be independent.
- All directors, other than the CEO and those appointed through the aforementioned nomination right, must be independent directors. In

1 *The Corporate Governance Code is available on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).*
2 *For the member of the GEC located in the United States, the portion of variable remuneration is higher in line with local market practices.*

any case, the Board of Directors must comprise at all times at least 3 directors fulfilling the general independence criterion laid down in Article 7:87 of the BCCA, also considering the specific independence criteria laid down in Article 3.5. of the Corporate Governance Code and article 4.2.6 of the Corporate Governance Charter. The bpost Corporate Governance Charter further provides that at least half of the directors must at all times meet the independence criteria as set out in Article 3.5. of the Corporate Governance Code.
- Any director can be removed by decision of the shareholders at a Shareholders' Meeting.
- Should any director mandate become vacant, the remaining directors have the right, in accordance with Article 7:88 of the BCCA, to temporarily fill such vacancy until a final appointment takes place in accordance with the abovementioned rules.

The current composition of the Board of Directors complies with:

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

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

The Board of Directors was, per December 31, 2021, composed of the following 12 members:

NAME	POSITION	FIRST APPOINTMENT AS DIRECTOR	MANDATE EXPIRES
AUDREY HANARD (1) (2)	Chairperson of the Board and Non-Executive Director	2021	2025
DIRK TIREZ	CEO (3) and Director (4)	2021	2027
LIONEL DESCLÉE (1)	Independent Director	2021	2025
JOS DONVIL (6)	Non-Executive Director	2017	2025
MOHSSIN EL GHABRI (1)	Non-Executive Director	2021	2025
LAURENT LEVAUX (7)	Non-Executive Director	2012 (8)	2023
JULES NOTEN (1)	Independent Director	2021	2025
SONJA ROTTIERS (1)	Independent Director	2021	2025
RAY STEWART (5)	Independent Director	2014	2022
MICHAEL STONE (5)	Independent Director	2014	2022
CAROLINE VEN (7)	Non-Executive Director	2012 (8)	2023
SONJA WILLEMS (1)	Independent Director	2021	2025

(1) *Appointed by the Shareholders' Meeting held on May 12, 2021.*
(2) *Appointed as Chairperson by a Board of Directors decision of May 12, 2021.*
(3) *Appointed as CEO by a Board of Directors decision of July 12, 2021 with effect as from July 1, 2021.*
(4) *Appointed by the Shareholders' Meeting held on September 15, 2021.*
(5) *Appointed by the General Meeting of all Shareholders of bpost other than Public Institutions held on September 22, 2014. Their mandate was renewed by the Shareholders' Meeting held on May 9, 2018.*
(6) *Appointed by the annual Shareholders' Meeting held on May 10, 2017. His mandate was renewed by the Shareholders' Meeting held on May 12, 2021.*
(7) *Appointed by the annual Shareholders' Meeting held on May 8, 2019.*
(8) *First appointment as Director dates from 2012, but not in office from May 9, 2018 until May 8, 2019.*

Changes in the composition of the Board of Directors

The following changes occurred in the composition of the Board of Directors in 2021:

- On March 14, 2021, the Board of Directors decided to terminate, with immediate effect, the collaboration with Mr. Jean-Paul Van Avermaet in his function of CEO of bpost and to suspend Mr. Van Avermaet as board member of bpost in the interest of the Company.
- On March 16, 2021, upon recommendation of the Remuneration and Nomination Committee, the Board of Directors decided to appoint Mr. Dirk Tirez as CEO ad interim with immediate effect.
- Mr. François Cornelis resigned as independent director with effect from March 31, 2021.
- On May 5, 2021, Ms. Anne Dumont resigned as director with effect from the Shareholders' Meeting of May 12, 2021.
- The mandate of (i) Ms. Filomena Teixeira, (ii) Ms. Saskia Van Uffelen, (iii) Mr. Jos Donvil and (iv) Ms. Bernadette Lambrechts expired at the Shareholders' Meeting of May 12, 2021.
- At the annual Shareholders' Meeting of May 12, 2021, the shareholders decided to:
  - terminate the mandate of Mr. Jean-Paul Van Avermaet as director with immediate effect;
  - upon proposal of the Belgian State in accordance with its nomination right, (i) renew the mandate of Jos Donvil and (ii) appoint Mr. Mohssin El Ghabri and Audrey Hanard as non-executive directors for a term of 4 years;
  - appoint Mr. Lionel Desclée, Mr. Jules Noten, Ms. Sonja Rottiers and Ms. Sonja Willems as independent directors for a term of 4 years.
- On July 12, 2021, upon recommendation of the Remuneration and Nomination Committee, the Board of Directors decided to appoint Mr. Dirk Tirez as CEO of the Company with effect as from July 1, 2021.

- At the Extraordinary Shareholders' Meeting of September 15, 2021, upon proposal of the Belgian State in accordance with its nomination right and upon recommendation of the Remuneration and Nomination Committee, the shareholders decided to appoint Mr. Dirk Tirez as director for a term ending after 6 years as from July 1, 2021.

At the Shareholders' Meeting of May 11, 2022, the mandate of Ray Stewart and Michael Stone, appointed as independent directors, will expire. The Board of Directors intends to recommend candidates, nominated by the Remuneration and Nomination Committee, for appointment by the shareholders at the annual Shareholders' Meeting of May 11, 2022 to replace the directors whose mandate will expire.

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

Powers and functioning

Powers and responsibilities of the Board of Directors

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

In particular, the Board of Directors is responsible for:

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

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

Functioning of the Board of Directors

The Board of Directors meets whenever the interests of the Company so requires or at the request of at least two directors. In principle, the Board of Directors meets seven times a year and in any event not less than five times a year. In 2021, the Board of Directors met 16 times.

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

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

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

Evaluation process of the Board of Directors

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

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

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

Transactions between bpost, its Board members and executive managers

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

In accordance with Article 7:96 of the BCCA, the below directors declared to the Board of Directors to have a personal conflict of interest of patrimonial nature in connection with agenda items. They informed bpost's Chairperson and Auditors of the conflict of interest and decided not to participate in the deliberation or voting on this item.

The relevant Board of Directors' minutes are the following:

1. Jean-Paul Van Avermaet during the Board of Directors' meeting of February, 2021:

"Prior to the report of the Chairman, the CEO declared to have a personal conflict of interest of a patrimonial nature aimed at by Article 7:96 of the Belgian Code of Companies and Association in respect of the agenda item relating on his performance feedback. The CEO left the meeting room and did not participate in the deliberation, nor the decision. The CEO will instruct the Joint Auditors of his conflict of interest in accordance with Article 7:96 of the Belgian Code of Companies and Association.

In the absence of the CEO and the Company Secretary, [the executive search firm] presented the performance feedback of the CEO. The Board discussed the report and took further note of it and it was agreed that the Chairman would address the feedback and the results of the Board discussion directly with the CEO".

2. Jean-Paul Van Avermaet during the Board of Directors' meeting of March 9, 2021:

"Prior to the report of the Chairman, the CEO declared to have a personal conflict of interest of a patrimonial nature aimed at by Article 7:96 of the Belgian Code of Companies and Association in respect of the agenda item relating on his 2020 performance. The CEO left the meeting room and did not participate in the deliberation, nor the decision. The CEO will instruct the Joint Auditors of his conflict of interest in accordance with Article 7:96 of the Belgian Code of Companies and Association.

In the absence of the CEO who declared to have a conflict of interest and did not participate in the deliberation and decision of his performance, the Chairman reported on the recommendation of the Remuneration & Nomination Committee. The Board of Directors proceeded with the annual performance of the CEO."

3. Jean-Paul Van Avermaet during the Board of Directors' meeting of March 14, 2021:

"The Board of Directors was convened as a matter of urgency by the Company Secretary by e-mail on 14 March 2021 at the request of the Chairman in order to deliberate and decide on the termination of the mandate of Mr. Jean-Paul van Avermaet as Chief Executive Officer in charge of daily management and the suspension of his mandate as member of the Board until the Shareholders' Meeting of 12 May 2021 .

On the same day, Mr. Van Avermaet informed the Chair that he is conflicted within the meaning of article 7:96 of the Code of Companies and Associations with regard to the sole item on the agenda of today's meeting, so that he will abstain from participating to the Board. Mr. Van Avermaet was duly informed about the purpose of the meeting and the reasons underlying the proposal to terminate his mandate as Chief Executive Officer and to temporarily suspend his mandate as director nominated by the Belgian State and has been provided in the past the opportunity to give his views.

The Chairman recalled the facts and their chronology in this matter and informed the Board of the content of the letter of 14 March 2021 from the Belgian State, majority shareholder of the Company. He confirmed that the Renumeration and Nomination Committee (the members of which are ail present) have given the urgency not been able to meet but all of them are present and expressed their views.

On that basis, in the best interest of the Company, in order to urgently restore confidence in its leadership by the Company's stakeholders (in particular its shareholders, the public authorities, personnel, creditors, business partners and the financial markets) the Board therefore decided to terminate the mandate of Mr. Van Avermaet as Chief Executive Officer with immediate effect. For the avoidance of doubt, the Board confirmed that this termination also relates to his executive roles in other entities of the Group.

The Board is of the opinion that, having regard to the termination of his mandate as Chief Executive Officer in the present circumstances, it is likewise in the best interest of the Company to suspend Mr. Van Avermaet as a member of the Board. This decision will be submitted for confirmation to the General Assembly, at the latest at the occasion of the annual general meeting to be held on 12 May 2021.The Chair reminds the Board of the tact that Mr. Van Avermaet does not receive any remuneration as a director. The Board noted that the appointment and dismissal of Directors is an item on the agenda of the annual shareholder's meeting of 12 May 2021.

Upon recommendation of the members of the Renumeration and Nomination Committee, the Board decided with unanimous vote (i) to terminate Mr. Van Avermaet as CEO and (ii) to suspend his mandate as director and submit the suspension of his mandate as director for confirmation at the annual shareholders' meeting. This decision will be notified to Mr. Van Avermaet. The Board also approved the press release attached.

The Board decided to entrust the powers of daily management to the Chairman of the Board and requested him to continue to implement the Company's strategy unabatedly."

Transactions between bpost and its majority shareholder or other related parties

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

In 2021, bpost applied the aforementioned procedure in the context of the extension of the 6th Management Contract and negotiation and approval of the 7th Management Contract with the Belgian State. The announcement regarding the transaction is publicly available on the bpost website[1].

1 *https://press.bpost.be/government-approves-seventh-management-contract-with-bpost*

Committees of the Board of Directors

The Board of Directors has established 4 Board Committees which assist the Board of Directors and make recommendations in specific fields: the Strategic Committee, the Audit Committee (in accordance with Article 7:99 of the BCCA), the Remuneration and Nomination Committee (in accordance with Article 7:100 of the BCCA) and the ESG Committee. The terms of reference of these Board Committees are set out in the Corporate Governance Charter. These Board Committees are advisory committees and strategic decision-making remains the responsibility of the Board of Directors as a whole.

Strategic Committee

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

- regularly review industry and market developments against the objectives and strategies of bpost and its subsidiaries and recommend corrective actions if required;
- review risks and opportunities of the strategy as identified by the Company's strategic risk assessment and other key factors, such as: relevant industry trends and changes, emerging or evolving competitive activity, governmental or legislative developments, and the Company's performance against the financial targets agreed by the Board of Directors and communicated to the shareholders;
- review the business plan submitted each year by the Group Executive Committee and monitor alignment with the agreed strategy;
- provide guidance, and support to management for the strategic planning process and prepare the implementation plan and appropriate milestones and Key Performance Indicators (KPIs) with management for approval by the Board of Directors;
- review strategic transactions or initiatives proposed by the Board of Directors, CEO or Group Executive Committee, including acquisitions and divestitures, strategic alliances or any longer-term cooperation agreements, and the entry into new markets or geographic areas;
- monitor the progress of strategic projects and initiatives and of the business plan in line with the Company's progress against strategic objectives, using predefined and agreed KPIs and provide feedback and recommendations to the Board of Directors on the results and on corrective actions if required;
- review the results of strategic transactions (e.g., acquisitions, mergers, disposals) against the foreseen value of the transaction to the Company and recommends action to the Board of Directors as required;
- make reports to the Board of Directors on its activities including an annual review of the performance of the committee and any recommendations for changes in the scope of its duties, composition and working practices.

The Strategic Committee consists of maximum 6 directors. The Strategic Committee's Chairperson is designated by the Strategic Committee's members.

The Strategic Committee was, per December 31, 2021, composed of the following 6 members:

NAME	POSITION
MICHAEL STONE (CHAIRPERSON)	Independent Director
LIONEL DESCLÉE	Independent Director
JOS DONVIL	Non-Executive Director
JULES NOTEN	Independent Director
DIRK TIREZ	CEO and Director
CAROLINE VEN	Non-Executive Director

The Strategic Committee met 4 times in 2021.

Audit Committee

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

- monitoring the integrity of bpost's financial statements and bpost's accounting and financial reporting processes and financial statements audits as well as bpost's budget;
- monitoring the effectiveness of bpost's internal control and risk management;
- monitoring the internal audit function and its effectiveness;
- monitoring the performance of the Joint Auditors and the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the Joint Auditors;
- reviewing and monitoring the independence of the Joint Auditors, especially in view of the provisions of the BCCA;
- proposing candidates to the Board of Directors for the 2 Auditors to be appointed by the Shareholders' Meeting;
- informing the Board of Directors on the results of the statutory audit and the performance of its tasks;
- appointing, dismissing, replacing, and annually evaluating the performance of the Chief Audit Executive.

The Audit Committee consists of maximum 5 non-executive directors, with at least 1 independent director. The Audit Committee's Chairperson is designated by the Audit Committee's members.

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

The Audit Committee was, as of December 31, 2021, composed of the following 4 members:

NAME	POSITION
RAY STEWART (CHAIRPERSON)	Independent Director
LIONEL DESCLÉE	Independent Director
MICHAEL STONE	Independent Director
SONJA ROTTIERS	Independent Director

The Audit Committee met 4 times in 2021.

Remuneration and Nomination Committee

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

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

The Remuneration and Nomination Committee consists of minimum 3 and maximum 5 non-executive directors, with at all times a majority of independent directors. Collectively, Remuneration and Nomination Committee's members have sufficient relevant expertise with regard to remuneration policies to fulfil their roles effectively.

The Remuneration and Nomination Committee was, per December 31, 2021, composed of the following 5 members:

NAME	POSITION
AUDREY HANARD (CHAIRPERSON)	Chairperson of the Board and Non-Executive Director
JULES NOTEN	Independent Director
LAURENT LEVAUX	Non-Executive Director
RAY STEWART	Independent Director
SONJA WILLEMS	Independent Director

The Remuneration and Nomination Committee met 16 times in 2021.

ESG Committee

The ESG (environmental, social and governance) Committee advises the Board of Directors principally on matters regarding the bpost ESG strategy and activities, including the preparation and implementation of ESG initiatives and supporting bpostgroup in developing a position as a global leader in ESG performance. The ESG Committee shall in particular:

- advise the Board of Directors on the group's global ESG sustainability strategy and reviews on a regular basis the evolution and impact of such strategy;
- make recommendations to the Board of Directors with respect to matters affecting ESG responsibilities and related corporate conduct consistent with the group's ESG strategy;
- assist the management in executing the ESG strategy and implementing the group ESG program and initiatives;
- coordinate and advise on ESG sustainability initiatives and commitments throughout the group and encourage integration of ESG matters into overall business strategy;

- monitor and advise on ESG trends in public policy, regulation and legislation as well as on emerging ESG matters, and advise the Board of Directors on additional actions in response to such trends and/or issues;
- identify the ESG risks and opportunities that may impact the group's ability to create long term value and affect its business, operations, performance and/or reputation;
- advise the Board of Directors on the inclusion of ESG risks and opportunities into the group's long term strategy and development;
- submit the annual sustainability and corporate social responsibility (CSR) report to the Board of Directors;
- assist the bpost Board of Directors, management and communication teams with regard to bpost non-financial disclosure and reporting obligations;
- assist communication teams regarding group's key ESG messages with regard to strategy and long-term value creation and ensure that ESG is properly reflected in financial disclosures and other market communications.

The ESG Committee consists of maximum 6 directors. The ESG Committee's Chairperson is designated by the ESG Committee's members.

The ESG Committee was, per December 31, 2021, composed of the following 5 members:

NAME	POSITION
LAURENT LEVAUX (CHAIRPERSON)	Non-Executive Director
MOHSSIN EL GHABRI	Non-Executive Director
AUDREY HANARD	Non-Executive Director
CAROLINE VEN	Non-Executive Director
SONJA WILLEMS	Independent Director

The ESG Committee met 3 times in 2021.

Executive Management

CEO

The current CEO, Dirk Tirez, was appointed for a term of six years by the Board of Directors upon recommendation of the Remuneration and Nomination Committee, until June 30, 2027.

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

The CEO can be removed by the Board of Directors.

Group Executive Committee

bpost's operational management is ensured by the Group Executive Committee and is led by the CEO. The Group Executive Committee consists of maximum 9 members, who are appointed (for the duration determined by the Board of Directors) and removed by the Board of Directors, following a recommendation by the CEO and advice of the Remuneration and Nomination Committee.

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

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

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

The Group Executive Committee was, as of December 31, 2021, composed of the following members:

NAME	FUNCTION
DIRK TIREZ	Chief Executive Officer
MARK MICHIELS	Chief Human Resources & Organization
LUC CLOET	CEO Belgium
KATHLEEN VAN BEVEREN	Director Parcels & Logistics Europe and Asia

Pursuant to his retirement, Luc Cloet terminated his function as CEO Belgium as of December 31, 2021.

1991 Law Committee

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

The 1991 Law Committee was, as of December 31, 2021, composed of the CEO, who chairs the Committee, and two other members (one Dutch-speaking member and one French-speaking member): Mark Michiels and Catherine Delvaux.

Company Secretary

The Board of Directors and the Advisory Committees are assisted by the Group Company Secretary, Ross Hurwitz, who is also bpost's Chief Legal Officer and Group Executive Committee Secretary. He was appointed in such qualities on September 23, 2021.

Joint Auditors

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

bpost's Joint Auditors were, as of December 31, 2021:

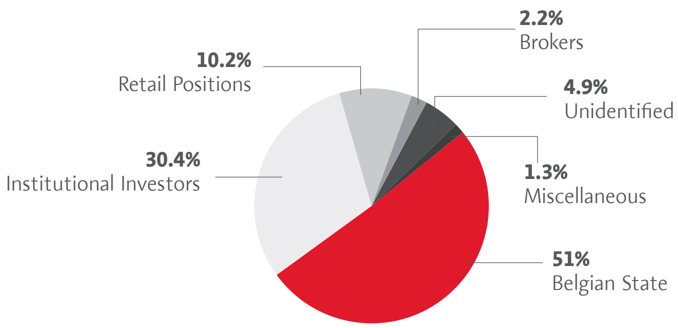
- EY Réviseurs d'Entreprises–Bedrijfsrevisoren SRL/BV (**"EY"**), represented by Mr. Han Wevers (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), De Kleetlaan 2, 1831 Diegem, Belgium (its mandate was renewed by the annual Shareholders' Meeting on May 12, 2021, and will expire after the annual Shareholders' Meeting to be held in 2024);
- PVMD Réviseurs d'Entreprises- Bedrijfsrevisoren SC/CV (**"PVMD"**), represented by Mr. Alain Chaerels (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), Avenue d'Argenteuil 51, 1410 Waterloo, Belgium (its mandate was renewed by the annual Shareholders' Meeting on May 12, 2021, and will expire after the annual Shareholders' Meeting to be held in 2024);
- Mr. Philippe Roland, First President of the Court of Audit (*Rekenhof/Cour des Comptes*), Rue de la Régence 2, 1000 Brussels, Belgium (his mandate was renewed by the Court of Audit on September 25, 2019 until September 30, 2022); and
- Mrs. Hilde François, Chairperson of the Court of Audit (*Rekenhof/Cour des Comptes*), Rue de la Régence 2, 1000 Brussels, Belgium (she was appointed by the Court of Audit on October 1, 2021 until September 30, 2024).

EY and PVMD are responsible for the audit of bpost's consolidated financial statements. For the year ended December 31, 2021, EY and PVMD received 1,273,898 EUR (excluding value added tax) in fees for the audit of financial statements of bpost and its subsidiaries and 81,442 EUR (excluding value-added tax) in fees for non-audit services. The two auditors appointed by the Court of Audit received 81,035 EUR in remuneration for their services in connection with the audit of bpost's non-consolidated financial statements for the year ended December 31, 2021.

Shareholding structure and shareholders rights

bpost's shares are registered or dematerialized. On December 31, 2021, bpost's share capital was represented by 200,000,944 shares, listed on the regulated market of Euronext Brussels.

With, respectively, 48,263,200 (24.13%) and 53,812,449 (26.91%) bpost shares in their possession on December 31, 2021, the Belgian State and the SFPI/FPIM together hold 102,075,649 (51.04%) of bpost issued voting shares. The remaining 97,925,295 shares are held by individual shareholders and European and international institutional shareholders.



STRUCTURE OVERVIEW BY TYPE (IN %) ON DECEMBER 31, 2021

In 2021, bpost did not receive any transparency declarations disclosing that a notification threshold had been reached (crossed upward or downward) in accordance with the Law of May 2, 2007 on the disclosure of significant shareholdings in listed companies and the Articles of Association. All transparency notifications are available on bpost's website at https://bpostgroup.com/investors/transparency-declarations.

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

On December 31, 2021, bpost did not hold any of its own shares.

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

Remuneration Report

bpost[1]'s remuneration report (the **"Remuneration Report"**) is established in accordance with article 3:6, §3 of the Belgian Code of Companies and Associations (the **"BCCA"**), the Belgian Code of Corporate Governance 2020 (the **"Corporate Governance Code"**), market practices and trends.

bpost considers transparency and clear communication on the principles and implementation of its remuneration policy to be essential. It therefore shares relevant information in this Remuneration Report on the remuneration paid to the members of the Board of Directors and of the Group Executive Committee in the financial year 2021. The Remuneration Report also includes tables providing additional insight into the total remuneration of the members of the Board of Directors and of the Group Executive Committee, as well as the performance realized and the pay-out of the variable remuneration.

1. Procedure for establishing the remuneration policy and setting the individual remuneration of the members of the Board of Directors and Group Executive Committee

In accordance with article 7:89/1 of the BCCA and the Corporate Governance Code, bpost has a specific remuneration policy (the **"Remuneration Policy"**) setting out the remuneration principles of (i) the non-executive members of the Board of Directors, (ii) the CEO and (iii) the other members of the Group Executive Committee.

This Remuneration Policy was prepared by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, and approved by the Shareholders' Meeting on May 12, 2021[2]. The Remuneration Policy, together with the results of the shareholders vote, are available on bpost's website[3]. Any material change to this Remuneration Policy has to be approved by the Shareholders' Meeting, upon recommendation of the Board of Directors and the Remuneration and Nomination Committee. The Remuneration Policy has been applicable since January 1, 2021 and bpost did not deviate from it during financial year 2021[4].

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

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

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

The Remuneration and Nomination Committee regularly examines the Remuneration Policy's principles and their application, and will continue to do so. The Board of Directors and the Remuneration and Nomination Committee will also continue analyzing the possibility and feasibility of introducing a long-term incentive plan. The purpose of this plan would be to better align the actions and initiatives of management with bpost's long-term performance (see Section 3 below).

1 *A public-law public limited company incorporated and existing under Belgian law, having its registered office at Muntcentrum, 1000 Brussels (Belgium) and registered with the Crossroads Bank for Enterprises under number 214,596,464 (RLE Brussels) (the "**Company**" or "**bpost**").*
This report does not include bpost's Belgian subsidiaries, the remuneration policy of which is in line with the national reference market, or bpost's foreign subsidiaries, whose remuneration policies are in line with local reference markets of relevant companies and aim to attract and retain qualified and experienced directors and managers. In that regard, the Radial Group has its own incentive plan, in accordance with US market practices.
All amounts mention in this report are gross amounts.

2 *https://bpostgroup.com/investors/governance/shareholders-meetings: the Remuneration Policy was approved by the Shareholders' Meeting on May 12, 2021 with a majority of 91,73% votes in favour and 8,27% votes against.*

3 *https://bpostgroup.com/sites/default/files/2021-07/8-bpost-remuneration-policy-en.pdf*

4 *The Remuneration Policy has been applicable since January 1, 2021. However, the variable remuneration of the CEO and the other members of the Group Executive Committee relating to the achievement of collective objectives and individual performance targets during the financial year 2020 and paid in 2021 was determined based on the previous remuneration policy , which was applicable until December 31, 2020.*

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

A. Remuneration of the non-executive members of the Board of Directors

The remuneration of the members of the Board of Directors (with the exception of the CEO) consists of two elements:

- a monthly fixed fee; and
- an attendance fee for each Advisory Committee[1] meeting attended.

The monthly fixed fee and the attendance fee are subject to automatic indexation on March 1 of each calendar year on the basis of the Consumer Health Index.

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

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

Monthly fixed fee

During the financial year 2021, the members of the Board of Directors (with the exception of the CEO) received the following monthly fixed fee:

- 3,588.18 EUR for the Board of Directors' Chairperson, who also chairs bpost's Joint Industrial Committee (*Paritair Comité / Commission Paritaire*), as indexed on March 1, 2021;
- 1,794.09 EUR for the other directors (with the exception of the CEO) as indexed on March 1, 2021.

Attendance fees

The members of the Board of Directors (with the exception of the CEO) also received an attendance fee of 1,794.09 EUR per attended Advisory Committee meeting.

Overall remuneration

For the financial year 2021, the overall remuneration paid to all the members of the Board of Directors (with the exception of the CEO) totaled 490,161.55 EUR.

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

BOARD OF DIRECTORS' MEMBERS	BOARD OF DIRECTORS		STRATEGIC COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE		AUDIT COMMITTEE		ESG COMMITTEE		AD HOC COMMITTEE		TOTAL ANNUAL REMUNERATION (EUR)
	AMOUNT (EUR)	MEETINGS (*)	AMOUNT (EUR)	MEETINGS (*)	AMOUNT (EUR)	MEETINGS (*)	AMOUNT (EUR)	MEETINGS (*)	AMOUNT (EUR)	MEETINGS (*)	AMOUNT (EUR)	MEETINGS (*)	
François Cornelis (Chairperson) until March 31, 2021	10,730.46	6/6	n/a		5,373.75	3/3	n/a		n/a		1,785.57	1/1	17,889.78
Lionel Desclée as from May 12, 2021	13,754.69	7/7	3,588.18	2/2	n/a		3,588.18	2/2	n/a		5,382.27	3/4	26,313.32
Jos Donvil	21,512.0	16/16	3,588.18	2/2	16,138.29	9/9	n/a		n/a		n/a		41,238.51
Anne Dumont until May 12, 2021	8,207.62	9/9	3,588.18	2/2	n/a		n/a		n/a		n/a		11,795.80
Mosshin El Ghabri as from May 12, 2021	13,754.69	6/7	n/a		n/a		n/a		5,382.27	3/3	n/a		19,136.96
Audrey Hanard (Chairperson) as from May 12, 2021	27,509.38	7/7	n/a		10,764.54	6/6	n/a		5,382.27	3/3	n/a		43,656.19
Bernadette Lambrechts until May 12, 2021	8,207.62	8/9	n/a		1,794.09	1/1	3,588.18	2/2	n/a		n/a		13,589.89
Laurent Levaux	21,512.04	15/16	1,794.09	1/1	21,529.08	12/14	n/a		5,382.27	3/3	n/a		50,217.48

1 *The Advisory Committees include the Strategic Committee, the Remuneration and Nomination Committee, the Audit Committee, the ESG Committee and Ad Hoc Committee.*

Jules Noten as from May 12, 2021	13,754.69	6/7	3,588.18	2/2	10,764.54	6/6	n/a		n/a		n/a		28,107.41
Sonja Rottiers as from May 12, 2021	13,754.69	7/7	n/a		n/a		3,588.18	2/2	n/a		7,176.36	4/4	24,519.23
Ray Stewart (Chairperson from April 1, 2021 until May 12, 2021)	23,904.16	16/16	n/a		19,734.99	11/11	7,176.36	4/4	n/a		8,970.45	5/5	59,785.96
Michael Stone	21,512.04	16/16	5,382.27	3/3	10,764.54	6/6	7,176.36	4/4	n/a		1,794.09	1/1	46,629.30
Filomena Teixeira until May 12, 2021	8,207.62	9/9	3,588.18	2/2	7,167.84	4/4	n/a		n/a		1,794.09	1/1	20,757.73
Saskia Van Uffelen until May 12, 2021	8,207.62	9/9	n/a		7,167.84	4/4	1,794.09	1/2	n/a		1,794.09	1/1	18,963.64
Caroline Ven	21,512.04	16/16	7,176.36	4/4	n/a		3,588.18	2/2	5,382.27	3	n/a		37,658.85
Sonja Willems as from May 12, 2021	13,754.69	7/7	n/a		10,764.54	6/6	n/a		5,382.27	3	n/a		29,901.50
TOTAL	**249,796.09**		**32,293.62**		**121,964.04**		**30,499.53**		**26,911.35**		**28,696.92**		**490,161.55**

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

B. Remuneration of the CEO and the other members of the Group Executive Committee

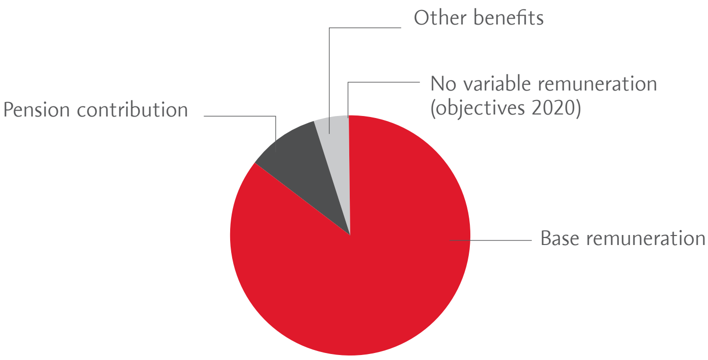
In accordance with the Remuneration Policy, the remuneration package of the CEO[1] and the other members of Group Executive Committee consisted in 2021 of:

- a fixed base remuneration;
- a variable short-term remuneration[2];
- pension contributions; and
- various other benefits.

No shares, stock options, or other rights to acquire shares (or other share-based remuneration) were granted to or exercised by the CEO or the other members of the Group Executive Committee, or have expired in 2021. No options under previous stock option plans were outstanding for the financial year 2021.

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

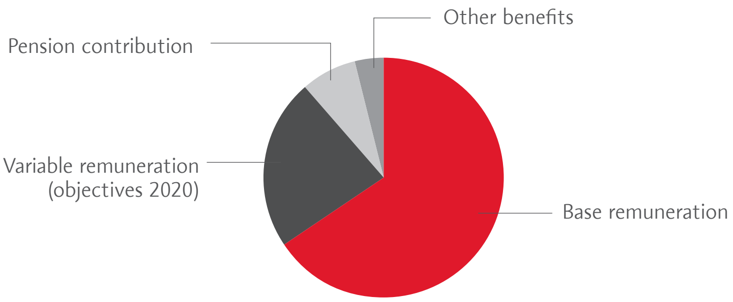
The relative importance of the various remuneration components of the CEO and Group Executive Committee members is illustrated in the graphs below.



RELATIVE IMPORTANCE OF THE VARIOUS ELEMENTS OF THE CEO'S REMUNERATION (2021)

1 *On March 14, 2021, the Board of Directors decided to terminate, with immediate effect, the mandate of Jean-Paul Van Avermaet as CEO of bpost and to suspend his mandate as member of the Board of Directors. The Shareholders' Meeting of May 12, 2021 decided to terminate his mandate as a member of the Board of Directors, with immediate effect. Jean-Paul Van Avermaet was remunerated as CEO until March 14, 2021. Upon recommendation of the Remuneration and Nomination Committee, the Board of Directors unanimously decided (i) on March 16, 2021 to appoint Dirk Tirez as CEO ad interim with immediate effect and (ii) on July 12, 2021, to appoint Dirk Tirez as CEO of the Company with effect as from July 1, 2021. Dirk Tirez has been remunerated as CEO as from July 1, 2021. The Shareholders' Meeting of September 15, 2021 decided to appoint Dirk Tirez as member of the Board of Directors for a term ending after 6 years as from July 1, 2021.*

2 *A variable long-term incentive is available but only for the member of the Group Executive Committee located in the United States. See the Remuneration Policy for more information in this respect.*



RELATIVE IMPORTANCE OF THE VARIOUS ELEMENTS OF THE GLOBAL REMUNERATION OF THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE (2021)

Base remuneration

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

- the CEO's total base remuneration for the financial year 2021 amounted to 531,028.26 EUR[1] (as indexed on October 1, 2021). The CEO did not receive any remuneration for his mandate as a member of the Board of Directors;
- the global base remuneration granted to other members of the Group Executive Committee for the financial year 2021 amounted to 2,559,639.52 EUR. The amount of their individual base remuneration reflects the responsibilities and characteristics of the position, the level of experience and the performance of the members of the Group Executive Committee during the past year.

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

The base remuneration is revised annually based on a benchmark study that covers large Belgian companies so as to offer a total remuneration in accordance with the median on the reference market.

Variable short-term remuneration

The short-term incentive consists of a variable remuneration paid in cash. In 2021, the CEO and the other members of the Group Executive Committee in Belgium had variable short-term remuneration with regard to the performance during financial year 2020 of 30% (at target) of their annual fixed base remuneration. In the case of over-performance, the variable short-term remuneration could exceed 30% and potentially reach a maximum at 60% of their annual fixed base remuneration.

The variable short-term remuneration was awarded on the basis of the achievement of both collective objectives and individual performance targets, which were set at the start of 2020[2]. The collective objectives have a greater weight than the individual performance targets for the CEO and the other members of the Group Executive Committee. The ratio is 80%-20% for the CEO and 70%-30% for the other members of the Group Executive Committee. Finally, the collective objectives are segmented for the group and the business units to improve the line of sight.

- The **collective objectives** (80% for the CEO and 70% for the other members of the Group Executive Committee of the total potential variable short-term remuneration at target[3]) relate to performance against Key Performance Indicators (KPI's) set by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. These KPI's include financial and non-financial indicators:
  - EBIT (60% for the CEO and 50% for the members of the Group Executive Committee): reflects the group and business units' financial results. The financial results applicable to the CEO and the other members of the Group Executive Committee in charge of the support units are linked to the group, while those for the members of the Group Executive Committee in charge of a business unit, are linked, with an equal weight, to the group and business unit. The pay-out for 2020 was between 114.5% and 141.5%.
  - Customer Loyalty Index (10%): reflects the loyalty of bpost's customers. The pay-out for this criterion is equal to the results for the given year. The Customer Loyalty Index for 2020 is composed specifically for the different business and support units of minimum two and maximum five metrics. The results for 2020 reached a pay-out between 89.9% and 93.0% for this criterion, depending on the area of responsibility.
  - Short-term Absenteeism Index (10%): reflects the wellbeing or engagement, respectively, of bpost's staff. The pay-out for these criteria is equal to the results for the given year. The Short-term Absenteeism Index, measured on a quarterly base and specific to the business unit and Group reached a pay-out of 60.6% in 2020. Only the Short-term Absenteeism Index for Q3 2020 has been taken into account due to the quarantine impact due to COVID-19.

1 *This total base remuneration includes Jean-Paul Van Avermaet's base remuneration for the financial year 2021 amounting to 123,478.26 EUR.*
2 *The percentages of the financial and non-financial indicators are based on the previous remuneration policy, which was applicable until December 31, 2020, as they relate to the achievement of the collective objectives and the individual performance targets during the financial year 2020.*
3 *With a minimum of 0% in the case of underperformance and a maximum of 200% in the case of overperformance.*

- To ensure a constant alignment to market reality (COVID and best practices, the weight of the non-financial indicators for the collective objectives was slightly adapted. As from January 1, 2022 (for the variable remuneration to be paid in 2023), the Customer Loyalty Index will weigh 20%[1] and the Short-term Absenteeism Index will no longer be taken into account.

- The i**ndividual performance targets** (20% for the CEO and 30% for the members of the Group Executive Committee of the total potential variable short-term remuneration at target[2]) are defined and agreed on at the beginning of each year (i) between the Board of Directors and the CEO and (ii) between the CEO and each Group Executive Committee member.

These individual targets are assessed annually during the first quarter following the end of the financial year, by the Board of Directors upon recommendation of the Remuneration and Nomination Committee.

Clear and measurable targets are set, which are to be achieved within an agreed timeframe. The individual performance is measured against these targets.

The main individual performance targets to be achieved by the CEO over financial year 2020 were the following:

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

The main individual performance targets to be achieved by the other members of the Group Executive Committee over financial year 2020 were the following:

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

In 2020, the individual performance targets reached a pay-out of between 110% and 140% for the members of the Group Executive Committee.

The current CEO, Dirk Tirez, did not receive a variable short-term remuneration as CEO in 2021 for the financial year 2020, as he was appointed as CEO in the course of 2021[3]. His variable short term-remuneration for the financial year 2021, if any, will be determined and paid in 2022, based on the achievement of the collective objectives and individual performance targets for the financial year 2021[4].

The members of the Group Executive Committee received a global variable short-term remuneration of 897,654,35 EUR in 2021 based on the achievement of the collective objectives and the individual performance targets for the year 2020.

The variable short-term remuneration for the achievement of the collective objectives and individual performance targets during the financial year 2021, if any, will be determined and paid in May 2022, after the performance assessment of the CEO and of each member of the Group Executive Committee and disclosed in the remuneration report to be published in 2023.

Pension contribution

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

- the CEO's total pension contribution for the financial year 2021 amounted to 60,961.30 EUR[5];
- the Group Executive Committee's global pension contribution for the financial year 2021 amounted to 292,149.24 EUR.

Other benefits

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

Overall remuneration

The **total remuneration** paid to the CEO in 2021 amounts to 620,659.39 EUR (compared to 623,285.02 EUR in 2020) and can be broken down as illustrated in the table below.

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1 *The Short-term Customer Loyalty Index applicable to the CEO is linked to the group and the one applicable for members of the Group Executive Committee is linked to the business unit(s) they are in charge of.*

2 *With a minimum of 0% in the case of underperformance and a maximum of 200% in the case of overperformance.*

3 *In 2021, Dirk Tirez received a variable short-term remuneration based on the achievement of the collective objectives and individual targets as member of the Group Executive Committee (Chief Legal Officer) during the financial year 2020. His variable short-term remuneration as member of the Group Executive Committee is included in the global variable short-term remuneration of the Group Executive Committee paid in 2021.*

4 *The former CEO, Jean-Paul Van Avermaet, did not receive any variable remuneration for the achievement of the collective objectives and individual performance targets for the year ended on December 31, 2020.*

5 *This total pension contribution includes Jean-Paul Van Avermaet's pension contributions during the financial year 2021 amounting to 23,866.18 EUR.*

The total remuneration paid to the members of the Group Executive Committee (other than the CEO) in 2021 amounts to 3,898,218.66 EUR (compared to 4,791,691.71 EUR in 2020) and can be broken down as illustrated in the table below:

TOTAL REMUNERATION OF THE CEO AND OTHER MEMBERS OF THE GROUP EXECUTIVE COMMITTEE IN 2021						
NAME AND POSITION	FIXED REMUNERATION (EUR)			VARIABLE REMUNERATION (EUR)	TOTAL REMUNERATION (EUR)	PROPORTION OF FIXED AND VARIABLE REMUNERATION (1)
	BASE REMUNERATION	OTHER BENEFITS	PENSION CONTRIBUTION			
Jean-Paul Van Avermaet Former CEO	123,478.26	12,568.71 (2)	23,866.18	0	159,913.15	Fixed: 100% Variable: 0%
Dirk Tirez CEO	407,550.00 (3)	16,101,12 (4)	37,095.12	0	460,746.24	Fixed: 100% Variable: 0%
Group Executive Committee members	2,559,639.52 (5)	148,775.55 (6)	292,149.24	897,654,35 (7)	3,898,218.66	Fixed: 77% Variable : 23%

(1) *Fixed remuneration comprises the base remuneration, the other benefits and the pension contributions. Variable remuneration comprises the variable short-term remuneration.*
(2) *Other benefits of Jean-Paul Van Avermaet include: (i) insurance covering death-in-service, disability and medical coverage: 5,126.87 EUR; (ii) representation fees: 825 EUR and (iii) leasing costs for company car: 6,616.84 EUR.*
(3) *The base remuneration of Dirk Tirez as CEO for the financial year 2021 includes the CEO base remuneration as from July 1, 2021 until December 31, 2021 and an indemnity to cover the period from March 16, 2021 to July 1, 2021 where he was CEO ad interim.*
(4) *Other benefits of Dirk Tirez as from July 1, 2021 include: (i) insurance covering death-in-service, disability and medical coverage: 6,130.68 EUR; (ii) representation fees: 1,650.00 EUR; (iii) leasing costs for company car: 8,320.44 EUR.*
(5) *The base remuneration of the other Group Executive Committee members include end-year bonuses and holiday pay.*
(6) *Other benefits of the other members of the Group Executive Committee include: (i) insurance covering death-in-service, disability and medical coverage; (ii) representation fees and meal vouchers; (iii) leasing costs for company car.*
(7) *This includes the variable short-term remuneration that Dirk Tirez received during the year 2020 based on collective objectives and individual targets for the financial year 2020 as Group Executive Committee member .*

C. Use of clawback provisions

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

D. Changes to the composition of bpost's Group Executive Committee – severance pay

The following changes in the composition of the Group Executive Committee occurred in 2021:

- On March 14, 2021, the Board of Directors decided to terminate, with immediate effect, the mandate of Jean-Paul Van Avermaet as CEO of bpost and to suspend him as member of the Board of Directors. Jean-Paul Van Avermaet was remunerated as CEO until March 14, 2021. A settlement payment (including legal fees) amounting to 520,000 EUR was paid. No severance pay, non-compete remuneration or variable remuneration for the achievement of collective and individual objectives for the year ended on December 31, 2020 were due.
- Upon recommendation of the Remuneration and Nomination Committee, the Board of Directors decided (i) on March 16, 2021 to appoint Dirk Tirez as CEO ad interim with immediate effect and (ii) on July 12, 2021, to appoint Dirk Tirez as CEO of the Company with effect as from July 1, 2021. Dirk Tirez was remunerated as CEO as from July 1, 2021.
- Ilias Simpson, Director Parcels & Logistics North America, left the Company with effect as from October 31, 2021 – a severance pay of 600,000 USD and an amount of 1.3m USD due upon termination were paid.
- Nico Cools retired as Chief Technology Officer with effect as from August 31, 2021 – no severance pay was due.
- Leen Geirnaerdt resigned as Chief Financial Officer and left the Company with effect as from November 14, 2021 – no severance pay was due.
- Luc Cloet retired as CEO Belgium with effect as from December 31, 2021 – no severance pay was due.

On November 9, 2021, upon recommendation of the Remuneration and Nomination Committee, the Board of Directors decided to appoint (i) Jean Muls as CEO bpost Belgium and member of the Group Executive Committee and (ii) Nicolas Baise as Chief Strategy & Transformation Officer and member of the Group Executive Committee, both with effect as from January 10, 2022.

In addition to the foregoing, the Board of Directors:

- on December 1, 2021, decided, upon recommendation of the Remuneration and Nomination Committee, to appoint James Edge as Chief Technology Officer and member of the Group Executive Committee with effect as from January 15, 2022;
- on December 1, 2021, took note of the special proxy granted by the CEO to Koen Aelterman as Chief Financial Officer ad interim (in accordance with the bpost delegations of authorities), pending the arrival of the new Chief Financial Officer;
- on January 28, 2022, decided, upon recommendation of the Remuneration and Nomination Committee, to appoint Henri de Romrée as CEO e-Logistics North America and member of the Group Executive Committee with effect as from March 7, 2022;
- on February 24, 2022, decided, upon recommendation of the Remuneration and Nomination Committee, to appoint the following members of the Group Executive Committee: (i) Philippe Dartienne as Chief Financial Officer with effect as from June 2022 and, (ii) Anette Böhm as Chief Human Resources Officer Group with effect as from January 2023 to replace Mark Michiels who will retire as CHRO at the end of 2022.

3. Compliance with bpost's Remuneration Policy, long-term objectives and sustainability

The total amount of remuneration paid out during the financial year 2021 is in line with the principles of the Remuneration Policy approved by the Shareholders' Meeting of May 12, 2021.

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

- the level of the fixed base remuneration ensures that bpostgroup could always rely on a professional and experienced management, even in more difficult times, such as the COVID-19 crisis;
- the payment of the variable short-term remuneration ensures the realization of both financial and non-financial performance criteria that translate the strategy of bpost.

4. Remuneration of employees

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

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

The ratio between the highest executive remuneration and the employee remuneration (on a full time equivalent basis) within the Company in 2021 was 26.

5. Information on shareholder vote

The Shareholders' Meeting of May 12, 2021 approved the remuneration report of 2020 with a majority of 79.82% (19,80% against).

bpost encourages an open and constructive dialogue with its shareholders to discuss its approach to governance, including remuneration.

One concern raised about the bpost Remuneration Policy is that the company is reporting on previous year performance instead of the performance during the reporting year for the payment of the variable short-term remuneration. However, as stated above (see Section 2B), the variable short-term remuneration for the achievement of collective objectives and individual performance targets during the reporting year, if any, are only determined and paid in May of the following year, after the performance assessment of the CEO and of each member of the Group Executive Committee. As a consequence, the amount of the variable short-term remuneration, if any, related to achievement during the financial year 2021 and to be paid in May 2022, are not known on the day of the publication of this Remuneration Report and will be disclosed in the remuneration report to be published in 2023.

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

This section places the remuneration of the members of the Board of Directors and of the Group Executive Committee and its development over time in the broader context of the average remuneration of bpost's employees (on a full-time equivalent basis) and of bpost's performance. The following table gives an overview of the evolution in time over the last 5 years of the total remuneration of the members of the Board of Directors of the Group Executive Committee. The table further displays this evolution in the broader context of the average remuneration of bpost's employees (on a full-time equivalent basis) and the overall annual performance criteria.

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

	FY 2017 (EUR OR %)	% CHANGE VS FY 2017	FY 2018 (EUR OR %)	% CHANGE VS FY 2018	FY 2019 (EUR OR %)	% CHANGE VS FY 2019	FY 2020 (EUR OR %)	% CHANGE VS FY 2020	FY 2021 (EUR OR %)
BOARD OF DIRECTORS AND MANAGEMENT REMUNERATION (1)									
Board of Directors' members' global remuneration	350,614.14	-5.4%	331,510.77	17%	388,123.43	-17.8% (2)	319,138.05	53.59%(8)	490,161.55
CEO's global remuneration	848,843.1	6.3%	902,123.95	-18%	736,325.66	-15.4%	623,285.02	-0.42%	620,659.39
Other Group Executive Committee members' global remuneration	3,232,267.22	35% (3)	4,363,457.84	4%	4,277,964.94	10.7%	4,791,691.71 (4)	- 18.65% (9)	3,898,218.66
COMPANY PERFORMANCE									
Financial metric (adjusted EBIT)	501,646,889.79	-15%	424,261,989.47	-27%	310,805,491.40	-9.7%	280,573,881.37	24.51%	349,346,004.54
Total operating income (adjusted)	3,023,800,000.00	27.3%	3,850,200,000.00	-0.3%	3,837,800,000.00	8.3%	4,154,600,000.00	4.31%	4,333,721,258.15
Customer Loyalty Index	69.5%	-17%	57.95%	73% (5)	100.17%	-8.2%	91.95%	34%(10)	123.19%
Short-term Absenteeism Index			4.37%	3%	4.52%	9.7%	4.96% (6)	2.41%	5.08%
Employee Engagement Index									72.4%
AVERAGE REMUNERATION ON A FULL TIME EQUIVALENT BASIS OF EMPLOYEES (7)									
Employees of the Company	46,500.00	-1%	46,256.00	2%	47,259.00	1.8%	48,118.00	0.1%	48,182.21

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

(1) *The total remuneration of the members of the Board of Directors and of the members of the Group Executive Committee includes the variable short-term remuneration. The total remuneration of the Group Executive Committee also includes severance pays, if any.*

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

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

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

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

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

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

(8) *The increase in the total remuneration of the Board of Directors' members in 2021 is explained by the fact that (i) the number of Board of Directors members was lower in 2020 and (ii) there were a significant number of Remuneration and Nomination Committee meetings in 2021 as a result of the replacement of the CEO and other directors whose mandate terminated.*

(9) *The decrease in the total remuneration of the Group Executive Committee is explained by a decreased number of Group Executive Committee members during the financial year 2021.*

(10) *The increase in the Customer Loyalty Index in 2021 is explained by progresses and good performance in all indicators composing this Index in the course of the year.*

Internal control and risk management

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

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

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

Control environment

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

Commitment to integrity and ethical values

The Board of Directors and Group Executive Committee have approved bpost's Code of Conduct, which was first issued in 2007 and last reviewed in 2019.

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

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

Commitment to corporate governance fostering accountability

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

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

Commitment to employee development and competence

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

Risk assessment

The purpose of risk management, embedded in the ERM framework, is to deliver a consistent corporate approach and establish a sound risk management culture. A strategic risk assessment takes place as part of the process to define/ revise bpost's strategy. Moreover, there is risk and internal control management at a process, product or project level. This includes an evaluation of the adequacy of the most important internal controls to mitigate risks at a process, product or project level. The same structured risk management process is applied:

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

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

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

Control activities

In general

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

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

Specifically related to the financial statements

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

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

Information and communication

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

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

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

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

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

Monitoring

Corporate Audit (internal) and Joint Auditors (external)

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

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

Audit Committee and Board of Directors

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

To do so, the Audit Committee receives and reviews:

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

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

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

Diversity

Creating a culture of Diversity and Inclusion

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

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

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

Diversity within the Board of Directors and the Group Executive Committee

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

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

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

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

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

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

Diversity aspects – Implementation & outcome

On December 31, 2021, the outcome of diversity aspects in relation to the bpost Board of Directors and Group Executive Committee members is the following:

Board members

Group Executive Committee

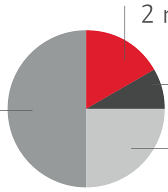
Gender diversity

Board members: **25%** women - **75%** men

Group Executive Committee: **25%** women - **75%** men

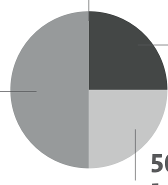
Age diversity

Board members:



30-39 years 2 members
40-49 years 1 member
50-59 years 3 members
60 years and more 6 members

Group Executive Committee:



30-39 years 0 member
40-49 years 1 member
50-59 years 1 member
60 years and more 2 members

Geographical diversity

Board members: **Belgian**, **Irish**, **American**

Group Executive Committee: **Belgian**

Professional background

Board members	Professional background	Group Executive Committee
10%	Finance & Accounting, Risk Management, Audit	10%
20%	Transport & Logistics, Fullfilment, Warehousing, E-commerce	30%
15%	Postal & parcels services	15%
15%	Digital, Technology & Innovation	15%
10%	Human Resources Management & Talent Development	10%
15%	ESG	10%
15%	Retail & Banking	10%

Sustainability review

Materiality assessment: acting on material topics

Driven by increasing attention from authorities, capital markets, clients, consumers, and employees economic, social, and ecologic sustainability is an important imperative for bpostgroup. We strive to create value for all stakeholders and aspire to understand and act upon material topics for our business and our stakeholders.

In the first half of 2021, as the first step of the new leg in our sustainability journey, bpostgroup completed a new materiality assessment. The assessment will help us to ensure our strategy is focused in the right areas, to assess the changing sustainability landscape and to identify, understand and prioritize the material topics that matter to our business and our stakeholders.

We followed a structured four-phased process to determine bpostgroup's material topics:

Phase 1: Context analysis

The materiality assessment started with a context analysis of the business landscape in which bpostgroup operates. During this context analysis, a peer review in the area of materiality assessments and materiality communication was performed. A longlist of material topics was then compiled based on the Global Reporting Initiative standards, the ISO 26000 guidelines and other commonly accepted sustainability frameworks.

Qualitative interviews were also conducted with Group Executive Committee members and other top executives of bpostgroup to identify potential material topics for bpostgroup.

Phase 2: Stakeholder engagement

In this phase we identified all relevant stakeholders for the materiality exercise. Internally we wanted to focus on the Group Executive Committee and management, unions of bpost and staff employees per subsidiary of bpostgroup. Externally, consumers, corporate clients and public sector, suppliers, the financial community and civil society were targeted.

Phase 3: Collection and prioritization of material topics

Based on the input gathered from the context analysis, a longlist of material topics relevant to bpostgroup was reduced to a more manageable list of 28 topics.

To help determine the right priorities when it comes to our new sustainability strategy, a web-based survey in several languages was sent to a broad group of our selected stakeholders. In the survey each stakeholder could indicate per selected material topic to what extent they consider to be a priority for bpostgroup. More than 1,400 diverse stakeholders from 13 different countries contributed to the survey. The high response rate emphasized the importance our stakeholders attach to sustainability and why it is key for us to have a robust sustainability strategy.

In addition, we held one-on-one interviews with key account clients of bpostgroup to discuss the collected responses in depth.

Phase 4: Development and finalization of the materiality matrix

All the input was then aggregated, analysed and processed, resulting in a draft materiality matrix and an interactive materiality dashboard. In addition, the main findings and conclusions were set out in a report.

Finally, in a workshop with the Group Executive Committee 11 key material topics for bpostgroup were selected, covering the Environment, Social and Governance categories.

Subsequently, the outcome of the materiality assessment has been integrated in the update of the new bpostgroup corporate strategy.

Environmental

- Green transportation and logistics
- Emissions reduction
- Environmental packaging

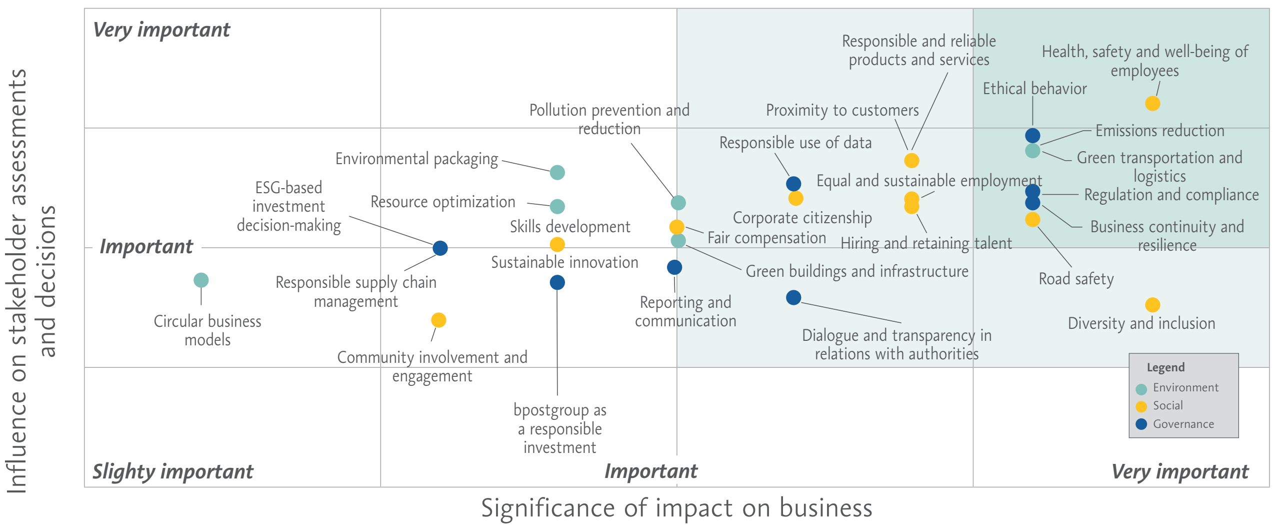
Social

- Health, safety and well-being of employees
- Road safety
- Diversity and inclusion
- Proximity to customers

Governance

- Ethical behavior
- Business continuity and resilience
- Regulation and compliance
- ESG-based investment decision making

The full materiality matrix of bpostgroup is presented below.



New sustainability strategy to future-proof our business

In the second half of 2021, the group sustainability team has worked with business and support units to define a new group sustainability strategy and roadmap with new ambitions, KPIs and targets towards 2040.

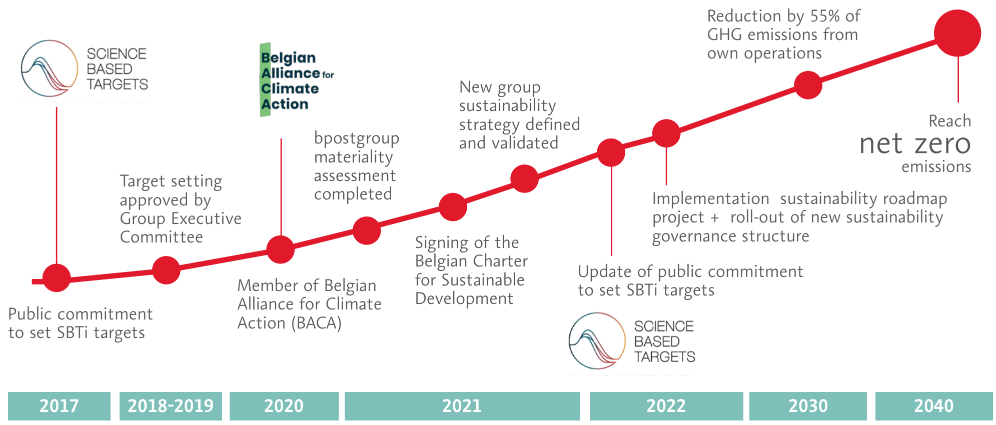
The three main ambitions that underpin bpostgroup's sustainability strategy are:

1. Reach net-zero emissions by 2040, and reduce 55% emissions by 2030 compared to 2019 in our own operations (in line with the 1.5 degree Celsius pathway).
2. Install a new social contract with employees and society.
3. Maintain a healthy profitability of the company to secure its future and that of its employees.

bpostgroup is further stepping up sustainability efforts

A new roadmap with ESG initiatives and dashboards will be implemented in the course of 2022. The group sustainability team will be working at group level to shape and integrate the ESG agenda further and support the businesses in execution against their targets. In 2022 a new sustainability governance structure will also be rolled out. We will further tailor our future reporting so that it aligns with the interests and needs of our stakeholders, as well as those of bpostgroup.

BPOSTGROUP IS FURTHER STEPPING UP SUSTAINABILITY EFFORTS, WITH AN ACTION PLAN TOWARDS 2040



Sustainability Charter between bpost and the Belgian Federal Government in place

In 2021, bpost and the Belgian Federal Government signed a Sustainability Charter together with the 7th Management Contract between bpost and the Federal Government. In the Sustainability Charter they committed themselves to play a leading role in three fundamental areas:

- A reduction of GHG emissions in line with the 1.5-degree scenario: **limiting the company's impact on the environment**, in particular in the context of the growth of e-commerce.
- A social level playing field: introducing an inclusive work environment that provides **opportunities for learning, personal development, growth and career advancement for every employee**, regardless of their origin, gender, career, skills and personal challenges, by ensuring the **continuous improvement of the well-being of its employees**.
- Sustainable profitability: maintaining a **healthy profitability of the company**, so that it can **secure its future and that of its employees.**

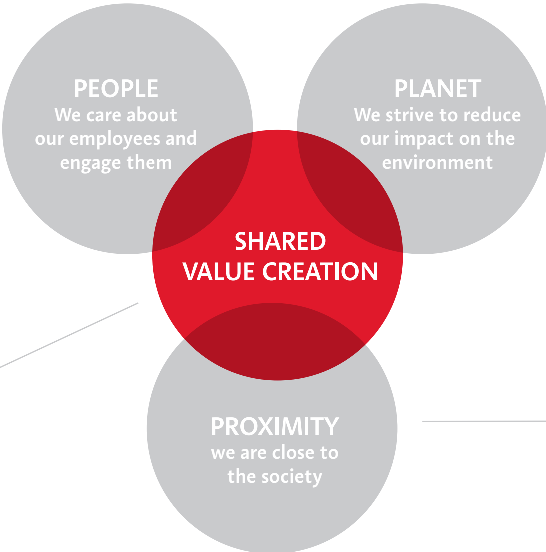
Key sustainability achievements in 2021

The new material topics and strategic KPIs will be implemented in the course of 2022 and will be reported on in the next Annual Report. In the current report we have linked the 2021 achievements to the former framework, including the following three pillars and priorities:

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

- Employee health and safety
- Employee training and talent development
- Ethics and diversity
- Social dialogue

- Green fleet
- Green buildings
- Waste management



- Continuity of our business
- Employee satisfaction and engagement
- Customer satisfaction

- To our community
- To our suppliers
- To our customers through our services

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

OUR 2021 SUSTAINABILITY PRIORITIES	RELATED RISK & OPPORTUNITIES	STRATEGIC KPI	TARGET	RESULT 2021 VS TARGET	RESULT 2021 VS. EXTERNAL ENVIRONMENT
PEOPLE					
Employee health and safety	Injury and/or illness can generate costs for bpost as well as for the employee concerned. A preventive wellbeing policy can also help reduce stress levels and hence absenteeism.	Absenteeism	bpost Belgium has set a new quarterly Short Term Illness objective based upon business budget. The 2021 target average is 4.71%.	bpost Belgium: 2021: 5.01% 2020: 4.81%	Due to the successive waves of the COVID-19 pandemic (specifically Omicron in 2021), there was an increase In the Short Term Illness objective versus the target.
Ethics and diversity	The ethics and diversity policy affects bpost's reputation, employee engagement and retention.	Employee engagement	To exceed or meet the external benchmark for Postal & Logistics	bpost Belgium: 2021: * 2020: 7	*The Effectory survey was first conducted at the end of 2020; in 2021 all business units, based on national recommendations, implemented these priority actions in their business units. The survey is conducted in the field, which was unfortunately not possible in 2021 due to the COVID-19 pandemic.
Social dialogue	Effective social dialogue helps prevent strikes and avoid related costs but also ensures employee satisfaction and engagement.	Average number of strike days	2021 = 1.00	bpost Belgium: 2021: 1.82 2020: 1.81	There are no specific external factors that influenced the KPI result in 2021.bpost continued a strong and effective dialogue through 2021.

PLANET					
Green fleet	A green fleet helps improve our carbon footprint and creates positive public perceptions of the company. It also generates fuel cost savings. Furthermore, it is a way to mitigate expected rising carbon taxes.	CO_2 footprint scope 1, 2 and 3	Our Science Based Targets* are: • 20% scope 1 and 2 GHG emissions by 2030 compared to baseline 2017: 114,395 tCO_2-eq. • 20% scope 3 GHG emissions by 2030 from upstream transportation and distribution compared to baseline 2017: 218,016 tCO_2-eq. * These targets were set in 2017. At the end of 2021, we set new targets towards 2040, which we will report on as of 2022.	2021 results: scope 1 & 2 emissions increased by 12% - and scope 3 emissions decreased by 22% - compared to 2017, corresponding to an overall decrease of CO_2 emissions of 10% (scope 1, 2 and 3).	The renowned independent authority the Carbon Disclosure Project screened our efforts, awarding us a B rating vs peer average C. bpostgroup's Ecozone project - an emission-free letter and parcel delivery across several Belgian city centres - won the "Environmental Achievement of the Year" award at the Parcel and Postal Technology International Awards in Vienna in October 2021.
Green buildings	Green buildings generate energy-related cost savings and improve our carbon footprint.				
Waste management	Sound waste management creates positive perceptions of the company and improves our scope 3 carbon footprint. As such, it can also generate revenues by valorizing waste as a raw material.				
PROXIMITY					
Proximity to our society	Proximity to society is part of bpost's mission. Ignoring the community would be detrimental to bpost's reputation.	Total sum of donations	To maintain our efforts to realize an impact.	535,527 EUR	2021 was a challenging year for people around the world. bpost actively participated by raising awareness for first line support for COVID-19 through a special stamp "Stronger Together". The proceeds were donated to the Solidaire Zorg fund. bpost also supported victims of the Belgian floods with dedicated postal services, ensuring people continued to receive their mail. Over 140 employees who fell victim to the floods were also financially supported. The Star4U program, a flagship bpost community initiative, provides financial support to employee volunteering projects; in 2021 bpost supported over 100 projects across Belgium and beyond.
Proximity to our suppliers	A clear overview of our supply chain helps raise efficiency and avoid supply risks (e.g. financial or supply stability). Including sustainability requirements also helps mitigate reputational risks linked to unethical behavior or environmental damage.	Share of significant tier 1 suppliers covered by our supplier code of conduct	100%	bpost Belgium: 2021 = 34% 2020 = 31%	In 2021, 34% of bpost Belgium suppliers are covered by the supplier code of conduct. The supplier code is included either in the contract and/or in the general terms and conditions. 57% of our procurement spent with significant tier 1 suppliers is screened by Ecovadis on sustainability practices.
Proximity to our customers through our services	Enhancing the customer experience and our offer improves customer retention. Developing more sustainable solutions also generates opportunities to exceed customer expectations, thus improving our market position.	Customer satisfaction	To match or exceed the level of the previous year.	bpost Belgium: 2021 = 83 2020 = 84	bpost measures customer satisfaction on a 7-point scale. Other companies tend to use a 5-point or 10-point scale. Furthermore, we combine the results from residential and business customers, which makes it difficult to compare results with other companies or benchmarks. The small decrease in 2021 is due to the decreased satisfaction of both residential and business customers.

Key Sustainability initiatives in 2021

People

bpost boost !, training for sustainable and inclusive employment

Through bpost boost !, bpost gives all its employees as well as jobseekers opportunities to realise their potential and learn new skills to drive their career. The program allows participants to combine classroom learning with in-house training to earn their upper secondary school diploma, a driver's license or even a permanent contract. In 2021 bpost boost ! registered no fewer than 597 candidates.

Diversity & Inclusion

At the end of 2021 the Group Executive Committee (GEC) approved a commitment to Diversity and Inclusion. Each member of the GEC has unequivocally signed up to promote a respectful and inclusive working environment in which every form of racism and discrimination is firmly dealt with.

Belgium's biggest team

The meteoric success of e-commerce has a direct impact on the parcel volume, especially during the end-of-year peak. Between Black Friday and New Year's Eve bpost delivered no fewer than 11 million parcels, including no fewer than 622,000 on 1 December. No problem, because bpost employees are all part of 'Belgium's biggest team'! To ensure we could handle these phenomenal volumes, 650 office-based colleagues rolled up their sleeves to help collect, input, sort and deliver letters and parcels. A rewarding experience and a sign of solidarity that enabled them to get hands-on experience on the ground and meet colleagues with different backgrounds.

Developing competences at Leen Menken

Dynalogic employees in the Netherlands benefit from HD2.0, a human development project centred on training, education and access to information. Its implementation is expected to facilitate the integration of Microsoft Teams, LMS365 and employee coaching at the brand new experience centres. Initially launched as a pilot project at Dynalogic, HD2.0 will be rolled out gradually to other business units of DynaGroup.

A similar pilot project, focussed on personal development, was launched at Leen Menken in 2021 and will be offered to all employees in the course of 2022.

Planet

Green fleet

In 2021 bpost quadrupled the number of electric cars it has on the road. When regular bikes, e-bikes and e-scooters are taken into account, environment-friendlier vehicles now make up almost 40% of the last-mile fleet.

Ecozones, Belgian city centres choose eco-friendly delivery

Since the pilot project was launched in Mechelen in 2019, several Belgian cities have committed to creating their own Ecozone. Places like Namur, Leuven and Mons, pedestrianised Brussels, Bruges, Ostend and Louvain-la-Neuve are at different stages on their journey towards this shared goal: no-emission collection and delivery of letters, parcels and newspapers. This is made possible by a new type of urban logistics.

Comprising a dense network of collection points (post offices, post points and parcel points), parcel lockers and a fleet of 100% green vans and bikes, for example. Cutting the number of car journeys generates two benefits for cities and city-dwellers by improving the air that they breathe and making their lives easier. Besides the reduction in noise and traffic, researchers at Vrije Universiteit Brussels (VUB) estimate that bpost has slashed its carbon emissions by 97% in the Mechelen Ecozone.

The project also won the Environmental Achievement of the Year category at the Parcel and Postal Technology International Awards hosted in Vienna in October 2021.

Sustainable uniforms

Every year almost 286,000 items of uniform are distributed to customer-facing agents in Belgium. A large volume that has prompted bpost to take a fresh look at the materials used to produce and ship these items. That's why the waterproof jacket given to new hires is made from polyester recycled from plastic bottles, T-shirts and polos are made from recycled polyester and organic cotton, and individual plastic packaging has been dispensed with in favour of more eco-friendly alternatives.

Green Postal Day, sustainability in the postal sector

On 17 September 2021 bpost took part in the third Green Postal Day. On this day of joint action, 16 postal operators from around the world reiterated their commitment to creating a more sustainable, more environmentally friendly society.

Ten years ago, postal operators were among the first to launch a sector-wide programme to measure and reduce CO_2 emissions through the International Post Corporation's Sustainability Measurement and Management System (SMMS).

Despite the hike in volumes due to the pandemic and the spiralling success of e-commerce, they have constantly intensified their efforts and announced more challenging sustainability ambitions over time.

Responsible consumption at bpost, Radial and Leen Menken

bpost has installed banks of solar panels covering more than 42,000m² on the roofs of its buildings in Belgium. They produce 6.2GWh of energy per year, which is 10% of bpost's total energy need and equivalent to the annual consumption of around 1,590 Belgian households.

But there's more. In 2020 and 2021, the sorting centres in Charleroi, Liege, Antwerp and Ghent were equipped with LED lighting covering some 170,000m². This cut electricity consumption for lighting at the sorting centres in Flanders and Wallonia by no less than 51% and achieved a 1,000-tonne reduction in annual CO_2 emissions.

DynaGroup's food logistics subsidiary Leen Menken reduced its plastic consumption by adopting a new ultra-thin wrapping packaging film, which can save up to 25% of plastic use for wrapping.

Radial Poland is committed to switching to green energy, automating the lighting at its warehouse and modulating its energy consumption by moving the thermostat further from the doors and lowering the temperature by three degrees.

In North America as well, Radial is examining the best ways to reduce its ecological footprint. Its Rialto, California site has a rooftop 500kW solar panel installation covering more than 44,000m².

Active Ants robots in Willebroek

bpostgroup subsidiary Active Ants opened its first Belgian fulfilment centre in Willebroek in September 2021. Storage, order picking, packing and sorting are all fully automated there. As well as providing the best working conditions for employees, robotization also reduces the environmental impact of the activities. The various packaging machines are able to adapt the box size to the content, weigh them and affix a shipping label. So filler is no longer needed to prevent the contents moving around in the box. Storage is also optimized, as the robots are able to store on average six times the volume in every square meter and reuse their own energy, which substantially reduces power consumption in the complex.

Sustainable real estate at the heart of DynaGroup's strategy

In 2021 DynaGroup invested time and effort to create a roadmap aligning its real estate plans with its sustainability strategy.

One example is Dynalogic's new Bleizo Logistics Center, certified BREEAM Very Good, which opened in Bleiswijk. Next to this the company is building a completely new built-to-suit distribution centre in Amsterdam, with this gasless building Dynalogic takes the next step in sustainability and gets ready for future growth.

Leen Menken also renovated its offices in the Netherlands in the course of the year. It was the ideal opportunity for the DynaGroup subsidiary to replace gas-powered heating with a system that recovers heat from the cooling system.

Proximity

Solidary with flood victims

In response to the July floods bpost implemented a free 12-week mail forwarding service for stricken households. bpost also worked flat out to reopen the post offices affected by the disaster in order to resume services to inhabitants as rapidly as possible.

In house, NPO Actisoc, bpost and numerous colleagues raised a total of 225,000 EUR to support 144 directly affected employees.

Sustainability charter and management contract

On September 14, 2021, bpostgroup CEO Dirk Tirez, chair of the board Audrey Hanard and Minister for Public Enterprises Petra De Sutter signed the seventh management contract and the first sustainability charter in the history of the group.

Among other things, the management contract provides for the maintenance of 350 ATMs across the territory of Belgium, with at least one ATM in each municipality where no other operator is present. At the end of 2021 bpost had 525 ATMs through the kingdom.

The engagements set out in the sustainability charter are both ambitious and multidirectional, as they target economic, social and environmental sustainability. Targets have been set for reduced carbon emissions, the continuity of postal operations and e-commerce logistics, and continuous employee development.

"Together stronger", 25,000 EUR donated to the Solidarity Care Fund

The limited-edition "Together stronger" postage stamp was issued in January 2021 in response to COVID-19. This thematic stamp pays tribute to our joint efforts to fight the pandemic. The King Baudouin Foundation's Solidarity Care Fund received 30 cents for every sheetlet sold, with the total ultimately hitting 25,000 EUR. The Fund was set up in spring 2020 to support residential care institutions – hospitals, rest and care homes, and centres for disabled people and people in need of psychiatric care – in their efforts to deal with the challenges generated by the pandemic.

St Nicolas's secretary's office

For many years now, bpost has given children the opportunity to send a letter or drawing to St Nicolas just by posting it in a red post box without a stamp. A secretary's office staffed by volunteers is set up to answer all mail and send each child a small gift. The secretary's office handled more than 300,000 letters and drawings in 2021.

bpost and DynaGroup support engaged employees

Many employees do voluntary work for charities that provide a great service and generate great value for society. bpost is delighted to encourage this engagement through Star4U, a funding programme that rewards initiatives that are in line with the group's values. A panel of judges comprising three bpost employees, assisted by three external experts, selects the candidate applications and decides what financial support will be given. Since launching in 2010 Star4U has given more than 870,000 EUR to 1,054 projects.

DynaGroup runs the social2gether programme, in which employees can recommend charities they feel are worthy of support. The final selection is made on the basis of employee presentations and personal stories. In 2021 social2gether championed EpilepsyNL, Ronald McDonald Children's Fund, Tour du ALS, Wilhelmina Children's Hospital, Hartekind Foundation and Leen Menken chose Food Banks Netherlands.

Donation matching at Landmark Global

The group's international subsidiary Landmark Global has set up an action programme to support the local communities in which it operates. Although the pandemic ruled out some charity events, Landmark Global did launch its first donation matching programme. Employees can make a donation to the charity of their choosing through GivingTrax. Landmark Global then matches that donation (within the budget limits for the year in question).

Leen Menken promotes local suppliers

At Leen Menken, 74% of purchases are made with DynaGroup or regional suppliers. This helps reduce transport-based carbon emissions and has a positive economic impact on the region by boosting the local job market.

Sustainability consolidated statements

About our Sustainability consolidated statements

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

Scope and boundaries

The information used for these Sustainability consolidated statements was collected from internal departments and is mainly based on information available through internal reporting. The information regards the 2021 calendar year and covers all of bpost's activities, including those of its subsidiaries, unless specifically stated otherwise.

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

BPOST ENTITIES	OWNERSHIP	SCOPE	PLANET	PEOPLE	PROXIMITY
bpost Belgium (bpost SA/NV)	100%	Yes	●	●	●
Radial	100%	Yes	●	●	◕
Landmark Global	100%	Yes	●	●	◕
DynaGroup (incl. Leen Menken)	100%	Yes	●	●	◕
Ubiway	100%	Yes	●	●	◕
Speos	100%	Yes	●	●	◕
Apple Express	100%	Yes	●	●	◕
FDM	100%	Yes	●	●	◕
Active Ants	75%	Yes	●	●	◕
Euro-Sprinters	100%	Yes	●		
bpost bank	50%	No operational control			

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

The subsidiaries in scope are included as of the date of acquisition. If the subsidiary was acquired or sold in 2021, the data only covers the period after/before the date of acquisition/sale.

Data quality and reliability

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

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

In 2021, we further improved our internal reporting processes to improve the reliability of data provided by our subsidiaries. As well as refining the formal definitions of our indicators, for the second year in a row used a global digital sustainability reporting platform to collect and validate bpost ESG across bpostgroup entities worldwide. The tool has enabled us to build a robust group-wide reporting process.

External verification

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

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

1. People

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

2021 continued to be a challenging year in context of the COVID-19 pandemic. However, the safety and wellbeing of our employees is our number-one priority and we have therefore taken a set of measures to protect them. bpostgroup developed an internal tracing system with specific quarantine measures based on a personalized risk assessment. We also implemented measures specially adapted to our Mail & Retail teams to ensure that the prevention rules are properly followed. We also opened a special phoneline to answer all COVID-19-related questions of our employees. Since the beginning of the pandemic, all government objectives are immediately translated into practical tools for operational services, both during moments of upscaling and downscaling of measures.

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

By measuring the employee engagement score and absenteeism level, we are able to keep an eye on how our people feel about their jobs. Since these indicators are outcomes of our employee-related policies, such as health and safety, training and development, ethics and diversity and social dialogue, they provide good insight into our company culture and help us to make modifications when and where necessary. The employee engagement survey was first conducted at the end of 2020; in 2021 all business units, based on national recommendations, implemented these priority actions in their business units. The survey is conducted in the field, which was unfortunately not possible in 2021 due to the COVID-19 pandemic.

		BPOST BELGIUM		
PEOPLE – STRATEGIC KPIS (1)	UNIT	2019	2020	2021
Employee engagement	Score	6.90	7.00	n/a (2)
Absenteeism (3)	%	7.96	8.36	8.33

(1) There is no comparable data at subsidiary or at bpostgroup level.
(2) The employee engagement survey is conducted in the field, which was unfortunately not possible in 2021 due to the COVID-19 pandemic.
(3) Due to different legislations and associated definitions regarding health and safety figures among our subsidiaries, we are not able to consolidate absenteeism of our subsidiaries and at group level. However, bpost does track the individual days absent for its subsidiaries, and this information is available upon request.

1.1 Diversity and ethics

PEOPLE – DIVERSITY AND ETHICS	UNIT	BPOST BELGIUM 2019	BPOST BELGIUM 2020	BPOST BELGIUM 2021	SUBSIDIARIES 2019	SUBSIDIARIES 2020	SUBSIDIARIES 2021	BPOSTGROUP 2019	BPOSTGROUP 2020	BPOSTGROUP 2021
Total own employees	Headcount	26,282	27,493	27,499	7,704	8,594	8,189	33,986	36,087	35,688
Total male own employees	Headcount	17,944	18,963	18,919	3,901	4,354	4,309	21,845	23,317	23,228
Total female own employees	Headcount	8,338	8,530	8,580	3,803	4,240	3,880	12,141	12,770	12,460
Total FTE (1)	FTE	23,512	24,862	24,721	7,374	7,823	7,538	31,585	33,358	32,259
Total male FTE (1)	FTE	16,436	17,525	17,393	3,827	4,024	3,991	20,696	21,953	21,384
Total female FTE (1)	FTE	7,076	7,337	7,327	3,552	3,799	3,546	10,894	11,405	10,873
DIVERSITY OF OWN EMPLOYEES (IN HEADCOUNT)										
Share of female (own employees)	%	31.73	31.03	31.20	49.36	49.34	47.38	35.72	35.39	34.91
Share of women in executive level positions	%	28.57	25.00	16.67	26.42	22.58	19.06	26.67	22.86	22.41
Share of women in management positions (excl. executive level)	%	37.79	39.98	40.00	39.16	40.95	38.33	37.79	40.46	39.16
HEADCOUNT BY TYPE OF CONTRACT										
Total own employees with fixed term contracts	Headcount	531	1,507	1,154	384	958	958	915	2,465	2,112
Total male own employees with fixed term contracts	Headcount	313	1,064	762	245	505	489	558	1,569	1,251
Total female own employees with fixed term contracts	Headcount	218	443	392	139	453	377	357	896	769
Total own employees with open-ended contracts	Headcount	25,751	25,986	26,341	7,319	7,636	7,329.00	33,070	33,622	33,670
Total male own employees with open-ended contracts	Headcount	17,631	17,899	18,156	3,715	3,849	3,819.00	21,346	21,748	21,975
Total female own employees with open-ended contracts	Headcount	8,120	8,087	8,185	3,605	3,787	3,504.00	11,725	11,874	11,689
HEADCOUNT BY FULL-TIME/PART-TIME										
Total own employees contracted on a full-time basis	Headcount	19,925	21,369	20,292	6,981	7,251	7,014	26,906	28,620	27,306
Total male own employees contracted on a full-time basis	Headcount	14,617	15,719	15,013	3,672	3,782	3,769	18,289	19,501	18,782
Total female own employees contracted on a full-time basis	Headcount	5,308	5,650	5,279	3,309	3,469	3,245	8,617	9,119	8,524
Total own employees contracted on a part-time basis	Headcount	6,357	6,124	7,207	723	1,341	1,175	7,080	7,465	8,382
Total male own employees contracted on a part-time basis	Headcount	3,327	3,244	3,906	276	572	528	3,603	3,816	4,434
Total female own employees contracted on a part-time basis	Headcount	3,030	2,880	3,301	447	769	647	3,477	3,649	3,948
HEADCOUNT BY AGE GROUP										
Total own employees ≤ 30 years old	Headcount	4,839	5,578	5,474	1,748	2,385	1,994	6,587	7,963	7,468
Total own employees within the age group 31-50	Headcount	12,593	12,022	11,955	3,630	3,754	3,566	16,223	15,776	15,521
Total own employees within the age group 50+	Headcount	8,850	9,893	10,070	2,326	2,455	2,468	11,176	12,348	12,538
EMPLOYEE TURNOVER										
Employee Turnover of own employees	%	11	12	15	34	32	32	16	17	19
Employee Turnover Male of own employees	%	11	13	15	35	31	28	15	16	18
Employee Turnover Female of own employees	%	11	11	14	33	33	36	18	18	21
Voluntary Employee Turnover of own employees	%	6	6	6	20	19	27	9	9	10

ETHICS										
Number of registered complaints on unethical workplace behavior	Number	10	11	9	37	33	41	47	44	50
Number of registered cases of corruption and bribery	Number	0	0	0	1	0	0	1	0	0
Monetary amount of legal and regulatory fines and settlements above 10,000 USD linked to data breaches, corruption or environment damage	Euros	0	0	0	0	0	0	0	0	0

(1) A restatement of historical data for bpost Belgium has occurred. In 2021, bpost has implemented a new and improved software, allowing for more detailed reporting.

DIVERSITY AND INCLUSIVENESS

At bpost, we aim to attract and retain talents from different backgrounds, cultures, perspectives and experiences by creating and supporting a collaborative, inclusive workplace culture. We are convinced diversity and Inclusion contributes to a better connection with our customers and with our workforce, to surround ourselves with the best talent in all categories of the population and to be more agile. Our Diversity Policy is our strong engagement based on these convictions. The policy serves as a guideline to create a culture where diversity and inclusion are a daily practice and has been translated into various policies and programs.

To support the ambition to spread the inclusive culture we can count on our partners. We formed partnerships with : VDAB, FOREM, Actiris, Diversicom, Emino, Actiris, UNIA, KLIQ and Allyens. These organizations are focused on getting people into work, based on personal skills and the promotion of diversity in the workplace.

bpost boost ! is working on training tracks all over Belgium with the objective to offer people in need (NEET, long-term jobseekers, persons who are far away from the labour market due to few or no qualifications, no or less knowledge of the national languages, no driver's license) the opportunity to be skilled to become a bpost employee at the end of the journey. Since 2020, 69 new colleagues joined the company thanks to our different training programs.

We have created our diversity portal, which is updated regularly, to enable our people managers to gain insight into diversity and inclusion issues, identify the applicable framework and the role they are expected to take up. They have access to a toolbox, comprising full information, brochures, Q&A, workshops and a training catalogue. In 2021 we launched a e learning for all people managers about inclusive leadership.

We also partner with Duo for a Job, a Belgian organization matching young job seekers with an immigrant background to people over 50 years old. The initiative brings about high motivation, recognition and human impact.

Since 2019 a project Diversity & Inclusion (analysis, training and anchoring) was started and is still going on with the aim of:

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

This project will be further upscaled in 2022 at various other sites.

Since 2021 we have started working groups on the topics Gender, LGBTI and Ethnic Diversity at management level. These working groups on the basis of voluntary participation help to determine the objectives, strategy and actions. A communication campaign, which also started in 2021, emphasizes inclusion on the one hand and uniform application of the zero tolerance principle on the other.

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

ETHICS

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

bpost has a zero-tolerance policy regarding violations of human rights or anti-corruption laws, in line with the Universal principles of Human Rights and the International Labor Organization (ILO) conventions. With this policy, bpost wants to prevent the negative fall-out arising from human rights violations, illegal or fraudulent acts or practices on humanity's well-being, our reputation, and the continuity of our business.

bpost decided to put diversity and business ethics forward, and thus we put to action a deep structural re-design and revision of our Code of Conduct so that our new construction would work at Group level. The Code of Conduct, which was reviewed in 2019 for the entire group, sets out the norms, values and minimal standards of behaviour and conduct expected of all our employees, contractors and consultants. These principles are reinforced by the relevant regulations, policies and procedures that are in place across bpostgroup's businesses, affiliates and ventures. The Code of Conduct is provided to all new employees as part of the onboarding process and systematically introduced in the bpost subsidiaries. It is also made available on bpostgroup's intranet and referred to during trainings. Any violations of the Code of Conduct must be reported to the immediate superior or the reference person of the employee, or to the legal department of bpost, on a confidential basis as the case may be (contact information is included in the bpost Code of Conduct).

1.2 Employee training and talent development

PEOPLE - EMPLOYEE TRAINING AND TALENT DEVELOPMENT	UNIT	BPOST BELGIUM (1) 2019	BPOST BELGIUM (1) 2020	BPOST BELGIUM (1) 2021	SUBSIDIARIES 2019	SUBSIDIARIES 2020	SUBSIDIARIES 2021	BPOSTGROUP 2019	BPOSTGROUP 2020	BPOSTGROUP 2021
Total training hours per own employees	Training hours per FTE	21.1	20.49	22.29	43.78	9.21	48.40	25.90	17.43	28.39
Total training hours per temporary staff	Training hours per FTE	77.5	51.23	93.45	82.11	97.25	93.31	81.19	88.62	93.33
Formal training										
Formal training hours per own employees	Training hours per FTE	4.72	3.89	4.08	7.53	5.15	22.93	5.27	4.11	8.49
Formal training hours per temporary staff	Training hours per FTE	26.45	5.42	8.11	81.93	80.06	53.79	70.96	66.06	47.52
Informal training										
Informal training hours per own employees	Training hours per FTE	16.34	16.60	18.21	36.25	4.06	25.47	20.63	13.32	19.91
Informal training hours per temporary staff	Training hours per FTE	51.00	45.80	85.33	n/a	n/a	n/a	n/a	n/a	n/a

(1) A restatement of historical data for bpost Belgium has occurred. In 2021, bpost has implemented a new and improved software, allowing for more detailed reporting.

At bpost, the pandemic contributed to the rapid deployment of high-quality online trainings, which were a big hit among employees. In 2021 we continued to offer fully remote courses or, where the context allowed it, mixed trainings combining face-to-face and distance learning. This mix led us to design blended learning journeys that mix the ways of learning and generate better learning outcomes.

We are convinced that well-trained employees increase efficiency and can also be more engaged. That is why at bpost, we set up our own academy to help our employees developing their skills and competences. Over the past years, we have taken further steps to enhance our training offer to better meet the needs of specific target groups at bpost Belgium (e.g. juniors). In 2021 we refocused our offer to create an optimal synergy between the upskilling reskilling track and what the open offer and bgood, our online course library, can bring to employees. This ensured that employees can enjoy a learning experience that meets their needs, while guaranteeing their employability within bpost.

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

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

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

In 2020, we launched bpost boost ! to materialize bpostgroup's commitment to being a socially responsible employer by being an inclusive company that offers a lifelong learning experience.

bpost boost ! moved from a small scale pilot experience in 2020, to become a larger scale initiative in 2021 with a consolidated ecosystem of partners in North and South. Within the remit of boost, agreements to train, mentor and hire NEET's and other unemployed groups have been signed with VDAB, Actiris, FOREM and the German speaking community, to help us be in direct contact with companies that are restructuring. In parallel of being a development program to train jobseekers, with in-house lifelong learning opportunities and training courses for external partners, boost will also be used launching up-and reskilling programs. In 2021, bpost boost ! for example helped 61 postmen to be reskilled to truck drivers through the internal truck drivers programme. The deployment of our vision confirms bpostgroup's commitment to being a socially responsible employer. bpost sets out several ambitions, not the least of which is "to be an inclusive company that offers a 'lifelong learning' experience". This has led to the creation of bpost boost !, a development program to train jobseekers, with in-house lifelong learning opportunities and training courses for external partners.

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

1.3 Employee health and safety [(1)]

PEOPLE - EMPLOYEE HEALTH AND SAFETY [(3)]	UNIT	BPOST BELGIUM [(2)] 2019	2020	2021
HEALTH AND SAFETY OF OWN EMPLOYEES				
Occupational accidents of own employees	Number	949	848	1,040
Lost days of own employees	Days	29,205	34,669	33,755
Severity rate of own employees	Lost days per 1,000 hours worked	0.84	0.93	0.89
Frequency rate of own employees	Accidents per 1,000,000 hours worked	27.14	22.8	27.59
Absenteeism of own employees	%	7.96	8.36	8.33
Total number of fatalities own employees	Number	2	3	0
HEALTH AND SAFETY OF TEMPORARY STAFF				
Occupational accidents of temporary staff	Number	32	49	38
Lost days of temporary staff	Days	245	283	478
Severity rate of temporary staff	Lost days per 1,000 hours worked	0.13	0.10	0.27
Frequency rate of temporary staff	Accidents per 1,000,000 hours worked	17.43	18.61	21.01
Total number of fatalities temporary staff	Number	0	0	0
Total number of hours worked by temporary staff (actual)	Hours worked	1,854,468	2,641,593	1,758,621
ROAD SAFETY [(4)]				
Blameworthy road traffic incidents on behalf of the entity per 100,000 km [(2)]	%	2.52	2.26	3.17
Shared blameworthy road traffic incidents on behalf of the entity of total road traffic incidents	%	43.15	44.25	44.22
Number of road fatalities drivers/million km (during working hours) on behalf of the entity	Number per million km driven	0.01	0.01	0.01

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

(2) *A restatement of historical data for bpost Belgium has occurred. In 2021, bpost has implemented a new and improved software, allowing for more detailed reporting.*

(3) *The evolution of the figures of work accidents have been conditioned over the last 3 years by two influences: 1. The COVID-19 pandemic and subsequent lockdown led to a higher number of illnesses, and 2. The very sharp rise in parcel volumes (also linked to the COVID-19 pandemic) which has led to a significant increase in occupational accidents.*

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

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

In Belgium, our employee wellbeing policy is based on the Federal Government's Act of August 4, 1996 on well-being of workers in the performance of their work[1]. This is enforced by an external committee[2] that performs random compliance inspections. It also performs regular inspections for specific subjects. For instance, bpost Belgium's COVID-19 prevention measures were inspected in 2021.

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

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

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

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1 *Belgian Law: Act of August 4, 1996 on well-being of workers in the performance of their work, "Codex over het welzijn op het werk" or "Le Code sur le bien-être". https://emploi.belgique.be/fr/themes/bien-etre-au-travail/principes-generaux/code-du-bien-etre-au-travail*

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

To even further improve this performance and boost safety culture, bpost launched three initiatives in Belgium. The first initiative was the “Safety Performance Barometer”, which is an improved well-being instrument that measures safety performance and gives a strong focus on leading safety indicators.

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

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

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

We also want to make sure our employees remain healthy, and include psychosocial as well as physical aspects. To this end, bpost promotes and offers access to non-occupational medical and healthcare services, such as company doctors. Our Belgian “Health Surveillance” system provides mandatory medical check-ups for all bpost postal workers: a forty-minute check-up, including a cardiovascular and musculoskeletal screening every four years for all employees working in mail distribution. We also ask our employees in sorting centers to go on a bi-annual basis. In 2021, a total of 6,800 bpost employees and 590 interim workers got a medical check-up. bpost employees can also get vaccinated against the flu in the Fall, in 2021, it was used by 2,000 employees, on a voluntary basis.

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

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

In terms of accidents at work, 2021 was a difficult year. The permanent focus on COVID-19 prevention has clearly had an effect on less attention to accident prevention. As a result, mail delivery achieved a frequency rate of 32.9, which is in line with the performance of 2019.

1.4 Social dialogue

		BPOST BELGIUM			SUBSIDIARIES			BPOSTGROUP		
PEOPLE – SOCIAL DIALOGUE	UNIT	2019	2020	2021	2019	2020	2021	2019	2020	2021
Average number of strike action days	strike days per 1,000 employees	1.37	1.81	1.82	0	5.70	24	1.06	2.74	6.84
Share of own employees covered by a CBA	%	95	96	95	11	11	28	76	75	76

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

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

At the moment bpost Belgium has a collective labour agreement for 2021-2022. Under its successive 2-year CLA’s, bpost adopts recurrent and non-recurrent measures relating to purchasing power that take into account (i) the overall economic and labour market environment including expectations in terms of indexation of remuneration as a result of inflation, as well as (ii) sound management of the global wage bill in a competitive context.

What's more, several exceptional payments were awarded to operational employees in December 2021 in response to the ongoing COVID-19 pandemic.

2. Planet

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

bpost manages and steers its environmental pillar, 'planet', using our CO_2 footprint as metric. In 2018, we set an ambitious objective for the Group: our goal is to achieve by 2030 a 20% reduction - compared to 2017 levels - in greenhouse gas emissions resulting from our activities. The "Science Based Targets" initiative approved this emissions reduction objective. In the second half of 2021, we defined a new group sustainability strategy and roadmap with new ambitions, KPIs and targets towards 2040. The new roadmap is set to kick off in 2022, with an ambition to reach net-zero emissions by 2040, and reduce 55% emissions by 2030 compared to 2019 in our own operations (in line with the 1.5 degree Celsius pathway).

To decrease this environmental footprint, we focus on our buildings, our fleet and our waste. In 2021, our carbon footprint in scope 1 & 2 emissions increased by 12% and in scope 3 emissions decreased by 22% vs 2017, corresponding to an overall decrease of CO_2 emissions of 10% (scope 1, 2 and 3). This was predominantly due to the decrease in air transport.

	UNIT	BPOSTGROUP			TREND
		2019	2020	2021	
SCOPE 1	**T CO_2e**	**88,996.30**	**84,834.57**	**95,083.32**	
Fuel fleet	t CO_2e	67,982.54	65,517.85	72,992.68	↗
Natural gas & heating oil	t CO_2e	20,985.76	19,288.77	22,064.83	↗
Oil for generators	t CO_2e	28.00	27.95	25.81	↘
SCOPE 2	**T CO_2e**	**30,266.06**	**32,553.98**	**32,837.38**	
Electricity (market-based) (1)	t CO_2e	29,794.00	32,054.44	32,384.26	↗
District Heating	t CO_2e	472.06	499.54	453.12	↘
Scope 1 & 2	t CO_2e	119,262.36	117,388.55	127,920.70	
SCOPE 3	**T CO_2e**	**189,320.25**	**179,586.32**	**169,889.23**	
Subcontracted road transport	t CO_2e	113,440.00	128,771.72	118,902.31	↘
Business travel	t CO_2e	1,374.00	510.44	512.98	↗
Employee commuting	t CO_2e	32,977.00	31,782.12	31,090.88	↘
Waste	t CO_2e	3,932.25	4,651.60	3,287.12	↘
Subcontracted air transport (2)	t CO_2e	37,597.00	13,870.44	16,095.95	↗
TOTAL CO_2 EMISSIONS (SCOPE 1+2+3)	**T CO_2e**	**308,583**	**296,975**	**297,810**	↗

(1) *The market-based method reflects bpost's choices in terms of electricity supply, such as the purchase of electricity from renewable energy sources. This is set out in detail in contracts between bpost and its energy suppliers.*
(2) *Subcontracted air transport figures for subsidiaries were excluded*

Compared to 2020, we observe that our scope 1 is increasing due to a higher activity of our delivery fleet, as well as a higher natural gas consumption to heat our buildings due to a colder year in 2021. We also observe that our scope 3 is decreasing, which is mainly due to the phasing out of 2 entities from the bpostgroup, namely Imex & the Mail Group. In addition, our scope 2 remains stable. Overall, we observe that the total carbon footprint is stable compared to 2020.

2.1 Green fleet

	BPOST BELGIUM			SUBSIDIARIES			BPOSTGROUP		
PLANET - GREEN FLEET (1)	2019	2020	2021	2019	2020	2021	2019	2020	2021
Share of EURO 5 and EURO 6 standard [%]	98	99	99	97	100	100	98	99	99
Average van fuel use [l/km]	10	8	9	15	12	10	10	9	9
Average truck fuel use [l/km]	27	24	27	n/a	n/a	n/a	27	24	27
Share of last mile alternative fuel vehicles [%]	32	31	33	11	5	6	31	30	33

(1) *The figures on Green fleet only contain bpost entities with a delivery fleet: bpost Belgium (bpost SA/NV, Euro-Sprinters, and Speos), subsidiaries (DynaGroup & Leen Menken)*

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

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

The Mechelen Ecozone was launched In 2019; since then bpost has expanded the Ecozone to several Belgian city centres, including Namur, Leuven, Mons, the Brussels pedestrian area, Bruges, Ostend or Louvain-la-Neuve. The aim of this project is emission-free letter and parcel delivery in the city. We are trialling new ways to complete this last mile in the delivery process by installing 50 parcel locker stations for parcel pick-ups and drop-offs, using a fleet of 65 e-vans and 30 e-bikes with e-trailers. The Ecozone project won the "Environmental Achievement of the Year" award at the Parcel and Postal Technology International Awards in Vienna in October 2021.

Going forward, this ambitious project will be further rolled out to other Belgian cities, with up to 60 trailers installed at the end of 2021, and another 170 trailers will be added in 2022. Moreover, another 1200 e-vans are slated for introduction in 2022. Finally, bpostgroup has set a target of 100% zero-emission last mile delivery by 2030, and 100% of in-house truck fleet on alternative fuel by 2030.

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

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

2.2 Green buildings

	BPOST BELGIUM			SUBSIDIARIES			BPOSTGROUP		
PLANET - GREEN BUILDINGS	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total energy consumption per employee [MWh/unit(s)]	5	5	5	16	15	17	7	7	7
Total energy consumption [kWh]	129,388,488	123,832,690	133,290,829	124,404,895	129,507,750	129,507,750	253,793,383	253,340,440	262,798,579
Total renewable/green electricity consumed [kWh]	64,235,857	63,964,618	59,664,506	10,086,633	8,892,209	8,362,113	74,322,490	72,856,827	68,026,619
Share of renewable electricity [%]	95	93	88	12	10	9	49	46	41
Total non-renewable/grey electricity consumed [kWh]	3,543,804	4,981,205	7,857,191	74,448,078	81,792,728	89,411,459	77,991,882	86,773,932	97,268,650
Share of non-renewable electricity [%]	5	7	12	88	90	91	51	54	59
Total natural gas consumed [kWh]	49,605,667	44,032,354	53,732,548	38,377,600	36,930,293	40,435,357	87,983,267	80,962,648	94,167,905
Total heating oil consumed [kWh]	9,250,382	8,146,277	9,311,547	1,457,108	1,602,398	1,034,489	10,707,490	9,748,675	10,346,036
Total district heating consumed [kWh]	2,680,653	2,654,043	2,654,016	-	240,000	-	2,680,653	2,894,043	2,654,016
Total fuel oil consumed for generators [kWh]	72,124	54,193	71,021	35,476	50,122	19,463	107,600	104,315	90,483
Share of renewable electricity produced [%]	7	7	10	0	2	2	3	3	4
Total renewable energy capacity installed [MWp]	4.830	6.610	7.298	0	0	0.153	4.830	6.610	7.451
Total surface of solar electricity capacity installed [m²]	31,503	40,098	42,917	14,387	14,387	14,387	45,890	54,485	57,304
Total water consumption [m³] (1)	149,075	136,343	139,751	356,976,131	322,891,331	140,805	357,125,206	323,027,674	280,556

(1) The 2021 water consumption has significantly reduced due to a revision of all subsidiaries water consumption .

Compared to 2020, we observe an increase of natural gas consumption due to a colder year in 2021. We also see that the production of renewable electricity is increasing, with more solar panels being installed.

bpost is making investments to reduce the environmental impact of all its operations, its buildings and facilities, all of which consume electricity, gas and water. Where electricity is concerned, bpost has been heavily investing in renewable electricity. Almost 100% of the electricity consumed in Belgium is renewable and we produce 7% of our electricity consumption ourselves. bpost has also installed banks of solar panels covering more than 42,000m² on the roofs of its buildings in Belgium. They produce 6.2 GWh of energy per year, which is 10% of bpost's total energy need and equivalent to the annual consumption of around 1,590 Belgian households.

Furthermore, bpost is working hard to decrease the energy we consume by improving the energy efficiency of our operations and facilities. We invest in relighting and more energy efficient heating projects, both in Belgium and abroad. Examples of investments are switching to LED lighting, upgraded heat and ventilation systems, and installing sensors and timers for more efficient use of light and heating. In 2020 and 2021, the sorting centres in Charleroi, Liège, Antwerp and Ghent were equipped with LED lighting covering some 170,000m². This cut electricity consumption for lighting at the sorting centres in Flanders and Wallonia by no less than 51% and achieved a 1,000-tonne reduction in annual CO_2 emissions. Additionally, the retail stores of Ubiway are exclusively powered by renewable energy, and only LED or high-pressure lighting is installed. The Ubiway headquarters has a BREEAM in-use certificate.

2.3 Waste management

	BPOST BELGIUM			SUBSIDIARIES			BPOSTGROUP		
PLANET - WASTE MANAGEMENT	2019	2020	2021	2018	2020	2021	2019	2020	2021
Total waste generated [t]	7,317	8,136	10,090	78,901	62,242	54,036	62,241	70,378	64,127
Total non-hazardous waste generated [t]	7,260	8,030	10,021	78,843	62,217	54,034	62,127	70,248	64,055
Recycled waste [t]	4,539	5,663	7,551	69,448	54,522	44,327	54,379	60,185	51,878
Share of recycled waste [%]	62	70	75	88	88	82	87	86	81
Residual waste incinerated for energy recovery [t]	2,721	2,368	2,471	588	276	5,467	3,246	2,644	7,938
Residual incinerated without energy recovery or land-filled [t]	-	-	-	8,807	7,419	4,240	4,499	7,419	4,240
Total Hazardous waste generated [t]	57	105	69	58	25	2	114	130	71

Compared to 2020, we observe a high share of recycled content, over 80%. Hazardous waste continues to be an extremely low amount with a decrease in 2021. In parallel, the total waste generated has decreased in 2021.

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

3. Proximity

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

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

		BPOST BELGIUM			SUBSIDIARIES			BPOSTGROUP		
PROXIMITY – STRATEGIC KPIS	UNIT	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total donations	1,000 Euros	254	563	439	52	51	97	306	614	536
Share of significant tier 1 suppliers covered by the Supplier Code of Conduct	%	35	31	34	n/a	n/a	n/a	n/a	n/a	n/a
Customer satisfaction	Score	82	84	83	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)	n/a (1)

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

3.1 Proximity to society

		BPOST BELGIUM			SUBSIDIARIES			BPOSTGROUP		
PROXIMITY – PROXIMITY TO SOCIETY	UNIT	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total donations	1,000 Euros	254	563	439	52	51	97	306	614	536

2021 was a challenging year for people around the world. bpostgroup actively participated were possible by raising awareness for the first line support in COVID through a special stamp Stronger together. The proceeds were donated to the Solidaire Zorg fund. Bpost also helped with the victims of the flood with special postal services ensuring people could keep receiving their postal mail. Over 140 employees who fell victim of the floods ware also financially supported. Our Star4U program motivates our employees in their volunteering by supporting over 100 projects across Belgium and beyond.

BPOST LITERACY FUND

In 1997, the bpost Literacy Fund was established to improve literacy rates by supporting new literacy projects run by various organizations. Managed by the King Baudouin Foundation, the bpost Literacy Fund was boosted in 2009, when we started donating a part of the revenue of a Christmas stamp sale. Since then, the Fund has received about 1.5 mEUR. In 2021, it received 90,000 EUR worth of grants.

STAR4U

Star4U is a bpost initiative that encourages employees to sign up for social, cultural and environmental projects in line with bpost values. The projects are selected by a panel of bpost employees and external experts. Since the launch in 2010, bpost has backed more than 1000 projects. In 2021 bpost gave more than 100,000 EUR to 100 selected projects.

BPOST FOREST

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

GREEN DEAL BIODIVERSITY

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

BEEPOST

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

3.2 Proximity to our suppliers

PROXIMITY – PROXIMITY TO OUR SUPPLIERS	UNIT	BPOST BELGIUM [2] 2019	2020	2021
Share of significant tier 1 suppliers covered by the Supplier Code of Conduct [1]	%	35	31	34
Share of procurement spent on significant tier 1 suppliers screened on CSR by Ecovadis [1]	%	39	38	57
Share of paper procurement spent on paper coming from certified forests (e.g. PEFC, FSC, SFI) [1]	%	100	100	100

(1) This indicator is specific to the postal activities (bpost Belgium) and, therefore not monitored at our subsidiaries.
(2) We are currently working on monitoring supplier information at our subsidiaries. This data is not yet available for subsidiaries in 2021.

SUSTAINABLE PROCUREMENT PROGRAM

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

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

SOURCING SUSTAINABLE SOLUTIONS

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

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

SUSTAINABLE SUPPLY CHAIN

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

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

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

3.3 Proximity to our customers

		BPOST BELGIUM		
PROXIMITY – PROXIMITY TO OUR CUSTOMERS	UNIT	2019	2020	2021
Customer Satisfaction (1)	Score	82	84	83
Amount of letters for which the customers have offset their mail carbon emissions (2)	Million letters	164	850	824
Total carbon emissions offset for the customers (2)	CO_2 teq.	1.81	8.00	7.88

(1) *The customer satisfaction methodology used by bpost Belgium is very specific to the organization (includes both residential and business customers and is based on a 7 points scale). This makes it difficult to consolidate the outcomes with our subsidiaries. We will investigate how we can develop a common metric in the future.*
(2) *This indicator is specific to the postal activities (bpost Belgium) and, therefore not monitored at our subsidiaries.*

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

CARBON OFFSETTING SERVICE

We have been offsetting the carbon emissions generated by our mail handling activities since 2020. With CO_2logic, we raise financing for Gold Standard certified climate projects to cut greenhouse emissions in emerging countries. For each of these projects, we also contribute to key UN SDGs, such as climate action, life on land, sustainable communities, no poverty, or good health. This year, we invested in Safe Water for Rwanda where access to safe water and rely exclusively on unprotected wells, lakes and other open water sources that are highly susceptible to contamination. The only option to purify water is by boiling it, using firewood. This process results in deforestation and the release of greenhouse gas emissions from the combustion of wood. By providing safe water the project ensures that households consume less firewood to purify water. Therefore, it reduces greenhouse gas emissions. In total we compensated the handling of 824 million mail items, for more than 2,047 of our clients, resulting in neutralizing over 8,000 tons of CO_2.

PARCEL LOCKERS

We try to provide our customers with convenient and sustainable solutions. One of these solutions are parcel lockers, an independent, open network of parcel lockers for online retailers, consumers and couriers. Consumers can choose to drop or ship their parcels to a locker, which they can pick up (24/7) whenever convenient using their smartphone (or e-mail). The lockers are conveniently located at highly visited places, for example at train stations and supermarkets.

BCLOSE SERVICE

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

DYNASURE PASSPORT DELIVERY

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

4. EU Taxonomy

4.1 Introduction

This section reports on the key performance indicators required under Regulation EU 2020/852[1] and the related Delegated Acts[2] (the EU Taxonomy). The EU Taxonomy was enacted by the European Commission to support the objective of directing capital towards sustainable activities. Reaching this objective is essential to meet the EU ambition of becoming climate neutral by 2050.

The EU taxonomy is a classification system defining which economic activities can be considered environmentally sustainable. An environmentally sustainable activity is one that:

- Is included in the EU Taxonomy Climate Delegated Act (i.e., is an "eligible activity");
- Meets the technical screening criteria to prove substantial contribution to one or more environmental objectives (detailed below);
- Does not significantly harm any of the other environmental objectives (detailed below);
- Complies with minimum safeguards[3] (related mainly to human rights, anti-corruption and anti-bribery matters).

The six environmental objectives included in the EU Taxonomy are:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

As a logistics and postal company, we strive to reduce our impact on the environment on several levels. Therefore, we consider that reporting on our contribution to the environment also through the EU Taxonomy is the most transparent way to keep our stakeholders informed on where we stand in our sustainable journey.

The application of the EU Taxonomy will be progressive. For the financial year 2021, bpostgroup only has to report on its share of eligible and non-eligible activities and assess its potential contribution only for two first of the six environmental objectives: climate change mitigation and climate change adaptation[4].

4.2 bpostgroup EU Taxonomy eligibility assessment process

An 'eligible economic activity' is one that is described in the EU Taxonomy, regardless of whether it meets all the technical screening criteria laid out for that activity. Therefore, an 'eligible' activity is not necessarily one that is environmentally sustainable, it is one with the potential to be environmentally sustainable if it complies with all the four steps outlined in Section 4.1 (which will be then considered an 'aligned' activity).

The evaluation of our eligible activities under the EU Taxonomy involved the following steps:

a) Looking for a match based on bpostgroup's main NACE Code (H53.10 - Postal activities under universal service obligation). This resulted in a match with activity 6.6 Freight transport services by road.
b) Reviewing the description of the activities under our NACE Code[5].
c) Further screening our activities and matching them with other activities described in the EU Taxonomy (besides activity 6.6 listed above).
d) The result of this second screening led us to identify the following eligible activities performed by bpostgroup:
    i) 6.4 Operation of personal mobility devices, cycle logistics
    ii) 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
    iii) 6.15 Infrastructure enabling low-carbon road transport and public transport (transshipment infrastructure). We have considered all of our sorting centers in the EU as part of the transshippment infrastructure included in the description provided by the EU Taxonomy.

The eligibility analysis was performed by collaborating with and involving each of the three business units (Mail & Retail, Parcels & Logistics Europe & Asia and Parcels & Logistics North America) as well as the Corporate and Support Units which carried out the mapping exercise detailed above.

At the moment of preparation, we consider Parcels & Logistics Europe & Asia and Parcels & Logistics North America e-commerce logistics

1 *Regulation EU 2020/852 of the European Parliament and of the Council, published in the Official Journal of the European Union on the June 22, 2020.*
2 *The Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021) and the Disclosure Delegated Act (Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021).*
3 *The minimum safeguards shall be procedures implemented by a company that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.*
4 *The criteria for the other four environmental objectives are expected to be officially approved at the end of 2022.*
5 *The EU Taxonomy includes a reference to NACE codes (Revision 2) on each activity. However, such references are only indicative and does not prevail over the specific definition provided in the text of the Climate Delegated Act.*

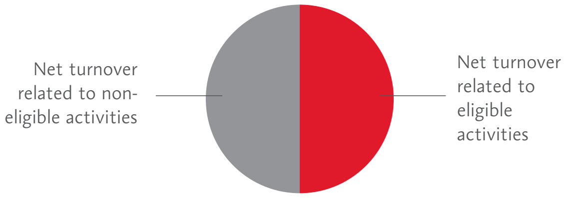
activities not in explicit scope of the EU Taxonomy. Therefore, adopting a prudent approach, we are considering the activities of all of our e-commerce fulfillment centers as non-eligible. However, we note that there is little guidance from the EU on the interpretation of what is included in a specific activity, and there are still many 'open points'. This analysis has been made based on our best interpretation efforts.

Below we detail the three KPIs showing the share of our eligible and non-eligible activities in our net revenue, capital expenditures (capex) and the limited scope of operational expenditures (opex).

4.3 EU Taxonomy KPIs

4.3.1 Turnover

- Net turnover related to eligible activities: 50.22%
- Net turnover related to non-eligible activities: 49.78%
- **Total:** **100%**



Numerator

The numerator includes all net revenue related to the economic activities listed below:

- 6.4. Operation of personal mobility devices, cycle logistics
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6. Freight transport services by road
- 6.15. Infrastructure enabling low-carbon road transport and public transport

From this list, only activity 6.15 could be considered as enabling, as referred to in Article 10(1) point (i) of Regulation (EU) 2020/852.

We avoided double counting by following our financial reporting process; each unit provided the information separately, based on the classification of activities. Total net revenues were then aggregated and validated by the finance consolidation team.

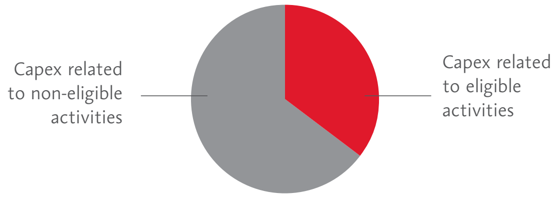
In line with our eligibility analysis, the numerator does not include revenue from e-fulfillment center activities.

Denominator

The denominator is the total operating income for the financial year 2021, as seen in the consolidated income statement included in the financial consolidated statements.

4.3.2. CAPEX

- Capex related to eligible activities 35.48%
- Capex related to non-eligible activities 64.52%
- **Total** **100%**



Numerator

The numerator includes: (i) capex linked to the taxonomy-eligible activities listed in Section 4.3 above and (ii) capex linked to expenses related to other Taxonomy-eligible economic activities, following Section 1.1.2.2 of Annex I of the Disclosure Delegated Act. The total EU Taxonomy-eligible capex is mainly calculated from the following economic activities:

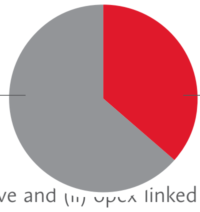
- 6.4. Operation of personal mobility devices, cycle logistics
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6. Freight transport services by road
- 6.15. Infrastructure enabling low-carbon road transport and public transport
- 7.2. Renovation of existing buildings
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.7 Acquisition and ownership of buildings

Denominator

The denominator is comprised of bpostgroup total capex (investments made in the financial year 2021), as seen in note 6.17 property, plant and equipment and note 6.20 intangible assets of the financial consolidated statements.

4.3.3. OPEX

- Limited Opex related to eligible activities 36.43%
- Limited Opex related to non-eligible activities 63.57%
- **Total** **100%**



Numerator

The numerator includes: (i) opex linked to the taxonomy-eligible activities listed in Section 4.3 above and (ii) opex linked to expenses related to other Taxonomy-eligible economic activities, following Section 1.1.3.2 of Annex I of the Disclosure Delegated Act.

We should note however that the opex concept under the EU Taxonomy follows the limited definition of the regular financial notion of opex. According to Section 1.1.3.1 of Annex I of the Disclosure Delegated Act, the expenses allowed to be considered as part of the opex KPI are direct non-capitalized costs from: research and development, building renovation measures, short-term leases, maintenance and repair, and other day-to-day expenses for the servicing of property, plant & equipment.

Out of those concepts, bpost was able to identify short-term leases and maintenance and repair expenses (under the bpost accounts ‘rent and rental costs’ and ‘maintenance and repairs’, respectively).

The total EU Taxonomy-eligible ‘limited’ opex is mainly calculated from the following economic activities that meet the reduced definition stated above:

- 6.4. Operation of personal mobility devices, cycle logistics
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6. Freight transport services by road
- 6.15. Infrastructure enabling low-carbon road transport and public transport
- 7.3. Maintenance and repair of energy efficiency equipment
- 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings

Denominator

The denominator is the opex for the financial year 2021 exclusively linked to the total category amounts for ‘rental and rental costs’ and ‘maintenance and repairs’.

Glossary

Absenteeism

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

Blameworthy road traffic incidents

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

CO_2 eq. emissions

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

Customer satisfaction

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

Employee engagement

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

Employee turnover

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

Energy consumption

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

Formal training

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

Frequency rate

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

Informal training

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

Lost days

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

Occupational work accidents

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

Severity rate

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

Significant tier 1 suppliers

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

Reference to external documents

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

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

bpost’s Annual Report 2021 has been prepared in accordance with the GRI Standards: Core option. Our materiality analysis, materiality matrix, GRI content index for this report can be found on our website.

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

Financial Review

1.1 Group overview

Compared to last year, **total external operating income** increased by +180.5 mEUR to 4,335.1 mEUR.

- Mail & Retail external operating income increased by +46.9 mEUR mainly as a result of the net improvement in price and mix of mail and the COVID-19 communication more than offsetting the volume decline.
- The external operating income increase of Parcels & Logistics Europe & Asia (+5.4 mEUR) driven by e-commerce development both domestically and abroad and largely offset by lower Asian cross-border volumes.
- Parcels & Logistics North America external operating income increased by +124.7 mEUR. Revenues increased at Radial North America as a result of the continued growth from existing customers and the gradual ramp-up of new customers launched in 2021 accelerating since June.
- Corporate external operating income increased by +3.5 mEUR at 18.9 mEUR.

Operating expenses (including depreciation and amortization) increased by -43.2 mEUR, Excluding depreciation and amortization operating expenses increased by -94.0 mEUR in line with the volume growth at Parcels & Logistics Europe and North America. The lower depreciation are mainly explained by last year's non-cash impairment charges related to goodwill and purchase price allocation. As a result **EBIT** increased by +137.3 mEUR compared to last year, whereas the **adjusted EBIT** increased by +68.8 mEUR. Corrected for ransomware impacts at Radial, adjusted EBIT improved by +53.0 mEUR (+6.6 mEUR cyber insurance recovery in 2021 compared to -9.2 mEUR in 2020).

Net financial result (i.e. net of financial income and financial costs) increased by +31.4 mEUR mainly due to lower non-cash financial charges related to IAS 19 employee benefits, favourable exchange rate differences and last year's reassessment of the contingent consideration for the remaining shares of Anthill.

Last year **remeasurement of assets held for sale at fair value less costs to sell** amounted to -141.6 mEUR as the investment in bpost bank had been classified as assets held for sale and an impairment loss of 141.6m EUR was recognized to reduce the carrying value to the fair value less costs to sell. At year-end 2021 bpost reassessed the fair value less costs to sell and a reversal of 19.5 mEUR has been recognized related to bpost bank, whereas for Ubiway Retail (classified as held for sale in 2021) a write down of 7.4 mEUR was estimated.

Share of result of associates and joint ventures decreased by 18.3 mEUR compared to last year and was mainly explained by the classification of the investment in bpost bank as assets held for sale as of the last quarter of 2020.

Income tax expense increased by -34.6 mEUR compared to last year mainly due to the higher profit before tax.

Group net profit at 250.2 mEUR increased by +269.5 mEUR compared to last year.

Adjusted contribution (see section "Reconciliation of Reported to Adjusted Financial Metrics") of the different business units for 2021-2020 amounted to:

	2021			2020		
IN MILLION EUR (ADJUSTED)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)
Mail & Retail	2,005.9	193.9	9.7%	1,958.0	171.2	8.7%
Parcels & Logistics Europe & Asia	1,096.2	106.2	9.7%	1,087.9	101.4	9.3%
Parcels & Logistics North America	1,458.4	77.7	5.3%	1,336.0	32.8	2.5%
Corporate	426.7	(28.5)	-6.7%	390.6	(24.9)	-6.4%
Eliminations	(653.4)			(617.9)		
Group	**4,333.7**	**349.3**	**8.1%**	**4,154.6**	**280.6**	**6.8%**

1.2 Description of Business Units

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

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

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

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

1.3 Business Unit performance: Mail & Retail

MAIL & RETAIL

IN MILLION EUR	2021	2020	CHANGE %
External operating income	**1,783.1**	**1,736.1**	**2.7%**
Transactional mail	736.7	725.2	1.6%
Advertising mail	197.0	182.6	7.9%
Press	338.8	339.1	-0.1%
Proximity and convenience retail network	397.1	386.5	2.7%
Value added services	113.5	102.7	10.4%
Intersegment operating income	222.8	221.8	0.4%
TOTAL OPERATING INCOME	**2,005.9**	**1,958.0**	**2.4%**
Operating expenses	1,731.0	1,709.4	
EBITDA	**274.9**	**248.5**	10.6%
Depreciation, amortization	82.6	128.9	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**192.2**	**119.6**	**60.7%**
Margin (%)	*9.6%*	*6.1%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**193.9**	**171.2**	**13.2%**
Margin (%)	*9.7%*	*8.7%*	

Total operating income amounted to 2,005.9 mEUR and showed an increase of +47.9 mEUR or +2.4% compared to the same period 2020. **External operating income** amounted to 1,783.1 mEUR and contributed +46.9 mEUR (or +2.7%) to this increase, whereas the higher – volume driven – **intersegment operating income** to PaLo Eurasia contributed +0.9 mEUR to this increase.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) increased by +25.6 mEUR to 1,272.5 mEUR. Underlying volume decline amounted to -5.9% compared to -12.0% last year, with March 2020 to May 2020 at -20.1% due to COVID-19. **Transactional mail** noted an underlying volume decline of -8.0% for the year compared to -11.3% last year of which -16.7% from March to May 2020. During this period the COVID-19 lockdown negatively impacted all mail categories, whereas in 2021 Admin mail was supported by COVID-19 communication (estimated at about +25.6 mEUR). There was no change in the known structural trends of continued e-substitution. **Advertising mail** realized an underlying volume increase of +0.9% compared to -18.8% last year, of which -36.2% from March to May 2020 (impacted by cancelled campaigns from COVID-19 lockdown of all non-essential retail from March 18, 2020 through May 10, 2020 and a ban on promotions through April 3, 2020) and -24.3% in the month of November 2020 (given the full closure of non-essential retail in that month). **Press** volume decreased on an underlying basis by -3.5%, driven by e-substitution and rationalization.

Total Domestic mail volume decline impacted revenues by -61.6 mEUR and was more than offset by the net improvement in price and mix amounting to +86.4 mEUR and working days differences by +0.9 mEUR.

MAIL & RETAIL

EVOLUTION UNDERLYING MAIL VOLUMES	FY20	1Q21	2Q21	3Q21	4Q21	FY21
Domestic mail	**-12,0%**	**-7.8%**	**+1.4%**	**-7.5%**	**-8.9%**	**-5.9%**
Transactional mail	-11,3%	-9.6%	-1.3%	-9.5%	-11.1%	-8.0%
Advertising mail	-18,8%	-5.4%	+15.6%	-2.9%	-1.1%	+0.9%
Press	-5,3%	-1.0%	-1.1%	-3.4%	-8.4%	-3.5%

Proximity and convenience retail network increased by +10.6 mEUR to 397.1 mEUR. This increase was due to higher Ubiway Retail revenues partially compensated by lower banking & finance revenues due to the low interest rate environment.

Value added services amounted to 113.5 mEUR and showed an increase of +10.7 mEUR versus last year mainly driven by higher revenues from fines solutions, which were negatively impacted during last year's lockdown. Furthermore additional revenues charged for setup and change requests in solutions contributed to this increase.

Operating expenses (including depreciation and amortization) decreased by +24.7 mEUR to 1,813.6 mEUR, mainly explained by last year's impairment charges. Last year impairment charges on Press and Retail amounted to +49.1 mEUR. Excluding depreciations and amortization, operating expenses increased by -21.5 mEUR. Higher payroll and interim costs were driven by (1) headcount from higher parcel volumes and (2) price impact amongst other from salary indexation, merit increases and CLA 2021-22 together with lower recoverable VAT, higher material costs in line with revenue recovery at Ubiway Retail and higher third party remuneration in line with higher Value added services revenues. This was partially compensated by the favourable evolution of the FTE wage mix, non-repeating COVID-19 specific costs in the first half year 2020 and increased sorting activities cross-charged to PaLo Eurasia driven by growth in parcels volumes handled through the mail network.

As a result of the higher number of parcel volumes handled through the mail network and the lower than expected impact of domestic mail decline, **adjusted EBIT** amounted to 193.9 mEUR and showed an increase of +22.7 mEUR compared to previous year. **Reported EBIT** amounted to 192.2 mEUR with a margin of 9.6% and showed an increase of +72.6 mEUR compared to 2020.

1.4 Business Unit performance: Parcels & Logistics Europe & Asia

PARCELS & LOGISTICS EUROPE AND ASIA

IN MILLION EUR	2021	2020	CHANGE %
External operating income	**1,079.3**	**1,073.9**	**0.5%**
Parcels BeNe	561.7	547.9	2.5%
E-commerce logistics	174.8	172.5	1.3%
Cross-border	342.8	353.5	-3.0%
Intersegment operating income	16.9	14.0	20.7%
TOTAL OPERATING INCOME	**1,096.2**	**1,087.9**	**0.8%**
Operating expenses	966.9	966.8	0.0%
EBITDA	**129.3**	**121.1**	**6.8%**
Depreciation, amortization	26.0	22.6	15.3%
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**103.3**	**98.5**	**4.8%**
Margin (%)	*9.4%*	*9.1%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**106.2**	**101.4**	**4.7%**
Margin (%)	*9.7%*	*9.3%*	

Total operating income amounted to 1,096.2 mEUR and increased by +8.3 mEUR. **External operating income** amounted to 1,079.3 mEUR in 2021 and showed an increase of +5.4 mEUR or +0.5% compared to 2020. The anticipated decline in Asian cross-border volumes, stabilising from last year's peak and impacted by the low-value consignment relief abolished as of July 2021 was offset by the development of e-commerce both domestically and abroad.

Parcels BeNe increased by +13.8 mEUR, or +2.5%, mainly thanks to Parcels B2X revenues up by +6.4% driven by the volume growth of +10.3% of which +54.1% in the first quarter of 2021 against the pre COVID-19 first quarter of 2020 and respectively +2.9%, +8.9% and -7.5% in the second, third and fourth quarter of 2021 against a tough lockdown comparable base in 2020. The negative price-mix impact of -3.9% was mainly driven by mix impact and to a smaller extent by the price impact from one-off COVID-19 surcharges to customers in April and May 2020. Dyna sales decreased by -14.1% due to lower demand in 2XL delivery and lower sales in insurance.

PARCELS & LOGISTICS EUROPE AND ASIA	FY20	1Q21	2Q21	3Q21	4Q21	FY21
Evolution Parcels B2X	+56.2%	+54.1%	+2.9%	+8.9%	-7.5%	+10.3%

E-commerce logistics amounted to 174.8 mEUR, an increase of +2.3 mEUR or +1.3% compared to 2020 mainly driven by the continued e-commerce logistics expansion of Radial Europe and Active Ants (+15.0%), partially offset by a decline in revenue at Leen Menken due to the loss of a contract in July 2020 and DynaFix due to shortage of spare parts and less devices to be repaired.

Cross-border decreased by -10.7 mEUR to 342.8 mEUR due to steady revenue growth of cross-border commercial sales in the United Kingdom and the rest of Europe offset by the decline in the Asian cross-border volumes especially as of the third quarter 2021 with the lower volumes due to low-value consignment relief abolishment as of July 1, 2021 and declining cross-border postal business where inbound parcels could not compensate the decline in inbound mail volumes.

Operating expenses (including depreciation and amortization) slightly increased by -3.5 mEUR or -0.4% mainly explained by higher intersegment operating expenses charged by M&R driven by strong parcels volumes growth in the integrated last-mile mail & parcels network. This increase was partially offset by lower volume-linked transport costs from Asian cross-border activities, lower variable labour costs at Leen Menken and non-repeating COVID-19 specific opex in the first half year 2020 (including premium, health and safety measures and bad debt risk).

Reported EBIT and adjusted EBIT respectively amounted to 103.3 mEUR and 106.2 mEUR and respectively increased by +4.8% and +4.7%.

1.5 Business Unit performance: Parcels & Logistics North America

PARCELS & LOGISTICS NORTH AMERICA

IN MILLION EUR	2021	2020	CHANGE %
External operating income	**1,453.9**	**1,329.2**	**9.4%**
E-commerce logistics	1,411.7	1,246.4	13.3%
International mail	42.2	82.8	-49.1%
Intersegment operating income	5.9	6.8	-13.4%
TOTAL OPERATING INCOME	1,459.8	1,336.0	9.3%
Operating expenses	1,304.9	1,233.7	5.8%
EBITDA	**154.9**	**102.3**	**51.4%**
Depreciation, amortization	84.0	95.0	-11.5%
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT REPORTED)	70.9	7.4	
Margin (%)	*4.9%*	*0.6%*	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	77.7	32.8	
Margin (%)	*5.3%*	*2.5%*	

Total operating income amounted to 1,459.8 mEUR, an increase of +123.8 mEUR or +9.3% compared to the same period of 2020 (+11.9% at constant exchange rate). **External operating income** amounted to 1,453.9 mEUR and showed an increase of +124.7 mEUR or +9.4% (+12.0% at constant exchange rate).

E-commerce logistics increased by +165.3 mEUR or +13.3% to 1,411.7 mEUR (+15.8% at constant exchange rate). Revenues increased at Radial North America as a result of the continued growth from existing customers, the gradual ramp-up of new customers launched in 2021 and accelerating since June, partially offset by client churn from terminated contracts. Apart from Radial North America, other business lines recorded strong volume growth from existing and new customers.

RADIAL NORTH AMERICA (*)

IN MILLION USD (ADJUSTED)	2021	2020
Total operating income	1,340.2	1,201.3
EBITDA	121.7	78.6
Profit/(Loss) from Operating Activities (EBIT)	46.9	11.5

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

International mail amounted to 42.2 mEUR, a decrease of -40.6 mEUR or -49.1% (-47.1% at constant exchange rate) driven by the divestment and deconsolidation of The Mail Group as of August 5, 2021.

Operating expenses (including depreciation and amortization) increased by -60.2 mEUR or -4.5% (or -7.0% at constant exchange rate) resulting from higher variable operating expenses, in line with revenue development, including higher labour costs from continued wage rate pressure in the US (partially compensated by COVID employer payroll tax credit program), and higher costs from new sites openings.

Reported EBIT amounted to 70.9 mEUR up by +63.5 mEUR with a margin of 4.9%, **adjusted EBIT** amounted to 77.7 mEUR (up by +45.0 mEUR), or up +24.0 mEUR operationally when adjusting for (1) -9.2 mEUR from the fourth quarter 2020 ransomware attack (2) +6.6 mEUR uplift from cyber insurance recovery in 2021 and (3) +5.2m one-time concessions from vendor, driven by the positive evolution in E-commerce logistics, partially offset by the unfavourable wage rate pressure.

1.6 Business Unit performance: Corporate

CORPORATE

IN MILLION EUR	2021	2020	CHANGE %
External operating income	**18.9**	**15.4**	**22.8%**
Intersegment operating income	407.8	375.2	8.7%
TOTAL OPERATING INCOME	**426.7**	**390.6**	**9.3%**
Operating expenses	380.2	343.4	10.7%
EBITDA	**46.5**	**47.2**	**-1.4%**
Depreciation, amortization	75.0	72.0	4.1%
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT REPORTED)	**(28.5)**	**(24.9)**	
Margin (%)	*-6.7%*	*-6.4%*	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**(28.5)**	**(24.9)**	
Margin (%)	*-6.7%*	*-6.4%*	

External operating income increased by +3.5 mEUR at 18.9 mEUR driven by higher building sales.

Net operating expenses (including depreciation and amortization) after intersegment operating income increased by -7.1 mEUR.

Reported EBIT and **adjusted EBIT** at -28.5 mEUR.

1.7 Statement of cash flows

IN MILLION EUR	2021	2020
Net cash from operating activities	398.2	571.3
Net cash used in investing activities	(145.0)	(127.6)
Net cash from financing actvities	(309.1)	(138.8)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**(55.9)**	**304.9**
Free cash flow	**253.2**	**443.7**

bpost executes an active portfolio management strategy to divest non-core assets and/or non-performing assets, so as to allocate capital to the growing e-commerce logistics market and to invest further in the opportunity of e-commerce logistics. In this context bpost decided to initiate the sales process of the Ubiway Retail. Hence cash of Ubiway Retail (1.7 mEUR) is classified as held for sale per December 31, 2021.

The net cash flow decreased compared to last year by 360.8 mEUR to negative 55.9 mEUR. This decrease was mainly due to the decision not to roll over the maturing commercial paper in 2021, as well as some phasing elements (high payables in 2020 and last year's extended payment terms which were unwound in the first quarter 2021) and the evolution of the collected proceeds by Radial US on behalf of their clients.

Reported and adjusted free cash flow amounted respectively to 253.2 mEUR and 290.5 mEUR.

Cash flow from operating activities before change in working capital and provisions rose by 73.1 mEUR driven by the higher adjusted EBITDA (+85.1 mEUR) partially neutralized by increased tax payments on previous years (-11.0 mEUR).

Cash flow related to collected proceeds due to Radial's clients was 40.4 mEUR lower (37.3 mEUR outflow in 2021 compared to an inflow of 3.1 mEUR last year), in line with their remittance calendar and due to the higher pandemic related 2020 merchandise sales.

The variance in change in working capital and provisions (-205.7 mEUR) was mainly explained by expected unwinding of extended payment terms with some suppliers initiated in 2020 at the beginning of the pandemic combined with the positive impact of increased terminal dues in line with cross border activities expansion in 2020 and phasing in settlement of social liabilities.

Investing activities resulted in a cash outflow of 145.0 mEUR in 2021, compared to a cash outflow of 127.6 mEUR last year. This was mainly explained by higher capital expenditures (-24.4 mEUR) partially compensated by the proceed from disposal of The Mail Group (6.5 mEUR).

Capex stood at 172.1 mEUR in 2021 and was mainly spent on Parcels and E-commerce logistics activities, including customer implementations at Radial US, additional sites for Active Ants, Radial Europe scale-up, new parcels model and sustainability initiatives for e-fleet infrastructure.

In 2021 the cash outflow relating to **financing activities** amounted to -309.1 mEUR compared to -138.8 mEUR last year, as it was decided not to roll over the maturing commercial paper in 2021 (-166.0 mEUR).

1.8 Net debt

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Net Debt/(Net cash)		
Interest bearing loans and borrowings	1,377.7	1,443.2
Non-interest bearing loans and borrowings	0.1	0.1
- Cash and cash equivalents	(907.5)	(948.1)
TOTAL	**470.3**	**495.2**

Net debt decreased by 24.9 mEUR, mainly due to the decision not to roll over the maturing commercial paper in the first quarter of 2021. This decrease was partially offset by the increase in lease liabilities.

1.9 Balance sheet

IN MILLION EUR	2021	2020		2021	2020
Assets			**Equity and liabilities**		
Property, plant and equipment	1,263.5	1,138.0	Total equity	885.3	583.8
Intangible assets	797.0	771.7	Interest-bearing loans and borrowings (incl. overdraft)	1,377.7	1,443.2
Investments in associates and joint ventures	0.0	0.1	Employee benefits	298.2	320.0
Other assets	53.1	54.1	Trade and other payables	1,504.3	1,487.0
Trade and other receivables	936.3	826.6	Provisions	25.8	27.0
Inventories	20.7	32.7	Derivative instruments	0.3	0.3
Cash and cash equivalents	907.5	948.1	Other liabilities	10.1	13.2
Assets held for sale	163.3	103.3	Liabilities directly related to assets held for sale	39.7	0.0
TOTAL ASSETS	**4,141.3**	**3,874.5**	**TOTAL EQUITY AND LIABILITIES**	**4,141.3**	**3,874.5**

Total assets and liabilities increased by 266.8 mEUR to 4,141.3 mEUR.

Property, plant and equipment increased by 125.5 mEUR as the capital expenditure and the increase in the right-of-use assets and leases outpaced the depreciation.

Trade and other receivables increased by 109.7 mEUR driven by the evolution of trade receivables, due to the higher sales in the last quarter compared to last year, and the increased terminal dues receivables, which should be reviewed together with increased terminal dues payables, due to lower settlements.

Equity increased by 301.5 mEUR, mainly explained by the realized profit and the exchange differences on translation of foreign operations.

Interests-bearings loans and borrowings (incl. overdraft) decreased by 65.5 mEUR, mainly due to the decision of reimbursement of the maturing commercial paper in 2021 in order to optimize the treasury, partially offset by the increase of the lease liabilities.

The assets held for sale and liabilities directly related to assets held for sale should be reviewed together, the net increase of the assets held for sale of 20.3 mEUR was mainly explained by the reassessment of the investment in bpost bank classified as assets held for sale and the classification of Ubiway Retail as held for sale in 2021.

1.10 Alternative Performance Measures (unaudited)

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

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

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

The calculation of the adjusted performance measure and adjusted operating free cash flow can be found below the definitions. Given the new dividend policy, i.e. dividend pay-out ratio between 30-50% of IFRS net profit instead of a minimum of 85% of BGAAP net profit of bpost NV/SA unconsolidated, bpost will not report "bpost NV/SA net profit under BGAAP" anymore as an APM. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

Reconciliation of Reported to Adjusted Financial Metrics

OPERATING INCOME FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020	EVOLUTION 2021 - 2020
Total operating income	4,335.1	4,154.6	4.3%
Gain on the sale of The Mail Group (1)	(1.4)	0.0	-
ADJUSTED TOTAL OPERATING INCOME	**4,333.7**	**4,154.6**	**4.3%**

OPERATING EXPENSES FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020	EVOLUTION 2021 - 2020
Total operating expenses excluding depreciation, amortization	(3,729.5)	(3,635.5)	2.6%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	**(3,729.5)**	**(3,635.5)**	**2.6%**

EBITDA FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020	EVOLUTION 2021 - 2020
EBITDA	605.6	519.1	16.7%
Gain on the sale of The Mail Group (1)	(1.4)	0.0	-
ADJUSTED EBITDA	**604.2**	**519.1**	**16.4%**

EBIT FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020	EVOLUTION 2021 - 2020
EBIT	338.0	200.7	68.4%
Gain on the sale of The Mail Group (1)	(1.4)	0.0	-
Impairment on goodwill (2)	0.0	41.4	-100.0%
Non-cash impact of purchase price allocation (PPA) (3)	12.8	38.6	-66.8%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	**349.3**	**280.6**	**24.5%**

RESULT (EAT, EARNINGS AFTER TAXES) OF THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020	EVOLUTION 2021 - 2020
Result of the year	250.2	(19.2)	-
Gain on the sale of The Mail Group (1)	(1.4)	0.0	-
Impairment on goodwill (2)	0.0	41.4	-100.0%
Non-cash impact of purchase price allocation (PPA) (3)	9.9	37.1	-73.3%
Remeasurement of assets held for sale at fair value less costs to sell (4)	(12.2)	141.6	-
ADJUSTED RESULT OF THE YEAR	**246.6**	**200.9**	**22.8%**

(1) On August 5, 2021, bpost US Holdings signed an agreement with Architect Equity for the sale of The Mail Group (IMEX Global Solutions LLC, M.A.I.L. Inc and Mail Services Inc.). The Mail Group has been deconsolidated as of August 5, 2021 and was transferred to assets held for sale end of June 2021. The adjustment of 1.4 mEUR corresponds to the preliminary gain on the disposal of the activities and will be finalised in 2022.

(2) In accordance with IAS 36 and the CGU (cash generating units) impairment testing, goodwill impairments were recognized in 2020 within Mail & Retail as an impairment loss of 28.3 mEUR was recognized for Ubiway Retail and within Parcels & Logistics North America as an impairment loss of 13.0 mEUR was recognized for The Mail Group.

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

(4) bpost executes an active portfolio management strategy to divest non-core assets and/or non-performing assets, so as to allocate capital to the fast growing e-commerce logistics market and to invest further in the opportunity of e-commerce logistics. In this context bpost started up the sales process of Ubiway Retail. Assets and liabilities of Ubiway Retail were classified as held for sale as per September 30, 2021. In December 2021 bpost, Ubiway and Golden Palace signed a binding agreement, this transaction was - except for the sale price - finalised on February 28, 2022. As the fair value less costs to sell of Ubiway Retail is lower than the carrying value a write down of 7.4 mEUR was recorded. On December 23, 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of participation from bpost to BNPPF. In 2020 the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 mEUR based upon the best estimate of bpost at that time had been recognized in 2020. In 2021 the agreement has been finalised and on January 3, 2022 the transaction was completed after having obtained the regulatory approvals. At year-end 2021 in line with IFRS 36,110, bpost assessed that the impairment loss recognised in 2020 had decreased and bpost estimated the recoverable amount to be 119.5 mEUR, hence a reversal on the impairment loss of 19.5 mEUR has been recognized.

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

FOR THE YEAR ENDED 31 DECEMBER			EVOLUTION
IN MILLION EUR	2021	2020	2021 - 2020
Net Cash from operating activities	398.2	571.3	-30.3%
Net Cash used in investing activities	(145.0)	(127.6)	13.6%
OPERATING FREE CASH FLOW	**253.2**	**443.7**	**-42.9%**
Collected proceeds due to clients	37.3	(3.1)	-
ADJUSTED OPERATING FREE CASH FLOW	**290.5**	**440.5**	**-34.1%**

Outlook for 2022

bpost expects the group adjusted EBIT to range between 280-310 mEUR. bpost will continuously invest in the group transformation while mitigating headwinds from wage pressure and inflation by cost reduction initiatives, productivity gains and further growth in omni-commerce activities. This outlook is bpost's best estimate as of now which could be impacted by macro and geopolitical risks materializing.

The group's total operating income for 2022 is expected to increase by a mid- to high single-digit percentage compared to 2021.

For the business units, bpostgroup expects:

Belgium:

- Stable[1] total operating income to result from:
  - Mail: an underlying Domestic mail volume decline expected between -8% and -10%, an approved mail pricing of +4.7%.
  - Parcels: stable volumes, reflecting Amazon insourcing and post-COVID normalization
  - Additional revenues at Value added services and Retail
- 8-10% adjusted EBIT margin reflecting higher wage costs and inflationary pressure partially mitigated by cost reduction initiatives and productivity gains.
- The unknowns within our guidance are inflation, especially in Belgium but to some extent in North America, and parcels volume growth. We expect to grow in line with the Belgian market but the overall balance is anticipated to lead to a flat volume development in 2022 due to Amazon insourcing. Depending on the consumer sentiment, market normalization and on how quickly Amazon will move forward with their insourcing, parcels volume growth may develop differently this year.

E-Logistics Eurasia:

- Low to mid- teens percentage growth in total operating income driven by growth plan of Radial Europe and Active Ants and growing Cross-border commercial activities in Europe partially offset by expected limited recovery in Asian Cross-border volumes versus the volumes noted in the second half of 2021.
- 6-8% adjusted EBIT margin including scale-up costs in Radial Europe and Active Ants.

E-Logistics North America:

- Low to mid- teens percentage growth[1] in total operating income driven by Radial's accelerated growth plan and contribution from new customers wins.
- 4-6% adjusted EBIT margin including ongoing wage rate increase and higher real estate costs, mitigated by labor management and productivity initiatives.

Group EBIT will include operating expenses at Corporate level to support our transformation.

Gross capex is expected to be around 250 mEUR. This capex envelope is geared towards the strategy to grow omni-commerce logistics.

The dividend relative to the results of the year 2022 will be in the range of 30-50% of IFRS net profit, and will be payable in May 2023 after the approval by the General Shareholders' Meeting, in accordance with the dividend policy.

1 *Excluding deconsolidation of Ubiway Retail revenues (around 140 mEUR in 2021) at Belgium level and The Mail Group revenues (around 40 mEUR in 2021) at E-Logistics North America level*

Financial consolidated statements 2021

1. Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	NOTES	2021	2020	EVOLUTION 2021 - 2020
Revenue	6.8	4,282.4	4,115.1	4.1%
Other operating income	6.9	52.7	39.5	33.5%
TOTAL OPERATING INCOME		**4,335.1**	**4,154.6**	**4.3%**
Material costs	6.11	(192.3)	(201.5)	-4.5%
Services and other goods	6.12	(1,894.8)	(1,813.1)	4.5%
Payroll costs	6.13	(1,606.8)	(1,586.5)	1.3%
Other operating expenses	6.10	(35.7)	(34.4)	3.6%
Depreciation, amortization and impairment	6.17|6.20	(267.6)	(318.5)	-16.0%
TOTAL OPERATING EXPENSES		**(3,997.2)**	**(3,954.0)**	**1.1%**
RESULT FROM OPERATING ACTIVITIES (EBIT)		**338.0**	**200.7**	**68.4%**
Financial income	6.14	8.5	7.4	15.0%
Financial costs	6.14	(24.9)	(55.2)	-54.8%
Remeasurement of assets held for sale at fair value less costs to sell	6.19	12.2	(141.6)	-
Share of result of associates and joint ventures	6.21	0.0	18.3	-
RESULT BEFORE TAX		**333.7**	**29.6**	**-**
Income tax expense	6.15	(83.5)	(48.8)	70.9%
RESULT FROM CONTINUING OPERATIONS		**250.2**	**(19.2)**	**-**
RESULT OF THE YEAR (EAT – EARNINGS AFTER TAXES)		**250.2**	**(19.2)**	**-**
Attributable to:				
Owners of the Parent		250.9	(19.4)	-
Non-controlling interests		(0.6)	0.1	-

EARNINGS PER SHARE

IN EUR	2021	2020
Basic, profit/(loss) for the year attributable to ordinary equity holders of the parent	1.25	(0.10)
Diluted, profit/(loss) for the year attributable to ordinary equity holders of the parent	1.25	(0.10)

2. Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	NOTES	2021	2020
RESULT OF THE YEAR		**250.2**	**(19.2)**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Change of other comprehensive income of associates	6.21	0.0	(16.1)
Gross change of other comprehensive income of associates		*0.0*	*(21.5)*
Income tax effect		*0.0*	*5.4*
Net gain/(loss) on hedge of a net investment	6.30	(9.7)	11.0
Net gain on cash flow hedges	6.30	1.9	1.9
Gain on cash flow hedges		*2.5*	*2.5*
Income tax effect		*(0.6)*	*(0.6)*
Exchange differences on translation of foreign operations [1]		59.7	(62.6)
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**51.9**	**(65.9)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on defined benefit plans	6.26	1.9	1.7
Gross gain on defined benefit plans		*2.2*	*2.1*
Income tax effect		*(0.4)*	*(0.4)*
NET OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**1.9**	**1.7**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**53.7**	**(64.2)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**304.0**	**(83.4)**
Attributable to:			
Owners of the Parent		304.6	(83.5)
Non-controlling interests		(0.6)	0.1

(1) *The exchange differences on translation of foreign operations were mainly impacted by the movements of intangible assets (2020|2021: -51.4 mEUR|45.4 mEUR out of which -42.2 mEUR|37.7 mEUR related to the goodwill), mainly due to the evolution of the exchange rate of the USD. See note 6.20 for more details.*

3. Consolidated statement of financial position

AS AT 31 DECEMBER

IN MILLION EUR	NOTES	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	6.17	1,263.5	1,138.0
Intangible assets	6.20	797.0	771.7
Investments in associates and joint ventures	6.21	0.0	0.1
Investment properties	6.18	4.2	3.3
Deferred tax assets	6.15	32.8	45.6
Trade and other receivables	6.22	23.9	16.6
		2,121.3	**1,975.2**
Current assets			
Inventories	6.23	20.7	32.7
Income tax receivable	6.15	16.1	5.2
Trade and other receivables	6.22	912.4	810.0
Cash and cash equivalents	6.24	907.5	948.1
		1,856.8	**1,796.0**
Assets held for sale	6.19	163.3	103.3
TOTAL ASSETS		**4,141.3**	**3,874.5**
Equity and liabilities			
Issued capital		364.0	364.0
Reserves		238.2	249.8
Foreign currency translation		32.4	(17.6)
Retained earnings		250.2	(19.2)
Reserves of non-financial assets held for sale		0.0	5.6
Equity attributable to equity holders of the Parent		**884.8**	**582.5**
Equity attributable to non-controlling interests		0.5	1.3
TOTAL EQUITY	4	**885.3**	**583.8**
Non-current liabilities			
Interest-bearing loans and borrowings	6.25	1,261.2	1,165.0
Employee benefits	6.26	298.2	320.0
Trade and other payables	6.27	33.3	48.6
Provisions	6.28	14.7	13.3
Deferred tax liabilities	6.15	6.4	6.8
		1,613.9	**1,553.6**
Current liabilities			
Interest-bearing loans and borrowings	6.25	116.4	278.2
Provisions	6.28	11.1	13.7
Income tax payable	6.15	3.6	6.4
Derivative intruments	6.30	0.3	0.3
Trade and other payables	6.27	1,470.9	1,438.4
		1,602.4	**1,737.1**
Liabilities directly associated with assets held for sale	6.19	39.7	0.0
TOTAL LIABILITIES		**3,256.0**	**3,290.7**
TOTAL EQUITY AND LIABILITIES		**4,141.3**	**3,874.5**

4. Consolidated statement of changes in equity

IN MILLION EUR	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
AS PER 1 JANUARY 2020	**364.0**	**0.0**	**252.3**	**34.0**	**30.7**	**680.9**	**1.7**	**682.6**
Result of the year 2020	0.0	0.0	0.0	0.0	(19.4)	(19.4)	0.1	(19.2)
Other comprehensive income	0.0	0.0	18.1	(51.6)	(30.7)	(64.2)	0.0	(64.2)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**18.1**	**(51.6)**	**(50.0)**	**(83.5)**	**0.1**	**(83.4)**
Other	0.0	0.0	(15.0)	0.0	0.1	(14.9)	(0.5)	(15.4)
AS PER 31 DECEMBER 2020	**364.0**	**0.0**	**255.4**	**(17.6)**	**(19.2)**	**582.5**	**1.3**	**583.8**
AS PER 1 JANUARY 2021	**364.0**	**0.0**	**255.4**	**(17.6)**	**(19.2)**	**582.5**	**1.3**	**583.8**
Result of the year 2021	0.0	0.0	0.0	0.0	250.9	250.9	(0.6)	250.2
Other comprehensive income	0.0	0.0	(15.5)	50.0	19.2	53.7	0.0	53.7
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**(15.5)**	**50.0**	**270.1**	**304.6**	**(0.6)**	**304.0**
Other	0.0	0.0	(1.7)	0.0	(0.6)	(2.3)	(0.1)	(2.4)
AS PER 31 DECEMBER 2021	**364.0**	**0.0**	**238.2**	**32.4**	**250.2**	**884.8**	**0.5**	**885.3**

Total equity amounted to 885.3 mEUR out of which 326.4 mEUR distributable retained earnings and legal reserves of 50.8 mEUR within bpost NV/SA.

Equity increased by 301.5 mEUR, or +51.6%, to 885.3 mEUR as of December 31, 2021 from 583.8 mEUR as of December 31, 2020. This increase was mainly explained by the result of the year (250.2 mEUR) and the exchange differences on translation of foreign operations (50.0 mEUR). Furthermore the effective part of a cash-flow hedge entered into to hedge the cash flow risk of the bond and the remeasurement gains on post-employment benefits each contributed 1.9 mEUR to this increase. The cash-flow hedge reserve will be reclassified to profit or loss over the 8 years after the issuance date of the bond.

At December 31, 2021, the shareholding of bpost is as follows:

	TOTAL	THE BELGIAN STATE [1]	FREE FLOAT
AS PER 1 JANUARY 2021	**200,000,944**	**102,075,649**	**97,925,295**
changes during the year	-	-	-
AS PER 31 DECEMBER 2021	**200,000,944**	**102,075,649**	**97,925,295**

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

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

Distributions made and proposed:

IN MILLION EUR	2021	2020
CASH DIVIDENDS ON ORDINARY SHARES DECLARED AND PAID		
Final dividend for 2020: 0.0 EUR per share (2019: 0.0 EUR per share)	0.0	0.0
Interim dividend for 2021: 0.00 EUR per share (2020: 0.0 EUR per share)	0.0	0.0
PROPOSED DIVIDENDS ON ORDINARY SHARES		
Final cash dividend for 2021: 0.49 EUR per share (2020: 0.0 EUR per share)	98.0	0.0

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

5. Consolidated statement of cash flows

AS AT 31 DECEMBER

IN MILLION EUR	NOTES	2021	2020
Operating activities			
Result before tax	1	333.7	29.6
Depreciation, amortization and impairment losses		267.6	318.5
Impairment on debtors	6.10	3.3	17.5
Gain on sale of property, plant and equipment		(15.1)	(11.7)
Gain on disposal of subsidiaries		(1.6)	0.0
Other non-cash items		29.6	28.6
Change in employee benefit obligations	6.26	(19.5)	1.5
Remeasurement of assets held for sale at fair value less costs to sell	6.19	(12.2)	141.6
Share of result of associates and joint ventures	6.21	0.0	(18.3)
Income tax paid		(78.1)	(83.5)
Income tax (paid)/receivzed on previous years		(3.5)	7.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**504.2**	**431.2**
Decrease/(increase) in trade and other receivables		(114.5)	(86.3)
Decrease/(increase) in inventories		(0.2)	1.7
Increase/(decrease) in trade and other payables		46.7	224.2
Increase/(decrease) in collected proceeds due to clients		(37.3)	3.1
Increase/(decrease) in provisions		(0.8)	(2.6)
NET CASH FROM OPERATING ACTIVITIES		**398.2**	**571.3**
Investing activities			
Proceeds from sale of property, plant and equipment		21.9	20.9
Disposal of subsidiaries, net of cash disposed off		6.5	0.0
Acquisition of property, plant and equipment	6.17	(147.5)	(108.6)
Acquisition of intangible assets	6.20	(24.6)	(39.1)
Acquisition of subsidiaries, net of cash acquired		(1.3)	(0.7)
NET CASH USED IN INVESTING ACTIVITIES		**(145.0)**	**(127.6)**
Financing activities			
Proceeds from borrowings		60.0	1,180.7
Payments related to borrowings		(243.9)	(1,203.2)
Payments related to lease liabilities		(125.2)	(116.3)
NET CASH FROM FINANCING ACTIVITIES		**(309.1)**	**(138.8)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(55.9)**	**304.9**
NET FOREIGN EXCHANGE DIFFERENCE		**16.9**	**(26.5)**
CASH CLASSIFIED AS ASSET HELD FOR SALE		**(1.7)**	**0.0**
Cash and cash equivalents less bank overdraft as of 1st January		948.1	669.7
Cash and cash equivalents less bank overdraft as of 31st December		907.5	948.1
MOVEMENTS BETWEEN 1ST JANUARY AND 31ST DECEMBER		**(40.6)**	**278.4**

6. Notes to the consolidated financial statements

6.1 General information

Business activities

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

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

Legal status

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

6.2 Basis of preparation

bpost's consolidated financial statements and Board of Directors' report prepared in accordance with article 3:32 of the Belgian code of companies and associations set forth on pages 11 to 62, 65, 131 and 135 of the annual report for the financial year ended December 31, 2021 were authorized for issue by the Board of Directors on March 17, 2022. The consolidated financial statements of bpost have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the European Union. bpost has prepared the financial statements on the basis that it will continue to operate as a going concern as there are not material uncertainties and there are sufficient resources to continue operations.

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

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and amended standards and interpretations.

The following amendments to existing standards apply for the first time as from 2021:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Amendments – phase 2 - Interest Rate Benchmark Reform (effective from January 1, 2021).
- IFRS 16 - Amendment - COVID-19-Related Rent Concessions beyond June 30, 2021 (effective from April 1, 2021).

These amendments have no material impact on the consolidated financial statements.

Standards and Interpretations issued but not yet applied by bpost

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

STANDARD OR INTERPRETATION	EFFECTIVE FOR IN REPORTING PERIOD STARTING ON OR AFTER
Annual Improvements to IFRS 2018-2020	1 January 2022
IFRS 3 - Amendments - Reference to the Conceptual Framework	1 January 2022
IAS 16 - Amendments - Proceeds before Intended Use	1 January 2022
IAS 37 - Amendments - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IAS 1 - Amendments (1) - Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 - Insurance Contracts	1 January 2023
IAS 1 - Amendments (1) - Disclosure of Accounting Policies	1 January 2023
IAS 8 - Amendments (1) - Definition of Accounting Estimates	1 January 2023
IAS 12 - Amendments (1) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

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

6.3 Significant accounting judgments and estimates

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

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

Impairment of assets

bpost performs annual impairment tests on CGUs to which goodwill has been allocated and each time there is an indication of impairment. This requires management to make significant judgement and estimates to determine the asset's recoverable amount. The recoverable amounts are based on the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a rate determined upon the weighted average cost of capital (WACC) formula. Determining cash flows requires the use of judgement and estimates embedded in the business plan and budgets used and assumptions applied related to the long-term growth rate and WACC.

Employee Benefits - IAS 19

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

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

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days is derived from the statistics of the consumption average over a mobile average of 3 years (years 2019 to 2021 for December 2021). The number of days of illness depends on the age, identified per segment of the relevant population. The rate of guaranteed salary is set at 75% in case of long-term illness. Thus, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25%. The balance of the cumulated unused sickness days for civil servants is limited to a maximum of 63 days.

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

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

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

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

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

Fair value adjustments for business combinations

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

Revenue and revenue related accruals

bpost handles and ships international mail and parcels to and from other foreign postal operators. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position, however as the final settlements are based upon different assumptions (among which “items per kilo”) final settlements might deviate from the initial assessment. Furthermore a part of the revenues are estimated at year-end based upon various input data (quality targets, volumes) used in the calculations and are billed after year end. Revenues related to SGEI and the distribution of press and periodicals are finalised after year-end and are subject to further ex-post verifications. The methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI, hence requires management estimates.

Income taxes and deferred taxes

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

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

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

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

6.4 Summary of significant accounting policies

Consolidation

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

Subsidiaries

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

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

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

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

Associates and joint ventures

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

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

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

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

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

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

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

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

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

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

bpost bank has been classified as a non-current asset held for sale end 2020, following an agreement with BNP Paribas Fortis (BNPPF) on the future long-term partnership of bpost bank NV/SA, including the sale of bpost's participation in bpost bank. Accordingly as of the year ended December 31, 2020, the investment in bpost bank is presented separately from other assets in the statement of financial position and measured at the lower of its carrying amount (at the date of initial classification as held for sale) and the fair value less costs to sell. On January 3, 2022 the transaction was completed after having obtained the regulatory approvals.

Business combination, goodwill and negative acquisition differences

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. At acquisition date, the difference determined between the cost of the acquisition of the investment and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill (if the difference is positive) or directly as a profit in the income statement (if the difference is negative). The measurement period to determine the goodwill cannot exceed one year from the acquisition date.

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

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

Intangible assets

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

i. the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights;
ii. it is probable that the expected future economic benefits that are attributable to the asset will flow to bpost;
iii. bpost can control the resource; and
iv. the cost of the asset can be measured reliably.

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

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

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

INTANGIBLE ASSETS

INTANGIBLE ASSETS	USEFUL LIFE
Patent	12 years
Know-how	5 years
Points of sale network (replacement costs)	20 years
IT Development costs	5 years maximum
Licenses for minor software	3 years maximum
Tradenames/Brandnames (1)	Between 5 and 15 years
Customer relationships (1)	Between 5 and 20 years

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

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

Property, plant and equipment

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

Lease transactions

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

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

- Right-of-use assets:

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

- Lease liabilities

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

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

- Leases of low-value assets

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

- Short-term leases

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

Investment properties

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

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

Assets held for sale

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

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

Stamp collection

The stamp collection that is owned by bpost is stated at the reevaluated amount less discount for the lack of liquidity. The revalued amounts are determined periodically on the basis of market prices. bpost proceeds to the reevaluation of its collection every five years (last revaluation took place in 2020). The stamp collection is recorded in the caption "Other Property, Plant and Equipment" of the statement of financial position.

Impairment of assets

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

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

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

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

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

Inventories

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

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

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

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

Revenue related accruals and contract assets and liabilities

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

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

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

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

Receivables

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

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

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

Contract costs

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

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

Investment securities

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

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

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

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

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

Cash and cash equivalents

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

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

Share capital

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

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

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

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

Employee benefits

Short-term benefits

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

Post-employment benefits

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

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

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

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

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

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

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

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

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

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

Other long-term benefits

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

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

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19

– Fair value of the plan assets

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

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

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

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

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

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

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

Termination benefits

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

Provisions

A provision is recognized only when:

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

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

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

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

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

Income taxes and deferred taxation

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

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

Deferred taxes are not recognized in respect of:

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

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

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

Transactions in foreign currencies

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

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Revenue recognition

bpost earns revenue from a range of services including national and international postal and parcels services, e-commerce logistics, back-office, proximity and convenience services and sells a range of products including banking and financial, postal and retail products. bpost also carries out Services of General Economic Interest (SGEI) pursuant to a contract with the Belgian State. All income related to standard business operations is recognized as revenue in the income statement. All other income is reported as other operating income (see below in a separate section).

bpost recognizes revenue from contracts with customers when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which bpost expects to be entitled in exchange for those goods and services. Below the nature, amount, timing, uncertainty of recognition from revenues from contracts with customers is detailed per class of services.

The presentation of the revenues in the notes per product line item is composed of a combination of type of activities (as described below), type of product, customers and geographical region and is disaggregated in line with the information regularly reviewed by the CODM.

bpost's business activities can be split into three different revenue recognition streams: (i) Distribution and transport services, (ii) Logistic and fulfilment services and (iii) Back-office and proximity and convenience services.

(i) Distribution and transport services

Service included in product line items: Transactional mail, Advertising mail, Press, Parcels BeNe, Cross-border (inbound and outbound) and International mail.

This class of services consists in the delivery of domestic and international mail and parcels comprising the collection, transport, sorting and distribution of addressed and non-addressed mail, printed documents, newspapers and parcels.

Revenue is recognized when the performance obligation, the promise to deliver a good (e.g.: letter, parcel,…) to an addressee or location, is satisfied at a point in time. This is in general on the delivery of the goods. bpost generally considers that it is the principal in distribution and transport services, except for the delivery of newspapers and periodicals to newsstands where it acts as an agent.

The delivery of the newspapers and periodicals can occur in three different ways:

Firstly, bpost makes direct delivery to the households and business ("users") for their subscribed newspapers and periodicals (reported as product line 'Press'). In this case, bpost is a principal because it is the primary obligor to deliver the newspapers and periodicals directly to users and is remunerated by the publishing companies and the Belgian State ("customers"). The remunerations received from the publishing companies for the delivery are based on the volume handled. The remuneration received from the contract with the Belgian State (classified as SGEI) is split between a flat amount recognized over time (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration from the Belgian state is subject to an ex-post calculation based upon the evolution of the costs basis of bpost.

Secondly, bpost (through its wholly-owned subsidiary AMP) delivers these newspapers and periodicals to newsstand (reported as product line "Press"). In this situation, AMP acts as an agent on behalf of the publishing company ("customer") and is remunerated based on the number of delivered volumes and a commission on the retail price.

Thirdly, bpost can sell newspapers and periodicals through its Ubiway retail network which is described below in the proximity and convenience revenue stream.

Certain activities of the distribution and transport services revenue stream (e.g.: transactional mail, cross-border,…) are considered as universal postal services as set out in the Belgian Postal Act. bpost provides universal postal services in Belgium on the basis of a management contract concluded with the Belgian State. Certain postal services that are part of the universal postal service and are typically used by individuals and SMEs (known together as the Small User Basket, hereafter "SUB") are subject to a price cap, as provided for in the Postal Act. Each year bpost submits its proposed price increase for the services that are part of the SUB to the Belgian postal regulator (BIPT) for prior approval, with the BIPT having to agree to the price increase if the price cap is complied with. More generally, all postal services that fall under the universal postal service are subject to a range of obligations in terms of quality (such as frequency, geographic coverage and continuity) and pricing (transparency, uniformity, affordability, non-discrimination and cost-orientation). For the non-universal postal services and services not defined as postal items bpost has general sales conditions for smaller customers and contracts for larger customers with volume based pricing and discounts. The contracts with customers providing rebates, surcharges and penalties (volume or quality), that give rise to a variable consideration are accrued monthly and the best estimate of the outstanding position is reflected in the consolidated statement of financial position based on the expected value principle.

The consideration received by bpost for stamps and franking machines for which the performance obligation has not yet been fulfilled are recorded as deferred revenue and disclosed as a contract liability until the delivery of the letter or parcel (domestic or international) is satisfied. The revenue relative to the stamp sale and franking machine activity is only recognized as an estimated revenue at the time the good is delivered. Therefore, bpost has set up a revenue recognition model to recognize the predicted amount of revenues, based on historic data on the usage of stamps. The historical usage is than applied on the stamps sold during the reported period. Stamps not used after a considerate period are treated as a sale of a good.

The revenue relative to inbound (cross-border), a service to another postal operator to distribute mail and parcels in Belgium, is recognized as an estimated revenue at the time the service is performed. The consideration to which bpost is entitled is later on negotiated and definitely agreed with the customer (other postal operator). Due to this process the amount of the transaction price is variable and bpost estimates the amount of revenue using the expected value method based on historical data. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position, however as the final settlements are based upon different assumptions (among which “items per kilo” and transaction price) final settlements might deviate from the initial assessment. The net outstanding positions of outbound and inbound flows per postal operator are recorded as a receivable or payable. The process applied by bpost ensures that the variable consideration constrains of IFRS 15 is respected, i.e.: bpost recognizes variable consideration for which it is highly probable that no significant revenue will be reversed once the uncertainties have gone away.

(ii) Logistic and fulfilment services

Service included in product line items: E-commerce logistics Parcels & Logistic Europe and Asia and North America (fulfilment and logistics) and Cross-border (custom duties)

This class of services consists of e-commerce fulfilment, including warehousing and handling of goods, e-commerce logistics, including repair services, and e-commerce cross-border services, including custom duties service.

Logistic and fulfilment services consist of following performance obligations: receiving, storing, picking and packing, returning, repairing and clearing of goods. Revenue is recognized when the performance obligation, the promise to deliver a service to the customer, is satisfied at a point in time (e.g.: when the actual picking, packing has taken place) or in case of storage of goods over time. bpost generally considers that it is the agent in logistic and fulfilment services. bpost performs the service of processing returned goods on behalf of the customer, but bpost does not take on any liability hence no liability for return is booked at bpost.

Volume rebates which give rise to a variable consideration are accrued monthly and the best estimate of the outstanding position is reflected in the consolidated statement of financial position based on the expected value principle.

(iii) Back-office and proximity and convenience services

Service included in product line items: E-commerce logistics Parcels & Logistic North America (call center and PT&F), Value added services and Proximity and convenience retail network (financial products, sale of goods…)

This class of services consist of:

- operational back-office services, including call center, payment and financial, Fraud and Tax, administrative and document management services; and
- proximity and convenience service, including the access to the network, over the counter service for different partners and sale of self-produced goods (mainly philately), retail products and goods of partners, including bpost bank products.

Back-office and proximity and convenience services consist of following performance obligations: access to network and point of sales, over the counter services, sale of goods and processing of transactions, documents or calls. Revenue is recognized when the performance obligation, the promise to deliver a service or a good to the customer, is satisfied at a point in time (e.g. service over the counter, processing of items or sale of a good) or over time (e.g. access to network). bpost generally considers that it is the principle in back-office services and sale of retail and self-produced goods and that bpost is the agent receiving a commission in case of bpost bank products and sale of partner products.

Part of the revenue of Proximity and convenience retail network (reported as SGEI revenue) consist out of Services of General Economic Interest (SGEI) carried out by bpost on behalf of the Belgian State. These services consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. The compensation of SGEI is based on a net avoided cost (“NAC”) methodology and is being equally distributed over the four quarters (recognised over time). This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. During the year calculations are made for the SGEI to ensure the remuneration is in line with the amounts recorded.

For Payment, Tax and Fraud (PT&F) services, management estimates a refund liability based upon the expected value method for potential payments related to the fraud services.

Other operating income

Gains on disposal of assets are determined by comparing the net proceeds received from the disposal of the asset with the assets carrying amount at the moment of the sale.

Rental income arising from operating leases or investment properties is accounted for on a straight line basis over the lease term.

Government grants and subsidies are recognized as a reduction of expenses and are offsetting the related expenses for which the grant is intended.

Financial income and costs

For fixed income securities, interest is recognized in the income statement using the effective interest rate method. For variable income securities, revenues are recorded in profit or loss as soon as the shareholders general meeting confirms the distribution of a dividend.

Interest on borrowings is recognized in financial costs as incurred. For borrowings, any difference between the amount received and the amount repayable is recognized in the income statement using the effective interest method.

Derivative financial instruments

bpost uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from its operational and financial activities. In accordance with its treasury policy, bpost does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Depending on whether hedge accounting (see below) is applied or not, any resulting gain or loss on the remeasurement of the derivative financial instrument is either recognized directly in other comprehensive income or in the income statement.

Hedge accounting

bpost designates certain hedging instruments, which includes derivatives and non-derivatives in respect of foreign currency risk, as hedges of net investments in foreign operations and as cash flow hedges respectively.

At the beginning of the hedge relationship, bpost documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the beginning of the hedge and on an ongoing basis, bpost documents and assesses the effectiveness of the derivative instruments.

Cash flow hedges

The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when bpost revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

6.5 Risk Management

Approach and methodology

bpost has defined and implemented an Enterprise Risk Management ("**ERM**") framework to embed company-wide risk management processes in key management activities, such as the Group Executive Committee's revision of the strategy or quarterly reviews of the operations.

Risks are identified at different levels in the organization (including, inter alia, operational and financial management; corporate 2nd line functions, such as Legal and Regulatory, Compliance & Data Protection, Safety & Prevention, Security and Integrity; and the Group Executive Committee). It covers the entire business.

bpost discloses the risks and uncertainties in three categories:

- Regulatory/Legal risks: regulatory evolutions and legal compliance issues that could impact the realization of bpost's strategy.
- External Business risks: external events that may affect the growth strategy.
- Operational risks: mostly internally oriented risks or unforeseen disasters that may result in an impact on bpost's results. These also include financial risks.

Based on formalized risk evaluation criteria, approved by the Board of Directors, bpost prioritizes risks to allow appropriate communication of risks throughout the company (top-down and bottom-up). For the main risks in each category, bpost defined a dedicated mitigation and monitoring approach. The Group Executive Committee, Audit Committee and Board of Directors review the application of this approach on a regular basis.

	Mitigation	Monitoring
Regulatory/ Legal risks	• Maintaining a constructive relationship with the authorities and Regulators	• Annual status reporting (Legal/regulatory) • Immediate reporting of important evolutions potentially impacting the strategy
External Business Risks	• Trackig of the events which influence the risk assessment • Networking and influencing (if deemed useful) • Definition of Plan B (if deemed useful)	• Annual status reporting as input for the Annual Report (end of year) • Immediate reporting of important evolutions potentially impacting the strategy
Operational Risks	• Action plans / Projects to mitigate the risks (part of the BU objectives and budget process)	• Brief status & Emerging risk evolutions are reported during the Quartely Review (QR) • Annual update on the risk evolution (Corporate Risk)

Any of the following risks could have a material adverse effect on bpost's business, financial position and operating results. There may be additional risks of which bpost is currently unaware. There may also be risks that are currently considered to be immaterial, but that may ultimately have a material adverse effect. The risk mitigation, as described below, is meant to provide a high-level overview of potential and initiated action points in response to the risks and should not to be interpreted as a comprehensive list of risk responses. In addition, the mitigation efforts described below are no guarantee that risks will not materialize. No risk management or internal control system can provide absolute safeguards against failure to achieve corporate objectives, fraud or breach of rules and regulations.

Regulatory/Legal Risks

Appropriate policies, processes and internal control procedures are implemented in order to limit the exposure to complex regulatory and legal requirements. In addition, bpost strives for a constructive stakeholder management towards, inter alia, government, decision makers and regulators.

bpost operates in markets that are heavily regulated, including by national, EU and global regulatory bodies. It is uncertain whether Belgian or European regulators or third parties will raise material issues with regard to bpost's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments might have a material adverse effect on bpost's business, financial condition, operating results and prospects.

Related to our mail and parcel business

In November 2015, Belgian Minister De Croo, at that time responsible for the postal sector, announced his intent to adopt a new Postal Law in the course of his term of office. This Postal Law was approved by the Parliament on January 18, 2018 and entered into force in February 2018. bpost welcomed this legislative initiative as the Postal Law provides a future-proof, stable and predictable legal framework for the Belgian postal sector.

In 2012, the European Commission required bpost to repay alleged state aid for the period 1992 to 2012. On May 2, 2013, the European Commission approved the compensation granted to bpost under the terms of the 5th management contract covering the period 2013 to 2015 (**"5th management contract"**). Although the European Commission's decisions on state aid provide bpost with a degree of certainty regarding the compatibility of the compensation it receives for the provision of services of public economic interest (**"SGEIs"**) with state aid rules for the period from 1992 through 2015, it cannot be excluded that bpost could be subject to further state aid allegations and investigations in respect of this period in relation to SGEIs, other public services and other services it performs for the Belgian State and various public entities.

In accordance with the Belgian State's commitment to the European Commission, the Belgian State organized a competitive, transparent and non-discriminatory tendering procedure with respect to the distribution of recognized newspapers and periodicals in Belgium, following which the service concessions were awarded to bpost on October 16, 2015 to provide the services from January 1, 2016 until December 31, 2020. In December 2019, the Belgian government decided to extend the service concessions until December 31, 2022. The European Commission approved the compensation granted to bpost relating to this extension of the service concessions on September 2, 2021. In respect of the period commencing as of January 1, 2023, it is uncertain whether as a result of the tender launched by the Belgian government in 2021, the service concessions, will once more be granted to bpost.

On December 3, 2015, bpost and the Belgian State signed a management contract (**"6th management contract"**) with respect to the a variety of SGEIs (inter alia, the maintenance of a retail network, distribution of pensions, cash at counter and other services). This 6th management contract provides for a continued provision of these SGEIs for a period of five years, ending on December 31, 2020, and for a remuneration in line with the principles of the 5th management contract, as approved by the European Commission on May 2, 2013.

On June 3, 2016, the European Commission approved the 6th management contract and the press concession agreements under the state aid rules.

In December 2020, the Belgian government decided to extend the 6th management contract until December 31, 2021. The extension was approved by the European Commission on July 27, 2021. In respect of the period commencing as of January 1, 2022 the Belgian State organized a new competitive, transparent and non-discriminatory tendering procedure. On September 14, 2021, the Belgian Government and bpost signed the 7th management contract covering the period until December 31, 2026 (**"7th management contract"**). This contract has been notified to the European Commission and the contract will enter into force after the European Commission approves the measure.

The 7th management contract is in line with the 6th management contract and only provides for minor changes to the scope of the SGEIs entrusted to bpost compared to the 6th management contract.

bpost may be required to provide other postal operators access to specific elements of its postal infrastructure (such as information on requests for mail re-direction in case of address change), access to its postal network and/or to certain universal services. It cannot be excluded that competent authorities impose access at uneconomic price levels or that the access conditions imposed upon may be unfavorable for bpost. In the event bpost were to fail to comply with these requirements, it may also be subject to fines (under the competition law rules and postal regulation) and/or other postal operators may initiate proceedings seeking damages in national courts.

bpost is required to demonstrate that its pricing for the services falling within the USO complies with the principles of affordability, cost orientation, transparency, non-discrimination and uniformity of tariffs. Tariff increases for certain single piece mail and USO parcels are subject to a price cap formula and prior control by the BIPT. The BIPT may refuse to approve such tariffs or tariff increases if they are not in compliance with the aforementioned principles or price cap formula. It should be noted that the Postal Law, which entered into force in February 2018, provides for a new price cap formula as part of a stable and predictable price control mechanism. However, at the request of the Minister of the Post, an evaluation of the price cap formula will be carried out in the course of 2022 by the BIPT. Depending on the results of this evaluation, it is not excluded that the price cap formula will be modified.

In addition, in relation to activities for which bpost is deemed to have a dominant market position (or with respect to which other companies are deemed to be economically dependent on bpost), its pricing must not constitute an abuse of such dominant position (economic dependence). Failure to observe this requirement may result in fines. bpost may also be ordered by national courts to discontinue certain commercial practices or to pay damages to third parties.

bpost is also subject to the requirement of no cross-subsidization between public services and commercial services. In addition, according to state aid rules, if bpost engages in commercial services, the business case for providing such services must comply with the "private investor test," that is, bpost must be able to demonstrate that a private investor would have made the same investment decision. If these principles are not complied with, the European Commission could find that commercial services have benefited from unlawful state aid and order the recovery of this state aid from bpost.

According to the European Commission, cross-border parcel delivery is one of the key elements impacting e-commerce growth in Europe. A regulation on cross-border parcel delivery was adopted by the Council and EU Parliament in 2018 and imposes increased pricing transparency and regulatory oversight for cross-border parcel delivery operators such as bpost.

bpost was designated by the Belgian State as the USO provider for an eight-year term commencing in 2011. In the Postal Law, bpost is designated as USO provider until the end of 2023. The special terms and conditions of the USO are defined in a dedicated management contract which entered into force in 2019. The obligation to provide the USO may represent a financial burden on bpost. Although the Postal Law provides that bpost is entitled to compensation by the Belgian State in the event the USO has created an unfair burden, there can be no assurance that the entire net cost of the USO will be covered.

Related to bpost bank

On January 3, 2022 the transaction whereby bpost sold it's 50% stake in bpost bank to BNPPF was completed. bpost continues at least until December 31, 2028 to distribute - as a registered banking and insurance intermediary - banking and insurance products on behalf of bpost bank through its network of post offices.

bpost bank operates in a heavily regulated market. The regulatory landscape for financial institutions has changed considerably (e.g., increased focus on customer protection, anti-money laundering, etc.) and prudential supervision has been reinforced. It is uncertain whether future legislative, regulatory or judicial changes may have a material adverse effect on bpost bank's business, financial condition, results of operations and prospects which could have an impact on bpost as agent of bpost bank.

Related to Brexit

On January 1, 2021, the United Kingdom left the European Union Customs Union and the European Union Single Market. From that date, customs documentation needs to be prepared for goods moving between the United Kingdom and the European Union for border control purposes. All goods leaving the United Kingdom to the European Union and vice versa are subject to import and export customs clearance in the same way that goods shipped from/to non-EU destinations are processed already. The goods are subject to import duties and VAT in the United Kingdom and the European Union if applicable and electronic data has become mandatory on all shipments. These changes mean that shippers need to fulfill more formalities on their shipments. These formalities also cause time losses in different points in the supply chain, mostly during transport due to the border crossing formalities and during the import customs clearance process. These additional steps also come with an additional cost. Another attention point is that the customer driven return flows become more complicated due to the additional import/export formalities. Brexit was an important change. It has been prepared in depth and in close cooperation with our customers. After a few minor teething issues - no impact on financials - in early January 2021, the business resumed as expected. bpost continues to offer delivery services with duty paid and duty unpaid to the United Kingdom, with the full mix of postal and commercial products for shipping parcels.

Related to tax regulations

On July 1, 2021, the e-commerce VAT package was implemented in the EU, imposing new VAT rules on cross-border business-to-consumer (B2C) e-commerce activities. The rationale of the new VAT regime is to address challenges arising from the VAT regimes for distance sales of goods and for the importation of low-value consignments. A broad range of companies are touched by this, especially those with a business model focused on the B2C cross-border sale of goods. These include not only manufacturers selling online but also online platforms, electronic interfaces, and logistics service providers, even if they do not legally obtain ownership of the goods. Main impact for the latter is on the flow of ecommerce goods shipped from a destination outside the EU to a destination in the European Union.

The import VAT exemption was abolished (former threshold of 22 EUR) and related customs declaration facilitations were replaced by a completely new set of rules both on VAT and customs side, and thus triggering an important impact on the customs clearance operations of bpost (requiring major IT and changes to the operational process). This change has been well prepared in close cooperation with the Belgian customs authorities. The transition to the new regime passed without major hiccups.

bpost's cross border activities were impacted by this change, especially the shipments from Asia to destinations in Europe. Given the considerable impact for the non-EU e-commerce players and the changes required on their side, there was a drop in volumes to the EU. Nevertheless, bpost succeeded in safeguarding its commercial position, due to its solid business relations in Asia.

Related to other regulatory & legal requirements

The interaction between the laws applicable to all private limited liability companies and the specific public law provisions and principles applicable to bpost may present difficulties in interpretation and cause legal uncertainty. For instance, bpost is subject to certain specific risks in relation to employment matters deriving from the application of certain public law provisions and principles.

Amendments to - or the introduction of new - legislation and regulations, including legislation and regulations relating to state pensions, could result in additional burdens for bpost. There can also be no assurance that bpost will not face challenges regarding certain employment matters on state aid grounds. Finally, bpost's contractual employees could also challenge their employment status for being deprived of statutory employment protection and benefits.

Regulatory changes may (directly or indirectly) impact the attractiveness of mail as a way of communicating and hence bpost's turnover.

External Business Risks

The risks mentioned in the section below are considered in light of the long term strategy. bpost assigned clear ownership for each of the risks. The owner monitors the risk, observes trends and initiates mitigating actions if and when needed. More details on the internal control and risk management system can be found in the Corporate Governance Statement.

The use of mail has declined in recent years, primarily as a result of the increased use of e-mail and the internet. bpost expects that the mail volumes will continue to decline. E-government initiatives or other measures introduced by the Belgian State or other public authorities or private enterprises that encourage electronic substitution in administrative mail may also affect the rate of decline in mail volumes. bpost is taking the next steps in transforming into a future-proof full-fledged e-commerce logistics partner for customers, citizens and employees. In Belgium, bpost will transform the current mail distribution network into a sustainable integrated mail & parcels network. In Europe, bpost will build a leadership position in e-commerce logistics by increasing its size; and in the US, bpost will profit by maintaining a leadership position in e-commerce logistics with Radial US. However, the speed of the transformation change, the customers' and employees' reactions remain uncertain.

This new "digital" area also impacts the parcels industry in the sense that the e-commerce clients have a limited willingness to pay for the delivery while requesting additional services (e.g. same day delivery). This might put pressure on the margins and overall profitability in the parcels industry. As such external factors triggered by the industry, competition and clients (e.g. vertical integration of their last mile delivery, either by acquisition or organically) could challenge the growth in parcels (both in Belgium and abroad). In addition, a slowdown in the growth of the e-commerce market could also impact the growth in the parcels distribution and fulfilment business. Management has taken measures to ensure potential operational or financial impacts will be lowered to their minimum.

The subsequent surges of the COVID-19 virus in 2021 and the results of the measures taken to contain the virus have an unprecedented impact on economic activity and society in general. During such crisis, the daily presence of bpost close to the citizens and its customers is of vital importance. Therefore, bpost has focused on the continuity of its universal service missions and other national and international mail and parcels services while showing the utmost concern for the health and safety of its employees and customers. The COVID-19 crisis had several operational implications for bpost in 2021: impacts on the mail volumes, the performance of proximity and convenience retail network and increased pressure on the labour force. The COVID-19 crisis has boosted e-commerce affinity and adoption which had a positive impact on most parcel and e-commerce activities. The unknowns surrounding the severity and duration of the COVID-19 crisis will continue to create uncertainties and opportunities. bpost is monitoring the evolution of the COVID-19 crisis and will continue to assess further impact going forward. Management has taken measures to ensure potential operational or financial impacts of uncertainties will be lowered to their minimum and to grasp all emerging opportunities.

Operational Risks – Business risks

bpost faces some operational challenges that require an appropriate level of management attention. bpost initiates mitigating action plans if and when needed. More details on the internal control and risk management system can be found in the Corporate Governance Statement.

Related to the agility and flexibility of the bpost network

Due to the relatively fixed nature of its cost base, a decline in mail volumes may translate into a significant decline in profit, unless bpost can reduce its costs. Accordingly and as stated earlier above, bpost has introduced multiple levers for transformation of the legacy business (e.g. merger between the activities of Mail and Parcels & Logistics in Belgium, optimizing internal processes for better service delivery etc.). However, there can be no 100 percent assurance that bpost will realize all of the benefits expected from such initiatives in time, since it depends from exogenous factors e.g. the speed of the mail volume decline. Some of the critical elements for success are change management, project prioritization and stakeholder alignment.

Related to Information and Communication Technology

bpost relies on Information and Communication Technology (**"ICT"**) systems to provide most of its services. The systems are subject to risks, such as power outages, disruptions of internet traffic, software bugs, cyber-attacks (such as data exfiltration attacks, encryption attacks, and other forms of hacking) and problems arising from human error. This may result in loss of data, disclosure of data or significant disruption of bpost's operations and that of its customers and clients. In addition, in a world of constant connectivity and dependency on information that is processed and stored electronically, the lack of protection of confidential and/or sensitive information may result in inappropriate information sharing.

Increased global cyber security intimidations, threats and more complex and targeted cyber-related attacks threatens the security of bpost, its customers, partners, suppliers and third-party service providers in terms of services, systems and networks. The confidentiality, integrity and availability of the data of bpost and its customers may be at risk. bpost is taking the necessary measures and making the required investments to reduce these risks, including employee awareness trainings, protective measures, detective measures, security testing and roll out of contingency plans.

Related to the integration of recent acquisitions

To pursue its growth ambitions, bpost has bought several companies over the last few years. The most important acquisition was Radial in the US. As for all acquisitions and integration paths there is the risk of not being able to successfully integrate and whether bpost's subsidiaries will actually realize the related business plans. bpost has strengthened its post-merger integration activities to mitigate this risk as much as possible.

Related to the ability to divest non-core activities

In order to implement its strategy, bpost may wish to divest certain non-core activities. Finding the right buyers willing to take over the activities at the right price may be challenging and depend on various factors and market circumstances, which could be beyond bpost's control.

Related to the attractiveness of bpost as employer

bpost may face difficulties to attract and retain the operational workforce it needs to ensure day-to-day delivery of mail and parcels. In addition, as any large employer, talent management in view of effective succession planning for critical functions and successful in-sourcing of certain new capabilities may also be challenging. To develop career opportunities in a proactive, structured and managed way within the group, across the various businesses and support units a Talent Acquisition function has been developed at bpostgroup level with the aim to develop future leaders in-house, on the basis of career paths and development routes.

In 2021, the United States faced a convergence of labor market forces as COVID restrictions were lifting. The rate of open jobs was record breaking due primarily to workers leaving the workforce at the highest rate on record. Resignation rates were also impacted by a shift in worker preferences or based on other factors including the availability of child care. As labor became more difficult to find, this resulted in a rapidly escalating wage environment with hourly wages increasing 4.7% on average. Lower wage earners saw the greatest increase in wages.

Related to the business continuity

bpost's ability to serve its customers and the public in general depends highly on the sorting centers where bpost centralizes, sorts and prepares the mail and parcels for distribution. In Belgium, bpost operates six sorting centers. If one or more of these facilities were to shut down for a period of time due to, e.g., power outage, accident, strike action, natural disaster resulting in fire or flooding, terrorist attack or otherwise, bpost may be unable to distribute or comply with delivery times for a period of time. This could have a negative impact on bpost's reputation, customer satisfaction and financial performance.

Related to "Force Majeure"

The risk of a potential prolonged interruption of operations due to extreme natural events (e.g., fire, flood, storm, pandemic, and increase in employees' health issues due to pollution) has increased. bpost seeks to prevent damage to buildings and interruptions to operations as much as possible through prevention and contingency programs. The detrimental consequences of these risks are covered by insurance policies.

It should be noted that bpost's sustainability strategy includes ambitious targets to reduce bpost's Greenhouse Gas (**"GhG"**) emissions. bpost commits to be one of the greenest players in the countries we operate with the target to reach net-zero emissions by 2040 and reduce 55% emissions by 2030 compared to 2019 in our own operations (in line with the SBTi 1.5 degree Celsius pathway). bpost estimates that these various green initiatives will contribute to the global effort to reduce climate change and the occurrence of extreme natural events.

Operational Risks - Financial risks

Climate change risk

Next to the rise of natural disasters and health issues associated to climate change and which could affect our operations, carbon taxes, emissions trading schemes and fuel taxes are also expected to feature prominently in the coming regulations and significant increase in the EU ETS price since the fall of 2021. Average carbon prices will potentially increase up to 100 USD per metric ton by 2030.

The effects of rising carbon prices on companies will be both dynamic and complex:

- Companies' costs will rise in proportion to the total emissions generated by themselves and possibly their suppliers.
- Selling prices are likely to rise to compensate cost increases at an industry level.
- Demand could fall reflecting the price sensitivity of customers in each market affected, shrinking companies' sales and costs.

bpost monitors the carbon price risk and takes measures to reduce its carbon footprint within the framework of its group sustainability strategy.

By adopting carbon pricing forecasts and estimated internal carbon prices, bpost is able to outpace the cost of intensifying carbon regulations and adapt to business in a low-carbon economy.

Next to the forecasting of carbon pricing, bpost is also working at effectively reducing its emissions. Aware of the ecological impact of the growing parcels distribution, bpost has drawn up a CO_2 reduction objective aimed at reducing emissions from our own operations of the entire bpostgroup by 55% by 2030, compared to 2019 (in line with the Science-Based Targets Initiative 1.5-degree Celsius pathway and climate targets of the Paris Agreement). To achieve this goal, bpost will, among others, switch to 100% electric vans (small, medium, large) by 2030.

Exchange rate risk

In its operational and financial activities, bpost is exposed to foreign exchange rate fluctuations which impact the balance sheet and the income statement.

These exchange rate risks consist of (i) transaction risk related to operational activities with cash flows in foreign currency and (ii) translation risk related to the consolidation in Euro of subsidiaries whose functional currency is not the Euro (bpost's functional currency). The main exposure to the foreign exchange rate risk corresponds to the translation risk of the USD, there are no material monetary items.

Hedging instruments are used to mitigate these impacts.

The following table demonstrates the sensitivity to a reasonable possible change in the USD exchange rate, with all other variables held constant. The translation risk is represented by the impact of the variation of the USD value on the EBIT and the equity of the group (after considering the net investment hedge) of the North America subsidiaries of bpost for 2021. The group's exposure to foreign currency changes for all other currencies is not material.

AS AT 31 DECEMBER

IN MILLION EUR	+5% USD VS EUR	-5% USD VS EUR
Effect on EBIT	(4.6)	5.1
Effect on Group equity after considering the net investment hedge	(23.6)	26.1

Interest rate risk

bpost is directly exposed to interest rate fluctuations through its external financing. However, bpost mitigates this risk by achieving a balance between fixed and variable rates. This balance currently mainly consists of fixed rates but may evolve according to market situation.

In order to manage the interest rate structure of its debt, bpost may use hedging instruments such as interest rate swaps. Any substantial change in the rate structure requires prior validation from the Group Executive Committee.

At the end of 2021, the external financing consisted of:

- 185.0 mUSD unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years, and has been extended in 2020 to July 2023.
- 650.0 mEUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 mEUR to hedge the interest risk of the bond.
- 9.1 mEUR EIB (European Investment Bank) loan (floating interest rate). bpost took out a 100.0 mEUR loan from the EIB on May 5, 2007. It has a yearly reimbursement of 9.1 mEUR and last payment is foreseen in 2022.

The table below illustrates the impact of a change in interest rates of 50bp (from 1% to 1.5% for example) on the floating rate debts (i.e. the term loan in USD and the European Investment Bank loan in EUR). Interest is calculated as Euribor/USD Libor plus margin. As the margin is determined in the contract, the sensitivity analysis only applies on the Euribor/USD Libor, known as the "base rate". As base rates are currently floored at zero in the loan agreements, a decrease of 50bp on the Euribor/USD Libor has a lower impact than an increase of 50bp. Consequently the sensitivity analysis is asymmetrical.

AS AT 31 DECEMBER

IN MILLION EUR	SENSITIVITY TO A -50BP MOVEMENT IN MARKET INTEREST RATES	SENSITIVITY TO A +50BP MOVEMENT IN MARKET INTEREST RATES
Impact on costs	(0.5)	0.8

Financial results of bpost are also influenced by the evolution of the discount rates, used to calculate the employee benefits obligation. At December 31, 2021, an increase of 50 bp of the average discount rates, would generate a decrease of financial charge of 19.9 mEUR. A decrease of 50 bp of the average discount rates, would increase financial charges by 21.8 mEUR. For further detail, see note 6.26 employee benefits.

Credit risk

bpost is exposed to credit risks through its operational activities, in the investment and management of its liquidities (banks) and through its investment in bpost bank.

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Cash and Cash equivalents	907.5	948.1
Trade receivables (current and non-current)	830.2	721.6
Other receivables exposed at credit risk	77.4	81.8
Of which loan to associate	*25.0*	*25.0*
CREDIT RISK CLASSES ASSETS	**1,840.0**	**1,776.5**

On December 11, 2019 bpost granted to bpost bank a subordinated loan of 25.0 mEUR with a maturity of 10 years and a first call date after 5 years. As such, this debt ranks after the other debts if bpost bank falls into liquidation or bankruptcy. Note that this loan has been reimbursed in January 3, 2022 in line with the finalization of the transaction in which BNPPF acquired the 50% shares of bpost in bpost bank.

Operational activities

The credit risk by definition only concerns that portion of bpost's activities that are not paid upfront in cash. bpost actively manages its exposure to credit risk by investigating the solvency of its customers. This translates into a credit rating and a credit limit.

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

The following table summarizes the movement in the provision for expected credit losses:

IN MILLION EUR	2021	2020
AT 1 JANUARY	**24.8**	**16.9**
Impairments: Movement related to business combinations	(1.5)	0.0
Impairments: Additions	1.7	10.8
Impairments: Utilization	1.2	(0.3)
Impairments: Reversal	(2.2)	(1.9)
Impairments: Translation differences	0.5	(0.5)
AT 31 DECEMBER	**22.0**	**24.8**

The ageing analysis of the trade receivables and the credit risk exposure following the provision matrix is as follows:

AS AT 31 DECEMBER 2020

		DAYS PAST DUE				
IN MILLION EUR	CURRENT	< 60 DAYS	60 -120 DAYS	> 120 DAYS	INDIVIDUALLY ASSESSED	TOTAL
Estimated total gross carrying amount at default	669.2	55.5	5.1	5.6	6.5	741.9
Expected credit loss rate	0.5%	9.5%	39.7%	52.5%	100.0%	
Allowance for expected credit losses	(3.5)	(5.3)	(2.0)	(2.9)	(6.5)	(20.3)
TRADE AND TERMINAL DUES RECEIVABLES	**665.7**	**50.2**	**3.1**	**2.6**	**0.0**	**721.6**

AS AT 31 DECEMBER 2021

		DAYS PAST DUE				
IN MILLION EUR	CURRENT	< 60 DAYS	60 -120 DAYS	> 120 DAYS	INDIVIDUALLY ASSESSED	TOTAL
Estimated total gross carrying amount at default	803.5	29.8	3.8	8.5	6.5	852.2
Expected credit loss rate	0.4%	12.5%	14.0%	98.0%	100.0%	
Allowance for expected credit losses	(2.9)	(3.7)	(0.5)	(8.4)	(6.5)	(22.0)
TRADE AND TERMINAL DUES RECEIVABLES	**800.6**	**26.1**	**3.3**	**0.2**	**0.0**	**830.2**

bpostgroup has continued its transformation and decided to focus on core business activities known as parcels delivery impacting the level of trade receivables and bad debtors. The expected credit loss rate remained stable in 2021 in comparison with 2020. Allowance for expected credit losses includes COVID overlay based on customer credit rating provided by an external credit rating agency.

As disclosed in note 6.33 bpost reserved an amount of 6.5 mEUR as an outstanding receivable for the reduction of the SGEI compensation of 2015 and considered this receivable to be in default.

Investment of liquidities

Regarding bpost's investment of its liquidities, which includes cash and cash equivalents and investment securities, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

bpost bank

bpost bank invests the funds that have been deposited by its customers. The bank has adopted a strict investment policy that determines an overall allocation of the investments across Belgian State bonds, other sovereign bonds and bonds from financial and commercial corporations as well as mortgages. In addition, maximum concentration limits per issuer, per sector, per rating, per country and per currency have been established and are constantly monitored.

Liquidity risk

bpost's current liquidity risk is limited due to the high level of cash at hand and due to the fact that a significant portion of its revenues is paid for by its customers prior to bpost performing the service.

The maturity of the liabilities are presented as follow:

LIQUIDITY RISK

	CURRENT	NON CURRENT		
IN MILLION EUR	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	LATER THAN 5 YEARS	TOTAL
31 DECEMBER 2020				
Lease obligations	106.0	273.6	143.7	523.3
Trade and other payables	1,438.4	48.6	0.0	1,487.0
Long-term bond	8.1	32.5	654.3	694.9
Commercial papers	165.0	0.0	0.0	165.0
Derivative instruments	0.3	0.0	0.0	0.3
Bank loan	10.6	160.6	0.0	171.3
Other loans	0.2	0.0	0.0	0.2
TOTAL FINANCIAL LIABILITIES	**1,728.7**	**515.3**	**798.0**	**3,042.0**

	CURRENT	NON CURRENT		
IN MILLION EUR	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	LATER THAN 5 YEARS	TOTAL
31 DECEMBER 2021				
Lease obligations	117.9	320.3	175.3	613.5
Trade and other payables	1,470.9	33.3	0.0	1,504.3
Long-term bond	8.1	678.6	0.0	686.8
Commercial papers	0.0	0.0	0.0	0.0
Derivative instruments	0.3	0.0	0.0	0.3
Bank overdraft	0.0	0.0	0.0	0.0
Bank loan	12.0	164.8	0.0	176.8
TOTAL FINANCIAL LIABILITIES	**1,609.3**	**1,197.1**	**175.3**	**2,981.7**

The above contractual maturities are based on the contractual undiscounted payments, which may differ from the carrying values of the liabilities at the statement of financial position date.

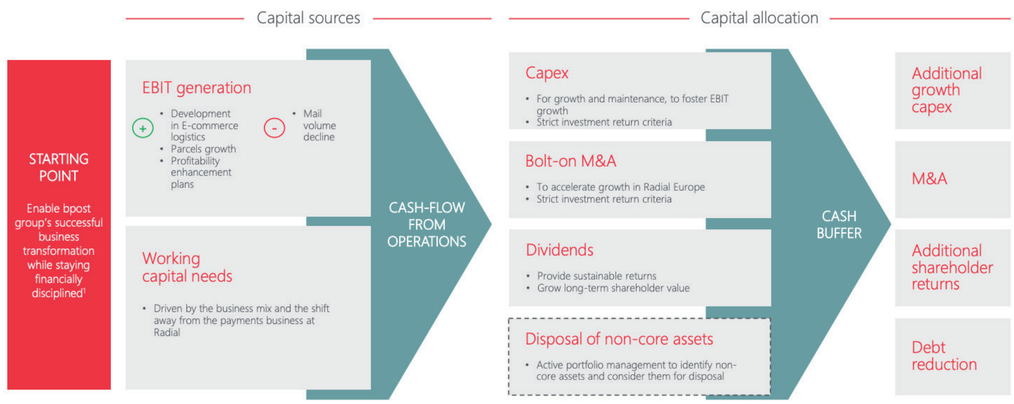
The liquidity risk is further mitigated by committed credit lines scaled according to the magnitude of bpost operations.

Capital management policies and procedures

bpost seeks an optimal balance between its net debt and its operating cash flow. bpost manages the financial structure both maximizing the value for shareholders and enabling bpost's successful business transformation. In this context, bpost may choose to adjust the amount of dividends paid, carry out transactions impacting the number of shares or sell assets scaling back its net debt.

The capital allocation should enable our business transformation

To ultimately deliver durable shareholder value while being sustainable from a cash flow perspective and strive for investment grade



[1] Financial discipline is reflected in our striving for an investment grade rating, based on internal cash generation

bpost's policy is also to maintain an intrinsic solid investment grade credit profile based on internal cash generation, which is currently the case looking at bpost reiterated single A rating of Standard & Poor's.

The main indicators followed are: (1) the ratio between the net debt, and the EBITDA; and (2) the ratio between the adjusted Funds from Operations and the net debt, all as determined by Standard & Poor's credit rating methodology.

The report of Standard & Poor's is available on the bpost's corporate website, section investors/debt-profile.

6.6 Business combinations

Contingent consideration for AtoZ Global BV and MCS Fulfillment BV

In June 2021 Active Ants paid 1.3 mEUR in execution of the contingent consideration agreement. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill. The difference between the cash paid and the remaining outstanding liability amounted to 0.6 mEUR and was recognized in the income statement under operating income within Parcels & Logistics Europe and Asia.

Sale of The Mail Group

On August 5, 2021 bpost US Holdings signed an agreement with Architect Equity for the sale of The Mail Group (IMEX Global Solutions LLC, M.A.I.L. Inc and Mail Services Inc). The sales price amounted to 13.0 mUSD resulting in a gain on the sale amounted to 1.6 mUSD or 1.4 mEUR, recognized throughout other operating income within PaLo North America. At the time of the sale, 8.6 mUSD net cash proceeds were received. As part of the transaction, bpost US Holdings issued a subordinated seller note with maturity date 2024 to Mail Services Inc, amounting to 2.5 mUSD, payable at 5.0% interest per year and recorded as non-current trade receivable. See note 6.22 "Trade and other receivables". To limit the possible credit risk, covenants were put in place.

Note that the sales price is still under discussion and an adjustment on the gain on sale is expected in 2022.

6.7 Segment information

bpost operates through three business units and support units providing services to these business units:

The business unit Mail & Retail ("M&R") oversees the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail and printed documents, in Belgium and offers these operational activities for parcels to other business units of bpost and oversees the activities related to:

- Transactional and Advertising mail;
- Press: regrouping the distribution of newspapers and periodicals to newsstands, distribution of newspapers and periodicals to addressees;
- Value added services: document management and related activities; and
- Proximity and convenience retail network: offering proximity and convenience retail through its retail network in Belgium composed out of post offices and postal points and the Ubiway retail network of different branded shops. It also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance.

The business unit also carries out Services of General Economic Interest (SGEI) on behalf of the Belgian State.

The business unit Parcels & Logistics Europe & Asia ("PaLo Eurasia") oversees:

- Parcels BeNe: the commercial and operational activities related to last-mile delivery and express delivery in Belgium and Netherlands and combines the last mile parcels delivery of bpost NV/SA and DynaLogic;
- E-commerce logistics Europe & Asia operating in fulfilment, handling, distribution and return management and combines Radial Europe, Anthill, DynaFix, Active Ants Group, Leen Menken and Landmark entities in Europe and Asia; and
- Cross-border providing inbound, outbound and import services (custom duties) for parcels in Europe & Asia and for international mail worldwide.

The business unit runs several operations centers across Europe and several Parcel hubs.

The business unit Parcels & Logistics North America ("PaLo N. Am") is in charge of the commercial and operational activities related to E-commerce logistics North America: operating in fulfilment, handling and distribution, return management, customer service and value-added technology services in North America (Radial and Apple Express) and Australia (FDM) and cross-border parcels services (Landmark US).

Corporate and Support units ("Corporate") consist out of the 3 support units and the corporate unit. The support units offer business solutions to the 3 business units and to Corporate and includes Finance & Accounting, Human Resources & Service Operations, ICT & Digital. The Corporate unit includes Strategy, M&A, Legal, Regulatory and Corporate Secretary. The EBIT generated by the support units is recharged to the business units as opex while the depreciation remains in Corporate. Revenues generated by the Support Units, including sales building are disclosed in Corporate.

As bpost identifies its CEO as the chief operating decision maker ("CODM"), the operating segments are based on the information provided to the CEO. bpost computes its profit from operating activities (EBIT) at the segment level and is measured consistently with the financial statements' accounting guidelines (IFRS). Assets and liabilities are not reported per segment to the CODM.

No operating segments have been aggregated to form the above reportable operating segments.

Services and products offered between legal entities are at arm's length whereas the service and products offered between business units of the same legal entity are generally based on incremental costs. Services provided by support units to business units of the same legal entity are based on full cost.

Corporate treasury, joint ventures and associates and tax are centrally managed for the group. The net financial result, income tax and share of results of associates and joint ventures are only disclosed at the level of the group.

The following tables present an overview of the segment results:

FOR THE YEAR ENDED 31 DECEMBER

YEAR-TO-DATE	M&R		PALO EURASIA		PALO NORTH AMERICA		CORPORATE		ELIMINATIONS		GROUP	
IN MILLION EUR	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External operating income	**1,783.1**	**1,736.1**	**1,079.3**	**1,073.9**	**1,453.9**	**1,329.2**	**18.9**	**15.4**			**4,335.1**	**4,154.6**
Intersegment operating income	222.8	221.8	16.9	14.0	5.9	6.8	407.8	375.2	(653.4)	(617.9)	0.0	0.0
TOTAL OPERATING INCOME	**2,005.9**	**1,958.0**	**1,096.2**	**1,087.9**	**1,459.8**	**1,336.0**	**426.7**	**390.6**	**(653.4)**	**(617.9)**	**4,335.1**	**4,154.6**
Operating expenses	1,731.0	1,709.4	966.9	966.8	1,304.9	1,233.7	380.2	343.4	(653.4)	(617.9)	3,729.5	3,635.5
Depreciation, amortization	82.6	128.9	26.0	22.6	84.0	95.0	75.0	72.0			267.6	318.5
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT)	**192.2**	**119.6**	**103.3**	**98.5**	**70.9**	**7.4**	**(28.5)**	**(24.9)**			**338.0**	**200.7**
Shares of results of associates and joint ventures											(0.0)	18.3
Remeasurement of assets held for sale at fair value less costs to sell	(7.4)						19.5	(141.6)			12.2	(141.6)
Financial results											(16.4)	(47.8)
Income tax expenses											(83.5)	(48.8)
PROFIT/(LOSS) OF THE PERIOD (EAT)	**184.9**	**119.6**	**103.3**	**98.5**	**70.9**	**7.4**	**(8.9)**	**(166.5)**	**0.0**	**0.0**	**250.2**	**(19.2)**

The table presented below provides the disaggregation of bpost's revenue from contracts with customers.

FOR THE YEAR ENDED 31 DECEMBER

	EXTERNAL OPERATING INCOME			REVENUE	
IN MILLION EUR	2021	2020	CHANGE %	2021	2020
MAIL & RETAIL	**1,783.1**	**1,736.1**	**2.7%**	**1,771.5**	**1,724.3**
Transactional mail	736.7	725.2	1.6%	736.0	724.7
Advertising mail	197.0	182.6	7.9%	197.0	182.6
Press	338.8	339.1	-0.1%	332.6	332.6
Proximity and convenience retail network	397.1	386.5	2.7%	392.7	381.7
Value added services	113.5	102.7	10.4%	113.4	102.7
PARCELS & LOGISTICS EUROPE & ASIA	**1,079.3**	**1,073.9**	**0.5%**	**1,078.3**	**1,073.4**
Parcels BeNe	561.7	547.9	2.5%	561.6	547.8
E-commerce logistics	174.8	172.5	1.3%	174.1	171.8
Cross border	342.8	353.5	-3.0%	342.6	353.8
Parcels & Logistics North America	**1,453.9**	**1,329.2**	**9.4%**	**1,432.5**	**1,317.4**
E-commerce logistics	1,411.7	1,246.4	13.3%	1,391.8	1,234.7
International mail	42.2	82.8	-49.1%	40.7	82.7
Corporate & Supporting functions	**18.9**	**15.4**	**22.8%**	**0.0**	**0.0**
TOTAL	**4,335.1**	**4,154.6**	**4.3%**	**4,282.4**	**4,115.1**

The geographical split of total operating income (excluded intersegment operating income) and the non-current assets is attributed to Belgium, rest of Europe, United States of America and the rest of the world. The allocation per geographical location is based on the location of the entity generating the income or holding the net asset. Other operating income is allocated to several line items.

FOR THE YEAR ENDED 31 DECEMBER			EVOLUTION
IN MILLION EUR	2021	2020	2021 - 2020
Belgium	2,529.2	2,465.0	2.6%
Rest of Europe	319.2	315.3	1.2%
US	1,388.5	1,277.3	8.7%
Rest of world	98.2	97.0	1.2%
TOTAL OPERATING INCOME	4,335.1	4,154.6	4.3%

FOR THE YEAR ENDED 31 DECEMBER			EVOLUTION
IN MILLION EUR	2021	2020	2021 - 2020
Belgium	921.6	885.8	4.1%
Rest of Europe	206.4	194.7	6.0%
US	915.1	805.7	13.6%
Rest of world	45.3	43.4	4.4%
TOTAL NON-CURRENT ASSETS	2,088.5	1,929.6	8.2%

Total non-current assets consist out of property, plant and equipment, intangible assets, investment properties and trade and other receivables (> 1 year).

Excluding the compensation received from the Belgian federal government to provide the services as described in the management contract and press concessions, included in the Mail & Retail segment, no single external customer exceeded 10% of bpost's operating income.

6.8. Revenue

FOR THE YEAR ENDED 31 DECEMBER		
IN MILLION EUR	2021	2020
Revenue ecluding the SGEI remuneration	4,005.4	3,847.9
SGEI remuneration	277.0	267.2
TOTAL	4,282.4	4,115.1

Compared to last year, revenue increased by 167.3 mEUR to 4,282.4 mEUR. This increase was driven by the net improvement in price and mix of mail, the COVID-19 communication, the e-commerce development (both domestically and abroad) and was partially offset by the volume decline at Mail & Retail and lower Asian cross-border volumes.

SGEI remuneration is disclosed under Press and Proximity and convenience retail network in the Mail & Retail segment.

6.9 Other operating income

FOR THE YEAR ENDED 31 DECEMBER		
IN MILLION EUR	2021	2020
Gain on disposal of property, plant and equipment	15.1	12.2
Gain on disposal of activities of The Mail Group	1.4	0.0
Rental income of investment property	0.6	1.2
Insurance recovery - Ransomware Radial US	5.5	0.0
Third party cost recovery	8.2	4.2
Gain on contingent considerations MCS & Atoz	0.6	0.0
Other Retail income	3.4	3.8
Other	18.0	18.0
TOTAL	52.7	*39.5*

Gains on disposal of property, plant and equipment increased by 2.9 mEUR due to higher revenues on the sales of buildings in 2021 compared to 2020.

In October 2020, Radial North America experienced a ransomware attack impacting a portion of its US operations. The attack and the malware was not capable of exfiltrating or stealing data and there is no indication that any client or personal data left Radial North America systems. Radial North America maintains two layers of cyber insurance coverage through which the company recovered the full amount available under its primary insurance policy and received 10.0 mUSD in 2021 from the insurance companies, of which a part mainly related to business disruption was recognized in other operating income whereas the recuperation of costs was recognised in deduction of costs.

The third party cost recovery mainly relate to reimbursements by third parties of non-core services and sales realized by bpost's restaurants.

Other Retail income mainly consisted of non-specific product income in the retail channel which is not part of the ordinary activity of bpost.

6.10 Other operating expenses

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Provisions	(1.3)	(1.2)
Local, real estate and other taxes	28.0	8.6
Impairment on trade receivables and charge backs payment services	3.3	17.5
Penalties	0.2	0.1
Other	5.6	9.4
TOTAL	35.7	*34.4*

The slight increase of other operating expenses was mainly explained by the higher local, real estate and other taxes, in turn mainly due to the lower VAT recuperation in 2021 at the time of the yearly VAT rate revision. This increase was partially offset by lower impairments on trade receivables and charge backs payment services, in turn due to last year's bankruptcy of some clients as well as some additional COVID-19 provisions.

6.11 Material costs

Compared to last year, material costs decreased by 9.2 mEUR or 4.5%. This decrease was mainly explained by lower activities of DynaFix (shortage of spare parts and less devices to be repaired) and lower packaging costs at Radial North America due to higher costs in 2020 due to the anticipation of COVID-19 packaging supplies shortages and last year's higher volumes on specific customers. This decrease was partially offset by Ubiway Retail for which material costs increased by 3.5 mEUR in line with the revenue recovery.

6.12 Services and other goods

The cost of goods and services increased by 81.7 mEUR to 1,894.8 mEUR, in line with the volume growth at Parcels & Logistics Europe and Parcels & Logistics North America, partially offset by the lower volume-linked transport costs from Asian cross-border activities and the successful end-of-year peak execution in Belgium and in North America.

FOR THE YEAR ENDED 31 DECEMBER

			EVOLUTION
IN MILLION EUR	2021	2020	2021 - 2020
Rent and rental costs	90.4	80.3	12.6%
Maintenance and repairs	109.6	114.8	-4.6%
Energy delivery	48.4	42.7	13.6%
Other goods	44.7	48.6	-7.9%
Postal and telecom costs	18.8	21.5	-12.7%
Insurance costs	29.9	26.7	12.2%
Transport costs	836.2	867.6	-3.6%
Publicity and advertising	23.7	19.0	24.7%
Consultancy	18.2	19.9	-8.6%
Interim employees	359.2	277.3	29.5%
Third party remuneration, fees	200.1	165.7	20.8%
Other services	115.4	128.9	-10.5%
TOTAL	1,894.8	1,813.1	4.5%

- Cost of interim employees increased by 81.9 mEUR due to the increased number of interim employees in line with higher volumes of parcels, higher fulfilment activities and pressure on interim labour costs in the US. This increase was partially offset by the lower variable costs at Leen Menken due to the loss of a contract in July 2020. Note that the interim costs should be viewed together with the evolution of the payroll costs, see note 6.13.
- Third party remuneration fees mainly relate to ICT services, remuneration postal points, interim management, facility, security and outsourced services. These costs increased by 34.4 mEUR mainly due to higher cleaning costs and higher ICT expenses related to projects and in line with higher Value added services revenues.
- Rental costs increased by 10.1 mEUR due to higher cloud services and higher costs from new site openings (mainly in Radial North America).
- Energy delivery increased by 5.8 mEUR due to higher fuel price.

Partially compensated by:

- Transport costs amounted to 836.2 mEUR and decreased by 31.4 mEUR. The higher volume-linked variable parcel costs were more than offset by the lower volume-linked transport costs from Asian cross-border activities, especially as of the third quarter 2021 given the lower volumes due to low-value consignment relief abolishment as of July 1, 2021 and declining cross-border postal business.
- Other services relate to costs for payment processing, HR services, training costs and administration costs. Other services decreased by 13.5 mEUR, amongst others due to lower payments processing fees of Radial North America in line with decreased volumes.
- Other goods decreased by 3.8 mEUR mainly due to last year's specific expenses related to COVID-19 (protective masks, gloves and hydro-alcoholic gel).
- Consultancy decreased by 1.7 mEUR due to cost containment.

6.13 Payroll costs

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Wages and salaries	1,346.3	1,335.9
Social security costs	239.6	227.1
Pension costs (note 6.26)	9.2	7.8
Termination benefits, Other long-term benefits and Post-employment benefits other than Pension (note 6.26)	11.6	15.8
TOTAL	**1,606.8**	**1,586.5**

As at December 31, 2021, the headcount of bpost amounted to 36,272 (2020: 36,291) and was composed as follows:

- Statutory personnel : 7,402 (2020: 8,048).
- Contractual personnel : 28,870 (2020: 28,243).

The average FTE for 2021 was 32,429 (2020: 32,030).

The average FTE and interims for 2021 was 40,339 (2020: 38,639).

Payroll costs (1,606.8 mEUR) and interim costs (359.2 mEUR) in 2021 amounted to 1,965.9 mEUR (1,863.8 mEUR in 2020). Payroll and interim costs increased by 102.1 mEUR (20.2 mEUR for payroll and 81.9 mEUR for interim costs) compared to last year.

The payroll and interim costs increase driven by the FTE increase, generated 67.7 mEUR higher costs. The higher labour costs from wage rate pressure in the US, the effects of Collective Labor Agreements ("CLA") 2021-2022, salary indexation and merit increases partly offset by the exchange rate evolution, last year COVID-19 related premiums and COVID-19 employer payroll tax credit program in the US led to a negative price impact of 45.4 mEUR. The positive mix effect caused costs to decrease by 10.9 mEUR which was mainly driven by the recruitment of auxiliary postmen.

6.14 Financial income and financial costs

The following amounts have been included in the income statement for the reporting periods presented:

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Financial income	8.5	7.4
Financial costs	(24.9)	(55.2)
TOTAL	**(16.4)**	**(47.8)**

The net financial result (i.e. net of financial income and financial costs) of 2021 amounted -16.4 mEUR and increased by 31.4 mEUR compared to 2020. This increase was mainly due to lower non-cash financial charges related to IAS 19 employee benefits, favourable exchange rate differences and last year's financial cost related to the contingent consideration for the remaining shares of Anthill as the variable exercise price of the put was reassessed.

Financial income

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Interest income from current accounts/commercial papers	0.4	0.8
Gain from exchange differences	7.0	4.9
Other	1.1	1.7
TOTAL	8.5	7.4

Financial costs

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Financial costs/(income) on defined benefit obligations (IAS 19)	(7.1)	8.8
Lease interest expenses (IFRS 16)	9.7	10.3
Interest on loans	1.6	3.2
Interest and costs related to long-term bond	9.3	9.3
Unwinding of pre-hedge interest swap	2.5	2.5
Loss from exchange differences	3.4	13.7
Contingent consideration: unwinding of discount and effect of changes in discount rate and effect of changes related to purchase of minority interests	0.6	4.2
Other finance costs	5.0	3.1
TOTAL	24.9	55.2

The loss from exchange differences was mainly due to the evolution of the exchange rate EUR vs USD.

In 2020 the variable exercise price of the put for the remaining shares of Anthill BV was reassessed, the increase of the contingent consideration (3.9 mEUR) was recognized in financial costs.

6.15 Income tax/Deferred tax

Breakdown of Income tax expense recognized in the income statement

The income tax expense recognized in the income statement for 2021 amounted to 83.5 mEUR and breaks down as follows:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
TAX EXPENSE INCLUDED:		
Current Income tax expenses	75.7	70.5
Adjustment to current tax expenses related to prior years	(4.1)	(1.9)
Deferred tax expenses	(11.9)	(19.8)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOMME STATEMENT	83.5	48.8

Reconciliation of theoretical income tax expense with income tax expense recognized in the income statement

A reconciliation of theoretical tax expense with income tax expense recognized in the income statement can be detailed as follows:

IN MILLION EUR	2021	2020
Profit before tax (A)	333.7	29.6
Statutory tax rate of the parent company (B)	25.0%	25.0%
TAX EXPENSE USING STATUTORY TAX RATE (C) = (A) X (B)	**83.4**	**7.4**
Reconciling items between theoretical and effective income tax expense		
Tax effect of non-tax deductible expenses	7.1	6.8
Tax effect prior years	(3.9)	(2.6)
Tax effect of goodwill impairment	0.0	10.3
Tax effect of remeasurement of assets held for sale at fair value less costs to sell	(3.0)	35.4
Tax effect of tax losses utilized by subsidiaries for which no deferred tax asset or no full deferred tax asset was recognized	(0.1)	(1.0)
Subsidiaries in loss situation for which no deferred tax asset or no full deferred tax asset was recognized on their tax losses	7.4	2.9
Associates and joint ventures (equity method)	0.0	(4.6)
Other:		
Tax effect of subsidiaries liquidation	0.0	(3.3)
Tax effect of the changes in future tax rates	0.2	1.0
Other differences	(7.6)	(3.5)
TOTAL	**83.5**	**48.8**
Tax using effective rate (current period)	(83.5)	(48.8)
Profit before income tax	333.7	29.6
Effective tax rate	25.0%	164.9%

In 2021 the tax effect of the subsidiaries in a loss situation (for which no deferred tax asset or no full deferred tax asset is recognized) is impacted by an exceptional capital loss on the sale of The Mail Group by bpost US Holding. This negative impact on the ETR has been compensated by the other differences which include some tax credits and deductions.

As a result, the effective tax rate is close to the 25% theoretical rate in 2021. Non-tax deductible goodwill impairments (The Mail Group and Ubiway Retail) and the remeasurement of assets held for sale at fair value less costs to sell explained the exceptional effective tax rate of 164.9% in 2020.

Deferred tax presented in the statement of financial position

Net balances of deferred taxes are calculated based upon the tax position of each company and are disclosed in the statement of financial position for their net amount by legal entity.

As of December 31, 2021, bpost recognized a net deferred income tax asset of 32.8 mEUR. This net deferred income tax asset is composed as follows:

AS AT 31 DECEMBER

IN MILLION EUR	2020	IMPACT ON RESULT OF THE YEAR	IMPACT ON OTHER COM-PREHENSIVE INCOME	IMPACT OF BUSINESS COMBINATIONS	EXCHANGE RATE DIFFERENCE	OTHER	2021
Deferred tax assets							
Employee benefits	24.5	(5.7)	(0.4)	0.0	0.0	0.7	19.2
Provisions	1.9	(0.6)	0.0	0.0	0.0	0.1	1.4
Tax losses carried forward	51.4	0.4	0.0	0.0	4.2	0.0	56.0
Other	40.2	(6.5)	(0.6)	(1.5)	1.3	(0.1)	32.8
TOTAL DEFERRED TAX ASSETS	**117.9**	**(12.4)**	**(1.0)**	**(1.5)**	**5.6**	**0.6**	**109.3**
Deferred tax liabilities							
Property plant and equipment	44.6	1.8	0.0	(0.5)	2.7	0.0	48.6
Intangible assets	27.8	(2.4)	0.0	0.5	1.4	0.6	28.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL DEFERRED TAX LIABILITIES	**72.3**	**(0.6)**	**0.0**	**0.0**	**4.1**	**0.6**	**76.6**
NET DEFERRED TAX ASSET	**45.6**	**(11.9)**	**(1.0)**	**(1.5)**	**1.5**	**0.0**	**32.8**

The decrease in the deferred tax asset for employee benefits relates to the utilization of a provision prior to 2006.

In line with previous years, the deferred tax assets related to tax losses carried forward are mainly composed of the recognition of a deferred tax asset for Radial US (52.3 mEUR). These US tax losses carried forward for which a deferred tax asset has been recognized have an expiration date ranging between 2022 and 2037 (32.7 mEUR) and the tax losses incurred as from 2018 can be carried forward indefinitely (19.6 mEUR).

As of December 31, 2021, bpost recognized a deferred income tax liability of 6.4 mEUR. The deferred income tax liability mainly results from the depreciations and impairment of intangible assets related to the purchase price allocation (other than Radial). The deferred tax liability by type of temporary difference and the changes break down as follows:

AS AT 31 DECEMBER

IN MILLION EUR	2020	IMPACT ON RESULT OF THE YEAR	IMPACT ON OTHER COM-PREHENSIVE INCOME	IMPACT OF BUSINESS COMBINATIONS	EXCHANGE RATE DIFFERENCE	OTHER	2021
Deferred tax assets							
Employee benefits	0.7	0.0	0.0	0.0	0.0	(0.7)	0.0
Provisions	0.1	0.0	0.0	0.0	0.0	(0.1)	0.0
Tax losses carried forward	0.0	0.2	0.0	0.0	0.0	0.0	0.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL DEFERRED TAX ASSETS	**0.7**	**0.2**	**0.0**	**0.0**	**0.0**	**(0.7)**	**0.2**
Deferred tax liabilities							
Property plant and equipment	1.5	1.0	0.0	(0.1)	(0.1)	0.0	2.3
Intangible assets	6.8	(0.7)	0.0	0.0	0.0	(0.6)	5.5
Other	(0.8)	(0.1)	0.0	(0.2)	0.0	(0.1)	(1.1)
TOTAL DEFERRED TAX LIABILITIES	**7.5**	**0.2**	**0.0**	**(0.3)**	**(0.1)**	**(0.7)**	**6.6**
NET DEFERRED TAX LIABILITY	**(6.8)**	**0.0**	**0.0**	**0.3**	**0.1**	**0.0**	**(6.4)**

The decrease mainly relates to the transfer of some entities to a net deferred tax asset position position and transfer of Ubiway Retail to assets held for sale.

Unrecognized deferred taxes

Deferred tax assets on the tax losses carried forward are only recognized to the extent that those losses are expected to offset a taxable profit in the future. bpost assesses a recoverability period of 5 years in line with the horizon of the business plan and budgets used for the impairment testing. Further to this assessment, no deferred tax asset has been recognized for 93.5 mEUR of carried forward tax losses. The majority of these unrecognized tax losses relate to entities located in Belgium (41.1 mEUR), in Germany (30.5 mEUR), Luxembourg (20.7 mEUR). In Belgium and Germany, tax losses may be carried forward indefinitely. In Luxembourg, losses incurred before January 1, 2017 can be carried forward without a time limitation while the use of losses incurred afterwards is limited to 17 years.

In the United States there's an unrecognized tax credit of 15.1 mEUR.

6.16 Earnings per share

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts have to be calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of bpost, no effects of dilution affect the net profit/(loss) attributable to ordinary equity holders and the weighted average number of ordinary shares.

The table below reflects the income and share data used in the basic and diluted earnings per share computations:

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Net profit/(loss) attributable to ordinary equity holders of the parent for basic earnings	**250.9**	**(19.4)**
Adjustments for the effect of dilution		
Net profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of dillution	**250.9**	**(19.4)**
IN MILLION SHARES		
Weighted average number of ordinary shares for basic earnings per share	**200.0**	**200.0**
Effect of dilution		
Weighted average number of ordinary shares adjusted for the effect of dilution	200.0	200.0
IN EUR		
Basic, profit/(loss) per share attributable to ordinary equity holders of the parent	**1.25**	**(0.1)**
Diluted, profit/(loss) per share attributable to ordinary equity holders of the parent	**1.25**	**(0.1)**

6.17 Property, plant and equipment

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
COST								
Balance at 1 January 2020	**619.1**	**430.4**	**471.4**	**216.8**	**17.3**	**1,755.0**	**545.0**	**2,300.0**
Acquisitions	4.3	27.6	31.3	20.5	24.8	108.5	112.9	221.4
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2
Reassessement	0.0	0.0	0.0	0.0	0.0	0.0	31.4	31.4
Disposals	0.0	(5.9)	(4.4)	(3.9)	0.0	(14.3)	(24.1)	(38.3)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	(25.7)	0.0	0.0	(1.3)	0.0	(27.0)	0.0	(27.0)
Exchange rate difference	(0.3)	(0.6)	(15.0)	(2.1)	(1.3)	(19.4)	(14.8)	(34.2)
Other movements	9.0	2.2	(1.1)	(1.5)	(8.5)	0.1	0.0	0.1
BALANCE AT 31 DECEMBER 2020	**606.3**	**453.7**	**482.2**	**228.4**	**32.4**	**1,803.0**	**650.5**	**2,453.5**

Balance at 1 January 2021	**606.3**	**453.7**	**482.2**	**228.4**	**32.4**	**1,803.0**	**650.5**	**2,453.5**
Acquisitions	3.7	26.9	53.6	45.2	18.1	147.6	164.4	311.9
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reassessement	0.0	0.0	0.0	0.0	0.0	0.0	68.0	68.0
Disposals	(0.1)	(12.9)	(31.5)	(8.1)	0.0	(52.6)	(30.4)	(83.0)
Disposals via business combinations	0.0	(4.0)	(0.4)	(0.5)	0.0	(4.8)	(5.3)	(10.1)
Assets classified as held for sale or investment property	(22.7)	(20.7)	(2.7)	0.0	(0.1)	(46.2)	(39.2)	(85.4)
Exchange rate difference	0.1	0.4	16.1	2.0	1.1	19.7	17.3	37.0
Other movements	(8.2)	(0.6)	9.1	8.7	(13.2)	(4.3)	5.0	0.7
BALANCE AT 31 DECEMBER 2021	**579.3**	**442.8**	**526.4**	**275.8**	**38.2**	**1,862.4**	**830.3**	**2,692.7**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
REVALUATION								
Balance at 1 January 2020	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2020	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Balance at 1 January 2021	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2021	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
DEPRECIATION AND IMPAIRMENT LOSSES								
Balance at 1 January 2020	**(353.0)**	**(299.5)**	**(298.1)**	**(117.8)**	**(3.7)**	**(1,072.1)**	**(101.7)**	**(1,173.8)**
Depreciations through business combinations	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Disposals	0.0	5.4	4.3	3.4	0.0	13.0	13.0	26.0
Depreciation and impairment losses	(21.6)	(17.0)	(29.0)	(23.9)	0.0	(91.4)	(112.3)	(203.7)
Assets classified as held for sale or investment property	16.0	0.0	0.0	1.4	0.0	17.5	0.0	17.5
Exchange rate difference	0.0	0.4	5.7	0.4	0.0	6.6	4.8	11.4
Other movements	(2.9)	(0.9)	0.4	3.2	0.0	(0.2)	0.0	(0.2)
BALANCE AT 31 DECEMBER 2020	**(361.4)**	**(311.7)**	**(316.7)**	**(133.3)**	**(3.7)**	**(1,126.7)**	**(196.3)**	**(1,323.0)**

Balance at 1 January 2021	**(361.4)**	**(311.7)**	**(316.7)**	**(133.3)**	**(3.7)**	**(1,126.7)**	**(196.3)**	**(1,323.0)**
Depreciations through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.1	12.9	31.1	7.9	0.0	52.0	18.5	70.5
Disposals through business combinations	0.0	2.7	0.3	0.2	0.0	3.2	2.0	5.2
Depreciation and impairment losses	(11.5)	(27.4)	(43.5)	(20.5)	0.0	(102.9)	(122.6)	(225.6)
Assets classified as held for sale or investment property	15.4	11.1	2.5	0.0	0.0	29.1	21.1	50.2
Exchange rate difference	0.0	(0.2)	(6.3)	(0.5)	0.0	(6.9)	(6.6)	(13.6)
Other movements	6.6	3.7	0.3	(6.5)	0.0	4.1	(4.5)	(0.4)
BALANCE AT 31 DECEMBER 2021	**(350.8)**	**(308.8)**	**(332.3)**	**(152.6)**	**(3.8)**	**(1,148.3)**	**(288.4)**	**(1,436.6)**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
CARRYING AMOUNT								
At 31 December 2020	245.0	142.0	165.5	95.1	36.1	683.7	454.2	1,138.0
At 31 December 2021	228.5	133.9	194.1	123.2	41.9	721.6	541.9	1,263.5

Amortization and depreciation charges related to property, plant and equipment amounted to 225.6 mEUR and increased by 21.8 mEUR as compared to last year. This increase was mainly explained by the increase of furniture and vehicles as well as leases, which respectively increased by 14.5 mEUR and 10.4 mEUR.

6.17.1 Property, plant and equipment (excluding right-of-use assets)

Property, plant and equipment increased by 37.9 mEUR from 683.7 mEUR to 721.6 mEUR. This increase was mainly explained by:

- acquisitions for 147.6 mEUR (108.5 mEUR in 2020), mainly spent on Parcels and E-commerce logistics activities, additional sites for Active Ants, Radial Europe scale-up and sustainability initiatives for e-fleet infrastructure.
- exchange rate impact of 12.7 mEUR (decrease of -12.8 mEUR in 2020);
- partially compensated by depreciation and impairment amounting to 102.9 mEUR (91.4 mEUR in 2020) and the transfer to assets held for sale or investment property for 17.1 mEUR (9.6 mEUR in 2020), including 9.8 mEUR related to the transfer of Ubiway Retail to assets held for sale.

All amortization and depreciation charges are included in the section "Depreciation, amortization and impairment" of the income statement.

6.17.2 Right-of-use assets and leases

The right-of-use assets increased by 87.7 mEUR and amounted to 541.9 mEUR. This increase was mainly explained by:

- 164.4 mEUR additions, mainly related to the new Brussels headquarter (Multi Tower 46.6 mEUR) and additional warehouse leases (mainly Radial North America and Radial Europe) and additional vehicles for distribution;
- 68.0 mEUR reassessments mainly explained by extension of lease duration;
- 10.7 mEUR of exchange rate differences;
- partially compensated by depreciations amounting to 122.6 mEUR, 11.9 mEUR disposals, 3.3 mEUR disposals through business combinations (related to the sale of The Mail Group) and 18.1 mEUR assets classified as held for sale related to Ubiway Retail.

bpost has lease contracts mainly for buildings (warehouses and post offices), vehicles, machinery and other equipment used in its operations. Lease terms and carrying amounts are detailed in the table hereunder:

IN MILLION EUR	USEFUL LIVES	CARRYING AMOUNT DEC 31, 2021
Land and Buildings	3 to 25 years	480.9
Vehicles	4 or 5 years (8 years for trucks)	54.4
Machinery and other equipment	1 to 15 years	6.6
TOTAL		**541.9**

The carrying amounts and movements (including cash outflows) of the lease liabilities (under interest-bearing loans and borrowings) are being disclosed in note 6.25, whereas the maturity analysis is available in note 6.5.

bpost has leases for vehicles with lease terms of 12 months or less (2021 7.0 mEUR, 2020 8.0 mEUR), mainly used in the period between the first and third quarter of 2021 and are disclosed under rent costs, within operating expenses.

There are several lease contracts that include extensions and termination options. The major lease contract relates to Brussels X (NBX), the term of this lease contract is 15 years (until 2031) with 3 possible extensions of 5 years each. These extensions are currently not included into the lease term as it is not reasonable certain that these will be exercised. The impact per extension of 5 years is estimated to increase the overall lease liability by 5%.

The significant lease contracts that have not yet commenced are disclosed in note 6.32 rights and commitments.

All amortization and depreciation charges are included in the section “depreciation, amortization and impairment” of the income statement.

Operating Lease Income

bpost’s future minimum operating lease income related to buildings is as followed and relates to buildings of which bpost is owner as well as subleases:

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Less than one year	0.7	0.5
Between one year and five years	1.8	1.9
More than five years	1.6	2.8
TOTAL	**4.1**	**5.3**

The decrease on future minimum operating lease income compared to 2020 was mainly explained by the sublease of the headquarter of Radial US in 2020 and by lower rents of bpost NV/SA given lower number of buildings in property.

The lease income related to leases in property is recognized in the section “Other operating income” (0.6 mEUR in 2021), whereas the income for subleases goes in deduction of the depreciation of the right-of-use assets.

6.18 Investment property

IN MILLION EUR	LAND AND BUIDLINGS
ACQUISITION COST	
Balance at 1 January 2020	**15.8**
Acquisitions	0.0
Transfer from/(to) other asset categories	(4.7)
BALANCE AT 31 DECEMBER 2020	**11.1**
Balance at 1 January 2021	**11.1**
Acquisitions	0.0
Transfer from/(to) other asset categories	1.8
BALANCE AT 31 DECEMBER 2021	**13.0**
DEPRECIATION AND IMPAIRMENT LOSSES	
Balance at 1 January 2020	**(10.8)**
Depreciations	0.0
Transfer from/(to) other asset categories	3.0
BALANCE AT 31 DECEMBER 2020	**(7.8)**
Balance at 1 January 2021	**(7.8)**
Depreciations	0.0
Transfer from/(to) other asset categories	(1.0)
BALANCE AT 31 DECEMBER 2021	**(8.8)**

CARRYING AMOUNT	
At 31 December 2020	3.3
At 31 December 2021	4.2

Investment property mainly relates to apartments located in buildings used as post offices.

Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over useful life (in general 40 years).

The rental income of the investment property amounted to 0.6 mEUR (2020: 1.2 mEUR). The estimated fair value of the investment property slightly increased from 3.3 mEUR to 4.2 mEUR.

6.19 Assets held for sale

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Assets		
Property, plant and equipment	1.5	3.3
bpost bank	119.5	100.0
Ubiway Retail	42.2	0.0
ASSETS HELD FOR SALE	**163.3**	**103.3**
Liabilities		
Ubiway Retail	39.7	0.0
LIABILITIES DIRECTLY LINKED TO ASSETS HELD FOR SALE	**39.7**	**0.0**

Property, plant and equipment

The number of buildings recognized in assets held for sale amounted to 3 at the end of 2020 (and sold in 2021) versus 5 at the end of 2021. These assets are retail outlets, offices or mail centers which are vacant as a consequence of the optimization of the post offices and mail center network.

Profits on disposal of 15.1 mEUR (2020: 12.2 mEUR) were accounted for in the income statement in the section 6.9 Other Operating Income.

bpost bank

On December 23, 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of participation from bpost to BNPPF. In 2020 the investment in bpost bank was classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 mEUR based upon the best estimate of bpost at that time had been recognized in 2020. In 2021 the agreement has been finalised and on January 3, 2022 the transaction was completed after having obtained the regulatory approvals. At year-end 2021 in line with IFRS 36,110, bpost assessed that the impairment loss recognised in 2020 had decreased and bpost estimated the recoverable amount to be 119.5 mEUR, hence a reversal on the impairment loss of 19.5 mEUR has been recognized. This reversal was mainly explained by some of the purchase price and closing adjustments mentioned in the share purchase agreement not having materialised and by the 2021 results of bpost bank.

Ubiway Retail

bpost executes an active portfolio management strategy to divest non-core assets and/or non-performing assets, so as to allocate capital to the fast growing e-commerce logistics market and to invest further in the opportunity of e-commerce logistics. In this context bpost started up the sales process of Ubiway Retail. Assets and liabilities of Ubiway Retail – part of M&R operating segment - were classified as held for sale as per September 30, 2021. In December 2021 bpost, Ubiway and Golden Palace signed a binding agreement and the transaction was - except for the sales price - finalised on February 28, 2022.

The major classes of assets and liabilities of Ubiway Retail NV/SA classified as held for sale are as follows:

AS OF 31 DECEMBER

IN MILLION EUR	2021
Assets	
Non-current assets	
Property, plant and equipment	27.9
Intangible assets	0.7
Trade and other receivables	0.7
	29.3
Current assets	
Inventories	11.6
Trade and other receivables	6.9
Cash and cash equivalents	1.7
	20.2
ASSETS HELD FOR SALE	**49.6**
Liabilities	
Non-current liabilities	
Interest-bearing loans and borrowings	12.1
Provisions	0.4
Deferred tax liabilities	0.1
	12.6
Current liabilities	
Interest-bearing loans and borrowings	5.9
Provisions	0.1
Income tax payable	0.1
Trade and other payables	21.0
	27.1
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE	**39.7**
Remeasurement of assets held for sale at fair value less costs to sell	**(7.4)**
NET ASSETS DIRECTLY ASSOCIATED WITH THE DISPOSAL GROUP	**2.5**

Following the classification to assets held for sale, the net assets were written-down (7.4 mEUR) to reduce the carrying amount of the assets to their fair value less costs to sell being the provisional selling price.

The activities of Ubiway Retail are not being classified as discontinued operations as Ubiway Retail is not a major line of business or a geographical area of operations given the limited EBIT contribution/revenues on group level, on the level of the M&R operating segment to which it belongs or on the level of the Belgian geographical area.

6.20 Intangible assets

IN MILLION EUR	GOODWILL	DEVELOP-MENT	SOFTWARE	CUSTOMER RELATI-ONSHIP	TRADENAME	TOTAL
COST						
Balance at 1 January 2020	**702.8**	**147.5**	**186.3**	**135.4**	**53.9**	**1,225.9**
Acquisitions	0.0	19.7	19.3	0.0	0.0	39.1
Acquisitions and additions through business combinations	(0.3)	0.0	0.0	0.7	0.0	0.4
Disposals	0.0	(0.5)	(0.6)	(11.1)	0.0	(12.2)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	(42.5)	0.0	(5.1)	(6.7)	(2.8)	(57.0)
Other movements	0.0	1.5	(1.6)	0.0	0.0	(0.1)
BALANCE AT 31 DECEMBER 2020	**660.0**	**168.3**	**198.4**	**118.3**	**51.1**	**1,196.0**

Balance at 1 January 2021	**660.0**	**168.3**	**198.4**	**118.3**	**51.1**	**1,196.0**
Acquisitions	0.0	9.5	15.1	0.0	0.0	24.6
Acquisitions and additions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	(9.0)	0.3	(1.6)	(9.9)
Disposals via business combinations	(17.2)	0.0	(1.3)	(3.2)	0.0	(22.0)
Assets classified as held for sale or investment property	(28.3)	0.0	(2.2)	0.2	(4.6)	(35.0)
Exchange rate difference	37.8	0.0	5.1	5.8	2.6	51.3
Other movements	0.0	0.0	(0.2)	0.0	0.0	(0.2)
BALANCE AT 31 DECEMBER 2021	**652.2**	**177.8**	**205.8**	**121.4**	**47.5**	**1,204.7**

IN MILLION EUR	GOODWILL	DEVELOP-MENT	SOFTWARE	CUSTOMER RELATI-ONSHIP	TRADENAME	TOTAL
AMORTIZATION AND IMPAIRMENT LOSSES						
Balance at 1 January 2020	**(36.7)**	**(98.0)**	**(148.0)**	**(29.8)**	**(15.2)**	**(327.7)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.5	0.6	11.0	0.0	12.1
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	(15.7)	(18.2)	(8.9)	(4.6)	(47.3)
Impairment losses	(41.4)	(5.0)	0.0	(16.4)	(4.4)	(67.2)
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.1	0.0	3.3	1.5	0.7	5.6
Other movements	0.0	(0.2)	(0.8)	(1.3)	2.5	0.2
BALANCE AT 31 DECEMBER 2020	**(77.9)**	**(118.4)**	**(163.1)**	**(43.9)**	**(21.0)**	**(424.3)**
Balance at 1 January 2021	**(77.9)**	**(118.4)**	**(163.1)**	**(43.9)**	**(21.0)**	**(424.3)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	9.0	(0.3)	1.6	10.3
Disposals via business combinations	17.2	0.0	0.8	1.7	0.0	19.7
Amortization	0.0	(17.3)	(13.7)	(7.1)	(4.9)	(42.9)
Impairment losses	0.0	1.4	0.0	(0.4)	0.0	1.0
Assets classified as held for sale or investment property	28.3	0.0	1.9	(0.5)	4.6	34.3
Exchange rate difference	(0.1)	0.0	(3.4)	(1.5)	(0.8)	(5.9)
Other movements	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2021	**(32.4)**	**(134.2)**	**(168.5)**	**(52.1)**	**(20.5)**	**(407.8)**

IN MILLION EUR	GOODWILL	DEVELOP-MENT	SOFTWARE	OTHER INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS	TOTAL
CARRYING AMOUNT						
At 31 December 2020	582.2	49.9	35.3	74.3	30.1	771.7
At 31 December 2021	619.7	43.6	37.3	69.3	27.0	797.0

Depreciation and impairment charges decreased by 72.6 mEUR to 41.9 mEUR in 2021 mainly due to impairments of 2020 performed on:

- Goodwill of Ubiway Retail Network and The Mail Group (41.4 mEUR).
- Customer relationships and tradenames (20.8 mEUR) recognized during PPA in the segment Mail & Retail driven by volume decline following e-substitution, COVID-19 impact and allocation of an impairment loss as a result of the annual impairment testing of Ubiway Retail Network (2.8 mEUR) as disclosed in the section goodwill.

All amortization and depreciation charges are included in the section “Depreciation, amortization” of the income statement.

Intangible assets increased by 25.3 mEUR, mainly due to:

- Acquisitions (24.6 mEUR) mainly related to ICT development costs capitalized, the migration of ICT infrastructure to the cloud environment and the new distribution model.
- The evolution of the exchange rate (45.4 mEUR), mainly related to the evolution of the goodwill in USD.
- Partially compensated by depreciation and impairment amounting to 41.9 mEUR.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquired entity.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of assets.

IN MILLION EUR	PRESS	UBIWAY RETAIL NETWORK	PARCELS BENE	E-COMMERCE LOGISTICS EUROPE & ASIA	E-COMMERCE LOGISTICS NORTH AMERICA	INTERNATIONAL MAIL	OTHER	TOTAL
Balance at 1 January 2020	**21.9**	**28.3**	**38.3**	**57.7**	**504.6**	**14.1**	**1.4**	**666.2**
Acquisitions	0.0	0.0	0.0	(0.5)	0.0	0.0	0.2	(0.3)
Impairment	0.0	(28.3)	0.0	0.0	0.0	(13.0)	0.0	(41.4)
Exchange rate difference	0.0	0.0	0.0	(0.2)	(41.1)	(1.1)	0.0	(42.4)
BALANCE AT 31 DECEMBER 2020	**21.9**	**0.0**	**38.3**	**57.0**	**463.5**	**0.0**	**1.5**	**582.2**

IN MILLION EUR	BELGIUM LAST MILE	PRESS	PARCELS BENE	PERSONALISED LOGISTICS	RADIAL EUROPE	ACTIVE ANTS	E-COMMERCE LOGISTICS EUROPE & ASIA	E-LOGISTICS NORTH AMERICA	OTHER	TOTAL
Balance at 1 January 2021	**0.0**	**21.9**	**38.3**	**0.0**	**0.0**	**0.0**	**57.0**	**463.5**	**1.5**	**582.2**
Transfer	54.7	(21.9)	(38.3)	20.0	13.4	29.9	(57.0)	0.0	(0.9)	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.7	0.0	37.7
BALANCE AT 31 DECEMBER 2021	**54.7**	**0.0**	**0.0**	**20.0**	**13.4**	**29.9**	**0.0**	**501.2**	**0.7**	**619.7**

The increase of the goodwill from 582.2 mEUR to 619.7 mEUR is completely explained by the evolution of the exchange rate.

Following the new 2022 organizational structure of bpostgroup with the new operating segments Belgium, E-Logistics Eurasia and E-Logistics North America, the cash generating units were reorganized to reflect the lowest group of assets generating independent cash inflows.

In line with the strategy to transform the Belgium activities to a parcels based model integrating domestic mail, the goodwill related to the last mile delivery of parcels in Belgium (part of CGU Parcels BeNe) and CGU Press is transfered to CGU Belgium Last Mile (54.7 mEUR).

To support the growth strategy of operating segment E-Logistics Eurasia, CGU E-Commerce logistics Europe & Asia is reorganized in 3 CGU's with goodwill: Radial Europe (13.4 mEur), Active Ants (29.9 mEur) and Personalised Logistics (20.0 mEur). The latter includes the delivery of parcels in the Netherlands which was part of CGU Parcels BeNe in the old structure. The combination of the assets in Personalised Logistics creates the smallest group of assets generating independent cash inflows supporting the new strategy of personalised logistics; added value delivery services supported by technical know-how. The goodwill is reallocated using a relative value approach.

Goodwill is not amortized but is tested for impairment on an annual basis (December). For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of assets. The test consists of comparing the carrying amount of the assets (or group) of the CGUs with their recoverable amount. The CGU's were first tested before reorganization (i.e. Parcels BeNe, Press and e-Commerce logistics Europe and Asia) and after the realocation of the goodwill.

The recoverable amounts are based on the value in use. The latter equals the present value of the future cash flows expected to be derived from each CGU or group of CGUs and is determined using the following inputs:

- most recent business plan and budgets, including detailed planning for EBITDA, net working capital and investment planning via capital expenditure or leasing, which covers a five year (Active Ants, Radial Europe, Personalised logistics, e-Logistics North America, Parcels BeNe and E-commerce logistics Europe & Asia) or four year period (Belgium Last mile and Press);
- consideration of a terminal value determined from the cash flows obtained by extrapolating the cash flows of the last year of the business plan referred to above, affected by a long-term growth rate deemed appropriate for the activity and the location of the assets;
- discounting of expected cash flows at a rate determined using the weighted average cost of capital formula.

The assumption for which the recoverable amounts is the most sensitive for all CGU's tested is the EBITDA. The key assumption (EBITDA) in the budgets is based on past experiences adapted for changing market conditions. The EBITDA is the result of volume evolutions, price evolution and cost improvement projects along with new Value added services following the judgement and estimates made by management in developing the budgets and forecasts for the coming years.

The discount rate is estimated based on an extensive benchmarking with peers, so as to reflect the return investors would require if they were to choose an investment in the underlying assets. The peer group was divided into mail-related peers and parcels-related peers. Besides this, the different economic environment was also factored in the determination of the weighted average cost of capital (WACC). Driven by an increase of costs of debt, discount rates are above the ones applied during last year's testing.

The long-term growth rate was set at 0% for mail activities, 1% for last mile delivery and 2% for parcels activities and e-commerce logistics. The growth rates were determined based on internal expectations (same assumptions as for EBITDA evolution) and external sources and are consistent with real growth figures and expectations for the relevant sectors in which the CGUs operate and take into consideration the long-term inflation for Europe and United States.

The discount rates and the growth rated for the CGUs with material goodwill are shown in the following table:

	DISCOUNT RATES		GROWTH RATES	
	2021	2020	2021	2020
CGU's before reallocation of goodwill				
Press	6.4%	5.6%	0%	0%
Parcels BeNe	7.1%	6.5%	2%	2%
E-commerce logistics Europe & Asia	7.1%	6.5%	2%	2%
E-commerce logistics North America	8.4%	6.9%	2%	2%
CGU's after reorganisation				
Belgium Last mile	6.4%	n/a	1%	n/a
Radial Europe	7.1%	n/a	2%	n/a
Active Ants	7.1%	n/a	2%	n/a
Personalised logistics	7.1%	n/a	2%	n/a
E-logistics North America	8.4%	6.9%	2%	2%

The impairment tests performed at CGU level, before and after reorganization, did not lead to any impairment of assets, as the recoverable amounts of the (groups of) CGUs were significantly higher than their carrying amounts. More specifically, the difference between the CGUs' carrying amount and their value in use (headroom) represents in all cases at least more than 9% of their carrying amount. For all CGUs, except for Radial EU with a drop of the EBITDA margin of -1%, a reasonable change in a key assumption on which the recoverable amount of the CGUs is based, would not result in an impairment loss for the related CGUs. For Radial EU, a mechanical reduction of the EBTIDA with -1% at equal turnover and investments, without taking into consideration compensatory management measures, reduces the recoverable amount with -69.2% and below the carrying amount. The sensitivity testing on growth rate (-1.0%) and discount rate (+0.5%) leaves sufficient headroom for Radial EU.

In this respect, for e-Logistics North America, Belgium Last Mile and Active Ants which are 3 CGU's which represents 95% of the total amount of goodwill after reorganization and for e-commerce Europe & Asia and Parcels BeNe for which the goodwill is reallocated, the worst case sensitivity analysis below still leads to enough headroom. The sensitivity of the recoverable amount to changes in the key assumption, long-term growth rate and discount rate is shown in the following table:

	E-LOGISTICS NORTH AMERICA	BELGIUM LAST MILE	ACTIVE ANTS	E-COMMERCE LOGISTICS EUROPE & ASIA	PARCELS BENE
Sensitivity to long-term growth rate -1%	-11.6%	-12.8%	-18.2%	-22.6%	-13.5%
Sensitivity to long-term growth rate +1%	15.9%	18.6%	27.1%	33.6%	20.0%
Sensitivity to discount rate -0.5%	9.5%	10.0%	14.6%	17.9%	11.1%
Sensitivity to discount rate +0.5%	-8.1%	-8.3%	-11.9%	-14.6%	-9.1%
Sensitivity to EBITDA margin -1.0%	-16.6%	-11.3%	-26.0%	-37.1%	-11.5%
Sensitivity to EBITDA margin +1.0%	16.6%	11.3%	41.7%	37.1%	11.5%

6.21 Investment in associates and joint ventures

IN MILLION EUR	2021	2020
Balance at 1 January	**0.1**	**239.5**
Share of results	(0.0)	18.3
Transfer to assets held for sale - bpost bank	0.0	(241.6)
Other movements in equity of associates and joint ventures	0.0	(16.1)
BALANCE AT 31 DECEMBER	**0.0**	**0.1**

Share of result of associates and joint ventures decreased by 18.3 mEUR compared to last year and was mainly explained by the classification of the investment in bpost bank as assets held for sale as of the last quarter of 2020.

6.22 Trade and other receivables

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Contract costs - assets recognized to obtain or fulfil a contract	4.7	3.1
Receivable related to the sale of The Mail Group	2.3	0.0
Other receivables	16.9	13.5
NON CURRENT TRADE AND OTHER RECEIVABLES	**23.9**	**16.6**

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Trade receivables	614.4	572.8
Terminal dues receivables	215.8	148.8
Tax receivables, other than income tax	4.6	5.3
Loan to associate	25.0	25.0
Contract costs - assets recognized to obtain or fulfil a contract	3.3	1.3
Other receivables	49.3	56.8
CURRENT TRADE AND OTHER RECEIVABLES	**912.4**	**810.0**

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Accrued income	8.3	10.9
Deferred charges	36.8	38.5
Other receivables	4.3	7.4
CURRENT - OTHER RECEIVABLES	**49.3**	**56.8**

Current trade and other receivables increased by 102.4 mEUR to 912.4 mEUR (2020: 810.0 mEUR), mainly driven by the increase of the trade receivables by 41.6 mEUR and the increase of terminal dues from postal operators by 67.0 mEUR. The increase of the latter was mainly due to fewer settlements of previous year's outstanding positions. The increase of the trade receivables was mainly explained by the increased revenues in the last quarter year-over-year.

Tax receivables relate to the outstanding VAT amounts to be received.

The loan that bpost granted to bpost bank has been reimbursed to bpost on January 3, 2022 in line with the finalization of the transaction in which BNPPF acquired the 50% shares of bpost in bpost bank.

Trade and other receivables are mainly short-term. The carrying amounts are considered to be a reasonable approximation of the fair value.

In terms of risk management, bpost applies a simplified approach in calculating ECL's for trade and terminal dues receivables. Therefore, bpost recognises a loss allowance based on lifetime ECLs at each reporting date and has established a provision matrix that is based on its historical credit loss experience. The loss allowance amounted to 22.0 mEUR in 2021 compared to 20.3 mEUR in 2020. See note 6.5 in Risk Management - Operational activities.

6.23 Inventories

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Raw materials	4.9	3.6
Finished products	5.2	6.2
Goods purchased for resale	11.5	24.4
Reductions in value	(0.9)	(1.5)
INVENTORIES	**20.7**	**32.7**

Inventories decreased by 12.0 mEUR mainly due to the transfer of the inventory held by Ubiway Retail to assets held for sale.

Raw materials include consumables, i.e. materials used for printing purposes. Finished products are stamps available for sale. Goods purchased for resale mainly include post cards, supplies for resale, press distribution inventory and retail inventory (tobacco, beverage, multimedia, etc.).

6.24 Cash and cash equivalents

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Cash in postal network	149.9	167.2
Transit accounts	44.9	32.2
Cash payment transactions under execution	(28.4)	(30.9)
Bank current accounts	578.6	574.6
Short term deposits	162.6	205.0
CASH AND CASH EQUIVALENTS	**907.5**	**948.1**

Cash and cash equivalents decreased by 40.6 mEUR, this decrease was mainly due to the decision not to roll over the maturting commercial paper in 2021 as well as last year's extended payment terms which were unwound in the first quarter of 2021 and the evolution of the collected proceeds by Radial US on behalf of their clients.

Short-term deposits consists of deposit accounts and term deposits made by bpost SA/NV with its banks. These investments can be withdrawn with a 32 days prior notice to the bank and offer remuneration in line with the money market conditions.

Note furthermore that bpost also has two undrawn revolving credit facilities for a total amount of 375.0 mEUR, see note 6.32 "Rights and commitments".

6.25 Interest-bearing loans and borrowings

			NON-CASH FLOW CHANGES								
IN MILLION EUR	2020	CASH FLOWS	FOREIGN EXCHANGE MOVEMENT	ADDITION	REASSESS-MENT	DISPOSAL	DISPOSAL THROUGH BUSINESS COMBINA-TIONS	TRANSFER	TRANSFER TO AHFS	OTHER	2021
Bank loans	159.9	0.0	12.6	0.0	0.0	0.0	0.0	(9.1)	0.0	0.0	163.3
Long-term bond	643.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	644.8
Other loans	0.0	0.0	(0.1)	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Non-Current Lease liabilities	361.5	0.0	9.0	155.6	66.2	(13.0)	(3.3)	(117.8)	(12.1)	7.0	453.1
NON CURRENT INTEREST-BEARING LOANS AND BORROWINGS	**1,165.0**	**0.0**	**21.5**	**155.6**	**66.2**	**(13.0)**	**(3.2)**	**(126.9)**	**(12.1)**	**8.1**	**1,261.2**

Non-current interest-bearing loans and borrowings increased by 96.3 mEUR to 1,261.2 mEUR. The increase of the lease liabilities and the foreign exchange movement on the unsecured term loan was partly offset by the decrease of 9.1 mEUR corresponding to the portion of the loan of the European Investment Bank transferred to current interest-bearing loans and borrowings. All movements related to additions and lease details are explained in note 6.17.

IN MILLION EUR	2020	CASH FLOWS	NON-CASH FLOW CHANGES: FOREIGN EXCHANGE MOVEMENT	ADDITION	REASSESS-MENT	DISPOSAL	DISPOSAL THROUGH BUSINESS COMBINA-TIONS	TRANSFER	TRANSFER TO AHFS	OTHER	2021
Bank loans	9.1	(9.1)	0.0	0.0	0.0	0.0	0.0	9.1	0.0	0.0	9.1
Commercial papers	165.0	(165.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	0.2	1.7	(0.1)	0.0	0.0	0.0	(1.8)	0.0	0.0	0.0	0.0
Current Lease liabilities	103.9	(125.2)	2.8	10.3	1.4	(0.1)	(1.6)	117.8	(5.9)	3.8	107.3
CURRENT INTEREST-BEARING LOANS AND BORROWINGS	**278.2**	**(297.6)**	**2.7**	**10.4**	**1.4**	**(0.1)**	**(3.4)**	**126.9**	**(5.9)**	**3.8**	**116.4**

Current interest-bearing loans and borrowings decreased by 161.8 mEUR to 116.4 mEUR, mainly explained by the decision not to roll over the maturing commercial paper in 2021.

Note that the total of the columns “cash flow” mentioned in the two tables above amounted to -297.6 mEUR, while “the net flows related to borrowings and lease liabilities” in the consolidated statement of cash flow amounted to -309.1 mEUR. The difference of -11.5 mEUR was mainly due to the interests on the term loan and the yield of bond booked on the trade and other payable accounts, hence are not being disclosed in this note. Furthermore in the consolidated statement of cash flows for the commercial paper the gross amounts related to the settlement and issuing of the different commercial papers in 2021 are presented respectively as cash outflow and cash inflow, whereas in the table above the net cash flow is shown.

Note furthermore that bpost also has two undrawn revolving credit facilities for a total amount of 375.0 mEUR, see note 6.32 “rights and commitments”.

There are no covenants on the loans.

6.26 Employee benefits

bpost grants its active and retired personnel post-employment benefits, other long term benefits and termination benefits. These benefit plans have been valued in conformity with IAS 19. Some of them originate from measures negotiated in the framework of Collective Labor Agreements (“CLA”). The benefits granted under these plans differ depending on the categories of bpost’s employees: civil servants (also known as statutory employees) and contractual employees. It should also be mentioned that bpost NV/SA has 3 types of contractual employees: pay scale contractual employees, auxiliary agents and non-pay scale contractual employees.

The employee benefits are as follows:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Post-employment benefits (note 6.26.1)	23.3	26.8
Other long-term benefits (note 6.26.2)	266.2	283.4
Termination benefits (note 6.26.3)	8.7	9.8
TOTAL	**298.2**	**320.0**

Net of the deferred tax assets related to them, employee benefits amount to 279.1 mEUR (2020: 295.5 mEUR).

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Employee benefits	298.2	320.0
Deferred tax assets impact	(19.2)	(24.5)
EMPLOYEE BENEFITS NET OF DEFERRED TAX	**279.1**	**295.5**

The net liability for employee benefits comprises the following:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Present value of total obligations	384.7	408.5
Fair value of plan assets	(86.5)	(88.5)
Present value of net obligations	**298.2**	**320.0**
NET LIABILITY	**298.2**	**320.0**
Employee benefits amounts in the statement of financial position		
Liabilities	298.2	320.0
NET LIABILITY	**298.2**	**320.0**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2021	2020
Present value at 1 January	**408.5**	**403.8**
Service cost	27.3	25.9
- Current service cost	*27.3*	*25.9*
Net interest	1.6	2.6
Benefits paid	(32.4)	(29.3)
Remeasurement (gains)/losses in P&L	(13.0)	6.2
- Actuarial (gains)/losses	*(13.0)*	*6.2*
Remeasurement (gains)/losses in OCI	(7.2)	(0.7)
- Actuarial (gains)/losses	*(7.2)*	*(0.7)*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**384.7**	**408.5**

The fair value of the plan assets can be reconciled as follows:

IN MILLION EUR	2021	2020
Fair value of plan assets at 1 January	**(88.5)**	**(83.2)**
Contributions by employer	(33.2)	(30.9)
Contributions by employee	(1.6)	(1.5)
Benefits paid	32.4	29.3
Interest (income)/cost on assets (P&L item)	(0.6)	(0.8)
Actuarial (gains)/losses on assets (OCI item)	5.0	(1.4)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**(86.5)**	**(88.5)**

The plan assets relate to the group insurance's benefit in accordance with IAS 19. These plan assets are held by a third party insurance company, and are composed of the reserves accumulated from the employer and employee contributions (insured contracts with a guaranteed return).

2021 changes in the defined benefit obligation and fair value of plan assets:

IN MILLION EUR	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF PLAN ASSETS	NET LIABILITY
1 January 2021	**408.5**	**(88.5)**	**320.0**
Service cost	27.3		27.3
Contributions by employee		(1.6)	(1.6)
Actuarial (gains)/losses reported as operating	(4.9)		(4.9)
Subtotal included in Payroll P&L (note 6.13)	**22.4**	**(1.6)**	**20.8**
Interest cost	1.6		1.6
Interest (income)/cost on assets (P&L item)		(0.6)	(0.6)
Actuarial (gains)/losses reported as financial	(8.2)		(8.2)
Subtotal included in Financial P&L (note 6.14)	**(6.5)**	**(0.6)**	**(7.1)**
Benefits paid	(32.4)	32.4	0.0
Contributions by employer		(33.2)	(33.2)
SUBTOTAL CASH FLOWS STATEMENT	**(16.6)**	**(3.0)**	**(19.5)**
Remeasurement (gains)/losses in OCI	(7.2)	5.0	(2.2)
31 DECEMBER 2021	**384.7**	**(86.5)**	**298.2**

The expense recognized in the income statement is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Service cost	25.6	24.5
- Current service cost	*25.6*	*24.5*
Net interest	1.1	1.8
Remeasurement (gains)/losses	(13.0)	6.2
- Actuarial (gains)/losses reported as financial	*(8.2)*	*7.0*
- Actuarial (gains)/losses reported as operating	*(4.9)*	*(0.8)*
NET EXPENSE	**13.7**	**32.4**

As regards to post-employment benefits, actuarial gains and losses (both financial and operating) are recognized in other comprehensive income. While, actuarial gains and losses (both financial and operating) on other long-term benefits and termination benefits are recognized immediately in the income statement. Net interest and financial actuarial gains and losses are presented in financial costs. Service cost and operating actuarial gains and losses are presented in payroll costs.

The impact on payroll costs and financial costs in the income statement is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Payroll costs	20.8	23.6
Financial costs	(7.1)	8.8
Net expense	**13.7**	**32.4**

The expense recognized in the other comprehensive income is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Remeasurement (gains)/losses	(2.2)	(2.1)
- Actuarial (gains)/losses	*(2.2)*	*(2.1)*
NET EXPENSE	**(2.2)**	**(2.1)**

The main assumptions used in computing the benefit obligations at the statement of financial position date are the following:

	2021	2020
Rate of inflation	2.0%	1.8%
Future salary increase	3.0%	2.8%
Medical cost trend rate	5.0%	5.0%
Mortality tables	MR/FR-2	MR/FR-2

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2021 range from -0.30% to 1.10% (2020: -0.30% to 0.70%):

BENEFIT	DURATION	DISCOUNT RATE		NET LIABILITY
		2021	2020	2021
Family allowances	6.4	0.65%	0.20%	15.6
Bank	14.3	1.10%	0.65%	2.4
Funeral expense	7.4	0.80%	0.30%	2.2
Gratification	from 10.9 to 12.4	from 0.90% to 1.00%	from 0.40% to 0.45%	1.8
Group insurance	from 10.2 to 18.0	from 0.95% to 1.10%	from 0.40% to 0.70%	1.3
Accumulated compensated absences	2.0	-0.05%	-0.20%	16.0
Workers compensation in case of accidents	12.3	0.95%	0.50%	121.6
Medical expenses in case of accidents	17.0	1.10%	0.70%	10.6
Pension saving days	9.2	0.85%	0.35%	97.7
Jubilee Premiums	from 5.4 to 6.7	from 0.60% to 0.75%	from 0.15% to 0.30%	1.1
DSPR/DVVP for Job Mobility Center	7.7	0.85%	0.35%	15.7
Part-time regime (54+)	from 0.9 to 2.7	0.10%	-0.20%	3.8
Early retirement scheme	from 0.5 to 1.6	from -0.30% to -0.15%	-0.30%	8.7

The average duration of the defined benefit plan obligation at the end of 2021 is 11.0 years (2020: 11.3 years).

A quantitative sensitivity analysis for significant assumptions at December 31, 2021 has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

This sensitivity analysis is outlined here below:

	DISCOUNT RATE		MORTALITY TABLE MR/FR	MEDICAL TREND RATE
IN MILLION EUR	50 BP INCREASE	50 BP DECREASE	DECREASE BY 1 YEAR	100 BP INCREASE
Impact on defined benefit obligation (decrease)/increase	(19.9)	21.8	6.0	1.9

6.26.1 Post-employment

Post-employment benefits include family allowances, bank costs, funerary costs, retirement gifts and Belgian group insurances.

Family allowances

bpost NV/SA civil servants (both active and pensioner) with dependents (youngsters and disabled) receive a family allowance from Office National d'Allocations Familiales pour Travailleurs Salariés (ONAFTS) – Rijksdienst voor Kinderbijslag voor Werknemers (RKW). The financing methodology of family allowances for civil servants has changed due to a law change (law of 19 December 2014). As a consequence, bpost as a public institution pays a contribution that is defined by a program law. The amount is adapted each year proportionally to the number of civil servants (full time equivalents) and is subject to inflation.

Bank

bpost NV/SA civil servants and contractual employees (both active and pensioner) can benefit from a reduction of the fees charged on the current account as well as favorable interest rates and/or reductions on savings certificates, investment funds, insurances and loans.

Group Insurance

bpost offers to its active contractual employees (under certain conditions such as the function level) a group insurance benefit. Since the introduction of the WAP/LPC legislation in Belgium these plans have the characteristics of a defined benefit plan under IAS 19.

The employer is legally required to guarantee a certain return on the plan assets. Before the change in the WAP/LPC law end of 2015, bpost had to provide the legal minimum return of 3.25% on employer contributions (after costs on premiums) and 3.75% on employee contributions. The legal minimum return on employer contributions is a “career average” return and not a year-by-year return where the legal minimum on the employee contributions should be granted on a year-by-year basis.

Although there is still no full clarity on the approach, new legislation dated December 2015 brought more clarification on the minimum guaranteed return. The uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium has been removed with the change in the WAP/LPC law end of December 2015. As from 2016, the minimum return for future contributions is equal to the average past 24 months return on 10-year linear bonds with a minimum of 1.75% p.a.

Although there is no full consensus in the market concerning the methodology, in 2018 the underlying methodology used for IAS 19 accounting of these defined contribution plans has been finetuned taken into account the evolution in methodologies in the market based on new insights. bpost continues to use the PUC (projected unit credit) methodology but without projection of future contributions and salaries as the plans are not backloaded (contributions do not increase with age). The only reason why contributions may materially increase at a later stage of a career is linked to salary increases being higher than indexations in step rate plans. bpost applies paragraph 115 of IAS 19. The assets and liabilities are determined taking into account contractual interest guarantees on mathematical reserves, guaranteed by the insurance company. Applying paragraph 115 may result in higher assets when guaranteed interest rates are higher than the discount rate, resulting in a lower net liability.

The net liability for employee post-employment benefits comprises the following:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Present value of total obligations	109.8	115.3
Fair value of plan assets	(86.5)	(88.5)
Present value of net obligations	**23.3**	**26.8**
NET LIABILITY	**23.3**	**26.8**
Employee benefits amounts in the statement of financial position		
Liabilities	23.3	26.8
NET LIABILITY	**23.3**	**26.8**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2021	2020
Present value at 1 January	**115.3**	**112.6**
Service cost	11.7	10.2
- Current service cost	11.7	10.2
Net interest	0.6	0.9
Benefits paid	(10.5)	(7.7)
Remeasurement (gains)/losses in P&L	0.0	0.0
- Actuarial (gains)/losses	0.0	0.0
Remeasurement (gains)/losses in OCI	(7.2)	(0.7)
- Actuarial (gains)/losses	(7.2)	(0.7)
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**109.8**	**115.3**

The fair value of the plan assets is presented as follows:

IN MILLION EUR	2021	2020
Fair value of plan assets at 1 January	**(88.5)**	**(83.2)**
Contributions by employer	(11.3)	(9.4)
Contributions by employee	(1.6)	(1.5)
Benefits paid	10.5	7.7
Interest (income)/cost on assets (P&L item)	(0.6)	(0.8)
Actuarial (gains)/losses on assets (OCI item)	5.0	(1.4)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**(86.5)**	**(88.5)**

The expense recognized in the income statement is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Service cost	10.0	8.8
- Current service cost	*10.0*	*8.8*
Net interest	0.0	0.1
Remeasurement gains and (losses)	0.0	0.0
- Actuarial (gains)/losses reported as financial	*0.0*	*0.0*
- Actuarial (gains)/losses reported as operating	*0.0*	*0.0*
NET EXPENSE	**10.1**	**8.9**

The impact on payroll costs and financial costs is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Payroll costs	10.0	8.8
Financial costs	0.0	0.1
NET EXPENSE	**10.1**	**8.9**

The expense recognized in other comprehensive income is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Remeasurement (gains)/losses	**(2.2)**	**(2.1)**
- Actuarial (gains)/losses	*(2.2)*	*(2.1)*
NET EXPENSE	**(2.2)**	**(2.1)**

6.26.2 Other long-term employee benefits

Other long-term employee benefits include accumulated compensated absences, pension saving days, part-time benefits, worker compensation in case of accident, medical expenses in case of accident, jubilee premiums and DSPR/DVVP for Job Mobility Center.

Accumulated Compensated Absences

bpost NV/SA civil servants are entitled to 21 sick-days per year. During these 21 days and if they have received the appropriate note from a doctor, they receive 100% of their salary. If in any given year, a civil servant is absent less than 21 days, the balance of the unused sickness days is carried over to the following years up to a maximum of 63 days (see section Pension saving days hereinafter). Employees who are ill for more than 21 days during a year will first use up the year's allotment and then use the days carried over from previous years as per their individual account. During this period, they will receive their full salary. Once the allotment of the year and the days carried over are used up, they receive reduced payments.

Both the full salary paid under the "sick-days" scheme and the reduced payments beyond that are costs incurred by bpost.

There was no modification to the calculation methodology compared to 2020. The valuation is based on the future "projected payments / cash outflows". The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the 12 months of 2021. The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

The annual payment is the number of days used (and limited by the number of days in the savings account) multiplied by the difference between the projected salary (increased with social charges) at 100% and the reduced payments. The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

Pension saving days

bpost NV/SA civil servants have the possibility to convert the unused sick days above the 63 days in their "notional" account (see above "Accumulated Compensated Absences" benefit) in pension saving days (7 sick days per 1 pension saving day) and to convert each year a maximum of 3 days of extra-legal holidays. bpost NV/SA pay scale contractual employees with a permanent contract are entitled to a maximum of 2 pension saving days per year and have the possibility to convert each year a maximum of 3 days of extra-legal holidays. The pension saving days are accumulated year over year and can be used as from the age of 50.

The methodology of valuation is based on the same approach as the benefit "Accumulated Compensated Absences". The valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the 12 months of 2021, as provided by the human resources department. The individual "pension saving days" accounts are projected per person and decreased by the actual number of used pension saving days.

The annual payment is the number of pension saving days used multiplied by the projected daily salary (increased with social charges, holiday pay, end of year premium, management and integration premium). The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

Part-time regime (54+)

The regulatory framework regarding part-time regime for bpost employees (plans accessible to civil servants and pay scale contractual employees only) is as follows:

- Framework Agreement of December 20, 2012: partial (50%) career interruption is accessible to the distributors aged 54 and older and to the other employees as from 55 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the distributors and 48 months for the other beneficiaries of the plan.
- Framework Agreement of May 22, 2014: (i) the plan approved in 2012 and accessible to the distributors is extended to the employees working during night and (ii) for the other employees, the plan is accessible as from 55 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers and 48 months for the other beneficiaries of the plan.
- Framework Agreement of June 2, 2016 (valid until December 2016): (i) the plan approved in 2012 for distributors and extended in 2014 to employees working during night is also applicable for collect agents and (ii) for the other employees, the plan is accessible as from 57 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the collect agents and 48 months for the other beneficiaries of the plan;
- Framework Agreement of September 30, 2016: (i) for the distributors, collect agents and the employees working during night, the plan is accessible as from 55 years old and (ii) for the other employees, the minimum age required is 57 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers, distributors and collect agents and 48 months for the other beneficiaries of the plan. This plan is extended until December 2022 following the Framework Agreement of June 17, 2021.

Workers Compensation in case of Accident

Until October 1, 2000, bpost NV/SA was self-insured for injuries at the workplace and on the way to and from the workplace. As a result, all compensations to workers for accidents which occurred before October 1, 2000 are incurred and financed by bpost itself.

Since October 1, 2000, bpost NV/SA has contracted insurance policies to cover such risk.

DSPR/DVVP for Job Mobility Center

The Framework Agreement of September 30, 2016 defined a Dispense Précédant la Retraite/ Dienstvrijstelling voorafgaand aan de Pensionering (DSPR/DVVP) plan for the Job Mobility Center. This plan foresees for an indefinite duration that bpost NV/SA civil servants aged as from 61 years old who are attached to the Job Mobility Center and who are still attached to it after a period of one year will be released from service. bpost NV/SA continues to pay to the beneficiaries 70% of their salary at departure and until they reach retirement age, with a maximum of 5 years.

The net liability for other long-term benefits comprises the following:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Present value of total obligations	266.2	283.4
Fair value of plan assets	0.0	0.0
Present value of net obligations	**266.2**	**283.4**
NET LIABILITY	**266.2**	**283.4**
Employee benefits amounts in the statement of financial position		
Liabilities	266.2	283.4
NET LIABILITY	**266.2**	**283.4**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2021	2020
Present value at 1 January	**283.4**	**282.2**
Service cost	11.2	12.1
- Current service cost	11.2	12.1
Net interest	1.0	1.7
Benefits paid	(17.5)	(17.5)
Remeasurement (gains)/losses in P&L	(11.9)	5.0
- Actuarial (gains)/losses	(11.9)	5.0
Remeasurement (gains)/losses in OCI	0.0	0.0
- Actuarial (gains)/losses	0.0	0.0
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**266.2**	**283.4**

The expense recognized in the income statement is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Service cost	11.2	12.1
- Current service cost	*11.2*	*12.1*
Net interest	1.0	1.7
Remeasurement (gains)/losses	(11.9)	5.0
- Actuarial (gains)/losses reported as financial	*(8.2)*	*7.0*
- Actuarial (gains)/losses reported as operating	*(3.7)*	*(2.0)*
NET EXPENSE	**0.3**	**18.8**

The impact on payroll costs and financial costs is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Payroll costs	7.4	10.1
Financial costs	(7.1)	8.7
NET EXPENSE	**0.3**	**18.8**

6.26.3 Termination benefits

Early Retirement scheme

The bpost NV/SA early retirement plans are as follows :

- An early retirement plan was approved by the Joint Committee of July 23, 2015 linked to the Alpha plan. This plan was accessible to civil servants whose function was impacted by Alpha and under certain conditions of age and seniority. bpost NV/SA continues to pay to the beneficiaries a portion (between 65% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age. Besides this, an exceptional yearly allowance was paid, whereof the amount depends on the duration of the early-retirement.
- The plan covered by the Framework Agreement of June 2, 2016 (open until end of December 2016) and accessible to civil servants under certain conditions of age, seniority and service organization. bpost NV/SA continues to pay to the beneficiaries a portion (between 60% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age.
- The plan covered by the Framework Agreement of September 30, 2016 and accessible to civil servants under certain conditions of age, seniority and service organization. bpost NV/SA continues to pay to the beneficiaries 75% of their salary at departure and until they reach retirement age, with a maximum of 5 years. This plan has an indefinite duration.

The Ubiway group retirement plans are as follows :

- In 2011, a first plan of early retirement had been announced in the framework of a restructuring under the procedure Renault. The plan was accessible for people with a minimum age of 55 year and will end in 2021. AMP pays on monthly base an indemnity till the moment of the legal retirement. The payment corresponds to 80% of the difference between : (the last net salary * 14.92) /12 and the social allowance. The plan was presented to the Works Council on September 22, 2011 and was open until September 22, 2013.
- A second plan of early retirement had been announced in 2014 in the framework of a restructuring under the procedure Renault. The plan was accessible for people with a minimum age of 55 year and will end in 2024. AMP pays on monthly base an indemnity till the moment of the legal retirement. The payment corresponds to 80% of the difference between : (the last net salary * 14.92) /12 and the

social allowance. The plan was presented to the Works Council on May 22, 2014 and was open until September 09, 2016.

- Given the economic and financial challenges, Ubiway has put a concept of soft exit for their employees with a financial incentive in place. Employees older than 59 year could opt for a part-time career interruption in combination with early legal retirement or early legal retirement. During the career interruption, the employee receives a monthly additional premium and a one-off premium when they reach the early retirement age (24,000 EUR for day workers and 38,000 EUR for night workers). Employees above 59 years, opting for early legal retirement receive the one-off premium as well. The plan was presented to the Works Council on September 16, 2020 and was open until December 31, 2020.

The employee benefit related to the early retirement schemes gives rise to a liability because (i) the employment is terminated before the normal retirement age and (ii) it is the employee's decision to accept the offer made by the company in exchange.

The net liability for termination benefits comprises the following:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Present value of total obligations	8.7	9.8
Fair value of plan assets	0.0	0.0
Present value of net obligations	**8.7**	**9.8**
NET LIABILITY	**8.7**	**9.8**
Employee benefits amounts in the statement of financial position		
Liabilities	8.7	9.8
NET LIABILITY	**8.7**	**9.8**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2021	2020
Present value at 1 January	**9.8**	**9.0**
Service cost	4.5	3.6
- Current service cost	4.5	3.6
Net interest	(0.0)	(0.0)
Benefits paid	(4.4)	(4.1)
Remeasurement (gains)/losses in P&L	(1.1)	1.2
- Actuarial (gains)/losses	(1.1)	1.2
Remeasurement (gains)/losses in OCI	0.0	0.0
- Actuarial (gains)/losses	0.0	0.0
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**8.7**	**9.8**

The expense recognized in the income statement is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Service cost	4.5	3.6
- Current service cost	*4.5*	3.6
Net interest	(0.0)	(0.0)
Remeasurement (gains)/losses	(1.1)	1.2
- Actuarial (gains)/losses reported as financial	*(0.0)*	*0.0*
- Actuarial (gains)/losses reported as operating	*(1.1)*	*1.1*
NET EXPENSE	**3.3**	**4.8**

The impact on payroll costs and financial costs is presented hereafter:

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Payroll costs	3.3	4.8
Financial costs	(0.0)	0.0
NET EXPENSE	**3.3**	**4.8**

6.27 Trade and other payables

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Trade payables	1.6	1.3
Other payables	31.8	47.3
NON-CURRENT TRADE AND OTHER PAYABLES	33.3	48.6

Non-current trade and other payables amounted to 33.3 mEUR and consisted mainly of the purchase of the remaining shares of Active Ants International and Anthill. The decrease compared to last year was mainly explained by the transfer of the working capital (12 mEUR) provided by bpost bank to current payables as this amount has been reimbursed in January 2022 to bpost bank in line with the new banking partnership agreement.

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Trade payables	382.9	447.4
Collected proceeds due to clients	59.9	90.7
Terminal dues from postal operators	329.2	261.0
Payroll and social security payables	366.4	359.5
Tax payable other than income tax	9.7	13.3
Transit account franking machines	10.3	10.2
Working capital provided for postal financial services	18.8	18.8
Cash guarantees received	11.3	10.2
Accruals (excluding terminal dues)	179.2	140.8
Deferred income	75.8	75.1
Other payables	27.3	11.3
CURRENT TRADE AND OTHER PAYABLES	1,470.9	1,438.4

The carrying amounts are considered to be a reasonable approximation of the fair value.

The increase of current trade and other payables by 32.5 mEUR to 1,470.9 mEUR was mainly explained as:

- Terminal dues from postal operators increased by 68.2 mEUR to 329.2 mEUR due to fewer settlements of previous year's outstanding positions.
- The transfer of the working capital of bpost bank (12 mEUR, included in other payables) from non-current to current.
- The increase of the outstanding payroll and social security payables (6.9 mEUR) due to the increased payroll costs and higher number of staff.
- The net decrease of the trade payables and accruals by 26.1 mEUR mainly due to the unwinding beginning of 2021 of temporary working capital initiatives (extended payment terms) set up by Radial North America.
- The lower collected proceeds by Radial North America on behalf of their clients (30.8 mEUR), in line with the remittance calendar and the higher pandemic related 2020 merchandise sale.

Contract liabilities

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Stamps sold not yet used and credit on franking machine	47.9	47.0
Other contract liabilities	25.9	25.1
CONTRACT LIABILITIES	73.8	72.1

The considerations paid already by customers that have been allocated to the remaining performance obligation that are (partially) unsatisfied at reporting date amounted to 47.9 mEUR and are mainly related to stamps and credits on franking machine sold but not yet used by customers at balance sheet date. At year-end the performance obligation for the SGEI has been satisfied and no contract liabilities are recorded.

6.28 Provisions

IN MILLION EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACT	RESTRUCTURING & OTHER	TOTAL
Balance at 1 January 2020	15.7	0.5	5.9	7.7	29.8
Additional provisions recognized	4.0	2.1	0.5	3.4	10.1
Addition through Business Combinations	0.0	0.0	0.0	0.0	0.0
Provisions used	0.0	0.0	(2.7)	(3.2)	(5.9)
Provisions reversed	(4.5)	0.0	(0.7)	(1.5)	(6.8)
Exchange rate difference	0.0	0.0	(0.2)	0.0	(0.2)
Other movements	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2020	**15.2**	**2.6**	**2.8**	**6.4**	**27.0**
Non current balance at end of year	12.0	0.5	0.7	0.1	13.3
Current balance at end of year	3.2	2.1	2.1	6.2	13.7
	15.2	**2.6**	**2.8**	**6.4**	**27.0**
Balance at 1 January 2021	15.2	2.6	2.8	6.4	27.0
Additional provisions recognized	5.4	0.0	1.6	3.2	10.2
Addition through Business Combinations	0.0	0.0	0.0	0.0	0.0
Provisions used	(0.2)	0.0	(2.7)	(1.9)	(4.7)
Provisions reversed	(3.3)	(2.1)	0.0	(0.9)	(6.3)
Transfer to held for sale	0.0	0.0	(0.4)	(0.1)	(0.5)
Exchange rate difference	0.0	0.0	0.1	0.0	0.1
BALANCE AT 31 DECEMBER 2021	**17.2**	**0.5**	**1.4**	**6.7**	**25.8**
Non current balance at end of year	14.0	0.5	0.1	0.1	14.7
Current balance at end of year	3.2	0.0	1.3	6.6	11.1
	17.2	**0.5**	**1.4**	**6.7**	**25.8**

The provision for **litigation** amounted to 17.2 mEUR as per December 31, 2021. It represents the expected financial outflow relating to many different (actual or imminent) litigations between bpost and third parties.

The period anticipated for the cash outflows pertaining thereto is dependent on developments in the length of the underlying proceedings for which the timing remains uncertain.

bpost is currently involved in the following legal proceedings initiated by intermediaries:

- A claim for damages in an alleged (provisional) amount of approximately 21.1 mEUR (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail NV/SA. The Brussels commercial court rejected Publimail's claim on May 3, 2016. Publimail appealed this decision on December 16, 2016. The case was due to be pleaded in April 2021 but the judge decided to postpone the hearing pending the decision of the European Court of Justice in the case between bpost and the Belgian Competition Authority. A judgement is not expected before the second half of 2022.
- A claim for damages in an alleged (provisional) amount of approximately 28.0 mEUR (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV/SA and pending before the Brussels commercial court. Certain aspects of the contractual relationship between Link2Biz and bpost are also the subject of a cease and desist order (adopted on June 21, 2010), which bpost has appealed in August 2010 and which is currently pending before the Brussels Court of Appeal. It is expected that the Court will remove this matter from the register following the closure of the bankruptcy proceedings by the Company Court of Walloon Brabant in April 2020.
- In addition to the forgoing, Radial is party to one active litigation matter and four potential litigation matters whereby former employees of Radial staffing companies have filed claims under the California Private Attorneys General Act (**"PAGA"**). The PAGA statute authorizes "aggrieved employees" to file lawsuits to recover civil penalties for violations of the California Labor Code on behalf of themselves, other employees, and the State of California (i.e., creating representative or "class" actions). PAGA is a derivative statute – meaning a PAGA action is based on alleged violations of other labor laws – here, the plaintiffs are alleging various violations of the California Wage and Hour laws. Most of the remedies under PAGA are penalties only (i.e. not wages), and the assessment of the amount of the penalties is generally within the discretion of the courts. It is too soon to assess a specific value to these claims; however, the potential class size for some of these matters is large. Claims of this nature can result in penalties in the millions.

All claims and allegations are contested by bpost.

Finally, on December 10, 2012, the Belgian Competition Authority concluded that certain aspects of bpost's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately 37.4 mEUR. While bpost paid the fine in 2013, it contested the Belgian Competition Authority's findings and appealed the decision before the Brussels Court of Appeal. On November 10, 2016, the Brussels Court of Appeal annulled the Authority's decision. The Belgian Competition Authority appealed this judgment before the Supreme Court on points of law. On November 22, 2018, the Supreme Court annulled the judgment and referred the case to the Brussels Court of Appeal for retrial. By a judgement dated February 19, 2020, the Brussels Court of Appeal decided to refer 2 questions to the EU Court of Justice ("ECJ") for a preliminary ruling. A decision of the ECJ[1] is expected in the first half of 2022.

The provision related to **environment** issues amounted to 0.5 mEUR. It covers soil sanitation.

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing down of mail and retail offices and the ICT maintenance of a phasing-out webstore platform.

Other provisions include expected costs related to obligations for repairs and legal obligations among others. As at December 31, 2021 other provisions amounted to 6.7 mEUR.

6.29 Financial assets and financial liabilities

The following tables provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities:

IN MILLION EUR AS OF 31 DECEMBER 2020	CARRYING AMOUNT	FAIR VALUE CATEGORIZED QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UN-OBSERVABLE INPUT (LEVEL 3)
Financial assets measured at amortized cost				
Non-Current				
Financial assets	13.5	0.0	13.5	0.0
Current				
Financial assets	1,756.8	0.0	1,756.8	0.0
TOTAL FINANCIAL ASSETS	**1,770.4**	**0.0**	**1,770.4**	**0.0**
Financial liabilities measured at amortized cost (except for derivatives)				
Non-Current				
Long-term bond	643.7	680.6	0.0	0.0
Financial liabilities	569.9	0.0	569.9	0.0
Current				
Derivatives instruments - forex swap	0.2	0.0	0.2	0.0
Derivatives instruments - forex forward	0.2	0.0	0.2	0.0
Financial liabilities	1,716.6	0.0	1,716.6	0.0
TOTAL FINANCIAL LIABILITIES	**2,930.5**	**680.6**	**2,286.9**	**0.0**

IN MILLION EUR AS OF 31 DECEMBER 2021	CARRYING AMOUNT	FAIR VALUE CATEGORIZED QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UN-OBSERVABLE INPUT (LEVEL 3)
Financial assets measured at amortized cost				
Non-Current				
Financial assets	14.9	0.0	14.9	0.0
Current				
Financial assets	1,816.6	0.0	1,816.6	0.0
TOTAL FINANCIAL ASSETS	**1,831.5**	**0.0**	**1,831.5**	**0.0**
Financial liabilities measured at amortized cost (except for derivatives)				
Non-Current				
Long-term bond	644.8	666.1	0.0	0.0
Financial liabilities	649.8	0.0	649.8	0.0
Current				
Derivatives instruments - forex swap	0.3	0.0	0.3	0.0
Financial liabilities	1,587.3	0.0	1,587.3	0.0
TOTAL FINANCIAL LIABILITIES	**2,882.2**	**666.1**	**2,237.4**	**0.0**

1 *The ECJ hands down its decision to the referring court, which is then obliged to implement the ruling.*

The fair value of the non-current and current financial assets measured at amortized cost and the non-current and current financial liabilities measured at amortized cost, approximate their carrying amounts. As they are not measured at fair value in the statement of financial position their fair value should not be disclosed.

During the period there was no transfer between fair value hierarchy levels and there were no changes in the valuation techniques and inputs applied.

Financial liabilities measured at amortized cost – non-current

At the end of 2021, the non-current financial liabilities consisted of:

- 185.0 mUSD unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years, and has been extended in 2020 to July 2023.
- 650.0 mEUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 mEUR to hedge the interest risk of the bond.
- Liabilities related to leases: 453.1 mEUR.

Derivative instruments

bpost is exposed to certain risks relating to its daily business operations. The primary risk is the foreign currency risk and is managed using derivative instruments. bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries. At year end 2021 the impact of the fair value of the forward contracts and foreign exchange swap contracts amounted to an increase of the liabilities by 0.3 mEUR.

Financial liabilities measured at amortized cost – current

At year end 2020 the outstanding commercial paper issued by bpost amounted to 165.0 mEUR with maturity ranges between 1 to 6 months. In 2021 bpost decided not to roll over the maturing commercial paper and not to issue new commercial paper in order to optimize the treasury. The outstanding balance of liabilities related to leases amounted to 107.3 mEUR end of 2021 (2020 103.9 mEUR). On May 5, 2007 bpost took out a 100.0 mEUR loan (floating interest rate) from the European Investment Bank (EIB). It has a yearly reimbursement of 9.1 mEUR and the last payment is foreseen in 2022 hence no non-current liabilities related to this loan are outstanding anymore at year end 2021.

6.30 Derivative financial instruments and hedging

Derivative instruments

bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries.

Interest Rate Swap

In February 2018, bpost entered into a forward starting Interest Rate Swap with a 10-year maturity and a nominal amount of 600.0 mEUR. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.

In July 2018, bpost issued a 650.0 mEUR 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of 21.5 mEUR split between an effective part 20.0 mEUR and an ineffective part 1.5 mEUR. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (20.0 mEUR) has been recognized in other comprehensive income (amount net of tax is 14.8 mEUR) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2021 a net amount of 1.9 mEUR has been reclassified to the income statement.

Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to 143.0 mUSD, whereas the carrying amount converted into Euro amounted to 126.3 mEUR. At December 31, 2021 the net loss on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to 9.7 mEUR. There was no ineffectiveness in 2021.

6.31 Contingent liabilities and contingent assets

As described under note 6.28, the Brussels Court of Appeal annulled the Belgian Competition Authority's decision imposing a fine of 37.4 mEUR on November 10, 2016. The Belgian Competition Authority appealed this judgment before the Supreme Court on points of law. On November 22, 2018, the Supreme Court annulled the judgment and referred the case to the Brussels Court of Appeal for retrial. By a judgement dated February 19, 2020, the Brussels Court of Appeal decided to refer 2 questions to the EU Court of Justice ("ECJ") for a preliminary ruling. A decision of the ECJ[1] is expected in the course of the first semester of 2022. The foregoing constitutes a contingent asset as, should the Court of Appeal annul the Belgian Competition Authority's decision, bpost may recover the fine of 37.4 mEUR (excluding interests).

In October 2020, Radial North America experienced a ransomware attack impacting a portion of its US operations, including technology services and downstream impacts to its operational services. The attack and the malware was not capable of exfiltrating or stealing data and there is no indication that any client or personal data left Radial North America systems. Within a reasonable timeframe following the attack and prior to the 2020 peak holiday period, Radial North America managed to regain sufficient functionality in its technology services in order to restart operations at all of its locations. Radial North America maintains two layers of cyber insurance coverage throughout which the company recovered the full amount available under its primary insurance policy and received 10.0 mUSD in 2021 from the insurance companies, mainly related to business disruption and client appeasements. Radial North America is currently in the process of finalizing its claim with its secondary insurance carrier in connection with the ransomware attack.

6.32 Rights and commitments

Lease contracts signed but not started yet

Five significant new leases contracts have been signed for which the start date is after the statement of financial position date. It concerns:

- an expansion at Landmark UK for a duration of 15 years with a right of use asset estimated at 15.3 mEUR,
- an expansion at Active Ants UK for a duration of 10 years with a right of use asset estimated at 20.6 mEUR.
- an additional warehouse at Leen Menken for a a duration of 10 years with a right of use asset estimated at 8.2 mEUR,
- two new warehouses at Dynalogic for a duration of 10 years with right of use asset estimated at 8.5 mEUR and 13.4 mEUR.

Guarantees received

At 31 December 2021, bpost benefits from bank guarantees amounting to 36.9 mEUR, issued by banks on behalf of bpost's customers. These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At 31 December 2021, merchandise representing a sales value of 3.3 mEUR had been consigned by partners for the purpose of sale through the postal network.

Revolving credit facilities

bpost has two undrawn revolving credit facilities for a total amount of 375.0 mEUR. The syndicated facility amounts to 300.0 mEUR, which expires in October 2024 whereas the bilateral facility of 75.0 mEUR, which expires in June 2025 and allows for EUR and USD drawdowns. The interest rate of 300.0 mEUR revolving credit facility changes according to bpost's sustainability rating as determined by an external party.

Guarantees given

bpost has an agreement with BNP, Belfius, ING, KBC and Société Générale according to which they agree to provide for up to 138.1 mEUR in guarantees for bpost upon simple request. Furthermore, bpost has provided for an amount of 9.1 mEUR of guarantees to third parties.

Funds of the State

bpost settles and liquidates the financial transactions of government institutions (taxes, VAT, etc.) on behalf of the State. The funds of the State constitute transactions "on behalf of" and are not included in the statement of financial position.

1 *The ECJ hands down its decision to the referring court, which is then obliged to implement the ruling.*

6.33 Related party transactions

a) Relations with the shareholders

The Belgian State as a shareholder

The Belgian State, directly and through the Société Fédérale de Participations et d'Investissement/Federale Participatie-en Investeringsmaatschappij (**"SFPI/FPIM"**), is the majority shareholder of bpost and holds 51.04% of bpost. Accordingly, it has the power to control any decision at the Shareholders' Meeting requiring a simple majority vote.

The rights of the Belgian State as bpost's shareholder are defined in the corporate governance policies (publicly available on bpost website).

The Belgian State as public authority

The Belgian State is, together with the European Union, the main legislator in the postal sector. The Belgian Institute for Postal services and Telecommunications (**"BIPT"**), the national regulatory authority, is the principal regulator of the postal sector in Belgium.

The Belgian State as a customer

The Belgian State is one of bpost's largest customers. Including the remuneration for the Services of General Economic Interest ("SGEIs"), 9.1% of bpost's total operating income in 2021 was attributable to the Belgian State and State related entities. Excluding the SGEI remuneration, the services provided to State related customers do not exceed 5% of bpost's total operating income.

bpost provides postal delivery services to a number of public administrations, both on commercial terms and pursuant to the provisions of the management contract.

bpost provides universal postal services and SGEIs entrusted to it by the Belgian State, covering postal, financial, and other public services. The Law of 1991, the Postal Law of January 26, 2018, the universal postal service obligations (**"USO"**) management contract, the SGEI management contract as well as the press concession agreements set out the rules and conditions for carrying out the obligations that bpost assumes in execution of its universal postal services and SGEIs, and, where applicable, the financial compensation paid by the Belgian State.

The SGEIs entrusted to bpost under the 6th SGEI management contract include the maintenance of the retail network, the provision of day-to-day SGEIs (i.e., "cash at counter" services and home delivery of pensions and social allowances) and the provision of certain ad hoc SGEIs, which are SGEIs that by nature are provided without any recurrence. Ad hoc SGEIs include the social role of the postman, especially in relation to persons who live alone or are the least privileged, the "Please Postman" service, the distribution of information to the public, cooperation with regard to the delivery of voting paper packages, the delivery of addressed and unaddressed election printed items, the delivery at a special price of postal items sent by associations, the delivery of letter post items falling within the freepost system, the payment of attendance fees during elections, the financial and administrative processing of fines, the printing and sale of fishing permits and the sale of post stamps.

The SGEIs entrusted to bpost under the management contract are aimed at satisfying certain objectives related to the public interest. In order to ensure territorial and social cohesion, bpost must maintain a retail network consisting of at least 1,300 postal service points. At least 650 of these postal service points must be post offices.

Tariffs and other terms for the provision of certain of the services provided under the management contract are determined in implementing agreements between bpost, the Belgian State and, where relevant, the other parties or institutions concerned.

The 5th management contract expired on December 31, 2015. On December 3, 2015, bpost and the Belgian State signed the 6th management contract. This management contract provided for a continued provision of the aforementioned SGEIs for a new period of five years, ending on December 31, 2020.

bpost furthermore continues to provide the SGEIs of early delivery of newspapers and distribution of periodicals. Until December 31, 2015, these services were provided under the 5th management contract. In accordance with the Belgian State's commitment to the European Commission, a competitive, transparent and non-discriminatory market consultation procedure with respect to these services was organized, following which the provision of the services was awarded to bpost in October 2015. Consequently, since January 1, 2016, the services of distribution of newspapers and periodicals are delivered in accordance with the concession agreements executed between bpost and the Belgian State in November 2015.

On June 3, 2016, the European Commission approved both the 6th management contract and the concession agreements on distribution of newspapers and periodicals under the state aid rules[1].

In December 2019 the Belgian Federal Council of Ministers decided to extend the current press concessions with bpost for a period of two years (2021-2022) at the conditions that apply for 2020, as specified in the current concessions. This decision was approved by the European Commission on September 2, 2021.

On March 31, 2021, the Belgian State decided to organize a public tender to award a new service concession for the distribution of newspapers and periodicals for the period 2023-2027. bpost is candidate for its own succession. The procedure is still ongoing, the Belgian State's objective being to award the concession by the end of June 2022.

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1 *In October 2016, the Flemish Federation of Press Vendors ("Vlaamse Federatie van Persverkopers") sought the annulment of the European Commission's clearance decision before the General Court on procedural grounds. In February 2019, the General Court has removed the case from the register following the request by VFP to discontinue the proceedings.*

In December 2020, the Belgian Government decided to extend the 6th management contract until December 31, 2021. The extension was approved by the European Commission on July 27, 2021. On September 14, 2021, the Belgian Government and bpost signed the 7th management contract covering the period until December 31, 2026. This contract has been notified to the European Commission and the contract will enter into force after the European Commission approves the measure.

The 7th management contract is in line with the 6th management contract and only provides for minor changes to the scope of the SGEIs entrusted to bpost compared to the 6th management contract.

bpost also provides cash account management services to the Belgian State and certain other public entities pursuant to the Royal Decree of January 12, 1970 regulating the postal service as amended pursuant to the Royal Decree of April 30, 2007 regulating postal financial services and the Royal Decree of April 14, 2013 amending the Royal Decree of January 12, 1970 regulating the postal service.

The compensation granted to bpost in respect of the SGEIs is being disclosed in note 6.8 of the annual report and amounted to 277.0 mEUR for 2021 (267.2 mEUR in 2020).

The compensation of SGEIs is based on a net avoided cost (**"NAC"**) methodology. This methodology provides that compensation shall be based on the difference between (i) the net cost for the provider of operating with the SGEI obligation and (ii) the net cost for the same provider of operating without that obligation.

The compensation for the distribution of newspapers and periodicals consists of a flat amount and a variable fee based upon distributed volumes. This compensation is subject to further ex-post verifications and must be NAC compliant.

In 2015, the Belgian State unilaterally decided to reduce the compensation for 2015 by 6.5 mEUR. Nevertheless, bpost has reserved its rights and booked an equivalent amount of doubtful debt that is still outstanding per end of December 2021. Including the doubtful debtor, the outstanding amount owed by the Belgian State for the SGEI remuneration on December 31, 2021 amounted to 107.6 mEUR (105.0 mEUR on December 31, 2020). bpost has also provided a bank guarantee of 5.4 mEUR with respect to the SGEI remuneration to the Belgian State.

b) Consolidated companies

A list of all subsidiaries (and equity-accounted companies), together with a brief description of their business activities, is provided in note 6.34 of this annual report.

Balances and transactions between bpost and its subsidiaries, which are related parties of bpost, have been eliminated within the consolidated financial statements and are not disclosed in this note.

c) Relations with associates and joint ventures

bpost bank

bpost bank was a 50% associate of bpost. bpost bank's other shareholder is BNP Paribas Fortis NV/SA (**"BNPPF"**) with the remaining 50%.

As a registered banking and insurance intermediary, bpost distributes banking and insurance products on behalf of bpost bank. bpost, in its quality of service provider, furthermore provided back office activities and other ancillary services to bpost bank.

The main banking and insurance products distributed by bpost bank through bpost are current accounts, saving accounts, term accounts, certificates of deposit and funds or structured products provided by BNPPF, respectively accident and/or health insurances, and annuity and pension products, including "branch 21" and "branch 23" life insurances provided by AG Insurance.

bpost bank does not perform any asset management activities nor any private banking or commercial lending.

On March 31, 2021, BNPPF and bpost announced a new collaboration model whereby bpost sells its 50% stake in bpost bank to BNPPF and continues at least until December 31, 2028 to distribute - as a registered banking and insurance intermediary - banking and insurance products on behalf of bpost bank through its network of post offices. On January 3, 2022 the transaction was completed after having obtained the regulatory approvals.

Banking and insurance partnership agreement

The cooperation between bpost and BNPPF with respect to bpost bank was set out in a banking partnership agreement, which expired on January 3, 2022, and was replaced by a distribution, governance framework and other ancillary agreements signed by bpost, bpost bank and BNPPF on January 3, 2022.

The distribution agreement with bpost bank provides in substance that bpost is, subject to certain exceptions provided for in the agreement, the exclusive distributor of bpost bank's products and services through its network of post offices.

The insurance products of AG Insurance are offered and marketed via bpost bank using the distribution network of bpost.

The cooperation between AG Insurance, bpost bank and bpost is set out in an insurance partnership agreement that expired on December 31, 2021. Following the launch of a request for proposals in February 2020, bpost bank selected AG Insurance to engage in contract negotiations, which culminated into the signing of a new Insurance Partnership Agreement on December 16, 2021 and became effective on January 1, 2022. The distribution agreement provides for an access fee, commissions on all the insurance products sold by bpost and additional commissions if certain sales objectives are achieved.

bpost bank paid bpost a commission determined in accordance with market conditions for the distribution of banking and insurance products and for the performance of certain back-office activities. The amount of the commission for the distribution of banking and insurance products depended, inter alia, on the interest margin realized by bpost bank, the assets under management and the sales of financial/insurance products realized by bpost's retail network. Total income related to banking and financial products amounted to 149.7 mEUR in 2021 (2020: 155.1 mEUR), of which a significant amount is related to the commission paid by bpost bank. The amount owed by bpost bank to bpost on December 31, 2021 amounted to 7.5 mEUR (2020: 8.1 mEUR).

Working capital

bpost bank has placed a working capital of 12.0 mEUR at the disposal of bpost without guarantee or payment of interest by bpost. This working capital remained available to bpost throughout the term of the banking partnership agreement until January 3, 2022.

Subordinated loan

On December 11, 2019 bpost granted to bpost bank a subordinated loan of 25.0 mEUR with a maturity of 10 years and a first call date after 5 years. This loan has been reimbursed to bpost on January 3, 2022 in line with the finalization of the transaction in which BNPPF acquired the 50% shares of bpost in bpost bank.

Dividend

In 2021, bpost received no dividend from bpost bank (0 EUR in 2020).

Jofico

On November 4, 2019, bpost NV/SA, AXA Bank Belgium NV/SA, Crelan NV/SA, Argenta Spaarbank NV/SA and vdk bank NV/SA incorporated the joint venture "Jofico CV". This joint venture in which each shareholder has an equal part, aims at implementing an ATM-as-a-service model according to which the participating companies will combine forces for the purchase and maintenance of their respective ATM network.

d) Compensation of key management

Key management personnel are those persons with authority and responsibility for the strategic orientation of the company. For bpost, key management personnel is composed of all members of the Board of Directors, including the CEO, and Group Executive Committee.

As described in the Remuneration Report, the Remuneration Policy setting out the remuneration principles of the non-executive members of the Board of Directors, the CEO and the members of the Group Executive Committee was approved by the Shareholders' Meeting on May 12, 2021. The Remuneration Policy has been applicable since January 1, 2021 and bpost did not deviate from it during the financial year 2021.

The Board of Directors' members, with exception of the CEO, are entitled to (i) a monthly fixed remuneration and (ii) an attendance fee for each Advisory Committee meeting attended.

In 2021, the total remuneration paid to the Board of Directors' members (excluding the CEO) amounted to 0.5 mEUR (2020: 0.3 mEUR).

The remuneration package of the CEO and the members of the Group Executive Committee consists of (i) a fixed base remuneration, (ii) a variable short-term remuneration, (iii) pension contributions and (iv) various other benefits.

For the year ended on December 31, 2021, a total remuneration of 4.5 mEUR (2020: 4.7 mEUR) excluding the variable remuneration was paid to CEO and the members of the Group Executive Committee, and can be broken down as follows:

- base remuneration: 3,090,667.78 EUR (2020: 3,764,758.31 EUR)
- pension contribution : 353,110.54 EUR (2020: 656,837.00 EUR)
- other benefits : 177,445.38 EUR (2020: 359,723.63 EUR)

In addition, the CEO and the members of the Group Executive Committee received in 2021 a global variable remuneration of 897,654.35 EUR (2020: 1,095,854.63 EUR) because the collective objectives and the individual performance targets for the year that ended on December 31, 2020 were met (the 2020 assessment was completed in 2021).

No shares, stock options or other rights to acquire shares (or other share-based remuneration) were granted to or exercised by the CEO or the other members of the Group Executive Committee or have expired in 2021. No options under previous stock option plans were still outstanding for the financial year 2021.

A more detailed overview of the compensation of key management of bpost and bpost's remuneration policy is included in the remuneration report.

6.34 Group companies

The business activities of the main subsidiaries can be described as follows:

- The business activities of **Active Ants** consist of cross-border e-fulfilment for webshops, including product storing, picking, packing, transport and shipping and returns handling.

- **Apple Express Courier** (Miami) and **Apple Express Courier** (Canada) are logistics and supply chain companies specializing in premium expedited and dedicated transportation, value-added forward and reverse warehousing services and end-mile delivery services in Canada.
- **bpost Singapore** and **bpost Hong-Kong** provide a full range of delivery and logistics solutions, including cross-border mail and parcels and e-commerce fulfilment. Both entities are mainly focused on directly collecting parcels from overseas e-commerce companies and businesses for delivery in Europe and other regions. **bpost International Logistics (Beijing) Co.** is a company affiliated to **bpost Hong Kong** and is established in Beijing (China). It offers a full range of cross-border parcel distribution services to the Chinese e-tailers and consolidators, with a strong focus on delivery of parcels to European and other global buyers. It is primarily active in Beijing, Shanghai and Shenzhen.
- **DynaGroup** offers a range of specialized logistics services and software, from the repair of electronics (from smartphones and drones to coffee machines) to personalized e-commerce delivery services, for both small products (such as smartphones) and large consumer products (such as the delivery and installation of large televisions, washing machines and furniture). DynaGroup also provides safe and reliable services for governments and financial institutions, such as the delivery of passports and the finalizing of contracts at the customer's home.
- **Euro-Sprinters** is a courier service offering express deliveries of any size 7 days a week, 24 hours per day, within Belgium as well as internationally.
- **Freight 4U Logistics** is a ground handler based in Brussels and Liège airports areas with services including freight breakdown, sorting and processing of freight, import and export customs activities and freight forwarding.
- **Freight Distribution Management Systems** and **FDM Warehousing** are specialized in providing a personalized customer service for warehousing, fulfilment and distributing products in Australia and New Zealand. Its businesses consist of third party logistics (3PL) warehousing, transport & distribution.
- **Landmark Global** and **Landmark Trade Services** are leading international parcels consolidators respectively based in the US and Canada. They are mainly focused on the distribution of e-commerce parcels from U.S.-based e-tailers into Canada, Europe, Australia and Latin America. They also offer various logistics solutions and fulfilment services in locations in the United States and Canada for their e-commerce customers.
- **Landmark Global (UK)** is a UK based mail, parcel and transport company providing global logistics solutions to the market in UK. Based near to Heathrow airport, Landmark Global (UK) has a customs bonded facility enabling to offer customs clearance services and x-ray security screening services. Landmark Global (UK) acts as an inbound and outbound gateway for other bpost entities around the world.
- **Landmark Trade Services (UK)** provides import services for goods entering the UK. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports.
- **Leen Menken Foodservice Logistics** is a logistic operator for the storage, logistics and distribution of refrigerated and frozen products for e-commerce.
- **Radial Netherlands** provides import services for US customers looking to sell their products in Europe. This includes customs clearance services, warehousing, pick & pack and last mile delivery. **Landmark Trade Services (Netherlands)** focuses on advising new US customers on how to enter their products into Europe. This includes both advice on customs/VAT set-up and on product registration in the various European countries.
- **Radial Poland** provides fulfilment, logistics and distribution activities. It operates as logistics and distribution partner for direct selling companies across Western, Central and Eastern Europe.
- **Radial's** American and other European entities market a range of services all along the e-commerce logistics chain. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfilment and delivery options, intelligent fraud protection and payment processing and personalized customer care services, allowing brands to simplify their post click experience and improve their customer service.
- **Speos Belgium** manages outgoing document flows for its customers, specializing in the outsourcing of financial and administrative documents, such as invoices, bank statements and salary slips. Services include document generation, printing and enclosing, electronic distribution and archiving.

The activities of **Ubiway Group** relate to press logistics, non-press logistics and convenience & proximity retail. **AMP** is a prominent player in the Belgian press distribution market with a large number of points of sale serviced and a large number of titles distributed. **Ubiway Retail** is a significant player in the national press, tobacco and convenience retail market with a network of shops mostly operated under the Press Shop, Relay, Hello! and Hubiz brands.

NAME	SHARE OF VOTING RIGHTS IN % TERMS 2021	2020	COUNTRY OF INCORPORATION
bpost bank NV-bpost banque SA	50%	50%	Belgium
Jofico CV	20%	20%	Belgium

NAME	SHARE OF VOTING RIGHTS IN % TERMS 2021	2020	COUNTRY OF INCORPORATION
Alteris NV-SA	100.0%	100.0%	Belgium
Certipost NV-SA	100.0%	100.0%	Belgium
Euro-Sprinters NV-SA	100.0%	100.0%	Belgium
CyDep NV-SA (2)	-	100.0%	Belgium
Radial Poland Sp z o.o.	100.0%	100.0%	Poland
Speos Belgium NV-SA	100.0%	100.0%	Belgium
Landmark Global (UK) Ltd	100.0%	100.0%	UK
bpost Hong Kong Ltd	100.0%	100.0%	Hong Kong
bpost Singapore Pte. Ltd	100.0%	100.0%	Singapore
bpost International Logistics (Beijing) CO Ltd	100.0%	100.0%	China
bpost US Holdings, Inc	100.0%	100.0%	USA
Landmark Global, Inc	100.0%	100.0%	USA
Landmark Trade Services, Ltd	100.0%	100.0%	Canada
Radial Netherlands B.V.	100.0%	100.0%	Netherlands
Landmark Trade Services (Netherlands) BV	100.0%	100.0%	Netherlands
Landmark Trade Services (UK) Ltd	100.0%	100.0%	UK
Landmark Trade Services USA, INC (1)	-	100.0%	USA
Apple Express Courier, Inc	100.0%	100.0%	USA
Apple Express Courier, Ltd	100.0%	100.0%	Canada
Freight Distribution Management Systems PTY, Ltd	100.0%	100.0%	Australia
FDM Warehousing PTY, Ltd	100.0%	100.0%	Australia
AMP NV-SA	100.0%	100.0%	Belgium
Ubiway NV-SA	100.0%	100.0%	Belgium
Ubiway Services NV-SA	100.0%	100.0%	Belgium
Ubiway Retail NV-SA	100.0%	100.0%	Belgium
kariboo! NV-SA (1)	-	100.0%	Belgium
Radial Belgium NV-SA (4)	100.0%	100.0%	Belgium
DynaGroup BV	100.0%	100.0%	Netherlands
Dynafix Repair BV	100.0%	100.0%	Netherlands
Dynalogic Benelux BV	100.0%	100.0%	Netherlands
Dynafix Care BV	100.0%	100.0%	Netherlands
Dynalogic Courier BV	100.0%	100.0%	Netherlands
Dynafix Computer Repair BV	100.0%	100.0%	Netherlands
Dynasure BV	100.0%	100.0%	Netherlands
Dynafix OnSite BV	100.0%	100.0%	Netherlands
DynaLinq BV	100.0%	100.0%	Netherlands
Dynalogic Belgium NV	100.0%	100.0%	Belgium
Radial Solutions Hong Kong Ltd	100.0%	100.0%	Hong Kong
Radial Holdings, LP	100.0%	100.0%	USA
Radial Commerce, Inc	100.0%	100.0%	USA
Radial South, LP	100.0%	100.0%	USA
Radial, Inc	100.0%	100.0%	USA
Radial Luxembourg S.à.R.l.	100.0%	100.0%	Luxembourg

Radial Omnichannel Technologies India, Private Ltd	100.0%	100.0%	India
Radial Omnichannel International, SL	100.0%	100.0%	Spain
Radial Fulfillment GmbH (3)	-	100.0%	Germany
Radial GmbH	100.0%	100.0%	Germany
Radial Commerce Ltd	100.0%	100.0%	UK
Radial Solutions Singapore PTE Ltd	100.0%	100.0%	Singapore
Radial E-commerce (Shanghai) Corp. Ltd	100.0%	100.0%	China
bpost North America Holdings, Inc	100.0%	100.0%	USA
Radial III GP, LLC	100.0%	100.0%	USA
Radial South GP, LLC	100.0%	100.0%	USA
Radial Italy s.r.l.	100.0%	100.0%	Italy
Mail Services INC (1)	-	100.0%	USA
IMEX Global Solutions, LLC (1)	-	100.0%	USA
M.A.I.L. (Mailing Assistance In Lafayette), INC (1)	-	100.0%	USA
Leen Menken Foodservice Logistics BV	100.0%	100.0%	Netherlands
Active Ants BV	75.0%	75.0%	Netherlands
Anthill BV	75.0%	75.0%	Netherlands
AtoZ Global BV (2)	-	75.0%	Netherlands
Multi Channel Services Fulfillment BV (2)	-	75.0%	Netherlands
Freight 4U Logistics BV	100.0%	100.0%	Belgium
Active Ants International BV	75.0%	75.0%	Netherlands
Active Ants Belgium BV	75.0%	75.0%	Belgium
Active Ants Germany GmbH	75.0%	-	Germany
Active Ants UK Ltd	75.0%	-	UK

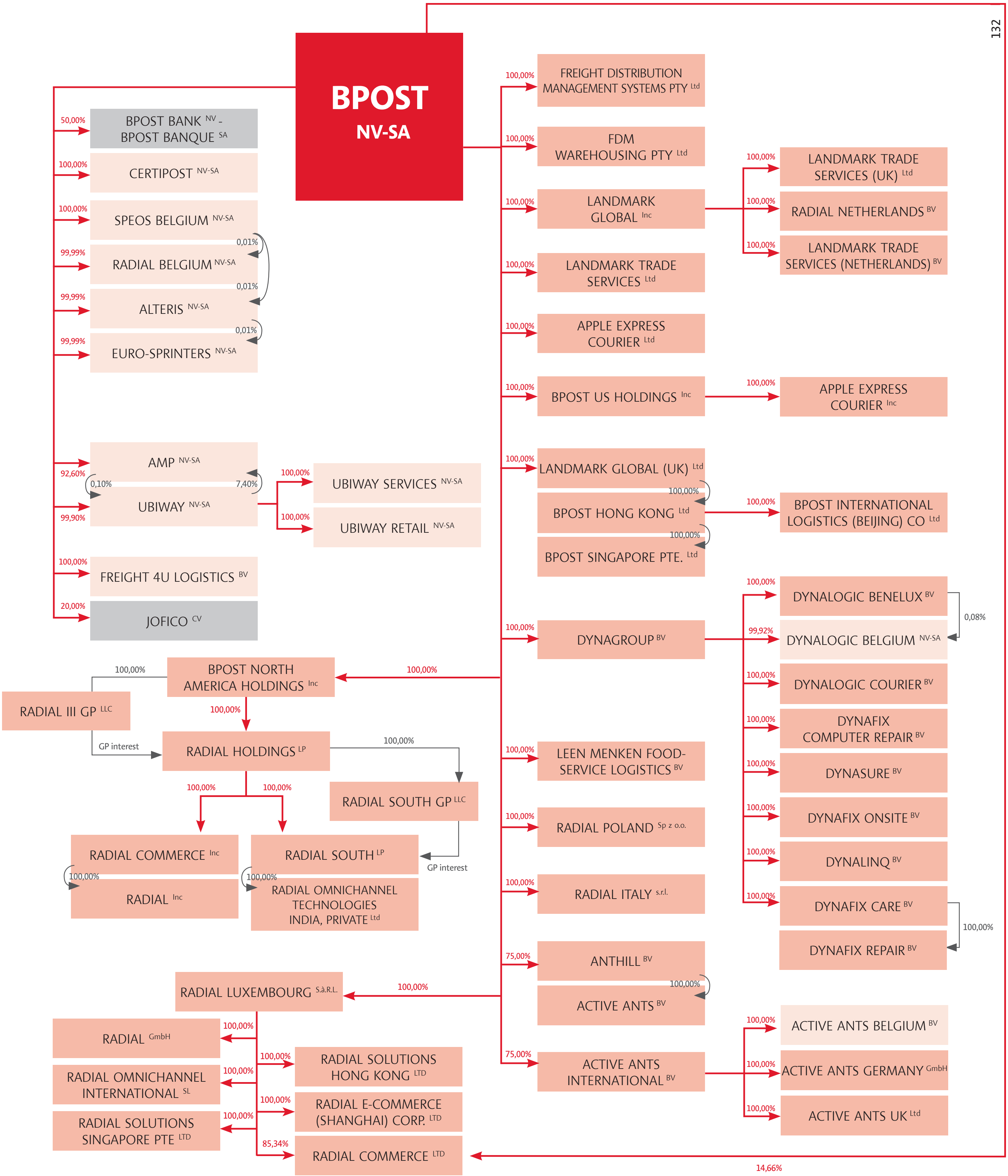
1 Liquidated or sold during the year 2021
2 Merged into Active Ants BV
3 Merged into Radial GmbH
4 Previous name: Welcome Media NV-SA

6.35 Events after the statement of financial position date

No significant events impacting bpost's financial position have been observed after the statement of financial position date, except for the finalization of the transaction on January 3, 2022 in which BNP Paribas Fortis acquired the 50% shares of bpost in bpost bank with the agreement of the relevant regulators and competition authority. Therefore BNP Paribas Fortis became 100% shareholder of bpost bank. In addition, on February 28, 2022 the transaction relating to the sale of 100% of the issued share capital of Ubiway Retail NV/SA to Press Shop Holding SRL was finalised.

bpostgroup structure

As 31 December 2021



Summary financial statements of bpost NV/SA

This section contains a summary version of the statutory (non-consolidated) annual accounts of bpost NV/SA under BGAAP. The statutory auditor issued an unqualified opinion on the statutory accounts of bpost NV/SA as of and for the year 2021.

The full version of the annual accounts is filed with the National Bank of Belgium and is also available free of charge on the bpost's website.

Balance sheet of bpost NV/SA (summary)

AS AT 31 DECEMBER

IN MILLION EUR	2021	2020
Assets		
Non-current assets		
Intangible assets (including formation expenses)	44.2	49.1
Tangible assets	298.9	283.9
Financial assets	1,451.6	1,425.9
	1,794.7	**1,758.9**
Current assets		
Inventories	10.6	9.3
Trade and other receivables	596.4	537.4
Cash and cash equivalents	715.0	710.0
Deferred charges and accrued income	35.4	44.3
	1,357.3	**1,301.0**
TOTAL ASSETS	**3,152.0**	**3,059.9**
Equity and liabilities		
Equity		
Issued capital	364.0	364.0
Reevaluation surpluses	0.1	0.1
Reserves	76.0	79.0
Retained earnings	326.4	263.0
	766.5	**706.1**
Provisions		
Pension related provisions	29.0	31.0
Provision for repairs and maintenance	0.1	0.1
Other liabilities and charges	135.9	136.8
Deferred taxes	8.4	9.4
	173.4	**177.3**

NON-CURRENT LIABILITIES		
Long term debts	831.0	838.8
	831.0	838.8
Current liabilities		
Trade and other payables	385.7	344,3
Short term debts	21.6	179.6
Social debts payable	390.5	374.9
Tax payable	9.8	10.6
Other debts	409.0	254.9
Accrued charges and deferred income	164.6	173.6
	1,381.1	1,337.7
TOTAL LIABILITIES	3,152.0	3,059.9

Income statement of bpost NV/SA (summary)

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2021	2020
Revenue	2,308.1	2,257.1
Other operating income	35.5	40.8
Non-recurring operating income	0.0	1.8
TOTAL OPERATING INCOME	2,343.6	2,299.7
Material costs	8.0	6.6
Payroll costs	1,217.4	1,198.3
Services and other goods	811.6	825.1
Other operating expenses	29.2	11.5
Provisions	(2.9)	(3.8)
Depreciation and amortization	61.7	62.5
Non-recurring operating expenses	15.2	13.8
TOTAL OPERATING EXPENSES	2,140.2	2,114.0
PROFIT FROM OPERATING ACTIVITIES	203.3	185.7
Financial gains/(losses)	(9.5)	3.6
Non-recurring financial gains / (losses)	15.5	(99.2)
PROFIT FOR THE PERIOD BEFORE TAXES	209.4	90.2
Transfer from postponed taxes	(1.0)	(0.3)
Income taxes	52.0	49.8
NET PROFIT FOR THE PERIOD	158.4	40.7
Transfer to/(from) untaxed reserves	(3.0)	(1.0)
NET PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	161.4	41.7

Management Responsibility Statement

Dirk Tirez, Chief Executive Officer and Koen Aelterman, Chief Financial Officer ad interim, declare in title and for the entity that to the best of their knowledge:

- the consolidated financial statements for the financial years 2020 and 2021, prepared in accordance with “International Financial Reporting Standards” (IFRS) as accepted by the European Union up until December 31, 2021, give a true and fair view of the net assets, the financial position and the results of bpost NV/SA and the entities included in the consolidation scope; and
- the management report related to the consolidated financial statements give a true and fair view of the development and the result of bpost’s activities, as well as the position of bpost NV/SA and the entities that are included in the consolidation scope, together with a description of the main risks and uncertainties that bpost faces.

Dirk Tirez

Chief Executive Officer

Koen Aelterman

Chief Financial Officer a.i.

Report of the Joint Auditors

Report of the Joint Auditors to the general meeting of bpost SA de droit public / bpost NV van publiek recht for the year ended 31 December 2021

As required by law and the Company's articles of association, we report to you as statutory joint auditors of bpost SA de droit public / bpost NV van publiek recht (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2021 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory joint auditors by the shareholders' meeting of 12 May 2021, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2023. We performed the audit of the Consolidated Financial Statements of the Group during 13 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of bpost SA de droit public / bpost NV van publiek recht, that comprise of the consolidated statement of financial position on 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures., which show a consolidated balance sheet total of € 4,141.3 million and of which the consolidated income statement shows a profit for the year of € 250.2 million.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2021, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Long term employee benefits

Description of the key audit matter

Provisions for long term employee benefits amount to € 298.2 million as of 31 December 2021 and are disclosed in note 6.26 to the Consolidated Financial Statements. This area is important to our audit because of the magnitude of the amounts, the judgments involved concerning the key actuarial assumption (discount rates) and the technical expertise required to evaluate these provisions and to properly reflect the impacts in the Consolidated Financial Statements in accordance with IAS 19.

Summary of the procedures performed

- We have assessed the design and operating effectiveness of the processes and controls established by the Company to manage the underlying participant data and to ensure that the amendments to the plans are properly and timely reflected in the Consolidated Financial Statements.
- We have performed an assessment of the actuarial report prepared by the external actuary engaged by the Company to ensure that all characteristics of the plans have been properly considered in the actuarial calculations.
- We have assessed the expertise, independence and integrity of the external actuary engaged by the Company.
- We have compared the input data used for the calculation of the provisions by the external actuary (such as population, age, years of service, wage,…) with source information of the human resources department of the Company.
- We have assessed the appropriateness of the key actuarial assumption (discount rates) with the assistance of our internal actuarial specialists.
- We have audited that the actuarial calculations are properly reflected in the provisions recorded in the Consolidated Financial Statements and ensured that impacts are correctly recorded in accordance with IAS19.
- We have audited the roll-forward of the provisions to understand the changes in the valuation of the provisions compared to last year.
- We have assessed the adequacy and completeness of the disclosures presented in the note 6.26 of the Consolidated Financial Statement based on the requirements of IAS19.

Impairment of long term assets

Description of the key audit matter

As described in note 6.20, relating to impairment testing on long term assets (including goodwill), the Company reviews the carrying amounts of its cash generating units ("CGU") annually of more frequently if impairment indicators are present. The impairment assessment involves a comparison of the estimated value in use of the CGU to its carrying amount. The assessment is a judgmental process which requires estimates concerning the projected future cash flows associated with the CGU, the weighted average cost of capital ("WACC") and the growth rate of revenue and costs to be applied in determining the value in use. This area is important to our audit because of the magnitude of the amounts, the judgments and the technical expertise required to perform the impairment testing of long term assets

Summary of the procedures performed

- We have assessed the design and implementation of the internal controls relating to Management's impairment testing of goodwill and long term assets.
- We evaluated and challenged management determination of CGU's and allocation of GW to those CGUs for the purpose of impairment testing.
- We have tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data.
- We have challenged each of the key assumptions employed in the annual impairment test. These key assumptions include the WACC, the growth rates and projected cash flows. We have involved our internal valuation specialists to assess and benchmark those assumptions to comparable independent data. We have tested the reasonableness of projected cash flows in the light of the Group's historic forecasting accuracy and compared these projections with the long term plan as presented to the Board of Directors.
- We have assessed Management's sensitivity analyses and the appropriateness and completeness of the sensitivity disclosures.
- We have assessed the appropriateness and completeness of the disclosures in accordance with IAS36 as included in note 6.20 to the Consolidated Financial Statements.

Revenue Recognition relating to Radial US, terminal dues and financial compensation for Services of General Economic Interest ("SGEI")

Description of the key audit matter

Revenue recognition is a key audit matter in our audit resulting considering the amounts involved (€ 4,335.1 million of operating income for 2021) and the complexity and assumptions used to estimate several revenue streams at year-end in accordance with IFRS 15. The main risk areas relate to:

- Revenue relating to the financial compensation for Services of General Economic Interest ("SGEI") and for the distribution of press and periodicals that are estimated at year-end based on complex calculations included in contractual agreements and which amounts to € 277.0 million for 2021 as disclosed in note 6.8 to the Consolidated Financial Statements. These contracts include various calculation models for the determination of the annual financial .compensation for which the lowest compensation is granted and thus taken into consideration for the revenue recognition. These calculation models are based on various input data (such as actual volumes, quality targets, incurred costs relating to the concerned services,…) and involves management estimates.

- Revenue of December 2021 for Radial US ($ 214 million) that is estimated at year-end and will be billed to customers in January of the next year. Radial is providing E-commerce outsourcing services (Technology services, payment processing services, shipping and handling services, 24/7 customer services related to the webstores, order management and fulfillment) and other professional services to its customers. The estimation of the December 2021 revenue in accordance with IFRS 15 is complex considering the various input data used in the calculations, the volume of transactions and the specific contractual conditions agreed with customers.
- Revenue with other postal operators (“terminal dues”) (€ 69.0 million) that is estimated based on complex calculations involving various input data. The estimation of these revenues is based on volumes exchanged (in kilogram’s and per item), the prices agreed with the foreign postal operators and also other contractual conditions (e.g. quality of service of the mail distribution).

Summary of the procedures performed

- We have gained an understanding of internal control environment relating to the revenue processes, performed walkthroughs of the significant revenue classes of transactions mentioned in the description of the key audit matter and evaluated the design and operating effectiveness of key internal controls.
- We have also evaluated design and operating effectivesness of the IT general controls and key IT application controls supporting the revenue processes with assistance of our internal IT experts.
- We have assessed the Management’s estimation process and challenged their calculations by performing
  i. an assessment and comparison of the key inputs and assumptions in the calculation models with the contractual agreements,
  ii. a validation on whether the transfer of risks and rewards are properly reflected based on the contractual agreements and
  iii. a reconciliation of the key underlying data used in the revenue calculation models (e.g. volumes, prices,…) with underlying IT systems, contracts and other documents provided by external parties.

- We have performed analytical procedures on the important revenue streams to detect unusual trends or transactions by comparing revenue with last year and performing an analysis of revenue on a disaggregated basis.
- We have performed subsequent events procedures by reviewing significant transactions recorded during 2022 and comparing these transactions with estimates recorded at year-end.
- We have assessed the adequacy and completeness of the disclosures on revenue in the Consolidated Financial Statements based on the IFRS requirements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group’s business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report.

Responsibilities of the Joint Auditors

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Overview of key figures
- Key events of the year

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiatives standards . However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiatives standards .

Independence matters

Our audit firms and our networks have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) of bpost SA de droit public / bpost NV van publiek recht per 31 December 2021 are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 17 March 2022

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Han Wevers *
Partner
*Acting on behalf of a BV/SRL

PVMD Réviseurs d'entreprises CV/SC
Statutory auditor
Represented by

Alain Chaerels
Partner*
*Acting on behalf of a BV/SRL