Central Works Council

Confidential

17 December 2021

Our reference 21/SB/Remuneration Policy BoM

Subject Request for advice on new Remuneration Policy BoM

Dear members of the Central Works Council,

In 2019, we requested your advice on the proposed Remuneration Policy of the Board of Management (hereafter: "**RP BoM**"). Following your advice, this policy was adopted by the 2020 Annual General Meeting and has been effective since 1 January of 2020.

As discussed during our meeting with a delegation of the Central Works Council (hereafter: **"CWC"**) on 30 September 2021 and elaborated on in the next paragraph, the Supervisory Board proposes to make two adjustments to the current RP BoM. Therefore, I hereby request the CWC for their advice on the newly proposed draft RP BoM.

Proposed changes and rationale
There are two proposed changes that are limited to the long-term incentive element of the RP BoM, namely:
1. Change from two segment-based free cash flow performance measures (free cash flow Mail in NL and free cash flow parcels) to one free cash flow performance measure at PostNL level;
2. Change the weighting of the resulting three performance measures into 33.33% each.

Please find an overview of both changes below:

Current policy		Proposed policy	
Normalised comprehensive income (25%)	Free cash flow Mail in NL (25%)	Normalised comprehensive income (33.33%)	Free cash flow PostNL (33.33%)
Climate impact (25%)	Free cash flow Parcels (25%)	Climate impact (33.33%)	

The proposed changes are limited to the performance measures and their weighting, as part of the long-term incentive plan. For the avoidance of doubt, no other changes are being proposed.

Rationale

Since the LTI has no stretch opportunity and the free cash flow performance measures in the current policy were set at segment level, outperformance on one segment does not compensate for the other, whilst the Board of Management is responsible at PostNL level. This could lead to a situation where outperformance on free cash flow in one segment would not compensate for a lower performance in the other, while the total free cash flow at PostNL level would still be achieved. Consequently, we deem performance measures on segment level undesirable and propose to set the performance measure free cash flow at PostNL level. To underpin the RP BoM's guiding principles 'simple' and 'transparent', we propose to redistribute the performance measures equally (i.e. 33.33% per performance measure). Furthermore, 33.33% weighting indicates equal importance from a strategic point of view.

The newly proposed draft RP BoM will be put forward for a binding shareholder vote at the 2022 Annual General Meeting and will – if adopted – be effective from 1 January 2022. Please find the newly proposed draft RP BoM in appendix 1, both in a clean and mark-up version.

Stakeholder engagement process

(Representing bodies of) several internal and external stakeholders were consulted while drafting this proposed draft Remuneration Policy. During this roadshow, PostNL engaged with investors, proxy advisors, investor representatives and a delegation of the CWC of PostNL. Based on the feedback received, no further adjustments were made.

Request for advice

In line with article 2:135a, paragraph 3 of the Dutch Civil Code, I hereby request the CWC for their advice regarding the newly proposed draft RP BoM. Given that this request, as well as the response of the CWC are part of the documents to be shared with the Annual General Meeting, I request the CWC for a brief written response in English.

This request will be discussed during a formal CWC meeting in January following which I kindly request the CWC to respond by January 28, 2022 at the latest.

Yours sincerely,

Jan Nooitgedagt
Chairman Supervisory Board
PostNL N.V.

Appendix 1: draft Remuneration Policy Board of Management (clean and mark-up version)