



1 March 2024

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Our reference PNL/24-06/Remuneration policies BoM & SB

Subject Reply to request for advice on new remuneration policies BoM & SB

Dear members of the Central Works Council,

Thank you for your reply on 15 December 2023 regarding my request for advice on the new remuneration policies for both the Board of Management (hereafter: "**BoM**") and the Supervisory Board (hereafter: "**SB**"). I am pleased that the Central Works Council (hereafter: "**CWC**") supports the proposed changes under certain conditions and additionally provides us with a point of attention. Both remuneration policies will be put forward to the AGM for voting on 16 April 2024.

Before I reply to the CWC's conditions and point of attention, I would like to ask your attention for the decision to defer the implementation of the quantum elements of the newly proposed BoM remuneration policy, as communicated and discussed with a delegation of the CWC.

### **1. Deferred implementation quantum adjustments BoM remuneration policy**

As indicated and elaborated on (amongst others) in the request for advice, the SB considers it necessary to make adjustments to the current remuneration policy of the BoM. The policy evaluation made clear that the current BoM remuneration policy is no longer in line with best practice and rewards below variable remuneration ambition levels, as set out in the policy (25<sup>th</sup> percentile of the peer group). The evaluation process and the subsequent valuable stakeholder engagement process have led to a responsible and balanced new policy. The aim of this new policy is to ensure sufficient room in variable remuneration opportunities and design in order to align with the (unchanged) policy ambition on variable remuneration (which is moderate compared to the market, in view of PostNL's position in society) and to make it more flexible, fit for purpose and in line with evolving market practice. A policy that will be better equipped to attract, reward and retain qualified BoM members who are able to execute the company's long term strategy.

On 26 February 2024, PostNL published its 2023 annual results. At the same time, a clear direction was set to keep postal service in the Netherlands sustainable. A transition towards a service level for standard mail to be delivered within two days, and three days over time is necessary. PostNL will keep offering priority delivery, at a higher price. To achieve this, adjustment in regulation is necessary, comparable with changes already implemented in regulation in other European countries. So that a financially viable postal service in the Netherlands, that provides job security to thousands of people, can be secured, now and going forward.

Both the SB and the BoM acknowledge the societal context PostNL operates in and have considered the company's performance and all stakeholders' interests. This has led to the joint conclusion that now is not the right moment to effectuate the proposed increases in variable remuneration (incl. introduction of stretch opportunities) for the BoM yet. The implementation of the quantum proposals will therefore be deferred until a more suitable moment. As a result hereof, in 2024, unchanged maximum target levels of 37.5% for both STI and LTI will be applied. As of 2025, the SB may (gradually) increase STI and LTI levels towards policy maximum. The SB will carefully review the developments around PostNL, its performance and stakeholder interests in determining the appropriate moment to increase the STI and LTI opportunity towards the maximum, as defined in the new policy. As discussed, the CWC will be informed if the SB decides to increase the STI and LTI opportunity in the future. Such decision by the SB will however not have impact on the term of the new policy (2024-2028).

The other policy adjustments, such as the introduction of the bucket approach and STI threshold, will become effective as per 1 January 2024.

## **2. Response to the CWC's advice dated 15 December 2023**

Please find below the SB's response to your advice dated 15 December 2023.

### **2.1. Condition 1**

The CWC wishes to be actively involved in the annual selection of performance measures in order to be able, if applicable, to give their advice before performance measures are set.

Response PostNL: The SB finds it important to respect the role and responsibilities of the SB on the one hand and the CWC on the other hand. Although the CWC has no formal role regarding the annual selection of performances measures, the SB is willing to inform the CWC about relevant matters during this annual process when appropriate.

### **2.2. Condition 2**

The CWC wishes that communication regarding the CLA profit sharing plan (RAU) will include information (whether or not awarded, and if so, to which extent) about the link with the BoM's STI in an understandable way.

Response PostNL: The SB agrees with your suggestion to provide additional wording to the communication for employees to the extent that the STI targets actually link with the RAU.

### **2.3. Condition 3**

The CWC wishes to be informed in a timely manner, and (where necessary) asked for advice, if the SB decides to derogate from the remuneration policy in exceptional circumstances in order to award additional compensation to the BoM.

Response PostNL: The SB makes sure that the CWC will be informed timely in case the SB decides to deviate from the remuneration policy in exceptional situations.

#### **2.4. Point of attention**

The CWC advocates to keep, and where possible, reinforce, the relation between the RAU and the STI. Hereby, the CWC advises the SB to request the BoM to evaluate and where possible, adjust, the RAU against the backdrop of the draft remuneration policy. Furthermore, the CWC advises the SB to take notice of the RAU outcomes in any year, when setting the performance measures for the next year.

Response PostNL: The SB understands this request from the CWC and will ask the BoM to evaluate the RAU in the context of the new remuneration policy.

#### **3. Process going forward**

I would like to thank the CWC for their valuable input and useful advice. The remuneration policies will be put up for a shareholders vote during the AGM meeting on 16 April 2024. I will inform the CWC on the outcome of this vote. The AGM agenda (including the remuneration policy proposals) will be made public on 5 March 2024.

Yours sincerely,



Jan Nooitgedagt  
Chairman Supervisory Board PostNL N.V.