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# PostNL Group policy on Enterprise Risk Management & Internal Control

Date	12 October 2020
Policy owner	Director Audit & Security
Title	PostNL Group policy on Enterprise Risk Management & Internal Control
Version	3.0



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Scope, definitions, communication and implementation of this policy can be read in the Sheet of Terms on the Group policies site on Connect.

The scope of this Group policy is as follows:

<b>Applicable to</b>	<b>Enterprise Risk Management</b>	<b>Internal Control</b>
<b>All PostNL Group companies</b>	In scope	n.a.
<b>PostNL branded companies</b>	n.a.	n.a.
<b>Large / medium sized PostNL Group companies</b>	n.a.	In scope
<b>PostNL Group companies based in the Netherlands</b>	n.a.	n.a.

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# 1. Objective

Our risk management and internal control systems are designed to reduce the likelihood and to minimize the negative impact of unforeseen circumstances as much as possible while balancing the related business opportunities in order to achieve our business objectives. It provides reasonable, but not absolute, assurance against material misstatement or loss.

The objective of this Group policy is to ensure that the relevant risk management and internal control activities are executed according to the formal and standardised processes which are in place to facilitate and coordinate these activities. To achieve this the policy outlines Group requirements for these processes as well as roles and responsibilities of the stakeholders involved in these processes.

Our risk management and internal control processes further complies with the requirements of the Dutch Corporate Governance code and contribute to ISO certification, internal and external reporting processes.

## 2. Policy provisions and responsibilities

Understanding strategic, operational, regulatory, and financial risks is a vital element of our management decision-making process. Risks are identified by means of both a bottom-up (line management) and top-down (board of management, management and corporate functions) approaches, covering the entire business. For those risks deemed material, management develops and reviews risk response plans. When management decides to mitigate a risk by implementing a control, these controls are formalised in our internal control framework and assessed regularly by means of internal control management self-assessment.

### 2.1. Risk Management

#### 2.1.1. Provisions

The Board of Management/Supervisory Board is required to define, communicate to the relevant stakeholders and review PostNL Group risk appetite statement at least annually in line with the requirements of the Dutch Corporate Governance Code.

Management of large- and medium sized PostNL Group companies is required to:

- Schedule the annual risk management workshop as defined by the RMIC planning, but before the start of the annual budget and planning to ensure that relevant risk information is included in the process.
- Conduct risk management workshops and participate in the risk update interviews according to the formal and standardised risk management process. Participation in the risk management workshops by relevant management team members is mandatory.
- Develop appropriate risk response plans including risk mitigating actions for the significant risks in the outcome of the entity risk assessment.
- Define, discuss and regularly update risk profile including follow-up and monitoring of mitigating actions during the management team meetings and reporting the status of mitigating actions to RMIC.
- Timely report its risk profile at least every half year as part of the external reporting process.

### 2.1.2. Roles and responsibilities

Board of Management	Board of management is accountable for risk appetite and for the effectiveness of the risk management process including timely identification and assessment of major risks and the development of appropriate risk response plans.
Director Audit & Security	The director Audit & Security is responsible for the Risk Management & Internal Control process and for implementing this Group policy.
RMIC (Group)	Risk Management & Internal Control department is responsible for planning, facilitation, coordination, reporting and monitoring of the risk management process at PostNL
Management	Management is responsible for the effectiveness of the local risk management process including timely identification and assessment of significant risks and the development of appropriate risk response plans.
RMIC coordinator	The RMIC coordinator is responsible for supporting management with planning and monitoring of the risk management process.

## 2.2. Internal Control

### 2.2.1. Provisions

Large and medium-sized PostNL Group companies are required to:

- Have a adequate risk and control framework in place in line with the entity and account scoping as determined by RMIC.
- Adhere to the annual planning of the internal control process as determined by RMIC including the deadlines for the design update, control testing and reporting.
- Ensure completeness, accuracy and adequacy of the internal control framework during the yearly design review for the entities in scope.
- Review the effectiveness of the internal control environment by performing control management self-assessments in line with the internal control methodology and RMIC sampling instructions
- Develop, implement and document mitigating action plans for all identified internal control deficiencies.
- Monitors and reports on timely resolution of identified internal control deficiencies to all stakeholders.

### 2.2.2. Roles and responsibilities

Board Management	Board of Management is accountable for the effectiveness of the internal control environment of PostNL.
Director Audit & Security	The director Audit & Security is responsible for the Risk Management & Internal Control process and for implementing this Group policy.
RMIC (Group)	Risk Management & Internal Control department is responsible for planning, facilitation, coordination, monitoring and reporting of the internal control process at PostNL
Management	Finance directors and directors of the relevant head office departments are accountable for the effectiveness of the internal control environment within their area of responsibility.
RMIC coordinators	Management delegates the local functional planning, facilitation and coordination of the internal control activities to RMIC coordinators.

	The RMIC coordinator is responsible to challenge and advise local management on matters related to the design and working of internal controls as well as resolution of identified internal control deficiencies in order to ensure effectiveness of the intern control framework while retaining or improving operational efficiency.
Control Executor	The Control Executor is responsible to perform the control activities in line with the control description.
Control Assessor	The Control Assessor is responsible for an independent review of the work performed by the executor and to make an overall conclusion with regard to the effectiveness of the control on behalf of the management.
Control Validator	The Control Validator is ultimately responsible for the effective working of internal controls in his / her scope, including control design and operating effectiveness as well as resolution of the identified internal control deficiencies by defining and implementing mitigating actions.

## 2.3. Other related Group policies

Document	Policy owner
Business Continuity Management	Director Audit & Security
The creation, revision, approval and communication of PostNL Group policies and procedures	Director Audit & Security
Internal Audit	Director Audit & Security