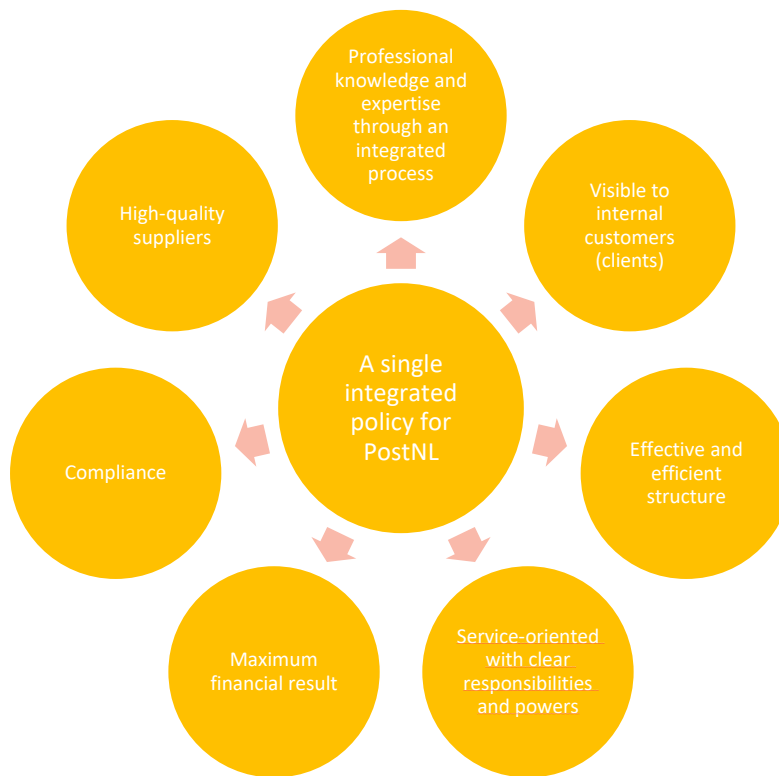


PostNL Procurement Policy

September 2024



An efficient and sustainable supply chain



PostNL uses the following approach to purchasing within PostNL:

The department **Procurement & Services** is tasked with procurement of goods and services for PostNL in the Netherlands. In Belgium, this is done by PostNL Belgium itself, in collaboration with the purchasing colleagues of Procurement & Services in the Netherlands.

The sourcing of delivery partners and national road transport in the Netherlands and Belgium is done on the basis of a collaboration between the departments **Sourcing Netherlands** and **Sourcing Belgium**, aimed at contracting reliable delivery partners in the Netherlands and Belgium.

In consultation with **Procurement & Services**, **Sourcing Netherlands** also handles the purchasing processes for hiring temporary workers in the Netherlands and Belgium in order to be able to meet personnel needs quickly and effectively.

Contracting of international transport (road, rail and air) for the smooth and efficient movement of goods is done by the business unit **Cross Border Solutions (CBS)**.

All above-mentioned procurement activities are carried out in accordance with the *PostNL Business Principles* and the *PostNL Set of Guidelines for Suppliers* (or the *Leidraad voor bezorgpartners*).

In order to prevent late payment, a procedure and measures are in place to ensure that our suppliers are paid (as much as possible) within the set payment term. (For SMEs this is 30 days and for non-SMEs 60 days).

By consolidating these approaches into one group policy, PostNL aims to streamline purchasing activities and ensure that purchasing throughout the organization is in line with the strategic goals and governance standards.

Quality of the supply chain

Together with our suppliers, we work continuously to improve the supply chain and make it more sustainable. Through effective cooperation, we improve quality in the chain. We set standards and monitor the performance of our suppliers by means of supplier evaluations and external sustainability assessments (such as [Ecovadis](#) or the [MVO-Register](#)). Where necessary, we draw up improvement plans.

For the implementation of a single integrated procurement policy, we are guided by the following basic principles:

- We are recognisable and visible for internal customers acting as clients.
- We use our professional knowledge and expertise to establish and carry out a single integrated process for procurement and services.
- We provide an effective and efficient structure that makes optimal use of available knowledge and purchasing power.
- We ensure a service-oriented relationship with internal customers and provide clarity on responsibilities and powers.
- We ensure maximum financial returns by utilising all purchasing power within PostNL and by carrying out activities efficiently and effectively.
- We ensure that purchases under our responsibility are compliant with procurement policies, relevant laws and regulations, social and ethical standards and sustainability requirements.
- We do all of our sourcing, selection, contracting and management of our suppliers based on their added value. To do this properly, we try to limit the number of (contract) suppliers.
- We offer our suppliers equal opportunities based on mutual understanding and trust.

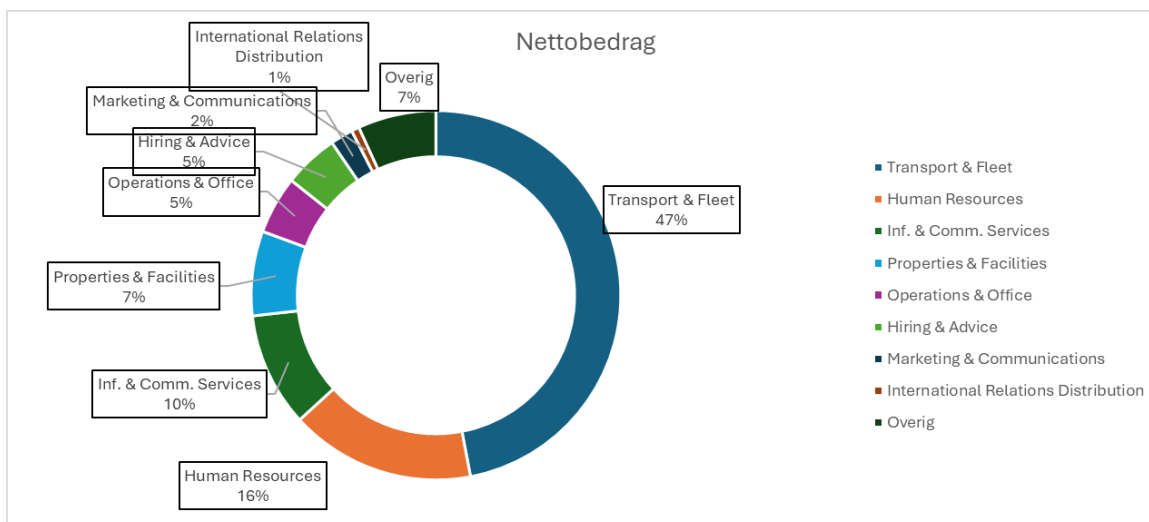
Responsibility procurement policy

Responsibility for the purchasing policy lies with the Director Procurement & Services, reporting to the CFO.

Procurement expenditures

Procurement & Services collects data on all purchases within PostNL on an ongoing basis. The expenditures are then classified by category.

The data are available to Procurement & Services staff via dashboards, allowing all kinds of selections and cross-sections for analysis purposes.



2023: expenditures of €1.62 billion Contracted expenditures: 93.6% Number of creditors: 7,189*

* number includes all creditors to whom payments have been made in 2023 via our ERP system

Procurement and sustainability

We are serious about our social responsibility at PostNL. This is only possible if our procurement activities are sustainable. When selecting our suppliers and setting up our procurement processes, we therefore not only look

at the price, quality and delivery periods, but also take social, ethical and environmental aspects expressly into account.

We use a so-called risk assessment matrix when contracting a supplier (see also the appendix). If suppliers cannot meet our standards based on this assessment, they will not be contracted. In case of equal suitability, we prefer suppliers with better sustainability performance.

In collaboration with our suppliers, we are working on the following activities to mutually maintain and continuously improve our performance:

- We assess the sustainability and sustainability risks through our risk assessment matrix and require an independent sustainability assessments (such as [Ecovadis](#) or the [MVO-Register](#)).
- Using guidelines for suppliers that in particular cover relevant social and environmental issues.
- Technological developments do not stand still either. We therefore take due care in applying technology, including the collection and use of data, requiring compliance with the *General Data Protection Regulation* (GDPR).

Suppliers are required to comply with the provisions in our *Business Principles* (BP) and our *Set of Guidelines for Suppliers* (SoG) or the *Leidraad voor bezorgpartners*.

Procurement and sustainable business operations

PostNL complies with local and international legislation and standards in the field of sustainability and gladly goes one step further. PostNL has its sustainability ambitions assessed by the [Science Based Targets Initiative](#) (SBTi). In addition, S&P annually conducts the Global Corporate Sustainability Assessment for the [Dow Jones Sustainability Index](#) (DJSI).

Besides the SBTi and DJSI assessment, PostNL has various other sustainability assessments such as the [Carbon Disclosure Project](#) (CDP), [EcoVadis](#), the [MVO-Register foundation/Fira](#), the *Workforce Disclosure Initiative* (WDI) and the International Post Corporation (IPC). PostNL also holds various international certifications such as ISO 14001, ISO 45001 and [BREEAM](#).

Sustainable and circular procurement

The objective is to procure goods and services as sustainably as possible, based as much as possible on the principles of the circular economy. In consultation with our internal customers/clients, we use a number of starting points for this purpose such as:

- longest possible product service life;
- minimising the amount and diversity of waste expected at the end of the service life of a product or service;
- encouraging (internal) reuse of products.

Together with the internal clients, we also look at and discuss the 10R circularity ladder below:

1	<i>Refuse</i>	Avoid unnecessary use by redesigning processes
2	<i>Reduce</i>	If you can't prevent it, reduce usage
3	<i>Redesign</i>	Design or redesign products to make them circular
4	<i>Reuse</i>	Reuse products and materials
5	<i>Repair</i>	Maintain and repair products on time
6	<i>Refurbish</i>	Refurbish products to give them a second life
7	<i>Remanufacture</i>	Process discarded products and parts of products by using them in new products
8	<i>Repurpose</i>	Put end-of-life products to new uses
9	<i>Recycle</i>	Collect for reuse of materials
10	<i>Recover</i>	When burning residual waste, ensure energy is recovered

Our procurement policy is aimed at ending up as high as possible on the circularity ladder, insofar as this fits in with the available options. The same applies to our end-of-life processes 7 through 10, which we are increasingly managing to achieve.

Legislation and regulations

Compliance with current laws and regulations is one of the preconditions of PostNL's procurement policy. In addition, PostNL regularly adapts the procurement policy based on changing or new legislation that includes elements related to sustainable procurement.

Examples are the *EU Taxonomy for Sustainable Activities* and the *European Corporate Sustainability Reporting Directive (CSRD)*, which includes, for example, requirements for circularity and transparency on sustainability in supply chains.

To comply with the CSRD, which includes examining the sustainability impact of the supply chain, we will also need more and more information from our suppliers. Therefore, ever-increasing cooperation for data and information sharing will be necessary.

Collaboration with suppliers

We expect our suppliers to be reliable, to be prepared to enter into partnerships and to find ways to lower our costs.

When selecting suppliers, we expect the following criteria to be met:

1. The supplier acts in accordance with accepted ethical, legal and social standards.
2. The supplier complies with all applicable local and international laws and regulations, treaties and agreements.
3. The supplier pays attention to responsible and sustainable entrepreneurship.
4. The supplier is expected to have sound business operations. Upon request, management policy and the status of business operations (including financial statements) may be requested to be made public.
5. The supplier delivers goods and/or services to PostNL at the right place with the right quality, price and delivery time.
6. The supplier is able to guarantee a stable supply of goods and/or services, while demonstrating the flexibility to respond quickly to fluctuations in supply and demand.
7. The supplier has technology that makes a positive contribution to PostNL's products and services.
8. The supplier may be asked to provide an independent sustainability assessment (such as [Ecovadis](#) or the [MVO-Register](#)).
9. The supplier is willing to collect and share with us such data as are necessary to achieve transparency in the supply chain (including for the purposes of the CSRD).

We conduct our business on the basis of our *Business Principles*, *General Conditions of Purchase* and the SoG (these can be found at [Procurement Policy | PostNL](#)).

In addition, PostNL is in favour of contracted suppliers demonstrably certifying themselves (such as ISO), participating in sustainability initiatives such as CDP and/or SBTi and having a positive independent assessment on sustainability.

At this moment, our goal is to collect as many assessments as possible. When enough comparable assessments have been collected, we will talk to the suppliers with the lowest scores. The aim is to discuss areas for improvement with them and draw up improvement plans together. Suppliers who are not able to do so to a sufficient extent or who do not want to cooperate run the risk that the contract will not be extended or the cooperation will be terminated.

Business Principles

We have put the way we do business into words in the PostNL Business Principles (BP). We expect all our suppliers to behave in the same sustainable and responsible manner, in accordance with all applicable local, national and international laws and regulations, treaties and agreements. Besides agreeing on contract terms, acceptance by the supplier of our BP and SoG or the *Leidraad voor bezorgpartners* is a requirement for doing business with PostNL.

Set of Guidelines for Suppliers

In addition to the BP, a *Set of Guidelines for Suppliers* (SoG) has been prepared specifically for suppliers. PostNL's Procurement & Services Department applies the OECD Guidelines for its sustainable procurement. These OECD guidelines are divided into 11 chapters. For more information, see: www.oecd.org.

This SoG is a concrete specification of PostNL's commitment to sustainable procurement. The document is not exhaustive but is intended to provide direction on key areas of focus.

An important part of the OECD guidelines is about responsible supply chain management. Therefore, PostNL expects its suppliers not only to have things in order in their own organisation but also to take their responsibility further down the supply chain, to carefully monitor whether everything is in order there as well and to be able to report on this (providing data).

For delivery partners there is the *Leidraad voor bezorgpartners*, a derivative of the *Set of Guidelines for Suppliers* with specific additions for delivery activities.

Terms and Conditions

Our Terms and Conditions for providing products and/or services (T&C) are generally used as a basis when contracting suppliers.

The T&C, BP and SoG/*Leidraad voor bezorgpartners* are in principle included as an annex to the agreement to be concluded with the supplier.

In specific cases, suppliers are contracted on the basis of separate contract terms and conditions.

Procurement risk assessment

The procurement risks are assessed by, among other things:

- Risk workshop
- Risk matrix analysis
- Kraljic matrix

Risk Workshop

The Risk Workshop is an internal risk analysis that increases risk awareness within the organisation and thus the ability to respond adequately to risks. The qualification of risks is based on two characteristics. It includes the assessment of the likelihood of certain effects (probability of occurrence) and the assessment of the actual outcome and the scale of the effect the risk will have when it actually happens (potential consequences).

When assessing the potential consequences, several dimensions are considered. Many of the risks examined may simultaneously affect, for example, the financial situation, the environment or PostNL's reputation.



Based on the identified risk, mitigating measures are taken where necessary.

Risk assessment matrix

In our procurement processes, we use a sustainable procurement risk assessment matrix for risk classification. The classification is based on the type of product or service in combination with the country of origin. The classification of high-risk countries is done using <https://www.mvorisicochecker.nl/nl/wereldkaart> and <https://fragilestatesindex.org/>, among others.

The classification results in three categories of suppliers: green, yellow and red. Different approaches are observed for each category.

For suppliers with yellow, a 'tailormade' *Corporate Responsibility* (CR) checklist is drawn up, focusing on the key components of what is being purchased. Of these, a questionnaire is prepared for each supplier (whose name and address details must be provided) with questions in the areas of E(nvironment), S(ocial) and G(overnance). The answers are assessed by Procurement, and if necessary, additional explanations are requested. Once the checklist is approved and/or improvement plans are drawn up, ordering can take place.

A company visit or audit is also required for suppliers with the 'red' classification. These can be visits by ourselves or our sourcing parties, for which we have our own assessment system, or by independent auditors such as TÜV, Intertek, DNV or SGS, preferably based on standard assessment methods such as amorf BSCI or Sedex SMETA. The received reports are reviewed by Procurement, and additional clarification is requested if necessary. Only when this explanation has been approved and/or improvement plans have been drawn up can orders be placed.

See also the appendix.

Kraljic Matrix

The Procurement Department assesses the sustainability and other risks of the contracted suppliers every year. This is done by commodity per purchasing segment as well as by suppliers per purchasing segment. The division of the procurement segments is sector-specific, such as Transport & Fleet, HRM, Operations & Office, etc.) The risks are subdivided into financial and procurement risks:

Financial

- How important is the product or service to the products or services provided by PostNL?
- Could the delivery thereof be compromised?
- How will this affect PostNL's operating result, or possibly even its market value?

Procurement risks

- Is the commodity or service easy to obtain?
- Are there many suppliers who can supply this product or service?
- Does the product come from a politically and otherwise stable or unstable region?
Also on the basis of enforced or other legislation, industrialised western countries are generally less risky than developing countries.
- What are the working conditions, and what about environmental and sustainability risks?
- Is the supplier using raw materials that are becoming scarce?
- Nature of the organisation: The supplier's own risk management also plays a big role. Companies with a well-established (preferably certified) management system succeed better in mitigating risks than those that do not have this. Other issues that are relevant here are the risk of discontinuity, the risk regarding legal ownership, the risk of non-timely availability of products and services to be delivered, the risk of claims, the risk regarding intellectual property, negative publicity and noncompliance with laws and regulations.

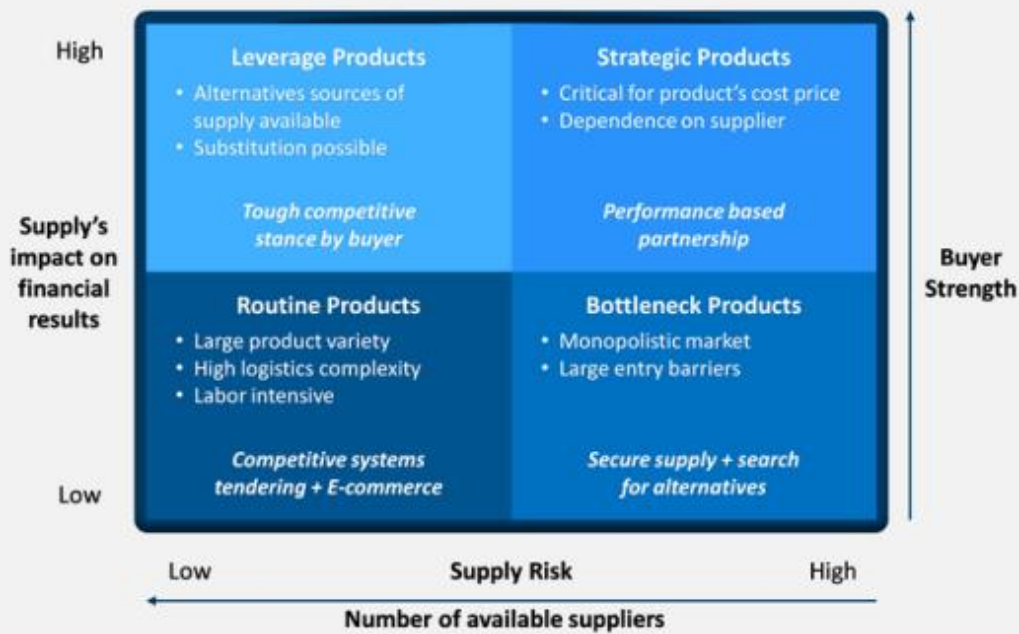
For the main suppliers, the financial and procurement risks are shown in the Kraljic Matrix.

This matrix is divided into four quadrants, using the following classification depending on the level of the financial and procurement risks.

- suppliers with strategic products;
- suppliers with leveraged products;
- suppliers with routine products;
- suppliers with bottleneck products

KRALJIC MATRIX

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Supplier evaluations

Our contract suppliers are evaluated as much as possible with the internal parties involved. The purpose of this supplier evaluation is to determine whether the supplier in question meets the (quality) requirements of PostNL and complies with the agreements made.

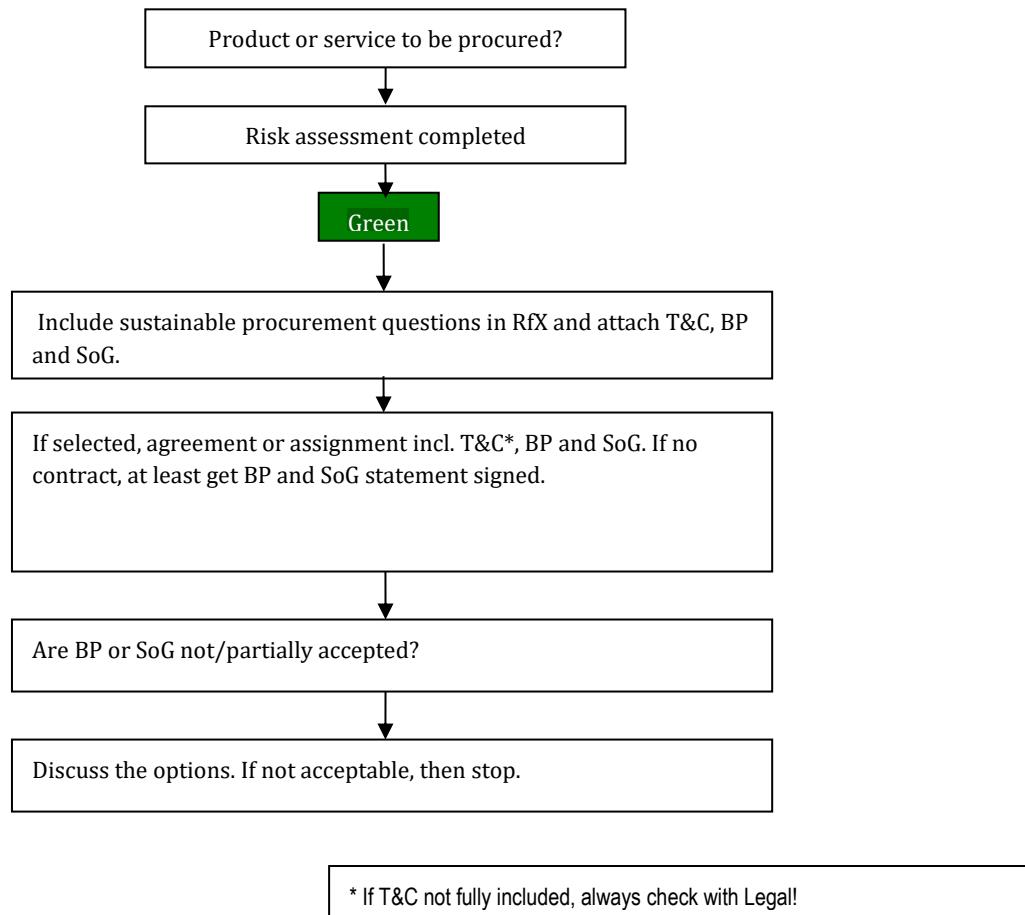
We use the following principles:

- strategic and/or key suppliers + any specific suppliers in consultation with the relevant procurement manager;
- at least once per contract period;
- reviewing overall supplier performance ;
- reviewing a specific supplier performance, service or product delivered;
- reviewing any KPIs set out in the agreement.

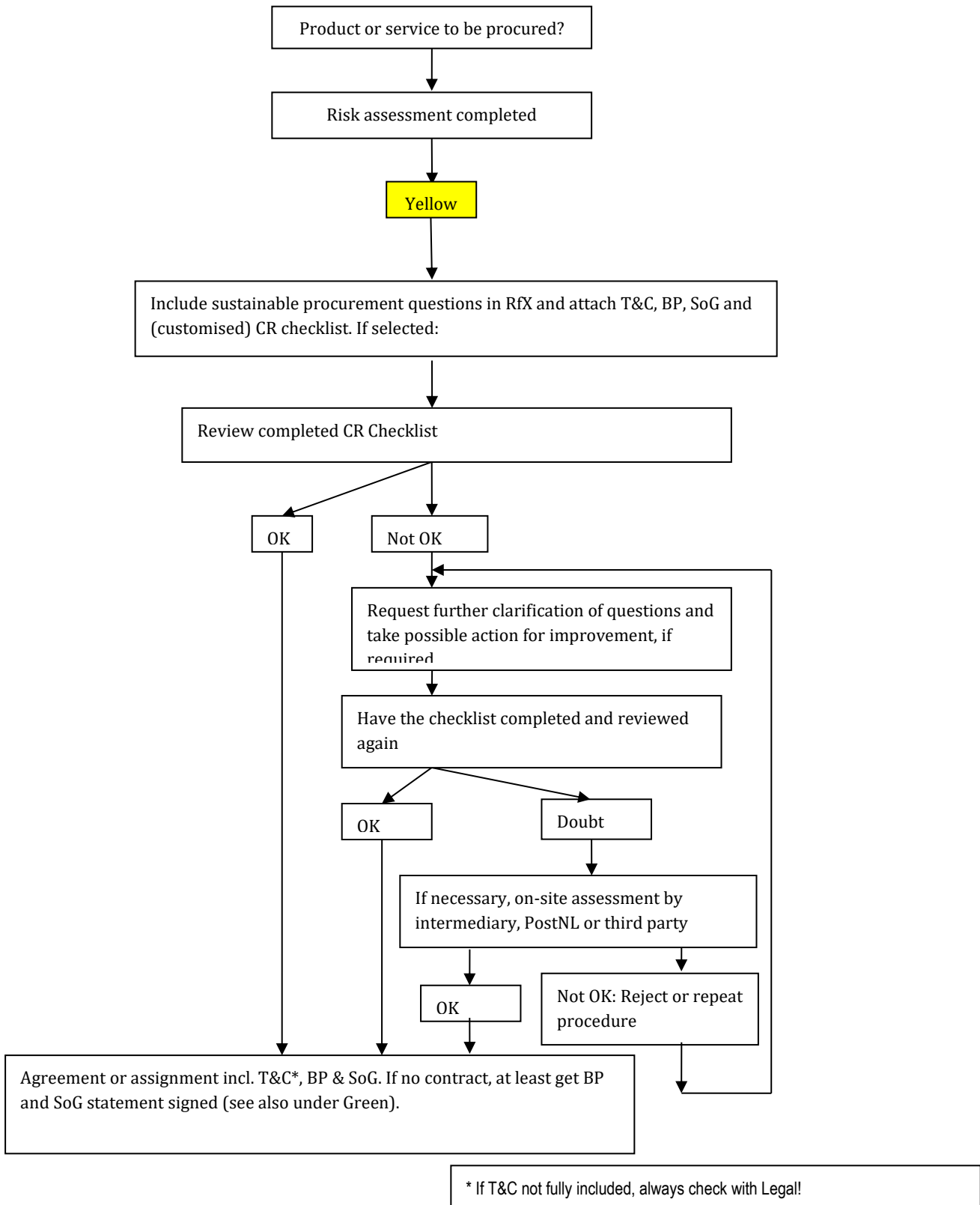
Appendix

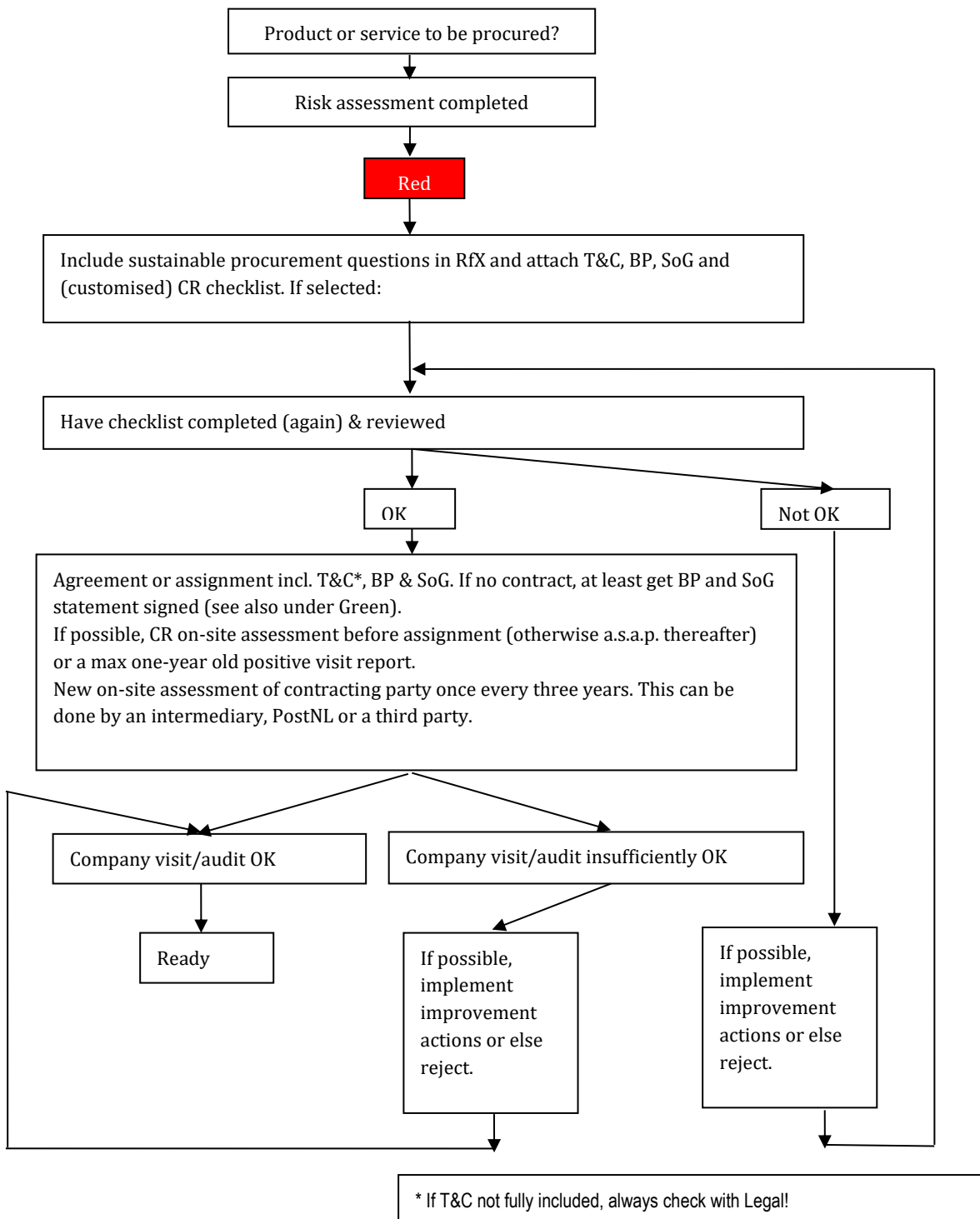
Risk assessment matrix and follow-up measures

PostNL uses a sustainable procurement risk assessment matrix for its risk classification. The classification results in three categories of suppliers: green, yellow and red. For each category, a slightly different approach should be observed and different follow-up measures apply. The following diagrams show the procedures to be followed:



- T&C = Terms and Conditions for providing products and/or services
- BP = Business Principles
- SoG = Set of Guidelines for Suppliers





Questions?

Contact us at inkoopenservices@postnl.nl

