Corporate Governance Statement

Reference Code and introduction

This Corporate Governance Statement contains the rules and principles by which bpost's corporate governance is organized, which are contained in relevant legislation (including the Law of March 21, 1991 on the reform of certain economic public companies (the "1991 Law"), the Articles of Association and the Corporate Governance Charter). As a limited liability company under public law pursuant to the 1991 Law, general Belgian company law applies to the Company, except to the extent that the 1991 Law or any other Belgian laws or regulations provide otherwise.

The Company adopted new Articles of Association at the Shareholders' Meeting held on May 27, 2013. Any changes to the Articles of Association approved by the Shareholders' Meeting of the Company must be approved by the Belgian State pursuant to the 1991 Law. The latest version of the Company's Articles of Association has been approved by Royal Decree dated June 7, 2013 and are in effect since June 25, 2013.

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

- a Board of Directors that defines the general policy and strategy of bpost and supervises the operational management;
- a Strategic Committee, an Audit Committee and a Remuneration and Nomination Committee created within the Board to assist and make recommendations to the Board;
- a CEO who is responsible for the operational management and to whom the Board of Directors has delegated powers of day-to-day management;
- a Management Committee that exercises the powers entrusted to it by the 1991 Law, the Articles of Association and the Board of Directors;
- a Group Executive Management that assists the CEO in the operational management of the Company;
- a clear division of responsibilities between the Chairperson of the Board of Directors and the CEO.

bpost is committed to high standards of corporate governance and relies on the Belgian Code on Corporate Governance of March 12, 2009 (the "Corporate Governance Code") as a reference code. The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies should follow the Corporate Governance Code, but may deviate from its provisions provided they disclose the justification for any such deviation. The Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013.

As a public enterprise, the Company also aims to comply with most of the OECD Guidelines on Corporate Governance of State-owned Enterprises laid down in the OECD Code, to the extent permitted under the legal framework that applies to bpost, in particular the 1991 Law.

Departure from the Corporate Governance Code

The Board of Directors intends to comply with the Corporate Governance Code, except for provisions 4.2, 4.6 and 4.7, which cannot be followed due to deviations imposed upon the Company by the 1991 Law.

Pursuant to Article 18, §2 juncto and Article 148bis/3 of the 1991 Law, the Belgian State appoints directly a certain number of directors, whereas provision 4.2 requires a company's Board of Directors to make proposals for the appointment of directors via the Shareholders' Meeting. Pursuant to Article 18, §3 and Article 20, §2 of the 1991 Law, the directors of the Company are appointed for six years, whereas provision 4.6 provides that mandates of directors should not exceed four years. Finally, Article 18, §5 of the 1991 Law provides that the Chairperson is appointed by the Belgian State, whereas provision 4.7 states that the Board of Directors should appoint the chairperson.

Board of Directors

Composition

Until June 25, 2013, the Board of Directors was composed of:

- Five directors, including the Chairperson of the Board of Directors (the category A directors), appointed by the Belgian State by Royal Decree deliberated in the Council of Ministers;
- Four directors (the category B directors) appointed by the other shareholders (i.e., all shareholders except the public authorities); and
- The CEO, who belongs to neither of the aforementioned categories, but is appointed by the Belgian State via Royal Decree deliberated in the Council of Ministers.

Until that date, the Board was composed of the following members:

- Martine Durez (A) (Chairperson)
- Arthur Goethals (A)
- Luc Lallemand (A)
- Laurent Levaux (A)
- Caroline Ven (A)
- Geert Duyck (B)
- K.B. Pedersen (B)
- Søren Vestergaard-Poulsen (B)
- Bjarne Wind (B)
- Johnny Thijs (Chief Executive Officer)

Since June 25, 2013, the Articles of Association of the Company provide that the Board of Directors consists of up to 12 members, appointed as follows:

- Up to six directors, including the Chairperson of the Board of Directors and one director proposed by the Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij (SFPI/FPIM), are appointed by the Belgian State by Royal Decree deliberated in the Council of Ministers, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee;
- Three independent directors, within the meaning set out in Article 526ter of the Belgian Companies Code, are elected by an electoral college consisting of all shareholders of the Company other than public institutions (meaning Belgian public institutions or entities within the meaning of Article 42 of the Law of March 21, 1991 ("Public Institutions"), which encompass the Belgian State and its affiliated entities, including SFPI/FPIM), upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee, it being understood that, for the election of these directors, no shareholder may cast votes representing in excess of 5% of total voting rights attached to the shares emitted by the Company ;
- So long as Post Invest Europe Sàrl (alone or together with its affiliates) owns 15% or more of the shares with voting rights

emitted by the Company, two directors are elected by an electoral college consisting of all shareholders of the Company other than Public Institutions upon the proposal of Post Invest Europe Sàrl. If Post Invest Europe Sàrl (alone or together with its affiliates) owns 5% or more of the shares with voting rights emitted by the Company, but less than 15%, one director is so elected;

- If one or no directors have been appointed upon the proposal of Post Invest Europe Sàrl in accordance with the above, the remaining director or directors are elected by an electoral college consisting of all shareholders of the Company other than Public Institutions, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee; and
- The CEO is appointed by the Belgian State via Royal Decree deliberated in the Council of Ministers, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee.The Board was, as at December 31, 2013, composed of the following 11 members :

Name	Position	Director since	Mandate expires	Presence at meetings in 2013[5]
Martine Durez (1) (2)	**Non-Executive Chairperson of the Board**	2006	2018	21/21
Johnny Thijs (1)	**CEO and Director**	2000 (3)	2014 (3)	30/30
Arthur Goethals (1)	**Non-Executive Director**	2006	2018	16/21
Luc Lallemand (1)	**Non-Executive Director**	2002	2018	17/21
Laurent Levaux (1)	**Non-Executive Director**	2012	2018	10/17
Caroline Ven (1)	**Non-Executive Director**	2012	2018	18/22
K.B. Pedersen (4)	**Non-Executive Director**	2009	2018	15/17
Bjarne Wind (4)	**Non-Executive Director**	2008	2018	27/27
François Cornelis	**Independent Director**	2013	2019	9/11
Sophie Dutordoir	**Independent Director**	2013	2019	11/11
Bruno Holthof	**Independent Director**	2013	2019	9/11

(1) Appointed by the Belgian State.
(2) Martine Durez has been Chairperson of the Board of Directors since January 17, 2006. Her mandate was renewed as per January 17, 2012 by Royal Decree dated February 2, 2012.
(3) Appointed as CEO in 2002. On December 23, 2013, Mr. Thijs announced to the Board of Directors that he would not seek renewal of his mandate which was due to come to an end early January 2014. Upon request of the Board of Directors as approved by the Belgian State, Mr. Thijs remained in function until appointment of his successor.
(4) Appointed upon proposal of Post Invest Europe Sàrl. Further to the sale, on December 16, 2013, by Post Invest Europe Sàrl of substantially all its shares in the Company, Mr. K.B. Pedersen and Mr. Bjarne Wind have tendered their resignation to the Company effective as from the date their replacement is elected by an electoral college consisting of all shareholders of the Company other than Public Institutions.
(5) Includes presence at Board and Board Committees' meetings held in 2013. Until the end of their mandates, Søren Vestergaard-Poulsen and Geert Duyck attended respectively 7 out of 9 and 11 out of 17 Board and Board Committees' meetings.

The composition of the Board of Directors reflects the gender representation requirements set forth in article 18, §2bis of the 1991 Law. It further takes into account the requirements laid down in article 518bis of the Belgian Companies Code. The composition of the Board of Directors reflects the language requirements set forth in Articles 16 and 148bis/1 of the 1991 Law.

Powers and functioning

Powers and responsibilities of the Board

The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realization of the Company'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 the general policy orientations of the Company and its subsidiaries;
- deciding all major strategic, financial and operational matters of the Company;
- overseeing the management by the CEO, the Management Committee and the Group Executive Management; and
- all other matters reserved to the Board by the Belgian Companies Code or the 1991 Law.

Certain decisions of the Board must be adopted by a special majority (see below).

Within certain limits, the Board of Directors is entitled to delegate part of its powers to the Management Committee and to delegate special and limited powers to the CEO and other members of the Group Executive Management.

Functioning of the Board

In principle, the Board of Directors meets seven times a year, and in any event no fewer than five times a year. Additional meetings may be called with appropriate notice at any time to address specific needs of the business. A meeting of the Board of Directors must in any event be convened if so requested by at least two directors. In 2013, the Board met 16 times.

Quorum

The Board can only deliberate and make valid decisions if more than half of the directors are present or represented. The quorum requirement does not apply (i) to the vote on any matter at a subsequent meeting of the Board of Directors to which such matter has been deferred for lack of quorum at a prior meeting, if said subsequent meeting is held within 30 days from such prior meeting and the notice of said subsequent meeting sets forth the proposed decision on such matter with reference to this provision, or (ii) when an unforeseen emergency arises that makes it necessary for the Board to take action that would otherwise become time-barred by law or in order to avoid imminent harm to the Company.

Deliberation and voting

Pursuant to the 1991 Law, the following decisions require a two-thirds majority:

- the approval of all renewals or amendments to the Management Contract;
- the acquisition of participations in companies, associations and institutions that exceed one of the thresholds laid down in Article 13, §2, paragraph one, of the 1991 Law.

Furthermore, certain decisions within the competence of the Board as provided under Article 29, §2 of the Articles of Association require also a majority of two-thirds of the votes cast.

Without prejudice to these special majority requirements set forth in the 1991 Law, all decisions of the Board of Directors are adopted by a majority of the votes cast. In the case of a tie, the Chairperson has a casting vote.

In addition, the Corporate Governance Charter provides that Board decisions of strategic import, 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 shall strive to achieve broad support across its various constituencies, it being understood that, following appropriate dialogue and consultations, the Chairperson may call for a decision and the proposal shall carry if adopted by a majority of the votes cast.

Corporate Governance Charter

The Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013. The Corporate Governance Charter has been amended once since its adoption further a decision of the Board of Directors dated November 7, 2013 (see next section). The Board of Directors will review the Company's corporate governance at regular intervals and adopt any changes deemed necessary and appropriate.

The Corporate Governance Charter contains rules with respect to:

- On the one hand, the duties of the Board of Directors and the Committees and, on the other hand, those of the Management Committee, Group Executive Management and the CEO;
- The responsibilities of the Chairperson and the Corporate Secretary;
- The requirements with which the members of the Board of Directors need to comply in order to ensure that they have the adequate experience, expertise and competences to fulfill their duties and responsibilities;
- A system of disclosure regarding mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board in a transparent way in case such conflicts occur. The Board may decide to exclude the member who has a conflict of interest from the deliberations and vote on that subject.

The Board continuously evaluates and improves its functioning in order to steer the Company ever better and more efficiently.

In 2013, an induction program has been provided to newly appointed directors aimed at acquainting them with the activities and organization of the Company as well as with the rules laid down in the Corporate Governance Charter. This program is open to every director who wishes to participate. It includes visiting operational and sorting centers.

Transactions between the Company and its Board members and executive managers

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

In accordance with Article 523 of the Belgian Companies Code, Mr. Johnny Thijs declared to have a conflict of interest in connection with the Employee Offering, item of the Board of Directors' meeting of May 17, 2013. Under the Employee Offering, management was entitled to acquire bpost's shares, within a tranche reserved to said management, at a discount available to employees and representing 16.67% compared to initial public offering price. He informed the Company's auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item.

In accordance with Article 523 of the Belgian Companies Code, Mr. Johnny Thijs declared to have a conflict of interest in connection with the discussions on the renewal of its mandate as CEO of the Company (and related discussions on contractual terms), item of the Board of Directors' meeting of May 17, 2013 and December 4, 2013. He informed the Company's auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item.

In addition, in a limited number of cases, one or the other member of the Board has preferred, in light of functional conflict of interests, to abstain from participating in debate and in voting.

On November 7, 2013, the Board of Directors adopted a policy, annexed to the Corporate Governance Charter, which governs decisions relating to the Management Contract or any contract to be entered between the Company or its affiliated companies and the Belgian State. Under the circumstances laid down in said policy, transactions entered between the Company or its affiliated companies and the Belgian State remain subject to the application of the procedure laid down in Article 524 of the Belgian Companies Code.

Committees of the Board of Directors

The Board of Directors has established three Board committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Strategic Committee, the Audit Committee (in accordance with Article 526bis of the Belgian Companies Code) and the Remuneration and Nomination Committee (in accordance with Article 17, §4 of the 1991 Law and Article 526quater of the Belgian Companies Code). The terms of reference of these Board committees are primarily set out in the Corporate Governance Charter.

Strategic Committee

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

- review from time to time industry developments, the objectives and strategies of the Company and its subsidiaries and recommended corrective actions;
- review the draft of the business plan submitted each year by the Management Committee;
- review strategic transactions proposed by the Management Committee or the Group Executive Committee, including strategic acquisitions and divestitures, the formation and termination of strategic alliances or longer-term cooperation agreements, the launching of new product segments and the entry into new products or geographical markets or the withdrawal from any such product segments or geographical markets;
- monitor the implementation of such strategic projects and of the business plan; and
- monitor the implementation and the progress of the projects identified in the business plan, and advise the Board of Directors on its findings and recommendations with respect to such projects.

Until June 25, 2013, the Strategic Committee was composed of Johnny Thijs (Chairperson), Arthur Goethals, Laurent Levaux, K.B. Pedersen and Søren Vestergaard-Poulsen.

Since June 25, 2013, the composition of the Strategic Committee has been set as follows: (i) the CEO, who chairs the committee, (ii) three directors appointed by the Belgian State (provided that, upon the termination of office of the first of such three directors who were designated members of this Committee, due to expiration of its term or otherwise, such director shall be replaced, within this Committee, by another director nominated by the electoral college composed of all shareholders except Public Institutions), and (iii) one director appointed upon the proposal of Post Invest Europe Sàrl (if any) and, otherwise, a director nominated by the by the electoral college composed of all shareholders except Public Institutions.

The Strategic Committee was, at December 31, 2013, composed of Johnny Thijs (Chairperson), Arthur Goethals, Luc Lallemand, Laurent Levaux and K.B. Pedersen.

The Strategic Committee met two times in 2013.

Audit Committee

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

- review accounting policies and conventions;
- review the draft annual accounts and examine whether the proposed distribution of earnings and profits is consistent with the business plan and the observance of applicable solvency and debt coverage ratios;
- review the draft annual budget submitted

by the Management Committee and monitor compliance with the budget in the course of the year;
- review the quality of financial information furnished to the shareholders and the market;
- monitor and oversee the internal audit process, internal controls and risk management, including for the Company and its subsidiaries as a whole;
- propose candidates for the two statutory auditors to be appointed by the Shareholders' Meeting to the Board of Auditors;
- monitor the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the external auditors; and
- review the external audit process and monitor the independence of the statutory auditors and any non-audit services rendered by them.

Until June 25, 2013, the Audit Committee was composed of Bjarne Wind (Chairperson), Geert Duyck, Luc Lallemand and Caroline Ven.

Since June 25, 2013, the composition of the Audit Committee has been set as follows: (i) three independent directors; (ii) one director appointed by the Belgian State; and (iii) either (a) another director appointed by the Belgian State or (b) so long as Post Invest Europe Sàrl (alone or together with its affiliates) owns at least 15% of the shares with voting rights, one director appointed upon the proposal of Post Invest Europe Sàrl. The Chairperson of the Audit Committee is designated by the Board of Directors but shall not be the Chairperson of the Board of Directors. No executive director (including the CEO) shall be a member of the Audit Committee.

The Audit Committee was, at December 31, 2013, composed of François Cornelis (Chairperson), Sophie Dutordoir, Bruno Holthof, Caroline Ven and Bjarne Wind.

The Audit Committee met seven times in 2013.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee advises the Board principally on matters regarding the appointment and remuneration of directors and senior management and shall, in particular:
- identify and nominate, for the approval of the Board, candidates to fill vacancies as they arise, taking into account the 1991 Law. In this respect, the Remuneration and Nomination Committee shall consider proposals made by relevant parties, including shareholders;
- advise on proposals for appointment originating from shareholders;
- advise the Board of Directors on its proposal to the Belgian government for the appointment of the CEO and on the CEO's proposals for the appointment of other members of the Management Committee and of the Group Executive Management;
- advise the Board of Directors on the remuneration of the CEO and the other members of the Management Committee and of the Group Executive Management and arrangements on early termination;
- review any share-based or other incentive scheme for the directors, members of the Management Committee, members of the Group Executive Management and employees;
- establish performance targets and conduct performance reviews for the CEO and other members of the Management Committee and of the Group Executive Management;
- advise the Board of Directors on the remuneration of the directors; and
- submit a remuneration report to the Board of Directors.

Until June 25, 2013, the Remuneration and Nomination Committee was composed of Martine Durez (Chairperson), Geert Duyck, Arthur Goethals and Bjarne Wind.

Since June 25, 2013, the composition of the Remuneration and Nomination Committee has been set as follows: (i) three independent directors; (ii) one non-executive director appointed by the Belgian State, who chairs the Remuneration and Nomination Committee; and (iii) either (a) another non-executive director appointed by the Belgian State or (b) so long as Post Invest Europe Sàrl (alone or together with its affiliates) owns at least 15% of the shares with voting rights, one director appointed upon the proposal of Post Invest Europe Sàrl. The CEO participates with an advisory vote in the meetings of the Remuneration and Nomination Committee when the remuneration of the other members of the Management Committee is being discussed.

The Remuneration and Nomination Committee was, at December 31, 2013 composed of Martine Durez (Chairperson), Sophie Dutordoir, François Cornelis, Bruno Holthof and Bjarne Wind.

The Remuneration and Nomination Committee met 5 times in 2013.

Executive Management

CEO

The CEO is appointed for a renewable term of six years by Royal Decree deliberated in the Council of Ministers. On December 21, 2007, the mandate of Mr. Johnny Thijs was extended for a new term of six years, as from January 7, 2008 (which is renewable). On December 23, 2013, Mr. Thijs announced to the Board of Directors that he would not seek renewal of his mandate which was due to come to an end early January 2014. Upon request of the Board of Directors, as approved by the Belgian State, Mr. Thijs remained in function until appointment of his successor.

The CEO is vested with the day-to-day management of the Company. He is also entrusted with the execution of the resolutions of the Board of Directors and he represents the Company within the framework of its day-to-day management, including exercising the voting rights attached to shares and stakes held by the Company. The CEO can only be removed by way of a Royal Decree deliberated in the Council of Ministers.

Management Committee

As required by the 1991 Law, the Board of Directors has established a Management Committee. This Management Committee is composed of the CEO, who chairs the Management Committee, and of maximum six other members. Upon proposal of the CEO and after having received the advice of the Remuneration and Nomination Committee, the Board of Directors appoints and removes the members of the Management Committee, other than the CEO. The Board of Directors determines the term and the specific conditions of the mandate of those members, after having received the advice of the Remuneration and Nomination Committee. With regards to the Belgian members, the

Management Committee should comprise an equal number of Dutch speakers and French speakers, excluding, as the case may be, the CEO.

The Management Committee acts as a collegial body and convenes at the invitation of the CEO. The Management Committee decides with a simple majority of the votes cast. In the event of a tie of the votes within the Management Committee, the CEO has the casting vote.

The Management Committee performs the powers assigned to it by the Articles of Association or the Board of Directors. Each year, the Management Committee prepares, under direction of the CEO, a business plan assessing the medium-term purposes and strategy of the Company, which is submitted to the Board of Directors for approval. It also has the power to negotiate all renewals and amendments to the Management Contract concluded between the Belgian State and the Company (it being understood that all such renewals and amendments require the subsequent approval of the Board of Directors).

Group Executive Management

The operational management of the Company is undertaken by the Group Executive Management under the leadership of the CEO. The Group Executive Management consists of the members of the Management Committee and a maximum of four other members, who are appointed (for the duration the Board determines) and removed by the Board of Directors, upon proposal of the CEO and after having received the advice of the Remuneration and Nomination Committee. The Group Executive Management convenes regularly at the invitation of the CEO. The individual members of the Group Executive Management exercise the special powers delegated to them by the Board of Directors or the CEO, as the case may be.

The Management Committee was, at December 31, 2013, composed of the following members :

Name	Function
Johnny Thijs	Chief Executive Officer
Mark Michiels	Human Resources & Organization
Pierre Winand	Chief Financial Officer, Service Operations, ICT

Together with the members of the Management Committee, the following persons formed, at December 31, 2013,the Group Executive Management :

Name	Function
Kurt Pierloot	Mail Service Operations
Peter Somers	Parcels & International
Koen Van Gerven	Mail & Retail Solutions

Company Secretary

The Board of Directors, the advisory committees of the Board, the Management Committee and the Group Executive Management are assisted by the Company Secretary, Dirk Tirez, who is also the Company's Chief Legal Officer, having been appointed in October 2007.

Board of Auditors

The audit of the financial condition and the unconsolidated financial statements of the Company is entrusted to a Board of Auditors composed of four members, two of which are appointed by the Shareholders' Meeting and the two others by the Court of Audit, the Belgian institution responsible for the verification of public accounts (Cour des Comptes/Rekenhof). The members of the Board of Auditors are appointed for renewable terms of three years. The Shareholders' Meeting determines the remuneration of the members of the Board of Auditors.

The Board of Auditors was, at December 31, 2013, composed of:

- Ernst & Young Bedrijfsrevisoren BV CVBA ("Ernst & Young"), represented by Mr. Eric Golenvaux (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), De Kleetlaan 2, 1831 Diegem, Belgium;
- PVMD Bedrijfsrevisoren-Reviseurs d'Entreprises SC SCRL ("PVMD"), represented by Mr. Lieven Delva (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), Rue de l'Yser 207, 4430 Ans, Belgium;
- Mr. Philippe Roland, Member of the Court of Audit (Rekenhof/Cour des Comptes) and First President of the Court of Audit, Rue de la Régence 2, 1000 Brussels, Belgium; and
- Mr. Jozef Beckers, Member of the Court of Audit (Rekenhof/Cour des Comptes), Rue de la Régence 2, 1000 Brussels, Belgium.

The mandates of Mr. Philippe Roland and Mr. Josef Beckers which were due to expire on September 30, 2013 have been renewed for a new term of three years. The mandates of Ernst & Young and PVMD will expire at the annual Shareholders' Meeting in 2015.

Ernst & Young and PVMD are responsible for the audit of the consolidated financial statements of the Company. For the year ended December 31, 2013 Ernst & Young and PVMD received 325,000 EUR (excluding value added tax) in fees for the audit of the financial statements of the Company and its subsidiaries and 81,500 EUR (excluding value-added tax) in fees for non-audit services. The other members of the Board of Auditors received 55,803 EUR in remuneration for their services in connection with the audit of the non-consolidated financial statements of the Company for the year ended December 31, 2013.

Government Commissioner

The Company is subject to the administrative supervision of the Belgian Minister responsible for public enterprises who exercises such control through a Government Commissioner. The role of the Government Commissioner is to ensure compliance with the requirements of Belgian law, the Articles of Association and the Management Contract. In addition, the Government Commissioner reports to the Minister of the Budget on all decisions of the Company having an impact on the Belgian state's budget.

The Government Commissioner is Mr. Luc Windmolders and his substitute is Mr. Marc Boeykens.

Legal and shareholding structure

The Company's shares are registered or dematerialized. At December 31, 2013, the share capital of the Company was represented by 200,000,944 shares. Each share entitles its holder to one vote. The shares are listed on the NYSE Euronext Brussels.

On June 26, 2013, Post Invest Europe Sàrl notified that its shareholding in the Company was above the 15% threshold. With 35,599,008 bpost shares in its possession on June 21, 2013, Post Invest Europe Sàrl had participation of 17.80% of the shares with voting rights emitted by bpost. On December 16, 2013, Post Invest Europe Sàrl further notified that its shareholding in the Company was below the 3% threshold. At that date, Post Invest Europe Sàrl held 4,062 bpost shares with voting rights.

On June 27, 2013, the Belgian State and the SFPI/FPIM (which is 100% owned by the Belgian State) notified that their shareholding in the Company was above the 20% and 25% thresholds respectively. With respectively 48,263,200 and 51,737,760 bpost shares in their possession on June 21, 2013, the Belgian State and the SFPI/FPIM together had a participation of 50% (respectively of 24.13% and 25.87%) of the shares with voting rights emitted by bpost (which jointly represents 50% plus 488 shares).

The transparency declarations are available on the website www.bpost.be/ir

The remaining shares are held by:

- Employees of the Company (including members of the Group Executive Management) who have subscribed to the Employee Offering which has taken place at same time as the listing of the Company on the NYSE Euronext Brussels. The shares so acquired are subject to a lock-up of two years which ends on July 15, 2015. One employee of the Company owns 976 shares as a result of options exercised under the former employee stock option plan (approved by the Board of Directors in 2006), such shares not being subject to any specific lock-up;
- Individual shareholders and European and international institutional shareholders who hold shares directly in the Company. None of these persons, either individually or in concert with others, have as at December 31, 2013, filed a transparency declaration informing that the initial 3% threshold was reached.

At December 31, 2013, the Company didn't hold any own shares.

Remuneration report

Declaration relating to the remuneration policy

As a limited liability company under public law and in compliance with applicable Corporate Governance requirements, bpost has developed a specific remuneration policy, decided by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. The remuneration policy takes into account the different groups of employees of the Company and is regularly assessed and updated if and when appropriate. Any change in this policy is approved by the Remuneration and Nomination Committee.

The remuneration policy aims to offer an equitable reward package to all employees and directors, which is competitive with the Belgian reference market composed of large Belgian companies. The total reward package aims to a well-balanced mix of financial and non-financial elements. To that effect, a comparison of the various compensation elements to the median of the Belgian reference market is regularly carried out.

Furthermore, in order to achieve sustainable and profitable growth, performance at both collective and individual level are rewarded. Such reward system has the ambition to be an affordable and easy to understand system that is linked to corporate results, i.e. EBIT & Customer Loyalty and that allows differentiation at individual level in view of performance and talent. At the same time, it aims to create sustainable long term value.

The Company considers that a transparent communication on the principles and implementation of the remuneration policy is essential.

In general, bpost distinguishes different groups, for which the basis remuneration principles will be explained and detailed:

1. Members of the Board of Directors
2. CEO
3. Other members of the Management Committee and of the Group Executive Management

Members of the Board of Directors

The remuneration of the members of the Board of Directors was decided by the Shareholders' Meeting of April 25, 2000.

Pursuant to that decision, the members of the Board of Directors (with the exception of the CEO) are entitled to receive the following gross annual remuneration:

- 38,772.56 EUR for the Chairperson, who also chairs the Joint Industrial Committee (*Paritair Comité / Commission Paritaire*) of bpost;
- 19,386.28 EUR for the other directors, with the exception of the CEO.

These amounts are indexed annually.

Pursuant to the abovementioned decision of the Shareholders' Meeting of April 25, 2000, the members of the Board of Directors (with the exception of the CEO) are entitled to an attendance fee of 1,600.94 EUR (which as a result of indexation has increased to 1,618.44 EUR per meeting effective March 1, 2013) for attendance at one of the committees established by the Board of Directors.

No other benefits are paid to the members of the Board of Directors for their mandate as director.

Messrs. Søren Vestergaard-Poulsen and Geert Duyck have waived their right to the remuneration and attendance fees linked to their positions as a Board member.

During the financial year, the members of the Board of Directors received the following total gross annual remuneration:

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	TOTAL
Martine Durez	38,772.56 EUR	0 EUR	0 EUR	8,092.20 EUR	46,864.76 EUR
Arthur Goethals	19,386.28 EUR	0 EUR	0 EUR	4,855.32 EUR (1)	24,241.60 EUR
Luc Lallemand	19,386.28 EUR	6,473.76 EUR (2)	1,618.44 EUR (2)	0 EUR	27,478.12 EUR
Laurent Levaux	19,386.28 EUR	0 EUR	1,618.44 EUR	0 EUR	21,004.72 EUR
Caroline Ven	19,386.28 EUR	8,092.20 EUR	0 EUR	0 EUR	27,478.48 EUR
Bjarne Wind	19,386.28 EUR	9,710.64 EUR	0 EUR	8,092,20 EUR	37,189.12 EUR
K.B. Pedersen	19,386.28 EUR	0 EUR	1,618.44 EUR	0 EUR	21,004.72 EUR
François Cornelis (3)	11,329.08 EUR	3,236.88 EUR	0 EUR	0 EUR	14,565.96 EUR
Sophie Dutordoir (3)	11,329.08 EUR	3,236.88 EUR	0 EUR	1,618,44 EUR	16,184.40 EUR
Bruno Holthof (3)	11,329.08 EUR	1,618.44 EUR	0 EUR	1,618.44 EUR	14,565.96 EUR
Geert Duyck (4)	0 EUR	0 EUR	0 EUR	0 EUR	0 EUR
Søren Vestergaard-Poulsen (4)	0 EUR	0 EUR	0 EUR	0 EUR	0 EUR

(1) Arthur Goethals was member of the Remuneration and Nomination Committee until June 25, 2013.
(2) Luc Lallemand was member of the Audit Committee until June 25, 2013 and became member of the Strategic Committee as from same date.
(3) Appointed as independent directors as from June 25, 2013.
(4) Geert Duyck and Søren Vestergaard-Poulsen were members of the Board of Directors until June 25, 2013.

Remuneration of the CEO

The remuneration package of the CEO is reviewed annually by the Board of Directors upon recommendation of the Remuneration and Nomination Committee and is based on a market comparison with large Belgian companies.

For the year ending December 31, 2013, a remuneration of 1,176,132 EUR was paid to the CEO (compared to 1,123,209 EUR for the year ended December 31, 2012) and can be broken down as follows:

- Base salary: 788,212 EUR (gross remuneration)
- Variable remuneration: 322,804 EUR (gross remuneration) (performance driven bonus paid in cash relating to the performance in 2012)
- Pension and death in service coverage: 61,816 EUR
- Other compensation components (representation allowances): 3,300 EUR

The CEO also benefits from the use of a company car for which the leasing costs was 23,960 EUR for the year.

No stock options were awarded in 2013 to the CEO and no options under previous stock option plan were still outstanding for exercise in 2013.

Remuneration of the other members of the Management Committee and Group Executive Management

The remuneration package of the other members of the Management Committee and Group Executive Management is reviewed annually and approved by the Board of Directors upon recommendation of the Remuneration and Nomination Committee and is based on a benchmark exercise comparing bpost with large Belgian companies.

The objective of bpost is to offer a total remuneration package which is in line with the median of the 'reference market', being understood that remuneration packages are set on a function level rather than on an individual basis.

To date, no fundamental changes to the policy are foreseen for the next two years.

The different elements of the remuneration package are:

Base salary

The base salary is benchmarked with other large Belgian companies, in line with the above principles.

The individual base salary is based on:

- Function
- Relevant experience
- Performance

The performance of each individual is reviewed annually in a "Performance Management Process" (PMP).

Variable salary

A variable salary may be granted, based on the achievement of:

- corporate objectives
- individual objectives

The target variable salary is set as a percentage of annual base salary.

bpost uses a multiplication system whereby the actual variable salary paid out can vary depending on the corporate and individual performance and competencies.

The current remuneration policy does not provide for a specific contractual claw back stipulation in favour of the Company for the variable remuneration accorded on the basis of incorrect financial information.

Other benefits

bpost offers other benefits, such as pension, death and disability insurance, hospitalization insurance, company car, etc. These benefits are benchmarked regularly and adapted according to Belgian practices.

For the year ending December 31, 2013, a global remuneration of 3,356,613 EUR was paid to the members of the Group Executive Management, other than the CEO (compared to 3,258,115 EUR for the year ended December 31, 2012) and can be broken down as follows:

- Base salary: 1,864,495 EUR (gross remuneration) paid under an employment agreement, excluding social security contributions paid by bpost;
- Variable remuneration: 1,315,854 EUR (gross remuneration) (performance driven bonus paid in cash relating to the performance in 2012 and other bonus paid in cash)
- Pension and death in service and disability coverage: 210,019 EUR
- Other compensation components (representation allowances and luncheon vouchers): 20,048 EUR

In addition of the above, the members of the Group Executive Management (other than the CEO) also benefit from the use a company car for which the leasing costs were 96,888 EUR for the year.

No stock options were awarded in 2013 to the other members of the Group Executive Management and no options under previous stock option plan were still outstanding for exercise in 2013.

Termination provisions

Other than in the case of termination on grounds of gross negligence and in case of mandate termination before term of the then current mandate, the CEO is entitled to a termination indemnity corresponding to remuneration for the remainder of his six-year term, with a maximum of two years' remuneration. No other member of the Group Executive Management is entitled to specific contractual termination arrangements.

All members of the Group Executive Management, except for Mark Michiels, are subject to non-competition clauses for a period of 12 to 24 months from the date of their resignation or termination restricting their ability to work for bpost's competitors. All such members of the Group Executive Management, except for the CEO, are entitled to receive compensation in an amount equal to 6 to 12 months' salary if these non-competition clauses are applied.

Internal control and risk management

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of bpost's internal control and risk management activities is a factual description of the activities performed. The description uses the structure recommended by the Commission Corporate Governance.

Control environment

The control environment with regards to the preparation of the consolidated financial statements is organized through several functions.

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities responsible for the preparation and reporting of the financial information, (ii) the business controllers at the different operating units of the organization responsible inter alia for the review of the financial information in their area of responsibility, and (iii) the Group Finance Department, 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.

Next to the structured controls outlined above, bpost's external auditors perform independent interim and year-end control procedures on the financial statements.

The Internal Audit Department conducts a risk based audit program to provide assurance on the internal control effectiveness and risk management in the different processes at legal entity level.

bpost's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards board and which have been endorsed by the European Union. All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities and operating units, are communicated on a regular basis by the Group Finance Department to the accounting teams in the different legal entities and operating units. IFRS trainings take place when deemed necessary or appropriate.

The vast majority of the Group companies use the same software to report the financial data for consolidation and external reporting purposes. For those that do not use the software, the Group Finance Department ensures that their reporting is aligned with the Group's chart of accounts and accounting principles before introducing them in the reporting and consolidation software.

Risk assessment

Appropriate measures are taken to ensure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) careful and detailed planning of all activities, including owners and timings, (ii) guidelines which are communicated by Group Finance to the various participants in the process prior to the closing, including relevant points of attention, and (iii) follow-up and feedback of the timelines, quality and lessons learned in order to strive for continuous improvement. A quarterly review takes place of the financial results which are reviewed in details by Management and are presented to and reviewed by the Audit Committee. A half-year review of the financial results is also performed which are reviewed by and discussed with the Statutory Auditor. Material changes to the IFRS accounting principles are coordinated by the Group Finance Department, reviewed by the Statutory Auditor, approved by the Audit Committee, and by the Board of Directors of bpost. Material changes to the statutory accounting principles of bpost or of other group companies are approved by the relevant Boards of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the notes to the financial statements and as communicated to them by the Group Finance Department, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above) through a process of account justification and review. In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis. Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.) and are subject to: (i) regular controls by the respective management teams, and (ii) and independent evaluation and review by the Internal Audit Department during their audit. A close monitoring of potential segregation of duties conflicts in the main IT system is carried out on a regular basis.

Information and communication

A very significant proportion of the Group's turnover, expenses and profit is generated by the Group's parent company, bpost SA-NV which is also the main operating company. All operating units of this company use an ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations. The provision of information technology services to run, maintain and develop those systems is performed by a professional IT service delivery department which is monitored on its delivery performance through service level agreements as well as performance and incident reporting. bpost has implemented management processes to ensure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. Proper assignment of responsibilities, and coordination between the pertinent departments, ensures an efficient and timely communication process of periodic financial information to Management and to the Board of Directors. Information accuracy, security and availability are always considered by the Internal Audit Department as part of the regular audits or special assignments. Detailed financial information is provided on a monthly basis to Management and to the Board of Directors. The Company makes financial information available to the market on a quarterly, half-yearly and annual basis. Prior to the external reporting, the financial information is subject to (i) the appropriate controls by the abovementioned control organization, (ii) review by the Audit Committee, and (iii) approval by the Board of Directors of the Company.

Monitoring

Any significant change of the IFRS accounting principles as applied by bpost is subject to approval by the Audit Committee and by the Board of Directors. When relevant, the members of the Audit Committee are updated on the evolution and important changes in the underlying IFRS standards. All relevant financial information is presented to the Audit Committee and the Board of Directors to enable them to analyze the financial statements. Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit Committee on a quarterly basis. Also a quarterly treasury update is submitted to the Audit Committee. A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

Internal control and risk management systems in general

The Board of Directors and the Group Executive Management have approved the bpost Code of Conduct, which was first issued in 2007 and updated in 2011. The Code of Conduct sets forth the basic principles of how bpost wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group. More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Furthermore, in order to comply with legislation on insider dealing and market manipulation, the Company adopted a Dealing and Disclosure Code prior to the initial public offering. This Code aims to create awareness about possible improper conduct by employees, senior employees and directors and contains strict rules of confidentiality and non-use of "price sensitive" information. The rules of this Code have been widely communicated within the Group and the Code is available to all employees. A list of employees having regular access to "price sensitive" information is kept, and key employees were requested to confirm that they have read and agreed to comply with the Dealing and Disclosure Code. Closed periods (including prohibited periods) are defined and communicated widely and any transaction on shares within such periods must be communicated to and cleared by the Compliance Officer.

In conformity with the law of August 2, 2002, persons with leading responsibilities have been informed of their obligation to declare to the Financial Services and Markets Authority every transaction involving shares of the Company.

bpost's internal control framework consists of a number of policies for the main business processes. The Internal Audit Department monitors the internal control situation and reports to the Audit Committee on a quarterly basis.

At the request of the Board of Directors and the Audit Committee, Management has developed a global enterprise risk management ('ERM') framework to assist the Group in managing the material risks on an explicit basis. This framework was partially implemented in 2013 and its roll-out will continue in 2014.