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 latest version of the Company's Articles of Association was adopted at the Shareholders' Meeting held on May 27, 2013 and has been approved by Royal Decree dated June 7, 2013. They are in effect since June 25, 2013. Any changes to the Articles of Association approved by the Shareholders' Meeting of the Company according to Article 558 of the Belgian Companies Code must also be approved by a Royal Decree debated within the Council of Ministers.

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;
- an ad hoc committee, composed of all independent directors of the Board, that intervenes when the procedure of article 524 of the Belgian Companies Code is applied;
- 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 available on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be). 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. It was last amended further to a decision of the Board of Directors dated September 4-5, 2014.

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.

Deviations 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 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. Until May 15, 2014, the directors of the Company were appointed for six years pursuant to Article 18, §3 and Article 20, §2 of the 1991 Law, whereas provision 4.6 provides that mandates of directors should not exceed four years. However, since the entry into force on May 15, 2014 of the law of April 19, 2014 amending the 1991 Law, the directors of the Company are appointed for four years (Article 148bis/1, §5 of the 1991 Law). Hence, the directors appointed in 2014 before May 15, 2014, have been appointed for six years, while the directors appointed after May 15, 2014, have been appointed for four years. Article 18, §5 of the 1991 Law provides that the Chairperson of the Board of Directors is appointed by the Belgian State, whereas provision 4.7 states that the Board of Directors should appoint the Chairperson of the Board of Directors.

Board of Directors

Composition

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, 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 21 March 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;[1]
- 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 directors appointed by the Belgian State may be removed only by a Royal Decree debated within the Council of Ministers. The other directors may be removed at any time by a majority of the votes cast by an electoral college consisting of all shareholders of the company other than the Public Institutions. The CEO, when removed from his duties by Royal Decree debated within the Council of Ministers, automatically ceases to be a member of the Board of Directors.

Should any of the mandates of director become vacant, the remaining directors have the right, in accordance with Article 519 of the Companies Code and Article 18, §4 of the 1991 Law and provided that the representation as set forth above remains in place, to temporarily fill such vacancy until a final appointment takes place in accordance with the abovementioned rules.

(1) Further to the sale on December 16, 2013 by Post Invest Europe Sàrl of substantially all its shares in the Company, it has lost its right to propose directors.

The Board was, as at December 31, 2014, composed of the following 12 members:

NAME	Position	Director since	Mandate expires	Presence at meetings in 2014[6]
Françoise Masai[1][2]	Non-Executive Chairperson of the Board	2014	2018	10/10
Koen Van Gerven[1]	CEO and Director	2014[3]	2020[3]	15/15
Arthur Goethals[1]	Non-Executive Director	2006	2018	15/17
Luc Lallemand[1]	Non-Executive Director	2002	2018	12/17
Laurent Levaux[1]	Non-Executive Director	2012	2018	5/17
Caroline Ven[1]	Non-Executive Director	2012	2018	19/20
Bernadette Lambrechts[1]	Non-Executive Director	2014	2020	11/13
Michael Stone[4][5]	Independent Director	2014	2018	6/6
Ray Stewart[4][5]	Independent Director	2014	2018	6/6
François Cornelis[5]	Independent Director	2013	2019	24/30
Sophie Dutordoir[5]	Independent Director	2013	2019	27/30
Bruno Holthof[5]	Independent Director	2013	2019	29/29

(1) Appointed by the Belgian State.
(2) Françoise Masai was appointed by Royal Decree dated April 25, 2014 as from June 23, 2014.
(3) Appointed as CEO by Royal Decree dated February 26, 2014.
(4) Appointed by the general meeting of all shareholders of the Company other than Public Institutions held on September 22, 2014.
(5) Independent director.
(6) Includes presence at Board and Board Committees' meetings held in 2014. Until the end of their mandates, Martine Durez attended 13 out of 13 Board and Board Committees' meetings, Johnny Thijs 2 out of 2 Board and Board Committee's meetings, K.B. Pedersen 10 out of 11 Board and Board Committees' meetings and Bjarne Wind 22 out of 22 Board and Board Committees' meetings. For Board members who were appointed in 2014, their presence is calculated based on the number of Board and Board Committee's meetings held as from the date of their appointment.

The composition of the Board of Directors reflects the gender representation requirements set forth in article 18, §2bis of the 1991 Law. The Company also intends to comply with the gender representation requirements in 2015. 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.

The Board of Directors may, without any prior authorization of the shareholders' meeting, in accordance with Articles 620 ff. of the Belgian Companies Code and within the limits set out in these provisions, acquire, on or outside the stock market, its own shares, profit-sharing certificates or associated certificates for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last thirty trading days preceding the transaction and not more than 5% above the highest closing price in the last thirty trading days preceding the transaction. This authorisation is valid for five years from May 27, 2013. This authorisation covers the acquisition on or outside the stock market by a direct subsidiary within the meaning and the limits set out by Article 627, indent 1 of the Belgian Companies Code. If the acquisition is made by the Company outside the stock market, even from a subsidiary, the Company shall comply with Article 620, §1, 5° of the Companies Code.

By resolution of the shareholders' meeting held on May 27, 2013 the Board of Directors is authorised, subject to compliance with the provisions of the Belgian Companies Code, to acquire for the Company's account the Company's own shares, profit-sharing certificates or associated certificates if such acquisition is necessary to avoid serious and imminent harm to the Company. Such authorisation is valid for three years as from the date of publication of the authorisation in the Annexes to the Belgian Official Gazette.

The Board of Directors is authorised to divest itself of part of or all the Company's shares, profit-sharing certificates or associated certificates at a price it determines, on or outside the stock market or in the framework of its remuneration policy to employees, directors or consultants of the Company or to prevent any serious and imminent harm to the Company. This authorisation is valid without any time restriction. The authorisation covers the divestment of the company's shares, profit-sharing certificates or associated certificates by a direct subsidiary within the meaning of Article 627, indent 1 of the Belgian Companies Code.

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 2014, the Board met 14 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 above, all decisions of the Board of Directors are adopted by a majority of the votes cast. In the case of a tie, the Chairperson of the Board of Directors 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 of the Board of Directors may call for a decision and the proposal shall carry if adopted by a majority of the votes cast.

Evaluation process of the Board

Under the lead of the Chairman, the Board regularly (on an annual basis) evaluates its scope, composition, performance and that of its committees, as well as the interaction with the executive management.

As the case may be, the Chairman shall propose the necessary measures to remedy any weaknesses of the Board or of any of its committees.

Corporate Governance Charter

The Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013. The Corporate Governance Charter was last amended further to a decision of the Board of Directors dated September 4-5, 2014 (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 of the Board of Directors 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.

An induction program is 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 personal conflict of interest of patrimonial nature in connection with his annual evaluation as CEO, item of the Board of Director's meeting of February 24, 2014. He informed the Company's auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item. Below follows the extract of the Board minutes relating to this conflict of interest:

"Annual evaluation of the CEO

Prior to discussing the concerned agenda item, Mr. Johnny Thijs declared to have a personal conflict of interest of patrimonial nature aimed at by Article 523 of the Belgian Companies Code in respect of this agenda item which relates to the evaluation of his annual performance.

Mr. Thijs left the meeting room and did not participate in the deliberation nor the decision regarding the annual evaluation of the CEO. Mr. Thijs will instruct the board of auditors of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code.

Upon recommendation of the Remuneration and Nominations Committee, the Board of Directors approved the evaluation of the performance of the CEO and the proposed score."

Transactions between the Company and its majority shareholders

The Company's Corporate Governance Charter provides that the procedure set forth in Article 524 of the Belgian Companies Code shall be observed for any decisions regarding the management contract or other agreements with the Belgian state or other public institutions (other than those within the scope of Article 524, §1, last sub-paragraph). In summary, the abovementioned decisions of the Board of Directors are subject to a prior non-binding reasoned opinion of an ad hoc Board committee consisting of at least three independent directors. The committee may be assisted by an independent financial and/or legal expert selected by the committee, and the company's auditor validates the financial data used. The procedure then requires the Board to substantiate its decision and the auditor to validate the financial data used by the Board.

While the Board of Directors has not yet been required to apply this procedure, it has decided to establish an ad hoc committee composed of all independent directors as it might have to take any decisions regarding agreements with the Belgian State or other Public Institutions in the future.

This ad hoc committee met only once in 2014.

Committees of the Board of Directors

Apart from the aforementioned ad hoc Committee established pursuant to Article 524 of the Belgian Companies Code, 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.

The Strategic Committee is composed 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 appointed by the electoral college composed of all shareholders except Public Institutions.

The Strategic Committee was, at December 31, 2014, composed of Koen Van Gerven (Chairperson of the Strategic Committee), Arthur Goethals, Luc Lallemand, Laurent Levaux and Michael Stone.

The Strategic Committee met 3 times in 2014.

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;
- 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.

The Audit Committee is composed 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, 2014, composed of François Cornelis (Chairperson of the Audit Committee), Sophie Dutordoir, Bernadette Lambrechts, Ray Stewart and Caroline Ven.

All members of the Audit Committee have sufficient expertise in the field of accounting and audit. The Chairman of the Audit Committee is competent in accounting and auditing as evidenced by his former executive positions at a.o. Total group. The other members of the Audit Committee also hold or have held several Board or executive mandates in top tier companies or organizations.

The Audit Committee met 6 times in 2014.

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.

The Remuneration and Nomination Committee is composed 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, 2014 composed of Françoise Masai (Chairperson of the Remuneration and Nomination Committee), Sophie Dutordoir, François Cornelis, Bruno Holthof, and Laurent Levaux.

The Remuneration and Nomination Committee met 9 times in 2014.

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 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. Mr. Koen Van Gerven was appointed as CEO by Royal Decree dated February 26, 2014.

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.

Further to a Board decision dated July 16, 2014, the Management Committee and Group Executive Management were, at December 31, 2014, each composed of the following members:

NAME	Function
Koen Van Gerven	Chief Executive Officer and Parcels
Mark Michiels	Human Resources and Organisation
Pierre Winand	Chief Financial Officer, Service Operations, ICT
Kurt Pierloot	Mail Service Operations, International
Marc Huybrechts	Mail and 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. He was 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, 2014, 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. Jozef Beckers have been renewed for a new term of three years in 2013. The mandates of Ernst & Young and PVMD will expire at the annual Shareholders' Meeting to be held in May 2015.

Ernst & Young and PVMD are responsible for the audit of the consolidated financial statements of the Company. For the year ended December 31, 2014 Ernst & Young and PVMD received EUR 325,000 (excluding value added tax) in fees for the audit of the financial statements of the Company and its subsidiaries and EUR 119,908 (excluding value-added tax) in fees for non-audit services. The other members of the Board of Auditors received EUR 50,971 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, 2014.

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.

Shareholding structure and shareholders rights

The Company's shares are registered or dematerialized. At December 31, 2014, the share capital of the Company was represented by 200,000,944 shares. The shares are listed on the NYSE Euronext Brussels.

With respectively 48,263,200 and 53,812,449 bpost shares in their possession on December 31, 2014, the Belgian State and the SFPI/FPIM together had a participation of 51.04% (respectively of 24.13% and 26.91%) of the shares with voting rights emitted by bpost.

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;
- 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, 2014, filed a transparency declaration informing that the initial 3% threshold was reached.

The shares are freely transferable, provided that, according to Article 147bis of the 1991 Law and Article 16 of the Articles of Association, the direct participation of Public Institutions in the registered capital exceeds at any time 50%.

At December 31, 2014, the Company did not hold any own shares.

Each share entitles its holder to one vote. Except as required by the Belgian Companies Code and the specific majorities mentioned hereafter, all resolutions of the shareholders' meeting are adopted by a majority of the votes cast. Without prejudice to the quorum and special majority requirements set forth in the Companies Code, the adoption of the following resolutions of the shareholders' meeting of the company require a majority of the votes cast by the public institutions and a majority of the votes cast by the other shareholders of the company:

1. any amendment to the definition of independent director, Strategic Partner or Private Shareholder;
2. any amendment to the composition of the Board of Directors or the manner of appointment or dismissal of directors; and
3. any amendment to the quorum and majority requirements set forth in this Article 45, §3, Article 28 or Article 29, §2 of the Articles of Association.

Apart from the restrictions on voting rights imposed by law, the articles of association provide that, in the event shares are held by more than one owner, are pledged, or if the rights attaching to the shares are subject to joint ownership, usufruct or any other kind of split up of such rights, the Board of Directors may suspend the exercise of the rights attached to such shares until one person has been appointed as the sole representative of the relevant shares vis-à-vis the company.

Remuneration report

Procedure applied to develop a remuneration policy and fix the individual remuneration of the management

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 Board upon recommendation of the Remuneration and Nomination Committee.

The remuneration policy aims to offer an equitable reward package to all employees and managers, 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 Group Executive Management.

According to the applicable legal provisions, the content of this report does not relate to bpost's Belgian and foreign subsidiaries. As regards the foreign subsidiaries, a separate remuneration policy has been established, in line with market standards and which is likely to attract and retain qualified and experienced executives.

Remuneration principles

Remuneration of the 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:

- EUR 39,221.16 for the Chairperson of the Board of Directors, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of bpost, as indexed per March 1, 2014;
- EUR 19,610.58 for the other directors, with the exception of the CEO, as indexed per March 1, 2014.

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 EUR 1,637.37 per 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.

The CEO is not entitled to any kind of remuneration for attendance to any of the Board or Board Committee meetings.

During the financial year, the members of the Board of Directors, with the exception of the CEO, received the following total gross annual remuneration[1]:

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	Ad hoc Committee	TOTAL
Martine Durez[2]	19,572.68 EUR	Not a member	Not a member	11,442.66 EUR	Not a member	31,015.34 EUR
Arthur Goethals	19,610.58 EUR	Not a member	6,530.55 EUR	Not a member	Not a member	26,141,13 EUR
Luc Lallemand	19,610.58 EUR	Not a member	3,255.81 EUR	Not a member	Not a member	22,866.39 EUR
Laurent Levaux	19,610.58 EUR	Not a member	3,255.81 EUR	Not a member	Not a member	22,866.39 EUR
Caroline Ven	19,610.58 EUR	9,805.29 EUR	Not a member	Not a member	Not a member	29,415.87 EUR
Bjarne Wind[3]	14,698.47 EUR	8,167.92 EUR	Not a member	13,080.03 EUR	Not a member	35,946.42 EUR
K.B. Pedersen[4]	14,698.47 EUR	Not a member	3,255.81 EUR	Not a member	Not a member	17,954.28 EUR
François Cornelis	19,610.58 EUR	9,805.29 EUR	Not a member	11,442.66 EUR	1,637.37 EUR	42,495.90 EUR
Sophie Dutordoir	19,610.58 EUR	8,167.92 EUR	Not a member	14,717.40 EUR	1,637.37 EUR	44,133.27 EUR
Bruno Holthof	19,610.58 EUR	9,805.29 EUR	Not a member	14,717.40 EUR	1,637.37 EUR	45,770.64 EUR
Françoise Masai[2]	20,584.23 EUR	Not a member	Not a member	3,274.74 EUR	Not a member	23,858.97 EUR
Ray Stewart[5]	5,433.09 EUR	0 EUR	Not a member	Not a member	1,637.37 EUR	7,707.46 EUR
Michael Stone[6]	5,433.09 EUR	Not a member	1,637.37 EUR	Not a member	1,637.37 EUR	8,707.83 EUR
Bernadette Lambrechts[7]	15,126.18 EUR	0 EUR	Not a member	Not a member	Not a member	15,126.18 EUR

(1) Amounts specified are the amounts paid out in FY 2014. It should be taken into account that the amounts paid out in FY 2014 relate to attendance to Board Committee meetings held from December 2013 till November 2014. Attendance fees are paid out the month following the attended Board Committee meeting.
(2) Martine Durez was replaced by Françoise Masai as from June 23, 2014.
(3) Bjarne Wind was member of the Audit Committee and the Remuneration & Nomination Committee until September 22, 2014.
(4) K.B. Pedersen was member of the Strategic Committee until September 22, 2014.
(5) Ray Stewart has been a non-executive Director since September 22, 2014 and a member of the Audit Committee since November 3, 2014.
(6) Michael Stone has been a non-executive Director since September 22, 2014 and a member of the Strategic Committee since November 3, 2014.
(7) Bernadette Lambrechts has been a non-executive Director since March 25, 2014 and a member of the Audit Committee since November 3, 2014.

Remuneration of the CEO

On February 26, 2014, Koen Van Gerven was appointed as CEO by Royal Decree, replacing Johnny Thijs. His remuneration package was set in line with the guidelines of the Government regarding the salaries of CEO's of state-owned companies.

The remuneration package of the CEO consists of a base salary of EUR 467,520, a short-term on target variable remuneration of EUR 150,000, a pension contribution of EUR 32,480 and various other components such as death in service & disability coverage, representation allowances and a company car.

The CEO's variable remuneration is granted under the conditions and the modalities defined on an annual basis and approved by the Board of Directors of bpost upon recommendation of the Remuneration and Nomination Committee. For performance in 2014 – payment in 2015, the Board of Directors agreed to apply the same conditions and modalities as applicable to bpost's management population: the short term variable remuneration is based on a 'multiplier system' whereby the actual variable salary paid out can vary depending on the corporate and individual performance and competences.

For the CEO, the corporate objectives are financial (EBIT – weight 70% and Operating Free Cash Flow – weight 30%). The pay-out grid was determined and validated by the Board upon recommendation of the Remuneration and Nomination Committee. Maximum pay-out per criterion is set at 135%.

Individual objectives are mutually agreed upon by the CEO and the Board of Directors and clear deliverables and KPI's to be reached in an agreed timeframe are set. Pay out range goes from 0% in case of underperformance to 160% in case of overperformance.

The pro-rata remuneration for the year ending December 31, 2014, paid to Koen Van Gerven in his capacity as CEO as from the date of his appointment amounts to EUR 474,144 and can be broken down as follows:

- base salary: EUR 389,600 (gross);
- variable remuneration: to be determined after evaluation of his performance in 2014;
- pension and death in service and disability coverage: EUR 60,253;
- other compensation components (representation allowances): EUR 2,750;
- leasing costs for company car: EUR 21,541.

No shares, stock options or other rights to award shares were granted to or exercised by the CEO or expired in 2014 and no options under previous stock option plans were still outstanding for exercise in 2014.

While there are no future changes as to the remuneration of the CEO at this stage, the Remuneration and Nomination Committee will reflect from time to time on changes to the remuneration policy in light of market practice.

The total remuneration paid to Johnny Thijs from January 1st till the end of his mandate on February 25, 2014 was split into the following elements:

- base salary: EUR 131,368.60 (gross);
- variable remuneration: EUR 354,695.22 (gross) (performance driven bonus paid in cash relating to the performance in 2013);
- pension and death in service coverage: EUR 9,902.82;
- other compensation components (representation allowances): EUR 550;
- leasing costs for company car: EUR 9,910;
- additionally: holiday pay at termination of EUR 54,410.25.

Remuneration of the other members of the Group Executive Management

The remuneration package of the Group Executive Management is reviewed on a regular basis 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.

While there are no future changes as to the remuneration of the Group Executive Management at this stage, the Remuneration and Nomination Committee will reflect from time to time on changes to the remuneration policy in light of market practice.

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 the 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 competences.

The corporate objectives are as well financial (EBIT – weight 70%) as non-financial (Customer Loyalty – weight 30%). Per criterion a pay-out grid is determined and validated each year by the Board upon recommendation of the Remuneration and Nomination Committee. Maximum pay-out per criterion is set at 135%.

Individual objectives are mutually agreed upon by each member of the Management Committee/Group Executive Management and the CEO at the start of the Performance Management Process (PMP) and for which clear deliverables and KPI's to be reached in an agreed timeframe are set. Pay out range goes from 0% in case of underperformance to 160% in case of overperformance.

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 standard practices.

For the year ended December 31, 2014, a global remuneration of EUR 2,819,241 was paid to the members of the Group Executive Management, other than the CEO (compared to EUR 3,356,613 for the year ended December 31, 2013) and can be broken down as follows:

- base salary: EUR 1,536,176 (gross) paid under employment agreements, excluding social security contributions paid by bpost;
- variable remuneration: EUR 1,012,045 (gross) (performance driven bonus paid in cash relating to the performance in 2013 and other bonus paid in cash);
- pension and death in service and disability coverage: EUR 172,958;
- other compensation components (representation allowances and luncheon vouchers): EUR 16,518.22;
- leasing costs for company car: EUR 81,543.

No shares, stock options or other rights to award shares were granted to or exercised by the Group Executive Management or expired in 2014 and no options under previous stock option plans were still outstanding for exercise in 2014.

It should be noted that the global remuneration was impacted by the following changes in the compositions of Group Executive Management:

- Koen Van Gerven was a member of the Group Executive Management until his appointment as CEO on February 26, 2014;
- Peter Somers left bpost as of July 31, 2014 and hence the Group Executive Management;
- Marc Huybrechts joined the Company as member of the Group Executive Management as of September 1, 2014.

Clawback provisions

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

Termination provisions

In case of termination by bpost or as a result of revocation by Royal Decree before the end of the then current mandate or after expiry of this term and not for reason of material breach, the CEO is entitled to a termination indemnity of EUR 500,000. Additionally, the CEO is entitled to the use of a vehicle for 6 months after the date of termination, including all expenses relating to the use of this vehicle, except for the fuel card. No other member of the Management Committee or Group Executive Management is entitled to specific contractual termination arrangements.

In case of automatic termination upon expiry of the six-year term and the appointment by bpost by another CEO, the CEO is subject to a non-compete clause for a period of 1 year from the date of termination of his mandate. He will receive a non-competition indemnity of EUR 500,000, unless bpost waives the application of such a clause.

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, are entitled to receive compensation in an amount equal to 6 to 12 months' salary if these non-competition clauses are applied.

Peter Somers was member of the Group Executive Management until July 31, 2014 and left bpost as of this date. He received a severance compensation corresponding to 14 months and 6 weeks of remuneration, which is the compensation he was legally entitled to. The severance compensation is not affected by the corporate governance law of 6 April 2010 as his employment contract was entered into prior to the entry into force of this law. Considering Peter Somers' strategic position, Peter Somers and bpost entered into a non-competition agreement restricting Peter Somers' ability to compete until August 1, 2015. For this, Peter Somers received a compensation in accordance with standard practice. bpost also paid out a fixed amount to cover his outplacement costs as well as the leasing cost of his company car which he was entitled to use during 5 months after termination.

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. 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. A three lines of defense model has been implemented in the Company. The design and maintenance of internal controls is under the responsibility of process owners (first line) and is monitored by second line (Compliance, Internal Control and Risk Management) and third line (internal audit) functions. The third line reports independently to the Audit Committee on a quarterly basis on audit results and on the status of follow-up of audit recommendations.