



Green Bond Report

Reporting period 28 June – 31 December 2020



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Introduction

This Green Bond Report provides investors and other interested parties with details on the use of proceeds and related expected environmental impact of the €300,000,000 0.625% Eurobond (ISIN XS2047619064) issued by PostNL in September 2019 and maturing in September 2026 (hereafter referred to as the Green Bond).

For more information about the Green Bond, we refer to the prospectus and Green Bond Framework published on our [website](#).

The Green Bond was issued under the PostNL Green Bond Framework dated July 2019. The framework aligns with the four core components of the International Capital Market Association (ICMA) Green Bond Principles 2018. The framework sets out details about the rationale, monitoring and reporting of proceeds.

Sustainalytics provided a second-party opinion on our framework in August 2019, which confirms that the setup meets generally accepted criteria for green bonds.

Our first progress report was published on 23 September 2020. This is the second progress report, which has a reporting period from 28 June – 31 December 2020. We will align the reporting period of the Green Bond with our annual financial statements reporting as of 2021.

PostNL Reporting schedule

Report	Start	End	Rationale
1	23 September 2019	27 June 2020	Publication within one year of issuance of the Green Bond; cut-off moment aligned with second-quarter financial closing
2	28 June 2020	31 December 2020	Intermediate report to harmonise annual Green Bond reporting period with annual financial reporting period, starting 2021
3 and subsequent	1 January	31 December	Green Bond reporting aligned with annual financial reporting

Allocation reporting

This chapter provides an overview of the allocation of proceeds to eligible green projects as at 31 December 2020, as well as the proceeds allocated during the reporting period of this report. Due to the confidential character of individual eligible projects, we disclose our allocation reporting on a portfolio level, which is in line with our Green Bond Framework.

PostNL Allocation of proceeds to eligible clean kilometres

Period	Net proceeds (€ million)	Allocated	Unallocated
Cumulative	300	17%	83%

PostNL Allocation of proceeds to eligible green projects per category

Period	Clean kilometres	Sustainable buildings	Innovation and efficiency	Total
Invested total (in € million)	7	45	0	52
	13%	87%	0%	100%
Invested in reporting period (in € million)	2	18	0	20
	12%	88%	0%	100%

PostNL Allocation of new and re-financed proceeds to eligible green projects

Period	New proceeds	Re-financed proceeds
Invested total	30%	70%
Invested in reporting period	54%	46%

2.1. Executive summary

This chapter provides an executive summary of the allocation of the proceeds to eligible green projects as at 31 December 2020, and for the remaining outstanding period of the Green Bond.

During this reporting period, we allocated €20 million of the Green Bond proceeds to eligible green projects, representing 7% of the total net proceeds. Based on our planned investments, the majority of the remaining allocation will consist of electrification of our fleet and investments in sustainable buildings.

Clean kilometres

Our core business model is made up of three main activities: Collecting, sorting and delivering. In each of these activities, transport plays an important role. In order to achieve our long-term, science-based emission-reduction targets, we have a transition plan in place for the electrification of our fleet across our various networks.

During the reporting period, we invested €2 million of the Green Bond proceeds into lease contracts for fully electric vehicles. Since the launch of the Green Bond, we have allocated €7 million for investments in fully electric vehicles, with 38% allocated to re-financing and the remainder invested in new projects. In total, we have invested in 1,287 new vehicles, of which 292 during the reporting period. Looking ahead, we expect to expand testing with a variety of electric vehicles in our parcel delivery towards sustainable city logistics in the upcoming year. And we continue investigating other opportunities to accelerate the electrification of our fleet.

“ We have a transition plan in place for the electrification of our fleet. ”

Sustainable buildings

We currently operate a variety of sorting and distribution centres composed primarily of five mail sorting centres, one international sorting centre and twenty-five parcel sorting centres. We intend to increase the number of parcel sorting centres in anticipation of the expected growth in parcel volumes. To reduce our environmental impact, since 2011 we have focused on energy-efficient new buildings and, in 2017, we decided to raise the bar and only invest in new buildings with a minimum sustainability level of BREEAM NL Nieuwbouw Excellent. We also continue to invest in installing onsite renewable energy, such as solar panels on rooftops, where technically and economically feasible.

During the reporting period, we invested €18 million of the Green Bond proceeds in four sustainable buildings. Since the launch of the Green Bond, we have invested €45 million in eight sustainable buildings, 75% of which was related to refinancing and the remainder to financing new buildings. Four buildings obtained the required certification within the reporting period. Looking ahead, we expect to upgrade the sustainability level of existing sorting centres to a sustainability level of BREEAM NL In-use in 2021.

Impact reporting

This chapter provides an overview of the expected impact of proceeds allocated to eligible green projects as at 31 December 2020. Due to the confidential character of individual proceeds, we disclose our allocation reporting on portfolio level.

PostNL Impact project category Clean kilometres

Indicator	Definition	Total	Mutation in reporting period
Output	Number of zero-emission vehicles deployed	1,287	292
Impact	Annually avoided carbon emissions (in tCO ₂)	1,854	439

6

PostNL Impact project category Sustainable buildings

Indicator	Definition	Total	Mutation in reporting period
Output	Number of buildings for which relevant certifications have been obtained	8	4
	Amounts invested in energy efficiency projects (in €)	€ 1 million	€ 0 million
Impact	Expected improvement of energy efficiency of buildings in % kWh/M ² compared to conventional buildings	61%	80%

Sustainable development at PostNL

Sustainable development is a vital part of PostNL's value creation process. The impact of climate change in particular, and the associated shift towards a more sustainable societal model, is changing the environment in which PostNL operates.

4.1. Value creation and strategy

Sustainable Development Goals and PostNL

Internationally, the importance of sustainable development is recognised by the United Nations (UN) and has been the basis for the development of the Sustainable Development Goals (SDGs). PostNL focuses on its long-term impact by targeting the following four SDGs:

- SDG8: Decent work and economic growth
- SDG9: Industry, innovation and infrastructure
- SDG12: Sustainable production and consumption
- SDG13: Climate action.



In our core strategy, we focus primarily on the two SDGs that we have the greatest influence over and that enable us to most positively impact our stakeholders: SDG8 and SDG13.

Our impact on SDG9 and SDG12 is more indirect, requiring collaboration along the entire value chain. This is why we engage with key players in our value chain, and discuss how we can together improve the impact on these SDGs and seek commitment based on shared targets.

Purpose-led and ambition-driven strategy

Our strategy is based on our purpose to deliver special moments and our ambition to be your favourite deliverer. Our aim is to be the leading logistics and postal service provider in, to and from the Benelux. To realise our strategy, we have defined five strategic objectives. These objectives are directly linked to the UN SDGs on which we have the greatest influence:

1. Help customers grow their business (SDG8)
2. Secure a sustainable mail business (SDG8)
3. Attract and retain motivated people (SDG8)
4. Improve environmental impact (SDG13)
5. Generate profitable growth and sustainable cash flow (SDG8).

For each objective we identify several key focus areas for our businesses to make progress in their strategy execution. In addition, we run several company-wide programmes to facilitate the development process and collaboration.

4.2. Impact of Covid-19 on our strategy

The Covid-19 pandemic has had an enormous impact on society and on PostNL. Ensuring the health and safety of our workforce has been our first priority since the outbreak of the virus. Throughout the pandemic, we have taken rigorous measures across the business to comply with government regulations, while ensuring that we are able to continue to provide our services. It also became clear during the crisis just how vital a role we play in society, as we connected people, companies and communities through our uninterrupted delivery of parcels, mail and logistic solutions.

To ensure the continuity of our business, we adjusted operational processes, introducing additional hygiene measures, contact-free delivery and working at home for office staff.

Since the start of the Covid-19 crisis, e-commerce growth has picked up significantly and the transition from offline to online has accelerated. The number of first-time online buyers increased and the share of existing medium and heavy online shoppers grew. Part of the growth related to specific, non-recurring, consumer spending as a result of the Covid-19 situation.

“ The Covid-19 pandemic has had an enormous impact on society and on PostNL. ”

The Covid-19 crisis resulted in additional substitution of mail volumes and impacted our mail volumes negatively. Although people were sending more greetings cards in the first weeks of the pandemic, bulk mail volumes declined significantly, as direct mail campaigns were postponed.

The Covid-19 pandemic did not influence our strategic objectives and targets. The growing parcel volumes and necessary adjustments in our processes to ensure a healthy and safe working environment had a profound impact on our organisation. Given the resilience and dedication of our people during the course of 2020, we decided to reward them with an extra net payment of €250 and a non-recurring payment of 0.5% of their salary in December 2020. Additionally, we gave them a performance-related bonus of 1% given the exceptional results of 2020, which is on top of the 2% performance-related bonus for 2020. We also rewarded our delivery partners €150 per route (in addition to the €100 previously announced), and ensured our sorting and distribution partners at Parcels in the Netherlands can also reward those who are not directly employed by PostNL, but who have contributed to our extraordinary results. We also spent around €4 million to provide additional support to retailers during the lockdown introduced in December 2020 and €14.5 million in January and February of 2021, with over 85% of retail points remaining open.

While our environmental strategy remains unchanged, implementing emission-reduction initiatives during the pandemic has sometimes taken more time than expected. For example, the availability of appropriate electric vehicles and the extreme pressure placed on our operations resulted in delays to the phasing-in of electric delivery vans.

4.3. Sustainability approach

Focused on SDG8 and SDG13, our sustainability strategy is outlined below.

4.3.1. Climate action

In 2018, PostNL set ambitious long-term science-based targets (SBT), approved by the SBT Initiative, to reduce our environmental impact and drive the sustainable growth of our business. These approved targets are:

- By 2030, reduce total absolute direct (scope 1) and energy indirect (scope 2) CO₂ emissions by 60% compared to 2017. In addition, reduce our relative combined scope 1 & 2 CO₂ emissions per kilometre by 80% compared to 2017.
- By 2030, reduce total absolute CO₂ emissions (scope 1, scope 2, and scope 3 (including the CO₂ emissions of delivery partners)) by 18% compared to 2017.

In 2020, PostNL signed the business ambition for 1.5°C commitment¹ to achieve net-zero emissions across all our operations by 2050.

Over 2020, we saw a 10% increase in our CO₂ per kilometre emissions compared to 2017, while our total absolute scope 1, 2 and 3 CO₂ emissions were 1% lower compared to 2017. As explained in our Annual Report 2020, we have been working on renewed environmental action plans since 2019. To achieve our long-term reduction targets and bend the trend in our relative combined scope 1 and 2 CO₂ emissions, in 2020 we improved our detailed insights in the main drivers behind our performance and sharpened our concrete plans.

To achieve these company-wide environmental goals, we are focusing on four areas:

¹ <https://unglobalcompact.org/take-action/events/climate-action-summit-2019/business-ambition>

1. Network efficiency
2. Clean kilometres
3. Sustainable buildings and facilities
4. Green products and services.

For the purpose of the Green Bond, we translate these focus areas into the following classifications:

- Clean kilometres
- Sustainable buildings and facilities
- Innovation and efficiency.

More details about how we invest in these categories can be found in paragraph 4.5 Use of proceeds in this report.

4.3.2. Decent work and economic growth

To attract and retain motivated people, we have established a human resources framework and put a strategic plan in place to help develop our workforce and strengthen our position as a leading employer in the Netherlands.

The main themes of this plan include employee development and engagement, diversity & inclusion, health & safety, labour conditions and attracting and retaining talent. In relation to decent work and human rights, PostNL has several policies in place, for example our business principles. These policies are publicly available on the company's website. PostNL's company-wide safety management system has been ISO45001 (working conditions and health & safety) certified for many years.

The contribution of PostNL toward economic growth is primarily related to the company's role in the growing e-commerce market and other logistic growth areas. As part of our strategy, we strengthen our dense networks and innovate through new logistic solutions to help our customers grow their business.



4.4. Green Bond Framework

PostNL is aware of its environmental impact as a postal and logistics service provider, delivering to every street in the Netherlands and Belgium. Therefore, we are reinforcing our sustainability commitment by highlighting our ambitious target to deliver emission-free across the Benelux by 2030, in addition to our long-term science-based emission-reduction targets.

The launch of a Green Bond programme provided the financial support we needed to execute our sustainability strategy, including our emission-free ambitions, and to help us contribute meaningfully to SDG13.

Issuing our first Green Bond supports us as we accelerate our transition to low-carbon logistics, helps us become a truly sustainable logistics and postal solution provider, and broadens our investor base.

It also helps us innovate and improve on the three main categories from our sustainability strategy:

- Clean kilometres
- Sustainable buildings
- Innovation and efficiency.

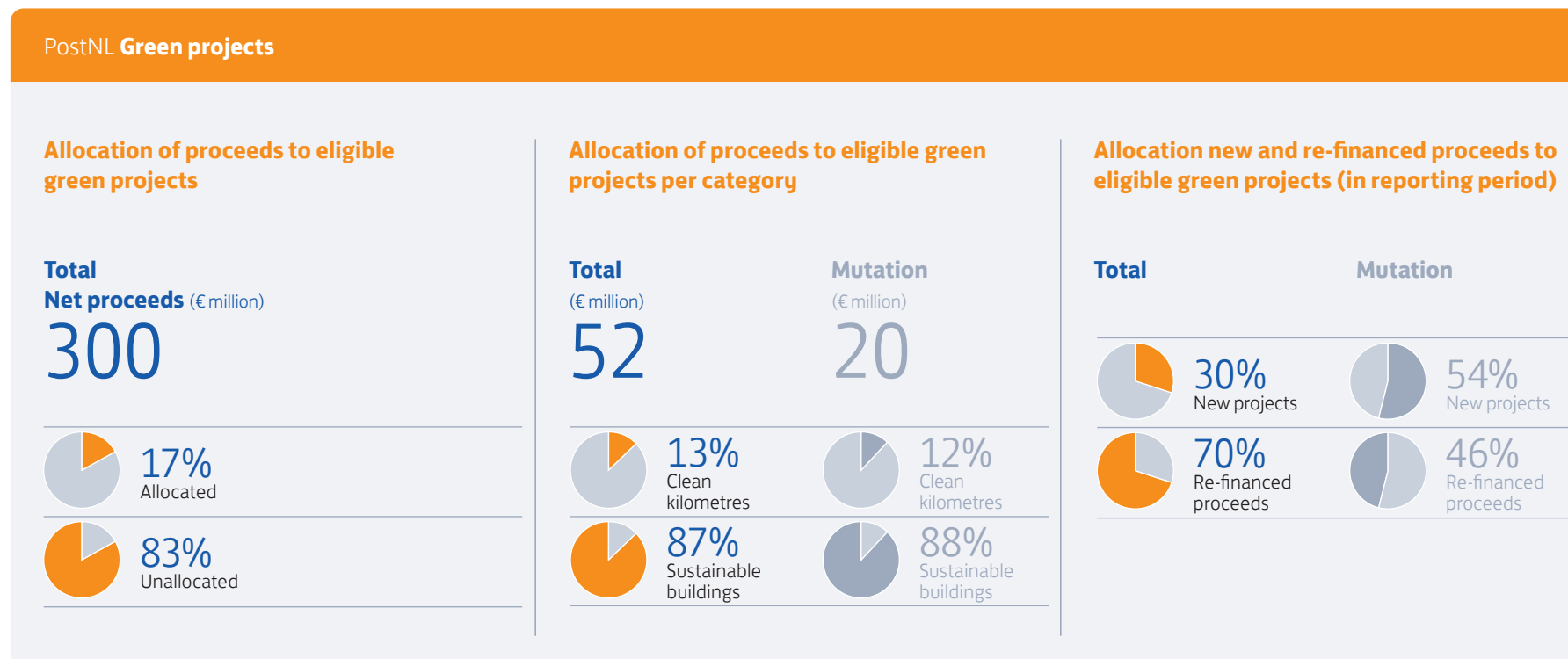
Starting this report, we changed the name of the category “Green kilometres” to “Clean kilometres” to align with the storyline in our Annual Report. This has no impact on our strategy and Green Bond Reporting. The net proceeds of the Green Bond have been allocated to a portfolio of eligible green projects which are classified under the main categories.

More details can be found in PostNL’s Green Bond Framework, published on our [corporate website](#).

4.5. Use of proceeds in this report

PostNL has established a multi-disciplinary Green Bond Committee that is made up of representatives from Procurement, Treasury, Group Reporting and our Corporate Secretary. Since the publication of our previous Green Bond Report, the Committee has held meetings on a monthly basis.

Treasury, together with Procurement, keeps track of the allocation of potential eligible projects to the Green Bond. Allocated amounts are based on investments in sustainable solutions that meet the criteria as set out in PostNL's Green Bond Framework. Procurement and Group Reporting collaborate on calculating eligible projects' performance and impact indicators. The Green Bond Committee formally evaluates and determines those projects eligible for allocation to the Green Bond.



PostNL Impact project category

Clean kilometres

Output

Definition

Number of zero-emission vehicles deployed

Total

1,287

Mutation
292



Impact

Definition

Annually avoided carbon emissions (in tCO₂)

Total

1,854

Mutation
439



Sustainable buildings

Output

Definition

Number of buildings for which relevant certifications have been obtained

Total

8

Mutation
4



Impact

Definition

Expected improvement of energy efficiency of buildings in % kWh/M² compared to minimum energy performance requirements by the applicable building code

Total

61%

Mutation
80%



Output

Definition

Amounts invested in energy efficiency projects (in €)

Total

1 million

Mutation
0 million



4.5.1. Clean kilometres

Allocation of eligible projects

Our core business model is made up of three main activities: Collecting, sorting and delivering parcels, mail and goods. In each of these activities, transport plays an important role. On an average day, PostNL transports mail, parcels and goods over 1 million kilometres in the Benelux.

We use various modes of transport and we operate more than 10 different logistic networks, all using vehicles of varying size and type based on the nature and size of the business.

Last-mile mail delivery, for example, is done mainly on foot or by bike, which is by definition carbon neutral. Inter sorting-centre transport is carried out by large trucks, while for last-mile parcel delivery we use medium-sized delivery vans.

In order to achieve our long-term, science-based emission-reduction targets, we focus on two key initiatives. We invest in the use of renewable fuels for the short and medium term in order to lower our carbon footprint. For the medium to longer term, we have a transition plan in place for the electrification of our fleet across our various networks. Using fully electric vehicles charged by either self-generated or sourced renewable electricity or other emission-free alternatives helps PostNL make the transition to a greater share of emission-free transport and sustainable city logistics. Our drive to decarbonise our fleet is underpinned by two sub-targets:

- Deliver emission-free in 25 city centres in the Benelux region by 2025
- Attain emission-free delivery of parcels and mail in the last-mile in the Benelux region by 2030.

These two sub-targets also include the delivery carried out by delivery partners.

“ Last-mile mail delivery is done mainly on foot or by bike. ”

As well as cutting GHG emissions, electrification also leads to air-quality improvements because there are no NOx emissions and no particulate matter emissions from fuel combustion.

During the reporting period, we invested €2 million of the Green Bond Proceeds into lease contracts for fully electric vehicles. Since the launch of the Green Bond, we have allocated €7 million towards investments in fully electric vehicles, with 38% allocated to re-financing and the remainder invested in new projects. In total, we have invested in 1,287 new vehicles, of which 292 were investments during the reporting period.

Impact of investments

Investing in electric vehicles reduces our use of fossil-fuel driven vehicles and cuts GHG emissions. With the clean kilometre investments outlined in this report, we expect to annually avoid 1,854 tonnes of CO₂ in total, of which 439 tCO₂ relates to the additional vehicles phased in during the reporting period.

As well as reducing our GHG emissions, the electrification of our fleet also contributes to our target of fully emission-free delivery of parcels and mail in the last-mile by 2030. This percentage of emission-free last-mile delivery is a key performance indicator in our Annual Report. In 2020, this was 20%, up from 19% in 2019. This percentage is influenced by a variety of factors, including the investments in electric vehicles, but also volume



developments in our business which in 2020 led to more fossil fuel-driven kilometres as a result of the Covid-19 pandemic.

Use of proceeds examples

During the first two reporting periods, our main focus has been on pilot projects for various types of vehicles. These include:

- E-cargo bikes
- E-bikes
- Electric scooters
- Electric cars
- Electric parcel delivery vans
- E-Fuso trucks.

Investments relate to the investments in the vehicles, as well as the investments in charging equipment and infrastructure at our sorting centres.

Outlook

We are constantly evaluating our plans for emission-free delivery in the last-mile and, particularly, in city centres. Given multi-stakeholder complexities, the electrification of our fleets requires careful medium-term planning and stakeholder engagement. To scale-up electrification requires additional infrastructure investments and the availability of vehicles in the market. We have already invested in charging facilities at several of our parcel sorting centres, and we will expand these investments in the coming years at parcel and mail sorting centres. To determine the exact locations, we collaborate internally with the different networks within PostNL, and also engage with local authorities on the planning of public loading facilities. In addition to the investments in charging equipment, we also depend on the local grid capacity for sufficient power supply to our locations. Therefore, we are engaging with the grid operators, car manufacturers, local governments and other relevant stakeholders to identify potential bottlenecks and, in response, actions to realise our targets.

We expect to expand testing with a variety of electric vehicles in our parcel and mail delivery towards sustainable city logistics in the upcoming year. And we continue investigating other opportunities to accelerate the electrification of our fleet.

4.5.2. Sustainable buildings

Allocation of eligible projects

Looking at our large buildings, we currently operate five mail sorting centres, one international sorting centre and twenty-five parcel sorting centres, and intend to increase the number of parcel sorting centres in anticipation of the expected growth in parcel volumes. One example is the realisation of both a parcel sorting centre and a small parcel sorting centre, both of which are expected to be fully operational in 2021. In addition to these buildings, we use several office buildings and a wide variety of smaller buildings in our operations. These buildings and centres we are certifying require energy to power machinery, lighting, and provide heating and cooling in the work areas.

To reduce our environmental impact, since 2011 we have focused on energy-efficient new buildings and, in 2017, we decided to raise the bar and only invest in new buildings with a minimum sustainability level of BREEAM NL Nieuwbouw Excellent. We also continue to invest in installing onsite renewable energy, such as solar panels on rooftops, where technically and economically feasible. We are also making energy efficiency improvements, such as switching to LED lighting in existing buildings. We aim to obtain BREEAM NL In-Use certification for our existing sorting centres and our new head office.

The allocation excludes the land the building stands on and the machinery installed in the building. These elements are also excluded from the BREEAM (or equivalent) certification.

During the reporting period, we allocated €18 million of the Green Bond proceeds in four sustainable buildings for which the required certification was obtained. We added one owned-building to the refinancing category. Since the launch of the Green Bond, we have allocated €45 million of proceeds in eight sustainable buildings, 75% of which was related to refinancing and the remainder to financing new buildings.

Impact of investments

Sustainable buildings are designed and implemented to have multiple environmental benefits. One of the certification requirements for the buildings is energy efficiency. The buildings allocated to the Green Bond use substantially less energy than buildings designed and implemented to comply with the minimum requirements in the national building regulations. For our cumulative investments allocated so far, the expected energy efficiency improvement is on average 61%. For the four buildings that were allocated to the list of proceeds during the reporting period, the energy efficiency improvement is expected to be 80%.

“ The energy efficiency improvement is on average 61%. ”



Use of proceeds examples

Over the past decade we have expanded our parcels network to manage the significant growth in parcel volumes. Part of this expansion consisted of investing in new parcel sorting centres, which we built with a similar layout and to comparable specifications to optimise our sorting processes.

For this reporting period we allocated four buildings with BREEAM NL Nieuwbouw Outstanding certification or equivalent.

Outlook

For the next reporting period we expect to upgrade the sustainability level of existing sorting centres to a sustainability level of BREEAM NL In-Use in 2021. Examples of additional measures to increase the sustainability of existing buildings includes the replacement of traditional lighting with LED lighting, which we implemented during the second half of 2019, and the installation of solar panels. This helps us generate a substantial amount of renewable energy while contributing to the buildings' overall energy efficiency. The investments in these buildings, including the investments in LED lighting and solar panels will be allocated to the Green Bond once we have obtained the required certifications. With the expected allocation of investments to these upgraded and certified buildings, all our leased and owned parcels sorting centres will be sustainably certified and related investments will be allocated to the Green Bond.

4.5.3. Innovation and efficiency

Allocation of eligible proceeds

When we developed our Green Bond Framework, we planned to allocate proceeds within this category to renewable energy. As part of our strategy to make our buildings more sustainable, since 2016 we have been investing in and installing solar panels on the roofs of our buildings. For PostNL-owned buildings, solar panel investments are allocated to sustainable buildings as this forms part of the investment in the buildings. For newer sorting centres, which we lease, we have agreed with the owners that we are allowed to install our own solar panels. These panels generate

renewable energy which reduces GHG emissions compared to a power mix generated from the Dutch electricity grid.

Network efficiency is another important element in our environmental strategy. As well as transitioning towards clean kilometres, we are also focusing on reducing the number of transportation kilometres. For example, our digital transformation of service offerings and internal processes is creating more data-driven insights, and investing in data analytics helps us identify potential areas to improve network efficiency, such as by improving the percentage of goods that are delivered first time. Smart returns, removing air from parcels and smart rerouting options are other examples of areas where we can, together with our customers, cut transportation kilometres.

To date, the innovation and efficiency improvements made are allocated to the category sustainable buildings, because these improvements are included in the energy efficiency level evaluation for the sustainability certification of buildings. We are seeing positive outcomes from some of our network efficiency initiatives to reduce transport kilometres, for example in our mail business, and therefore continue to further develop these in order to achieve the required improvement levels to qualify for allocation to the Green Bond.

Outlook

After the successful installation of solar panels and LED lighting in our parcel sorting centres, we will expand this initiative to three existing mail sorting centres and our international sorting centre in 2021. After successfully piloting several initiatives aimed at network efficiency, we are developing concrete plans to scale up these business cases. To help achieve this, we are developing better insights into the efficiency gains and define eligible investments in drivers for these gains to allocate the investment to the Green Bond framework.



Basis of preparation

5.1. Reporting principles

The reporting principles for the preparation of this Green Bond Report can be found in the PostNL Green Bond Framework which is publicly available on our corporate website.

This framework is prepared in alignment with the four core components of the International Capital Market Association (ICMA) Green Bond Principles 2018.

5.2. Reporting criteria

Allocation reporting

The PostNL Green Bond Framework describes the definitions and allocation criteria that are applied for the preparation of this report. In addition, PostNL applies the following criteria for the allocation of proceeds, which is in line with market practice:

- Projects shall contribute to PostNL's corporate strategy
- Each project shall be designed to deliver clear environmental benefits
- Projects will be allocated based on additionality.

Allocation of investments to the Green Bond is based on cash out. PostNL chooses to follow the same criteria as for the preparation of the financial statements to determine the cut-off in relation to the allocation of investments to certain reporting periods. This excludes certification of

buildings which is allocated based on the certification date instead of the capitalisation date.

Impact reporting

For the calculation of environmental impact, which relates to climate change, PostNL uses the revised edition of the Greenhouse Gas Protocol, published by the World Resources Institute and the World Business Council for Sustainable Development. Carbon emissions are calculated based on activity data in relation to energy consumption and an emission factor per unit of consumption per type of energy source.

For the calculation of energy efficiency of buildings, PostNL uses the scoring requirements of BREEAM NL to determine the expected minimum energy efficiency improvement attached to the certification level.

The overall figure PostNL reports consists of an average energy efficiency improvement percentage of the buildings in scope taking into account the size of the buildings and certification levels.

In our Green Bond Framework we mentioned the share of emission-free last-mile delivery as the impact indicator for the category 'Clean transportation'. As this metric is not only influenced by the investments in electric vehicles, we decided to change the impact indicator to a metric for which the impact can directly be related to the investment, the annual expected CO₂ emissions avoided by investing in these electric vehicles. We will also keep track of the share of emission-free last-mile delivery kilometres as this is a key performance indicator for PostNL.

5.3. Safeguarding report quality

Scoping

For the purpose of Green Bond Reporting, the investments made by PostNL N.V. or its subsidiaries during the reporting period, and within a 24-month period preceding the issuance of the Green Bond, are in scope of the Green Bond reporting. For buildings, the cut-off date is related to the certification date of the buildings. Timing differences exist between the cash out of the investments and the final certification date. For this reason, we will also allocate investments made in sustainable buildings before the look-back period for which certification is obtained during or after the look-back period.

Estimates and judgements

PostNL strives to report the expected environmental impact as accurately and completely as possible. Due to inherent limitations in relation to the uncertainty of measurement equipment and/or availability of actual data, we use estimates, assumptions and judgements in our reporting. Estimates, assumptions and judgements are based on historical experience and other factors, including reasonable expectations under given circumstances.

To calculate CO₂ emissions, we use different external sources to estimate the emissions as accurately as possible. The avoided CO₂ emissions of the investment in electric vehicles is calculated based on average annual mileage of electric vehicles and average fuel consumption of the fossil alternative of these vehicles expressed in kilometres. The average mileage is based on lease contracts or planning, the average fuel consumption is based on actual historical data.

For transport-related CO₂ emissions, we use generally accepted conversion factors of DEFRA. For electricity-related CO₂ emissions following the market-based method, we use the average emission factor from our energy supplier. For the location-based method, we use the

emission factors published by the International Energy Agency (IEA), an autonomous body in the framework of the Organisation for Economic Co-operation and Development (OECD).

The energy efficiency improvement percentage of buildings compared to the minimum construction requirements used for the different certification levels is based on the average estimated improvement of BREEAM NL certified buildings of PostNL.

The renewable energy generation of solar panels during their lifetime is estimated based on the installed capacity and the average energy production of the PostNL solar panels installed on our current parcel sorting centres, which are identical in design.



Green Bond Framework governance

Projects to which the proceeds of the Green Bond are intended to be allocated are evaluated and selected, based on compliance with the eligibility criteria, by a Green Bond Committee (GBC). The GBC is comprised of representatives from the Procurement department (Chair), Group Reporting department, Treasury department and Corporate Secretary. The GBC will meet at least on an annual basis and minutes of each meeting will be documented. The GBC also evaluates the progress of the planned investments in eligible projects in relation to the total net proceeds to be allocated.

Forward-looking information

Some statements in this Green Bond Report are ‘forward-looking statements’. By their nature, ‘forward-looking statements’ involve risk and uncertainty because they relate to and depend on circumstances that occur in the future. For example, statements about the expected environmental impact of allocated eligible projects, which is in accordance with the Green Bond Principles. These statements involve known and unknown risks, uncertainties and other factors that are beyond PostNL’s control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. They are based on current expectations, estimates, forecasts, analyses and projections about the industries in which PostNL operates and PostNL management’s beliefs and assumptions about future events. Undue reliance cannot be placed on these ‘forward-looking statements’ by readers of this report.

Assurance

PostNL engaged EY Accountants LLP as independent external auditor for our Annual Report to provide limited assurance on this Green Bond Report.



Assurance report of the independent auditor

To: the Board of Management and Supervisory Board of PostNL N.V.

Our conclusion

We have performed a limited assurance engagement on the accompanying Green Bond Report for the period 28 June 2020 up to 31 December 2020 (hereafter: the Green Bond Report) of PostNL N.V. (hereafter: the Company) based in The Hague, the Netherlands.

Based on our procedures performed nothing has come to our attention that causes us to believe that the information in the Green Bond Report is not prepared, in all material respects, in accordance with the criteria as developed by the Company and included in the “PostNL Green Bond Framework” and the applied supplemental reporting criteria as disclosed in section “Basis of preparation” of the Green Bond Report.

Basis for our conclusion

We have performed our assurance engagement on the Green Bond Report in accordance with Dutch law, including Dutch Standard 3000A “Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)” (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the section “Our responsibilities for the assurance engagement of the Green Bond Report” of our report.

We are independent of PostNL N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The Green Bond Report needs to be read and understood together with the reporting criteria. PostNL N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Green Bond Report are the “PostNL Green Bond Framework” and the applied supplemental reporting criteria as disclosed in section ‘Basis of preparation’ of the Green Bond Report.

The absence of an established practice on which to draw, to evaluate and measure Green Bond Report information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our assurance engagement

The Green Bond Report includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in Green Bond Report.

The references to external sources or websites in the Green Bond Report, with the exception of the “PostNL Green Bond Framework”, are not part of the information as assured by us. We therefore do not provide assurance on this information.

Responsibilities of the Board of Management and the Supervisory Board for the Green Bond Report

The Board of Management is responsible for the preparation of a reliable and adequate Green Bond Report in accordance with the reporting criteria as included in the section ‘Reporting criteria’. The choices made by the Board of Management regarding the scope of the Green Bond Report and the reporting policy are summarized in section ‘Basis of preparation’ of the Green Bond Report.

The Board of Management is also responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the Green Bond Report that is free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the Company’s reporting process.

Our responsibilities for the assurance engagement of the Green Bond Report

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

We apply the Nadere voorschriften kwaliteitssystemen (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

We have exercised professional judgment and have maintained professional skepticism throughout the assurance engagement performed by a multi-disciplinary team, in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

The procedures of our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the characteristics of the Company and themes and issues relevant for the Green Bond Report.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Green Bond Report. This includes the evaluation of the reasonableness of estimates made by the Board of Management.
- Obtaining an understanding of the reporting processes for the Green Bond Report, including obtaining a general understanding of internal control relevant to our assurance engagement.
- Identifying areas of the Green Bond Report with a higher risk misleading or unbalanced information or material misstatements, whether due to fraud or errors.
- Designing and performing further assurance procedures aimed at determining the plausibility of the Green Bond Report responsive to this risk analysis. These further assurance procedures consisted amongst others of:
 - Interviewing management and relevant staff responsible for the Green Bond strategy, policy and results.
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the Green Bond Report.
 - Obtaining assurance information that the Green Bond information reconciles with underlying records of the Company.
 - Reviewing, on a limited test basis, relevant internal and external documentation.
 - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.
- Reconciling the relevant financial information in the Green Bond Report with the Annual Report 2020 of PostNL N.V. or with information underlying this Annual Report in case the reconciliation cannot be made directly.

- Evaluating the overall presentation, structure and content of the Green Bond Report.
- Considering whether the Green Bond Report as a whole reflects the purpose of the reporting criteria used.

Amsterdam, 15 April 2021

Ernst & Young Accountants LLP

Signed by J. Niewold