

# PostNL Green Bond Report

Reporting period 1 January - 31 December 2022



# 2022



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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).

This is the fourth Green Bond Report in relation to this bond and includes the proceeds in the reporting period 1 January 2022 until 31 December 2022. 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.

PostNL started reporting quantitative financial information about sustainable activities in the 2021 Annual Report in accordance with the EU Taxonomy on sustainable activities. This Green Bond Report has been prepared in conformance with the PostNL Green Bond Framework. Due to the differences between the criteria for this report and the EU Taxonomy, the quantitative information presented in this report cannot be associated with the numbers presented in the EU Taxonomy disclosures in our 2022 Annual Report.

## PostNL Reporting schedule

Report	Start	End	Rationale
<b>1</b>	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
<b>2</b>	28 June 2020	31 December 2020	Intermediate report to harmonise annual Green Bond reporting period with annual financial reporting period, starting 2021
<b>3 and subsequent</b>	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 2022, 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 green projects

Period	Net proceeds		Allocated
	(€ million)	Unallocated	
Cumulative	300	101	199

## PostNL Allocation of proceeds to eligible green projects per category

Period	Clean kilometres	Sustainable	Innovation and	Total
		buildings	efficiency	
Invested total (in € million)	25	171	2	199
	13%	86%	1%	100%
Invested in reporting period (in € million)	11	112	0	123
	9%	91%	0%	100%

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

Period	Re-financed		New proceeds
	proceeds		
Invested total	73%		27%
Invested in reporting period	83%		17%



# Impact reporting

# 3

This chapter provides an overview of the expected impact of proceeds allocated to eligible green projects as at 31 December 2022. 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	Change in reporting period
Output	Number of zero-emission vehicles deployed	3,436	1,247
Impact	Annually avoided carbon emissions (in tCO <sub>2</sub> )	4,894	1,857

## PostNL Impact project category Sustainable buildings

Indicator	Definition	Total	Change in reporting period
Output	Number of buildings with relevant certifications	27	18
	Relative energy efficiency improvement from LED lighting	55%	58%
	Relative carbon intensity improvement from cooling and heating systems	34%	40%
Impact	Expected relative improvement of energy efficiency of buildings KWh/m <sup>2</sup> compared to conventional buildings	58%	56%
	Annually avoided carbon emissions (in tCO <sub>2</sub> ) from LED lighting	601	37
	Annually avoided carbon emissions (in tCO <sub>2</sub> ) from cooling and heating systems	479	279

## PostNL Impact project category Innovation and efficiency

Indicator	Definition	Total	Change in reporting period
Output	Produced renewable electricity (MWh) from solar panels	1,780	0
Impact	Annually avoided carbon emissions (in tCO <sub>2</sub> )	708	0

# Executive summary

# 4

This chapter provides an executive summary of the allocation of the proceeds to eligible green projects as at 31 December 2022, and for the remaining outstanding period of the Green Bond.

We allocated €123 million of the Green Bond proceeds to eligible green projects during the reporting period, representing 41% 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

As an e-commerce, logistics and postal service provider, our core business model is made up of three main activities: collecting, sorting and delivering mail, parcels and goods. In each of these activities, transport plays an important role. To achieve our long-term, science-based emission reduction targets, we have developed a transition plan for the electrification of our fleet across our networks.

During the reporting period, we invested €11 million of the Green Bond proceeds in purchasing and leasing fully electric vehicles. Since the launch of the Green Bond, we have allocated €25 million for investments in fully electric vehicles, with 11% allocated to re-financing and the remainder invested in new projects. In total, we have invested in 3,436 new vehicles, of which 1,247 during the reporting period. In 2023, we expect to purchase or lease 390 electric delivery vans for our Parcels and Mail networks, and make our entire scooter fleet within the Mail network electric. With the investment in 2022, we expect further annual CO<sub>2</sub> savings of 1,857 tonnes.

## Sustainable buildings

We operate a variety of sorting and distribution centres composed primarily of twenty-eight parcel sorting centres (one of which is a small parcel sorting centre), five mail sorting centres and one international sorting centre. In 2023 we invest in additional parcel sorting centres in Hoogeveen and Alphen aan den Rijn to anticipate on the expected growth in parcel volumes from 2024 onwards. To reduce our environmental impact, since 2011 we have focused on developing energy efficient new buildings. In 2017 we raised the bar and chose to only invest in new buildings with a minimum sustainability level of BREEAM-NL Nieuwbouw “Excellent”. We also continue to invest in installing on-site renewable energy, such as rooftop solar panels, where technically and economically feasible.

During the reporting period, we invested €112 million of the Green Bond proceeds on sustainable buildings. Since the launch of the Green Bond, we have invested €171 million on sustainable buildings, 83% of which was related to refinancing and the remainder to financing new buildings. During the reporting period we obtained the BREEAM-NL In-Use certification “Very Good” for 16 existing parcel sorting centres, representing an investment of €100 million. On average, the expected energy efficiency improvement of the certified buildings amounts to 58% compared to traditional buildings.

Besides the refinancing of existing sorting centres, we allocated €11 million of lease payments for existing certified buildings and additional newly allocated buildings. And we invested €1 million to replace the cooling and heating system at suitable locations with a hybrid solution using heat pumps. With the implementation of the replacement for our international sorting centre in The Hague, the centres carbon efficiency is expected to improve by 40% in CO<sub>2</sub> /m<sup>2</sup>.

## Innovation and efficiency

As part of our strategy, we keep developing new ways to reduce our carbon footprint and become more energy efficient. Besides the investments in clean kilometres and sustainable buildings, we did not invest in eligible proceeds for this Green Bond in this category during 2022. We continue to explore potential eligible new projects for future allocation to this Green Bond.

# Sustainable development at PostNL

Sustainable development is a vital part of PostNL's value creation process. Therefore, we integrated environmental, social and governance topics in our corporate strategy and align with the UN Sustainable Development Goals to steer on our progress.

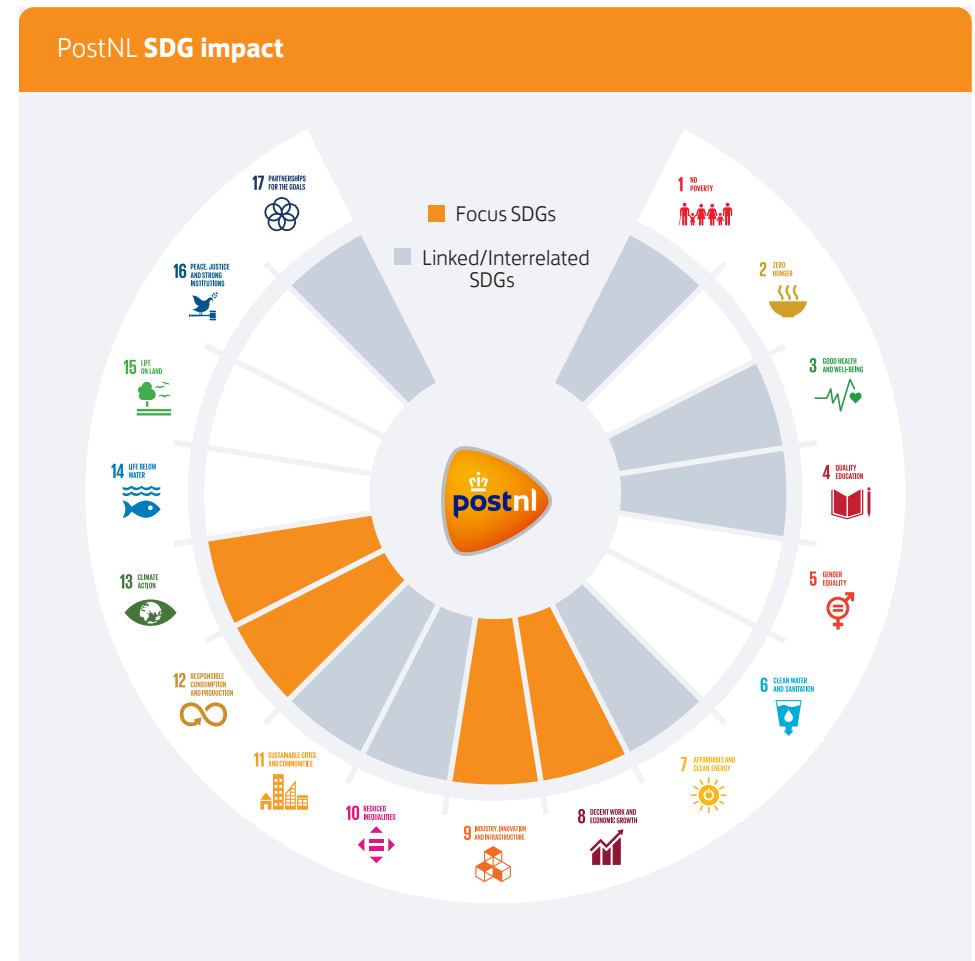
## 5.1 Value creation and strategy

### Sustainable Development Goals and PostNL

Internationally, the importance of sustainable development is recognised by the United Nations (UN) and it was the basis for the development of the Sustainable Development Goals (SDGs). PostNL focuses on its long-term impact by connecting its long-term strategy to the SDGs. As SDGs are interrelated, and given the nature of our business, PostNL has an impact on all SDGs. However, we have identified four focus SDGs that our business activities have the greatest impact on. These are outlined below.

Our four priority SDGs based on impact are:

- SDG8: Decent work and economic growth
- SDG9: Industry, innovation and infrastructure
- SDG12: Responsible 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 we have 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 strategy is to be the leading e-commerce 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 to help our businesses make progress executing their strategy. In addition, we run several company-wide programmes to facilitate the development process and collaboration.

“ Our strategic objectives are directly linked to the UN SDGs on which we have the greatest influence ”

## 5.2 Sustainability approach

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

### 5.2.1 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) CO<sub>2</sub> emissions by 60% compared to 2017. In addition, reduce our relative combined scope 1 & 2 CO<sub>2</sub> emissions per kilometre by 80% compared to 2017.
- By 2030, reduce total absolute CO<sub>2</sub> emissions (scope 1, scope 2, and scope 3 (including the CO<sub>2</sub> emissions of delivery partners)) by 18% compared to 2017.

In 2022, our relative and absolute emission reduction levels significantly improved compared to 2021. We achieved a drop of 25% in CO<sub>2</sub> per kilometre (from 203 to 152). This represents a 33% improvement compared to our base year 2017. Our absolute scope 1 and 2 emissions reduced by 24% compared to 2021 (from 34 to 26 kilo-tonnes CO<sub>2</sub>). This represents a 14% improvement compared to our base year 2017.

Primarily due to business developments during 2022, the scope 3 emissions reduced by 11% compared to 2021 (from 196 to 175 kilo-tonnes CO<sub>2</sub>). This reduction was mainly caused by lower volumes of parcels, resulting in less outsourced transport as well as a reduction in employee commuting.

During 2022, we continued to make strong progress in scaling up the amounts and share of renewable fuels in our fleet. Over 2022, we drove over 50% of the kilometres by our own small and large trucks on these renewable fuels. At the same time we increased our electric vehicle fleet, which so far mainly consists of bikes and scooters, by 56% compared to 2021.

More information about our environmental progress can be found in our 2022 Annual Report. PostNL will submit updated emission reduction targets to the SBTi for validation in 2023, which will include more ambitious targets on the reduction of scope 3 CO<sub>2</sub> emissions in line with the 1.5°C target of the Paris Agreement. While our emission reduction strategy remained unchanged in 2022, we are continuously evaluating our actions and plans based on our drive to find ways to accelerate our environmental progress.



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

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 5.4 Use of proceeds in this report.

### 5.2.2 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 large employer.

The main themes of this plan include providing the right HR services, hiring the right people, promoting health and well-being, strengthening employee engagement and realising change while creating agility.

We actively focus on being a good employer for the people working for and with us in the countries in which we operate. In this context, the labour inspectorate in Belgium filed several criminal cases against (among others) PostNL Belgium regarding alleged breaches of applicable social laws and regulations. Meanwhile, the investigative judge has initiated a criminal investigation into PostNL. The first court session took place in September 2022 where the court decided to postpone the case until April 2023. PostNL has filed an appeal against this postponement. We regularly review the compliance of delivery partners on several relevant social laws.

At the same time, we will continue to cooperate fully, as we have done throughout, with the authorities' questions and investigations, and look forward with confidence to any legal proceedings. We also added considerable additional controls to the network to ensure compliance.

In relation to decent work and human rights, PostNL has several policies in place, such as our business principles. These policies are publicly available on the company's website. PostNL's company-wide Occupational Health and Safety management system has been ISO45001 (working conditions and health & safety) certified for many years.

The contribution of PostNL towards 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. In addition to managing Parcels for sustainable growth and managing value for our Mail business, accelerating our digital transformation is a third key element in our strategic foundation.

PostNL will be well-positioned to gradually increase its margin once economic conditions improve and the e-commerce market resumes its growth trajectory, based on the benefits from the measures we have announced, including investments in our strategy and additional cost saving plans. We are confident about the long-term e-commerce growth perspective and about our position as market leader in the Benelux. Our strategy is the right one to navigate PostNL through these challenging times and prepare for the future.

“ We actively focus on being a good employer for the people working for and with us in the countries in which we operate ”



## 5.3 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, which complements 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 fourth Green Bond Report 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.

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.

## 5.4 Use of proceeds in this report

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

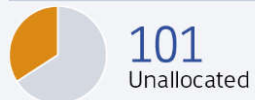
Treasury, together with Procurement and Services, keeps track of the allocation of potential eligible projects for the Green Bond. Allocated amounts are based on investments in sustainable solutions that meet the criteria as set out in PostNL's Green Bond Framework. Procurement and Group Reporting collaborate 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 Green projects

### Allocation of proceeds to eligible green projects

**Total**  
Net proceeds (€ million)

300



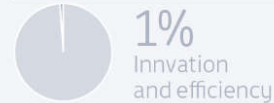
### Allocation of proceeds to eligible green projects per category

**Total**  
(€ million)

199

**Change**  
**in reporting period**  
(€ million)

123



### Allocation new and re-financed proceeds to eligible green projects

**Total**

**Change**  
**in reporting period**




PostNL Impact project category

Clean kilometres

**Output**

**Definition**  
Number of zero-emission vehicles deployed

**Reporting**  
**3,436**




**Impact**

**Definition**  
Annually avoided carbon emissions (in tCO<sub>2</sub>)


**Reporting**  
**4,894**

Sustainable buildings

**Output**

<p>Certification of energy efficient buildings</p> <p><b>Definition</b> Number of buildings with relevant certifications</p> <p><b>Reporting</b> <b>27</b></p> 	<p>Lighting</p> <p><b>Definition</b> Relative energy efficiency improvement (reduction of kWh)</p> <p><b>Reporting</b> <b>55%</b></p>	<p>Cooling and heating systems</p> <p><b>Definition</b> Relative carbon efficiency improvement (reduction of CO<sub>2</sub> emissions)</p> <p><b>Reporting</b> <b>34%</b></p>
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**Impact**

<p>Certification of energy efficient buildings</p> <p><b>Definition</b> Expected relative improvement of energy efficiency of buildings in kWh/m<sup>2</sup></p> <p><b>Reporting</b> <b>58%</b></p> 	<p>Lighting</p> <p><b>Definition</b> Annually avoided carbon emissions (in tCO<sub>2</sub>)</p> <p><b>Reporting</b> <b>601</b></p>	<p>Cooling and heating systems</p> <p><b>Definition</b> Annually avoided carbon emissions (in tCO<sub>2</sub>)</p> <p><b>Reporting</b> <b>479</b></p>
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Innovation and efficiency

**Output**


**Definition**  
Produced renewable electricity (MWh)

**Reporting**  
**1,780**

**Impact**

**Definition**  
Annually avoided carbon emissions (in tCO<sub>2</sub>)

**Reporting**  
**708**



### 5.4.1 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 for a substantial part 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 as transitional 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 larger share of emission-free transport and sustainable city logistics. Our drive to decarbonise our fleet is underpinned by two sub-targets:

- Attain emission-free delivery of parcels and mail in the last-mile in the Benelux region by 2030;
- Contribute to sustainable city logistics in line with (local) government planning.

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

As well as cutting GHG emissions, electrification also leads to air-quality improvements because there are no NO<sub>x</sub> emissions and no particulate matter emissions from fuel combustion.

During the reporting period, we invested €11 million of the Green Bond Proceeds in lease contracts for fully electric vehicles. Since the launch of the Green Bond, we have allocated €25 million towards investments in fully electric vehicles, with 11% allocated to re-financing and the remainder invested in new projects. In total, we have invested in 3,436 new vehicles, of which 1,247 were added to our fleet during the reporting period.

### Impact of investments

Investing in electric vehicles reduces our use of fossil-fuel driven vehicles and cuts Greenhouse Gas (“GHG”) emissions. With the clean kilometre investments outlined in this report, we expect to annually avoid 4,894 tonnes of CO<sub>2</sub> in total, of which 1,857 tonnes of CO<sub>2</sub> relate 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 to measure the progress on our targets in our environmental strategy. In 2022, this increased to 22% (2021: 20%). This percentage is influenced by a variety of factors, including the investments in electric vehicles and volume developments in our business.

### Use of proceeds examples

In 2022, the focus changed from pilot projects to scaling up the implementation of the underlying types of vehicles:

- E-cargo bikes
- E-bikes
- Electric scooters
- Electric cars
- Electric parcel delivery vans
- E-trucks
- 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 larger charging facilities at 14 parcel sorting centres and at four mail sorting centres. We will continue to expand these investments in the coming years at both existing and new sorting centres. The exact locations and size of loading infrastructure is based on internal alignment between the different networks within PostNL, as well as engagement 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 continue to engage with the grid operators, car manufacturers, local governments and other relevant stakeholders to identify potential bottlenecks and, in response, to define appropriate and concrete actions to realise our targets.

We expect to add 390 electric small trucks in our parcel and mail delivery towards sustainable city logistics in the upcoming year, which will be triple the amount of vehicles we added during 2022. And we continue investigating other opportunities to accelerate the electrification of our small truck fleet.

### 5.4.2 Sustainable buildings

#### Allocation of eligible projects

#### Certification of energy efficient buildings

Looking at our large buildings, we currently operate twenty-eight parcel sorting centres (of which one is a small parcel sorting centre), five mail sorting centres and one international sorting centre. We intend to increase the number of parcel sorting centres to stay ahead of the expected growth in parcel volumes. In addition to these buildings, we use several office buildings and a wide variety of smaller buildings in our operations. These buildings and centres require energy to power machinery, lighting, and provide heating and cooling in the working areas.

To reduce our environmental impact, we have been focusing 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 keep investing in solar panels on the roofs of new buildings to increase the production of renewable electricity and this also contributes to the certification levels of these buildings. In total 26 PostNL parcel sorting centres and one cross-dock location were certified at the end of 2022.



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

During the reporting period, we allocated €112 million of the Green Bond proceeds to sustainable buildings, which obtained the required certification. The sustainable buildings consist of 16 existing parcel sorting centres certified at BREEAM-NL In-Use “Very Good”, with an investment value of €100 million and €11 million relates to certified leased parcel sorting centres, including our new parcel sorting centre in Westzaan certified at BREEAM-NL Nieuwbouw “Outstanding”.

Since the launch of the Green Bond, we have allocated €171 million of proceeds to 26 sustainable buildings, 83% of which was related to refinancing and the remainder to financing new buildings.

For existing buildings where certification to the minimum level eligible for our Green Bond Framework is not feasible yet, we are developing measures to improve our environmental impact on project basis.

### **LED lighting**

We continued replacing traditional lighting, where after successful implementation at locations in our core networks we focused in 2022 on two locations for other logistical services. The implementation leads to a significant reduction in electricity consumption used for lighting for these locations.

### **Cooling and heating system**

Traditionally, our mail sorting centres are heated by natural gas, while cooling systems require electricity. In 2022 we continued replacing the cooling and heating systems in suitable locations with a hybrid solution using heat pumps and implemented the replacement in our international sorting centre in The Hague. This solution enables us to significantly reduce our natural gas consumption, which improves the carbon efficiency of the heating and cooling system. The total investment in replacement of cooling and heating systems was €1 million.

## **Impact of investments**

### **Certification of energy efficient buildings**

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 58%. For the buildings that were allocated to the list of proceeds during the reporting period, the energy efficiency improvement is expected to be 56% on average.

### **LED lighting**

The implementation of LED lighting at our locations for 2022 will lower our electricity demand for lighting in those buildings by 58%. Compared to the traditional system, we expect to avoid 37 tonnes of CO<sub>2</sub> emissions annually based on the average grid factor in the Netherlands. In total, the investments in LED lighting allocated to the Green Bond leads to 55% energy efficiency improvement and annual CO<sub>2</sub> savings of 601 tonnes.

### **Cooling and heating systems**

In 2022 we completed the replacement of the cooling and heating system in our international sorting centre with a hybrid solution using heat pumps. This solution enables us to significantly reduce our natural gas consumption, which improves the carbon efficiency of the heating and cooling system. We expect to annually avoid 279 tCO<sub>2</sub> with the system implemented in 2022.

### **Outlook**

For 2023 we will include the lease payments of our new head office building, as the certification BREEAM NL In-Use “Very Good” was obtained on 30 January 2023. Our new head office building, situated in one of our older distribution centres is currently the most sustainable national monument building in the Netherlands.

Furthermore, we expect to complete the certification process for our newly built parcel sorting centre in Hoogeveen, for which we expect to receive a BREEAM-NL Nieuwbouw “Excellent” certificate in 2023. Examples of additional measures to increase the sustainability of existing buildings includes the continuing replacement of traditional lighting with LED lighting, and the installation of solar panels. This helps us generate a substantial amount of renewable energy while contributing to the buildings’ overall energy efficiency.

We are expanding the number of locations in our Parcels business going forward. For example, at the beginning of 2023 we began constructing a new parcel sorting centre in Alphen aan den Rijn which has, in line with our other parcel sorting centres, been designed to achieve a BREEAM-NL Nieuwbouw “Outstanding” certification. We expect to receive this certification in 2024.

With our eight most recent sorting centres, including our new head office and excluding Hoogeveen, being financed via a (financial) lease structure, the investment cash out is spread over the lease term. The amount still to be allocated for these sorting centres, until maturity of the Green Bond, will be around €54 million. All lease contracts mature after maturity of the Green Bond.

Following the successful replacement of the cooling and heat installation at our sorting location in Zwolle and in our international sorting centre in The Hague, we began installing the same system at our sorting location in Nieuwegein.

We are also continually looking into new and innovative initiatives to improve the energy and carbon efficiency of our operations.

### 5.4.3 Innovation and efficiency Allocation of eligible proceeds

After the installation of solar panels on our mail sorting centres in 2021, we did not invest in other sustainable innovative or energy efficiency proceeds eligible for this Green Bond during the reporting year.

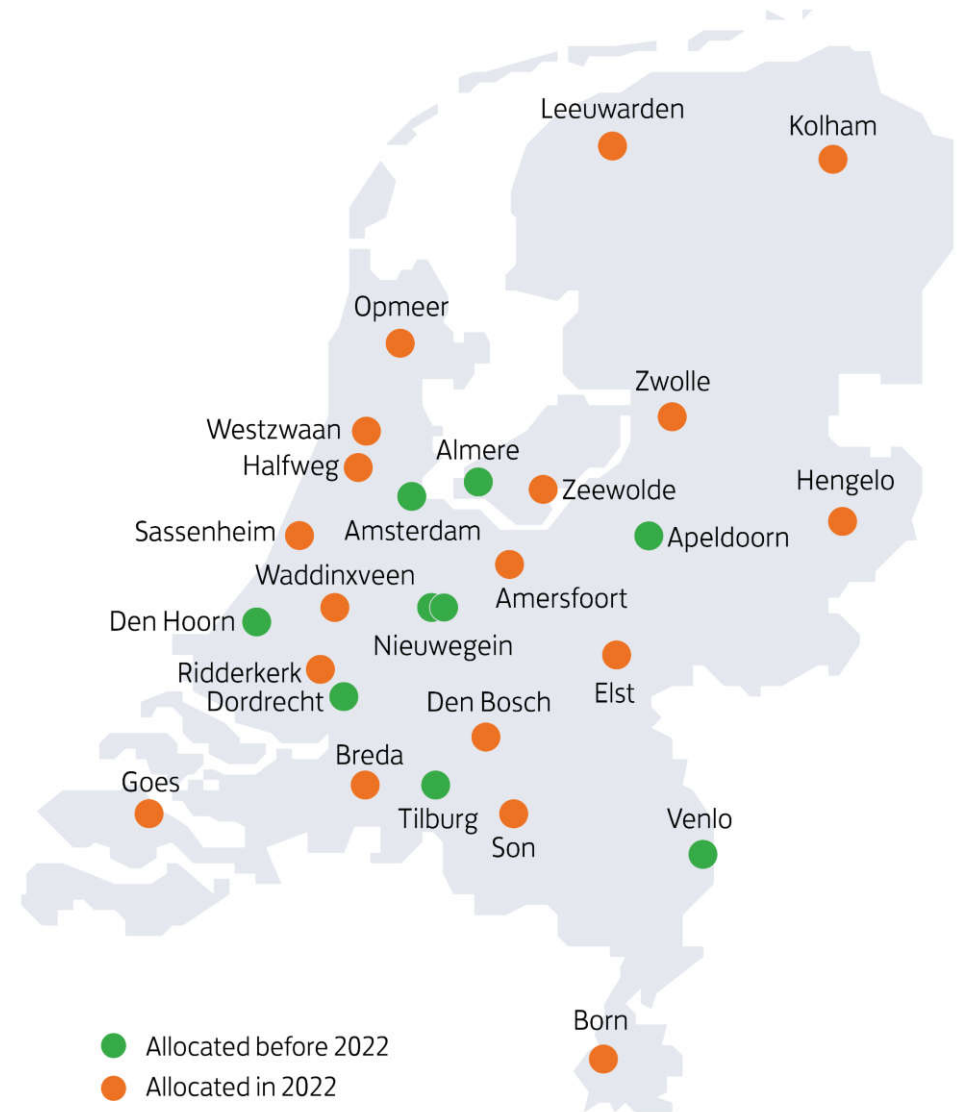
#### Impact of investments

The expected renewable energy generated by solar panels installed in 2021 remains annually 1,780 MWh. Compared to electricity production based on the average grid factor in the Netherlands, our expectation is to avoid 708 tonnes of CO<sub>2</sub> emissions annually (similar to our prior year’s expectations).

#### Outlook

Although we did not have allocated proceeds in this category during 2022, we continue to explore the viability of various business cases for innovation and efficiency.

### PostNL Overview of certified locations





# Basis of preparation

## 6.1 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.

## 6.2 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 CO<sub>2</sub> 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.

In our Green Bond Framework, we mentioned the improvement in energy efficiency in kWh/m<sup>2</sup> as impact indicator for energy or carbon efficiency measures in existing buildings. As carbon efficiency cannot be expressed in kWh and comparison with the impact indicator for the certified buildings, we changed the impact indicator to "avoided carbon emissions (in tCO<sub>2</sub>)".

## 6.3 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 CO<sub>2</sub> emissions, we use different external sources to estimate the emissions as accurately as possible. The avoided CO<sub>2</sub> 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 CO<sub>2</sub> emissions, we use generally accepted conversion factors published by the independent Dutch initiative tied to the government "CO<sub>2</sub>emissiefactoren.nl". For electricity-related CO<sub>2</sub> 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 and Services 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

In 2022 PostNL engaged KPMG Accountants N.V. as independent external auditor for our Annual Report to provide limited assurance on this Green Bond Report.

# Assurance report of the independent auditor

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

## Our conclusion

We have reviewed the information in the Green Bond Report for the year ended 31 December 2022 (hereafter: 'the Report') of PostNL N.V., based in the Hague, the Netherlands. A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the Report is not prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our report.

## Basis for our conclusion

We performed our review 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)). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of PostNL N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). 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 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 Report are contained within the "PostNL Green Bond Reporting Framework" and are applied as disclosed within the Report in the section "Basis of preparation".

## Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the Report / the sustainability indicators and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

We agreed with the Supervisory Board that misstatements which are identified during the review and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

## The Board of Management and Supervisory Board's responsibilities for the Green Bond Report

The Board of Management is responsible for the preparation of the Report in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report.

Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is, amongst other things, responsible for overseeing the PostNL N.V. reporting process.

## Auditor's responsibilities

Our responsibility is to plan and perform our review 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, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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 applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements. Our review included among others:

- evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Report;
- obtaining an understanding of the reporting processes for the Report, including obtaining a general understanding of internal control relevant to our review, but not for the purpose of expressing a conclusion on the effectiveness of the Company's internal control;

- identifying areas of the Report where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, amongst others:
  - Interviewing relevant staff at PostNL responsible for Green Bond management, reporting, and providing and consolidating the Report;
  - Obtaining assurance information that the Report reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation, to determine whether the information in the Report is plausible in line with the Reporting criteria;
- evaluating the presentation, structure and content of the Report; and
- considering whether the Report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Board of Management and the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

The Hague, 11 April 2023

KPMG Accountants N.V.

R.R.J. Smeets RA

**We look forward to receive feedback on this report**

Please send us your comments by e-mail to

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April 2023

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