



Green Bond Report

Reporting period 1 January – 31 December 2021



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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 you 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 2021 Annual Report.

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 2021, 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 (€ million)	Allocated	Unallocated
Cumulative	300	25%	75%

PostNL Allocation of proceeds to eligible green projects per category

Period	Clean kilometres	Sustainable buildings	Innovation and efficiency	Total
Invested total (in € million)	14	59	2	75
	19%	79%	2%	100%
Invested in reporting period (in € million)	7	14	2	23
	32%	60%	8%	100%

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

Period	New proceeds	Re-financed proceeds
Invested total	44%	56%
Invested in reporting period	76%	24%

Executive summary

This chapter provides an executive summary of the allocation of the proceeds to eligible green projects as at 31 December 2021, and for the remaining outstanding period of the Green Bond.

We allocated €23 million of the Green Bond proceeds to eligible green projects during the reporting period, representing 8% 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 €7 million of the Green Bond proceeds in purchasing and leasing fully electric vehicles. Since the launch of the Green Bond, we have allocated €14 million for investments in fully electric vehicles, with 19% allocated to re-financing and the remainder invested in new projects. In total, we have invested in 2,189 new vehicles, of which 900 were during the reporting period. In 2022, we expect to purchase or lease 250 electric delivery vans for our Parcels and Mail networks, and make our entire scooter fleet within the Mail network electric. We will also continue to investigate other opportunities to accelerate the electrification of our fleet.

Sustainable buildings

We operate a variety of sorting and distribution centres composed primarily of twenty-seven parcel sorting centres (one of which is a small

parcel sorting centre), five mail sorting centres and one international sorting centre. We aim to open additional parcel sorting centres to keep pace with the expected growth in parcel volumes. 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 onsite renewable energy, such as rooftop solar panels, where technically and economically feasible.

During the reporting period, we invested €14 million of the Green Bond proceeds in four sustainable buildings. Since the launch of the Green Bond, we have invested €59 million in nine sustainable buildings, 67% 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 our existing parcel sorting centre in Den Hoorn, and expect to obtain the same certification for 16 other existing parcel sorting centres during the second quarter of 2022. This will involve an investment of around €100 million, which will be visible in our 2022 report.

Besides the new parcel sorting centre in Den Hoorn, we invested €1 million, as part of the €14m, to upgrade our Mail sorting centres to LED lighting, which we calculate will lower our electricity demand for lighting in those buildings by 55%. And we invested €1 million to replace the cooling and heating system at one of our Mail sorting centres with a hybrid solution using heat pumps, which will improve the centre’s carbon efficiency by 28% in CO₂/m².

Innovation and efficiency

As part of our strategy, we keep developing new ways to reduce our carbon footprint and become more energy efficient. During the reporting period, we invested €2 million installing rooftop solar panels on our three Mail sorting centres and our international sorting centre, which we estimate will enable us to avoid 708 tonnes of CO₂ emissions annually.

Impact reporting

This chapter provides an overview of the expected impact of proceeds allocated to eligible green projects as at 31 December 2021. 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	2,189	900
Impact	Annually avoided carbon emissions (in tCO ₂)	3,246	1,240

6

PostNL Impact project category Sustainable buildings

Indicator	Definition	Total	Change in reporting period
Output	Number of buildings for which relevant certifications have been obtained	9	1
	Relative energy efficiency improvement of LED lighting	55%	55%
	Relative carbon intensity improvement of cooling and heating systems	28%	28%
Impact	Expected relative improvement of energy efficiency of buildings kWh/m ² compared to conventional buildings	61%	53%
	Annually avoided carbon emissions (in tCO ₂) LED lighting	563	563
	Annually avoided carbon emissions (in tCO ₂) cooling and heating systems	200	200

PostNL Impact project category Innovation and efficiency

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

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.

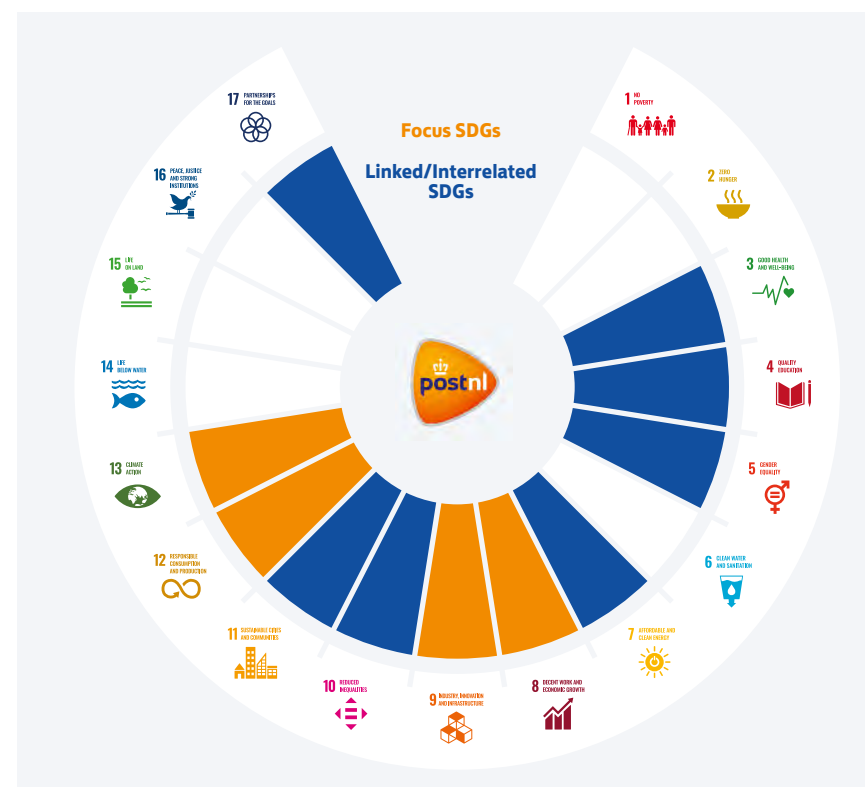
4.1. Value creation and strategy

Sustainable Development Goals and PostNL

Internationally, the importance of sustainable development is recognised by the United Nations (UN) and 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. There are outlined below.

Our four priority SDGs based on impact are:

- 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 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.

4.2. Impact of Covid-19 on our strategy

In 2021, the Covid-19 pandemic affected PostNL's sustainable development in a number of ways. While our main priority throughout the year was the health and safety of our people, we proactively implemented a range of measures internally and followed government lock-down measures throughout the pandemic's different phases.

The pandemic impacted national and global supply chains, causing delays in the production and transportation of goods and parts. This slowed the development of our charging infrastructure projects for electric vehicles, and held up the delivery of material and parts required for electric vehicles. The result was we were unable to introduce as many electric vehicles to our fleet as we had planned at the beginning of 2021.

While the pandemic has led to slight delays in our fleet transition strategy, we expect to offset this by accelerating the pace of our electric fleet transition in the coming years. For example, we have accelerated our procurement processes and, as the impact of Covid-19 on society lessens, we hope to see supply chain normalisation continuing.

“ Our strategy is based on our purpose to deliver special moments and our ambition to be your favourite deliverer. ”

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 2021, our relative and absolute emission reductions significantly improved compared to 2020. We achieved a drop of 18% in CO₂ per kilometre (from 249 to 203). This represents a 10% improvement compared to our base year 2017. Our Absolute scope 1 and 2 emissions reduced by 17% compared to 2020 (from 41 to 34 kilotonnes CO₂). This represents an 8% improvement compared to our base year 2017.

The reduction in scope 1 and 2 emissions was offset by an increase in our scope 3 emissions, primarily caused by the continued growth in parcels, both in large truck transport and parcel delivery in the Netherlands and Belgium. In total, our scope 1, 2 and 3 increased by 4 kilotonnes compared to 2020 and were 2% lower than the gross emissions in our base year 2017.

While we only gradually increased the number of electric vehicles in our fleet, we made strong progress in scaling up the volumes and share of renewable fuels in our fleet.

More information about our environmental progress can be found in our 2021 Annual Report.

Our emission reduction strategy remained unchanged in 2021. We are continuously adjusting 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 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 large employer.

The main themes of this plan include attraction and retention of people, diversity & inclusion, labour practices, health & safety and being fit 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. In this context, we cannot identify with the recently reported social compliance issues linked to our delivery partners in Belgium. The vast majority of our Belgium delivery partners are professional and apply the same social compliance standards as PostNL. When we detect non-compliance, this may lead, and only in a limited number of cases actually has led, to termination of our collaboration.

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 growth in Parcels profitability and managing value for our Mail business, accelerating our digital transformation is a third key element in our strategic foundation.

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, 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 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.

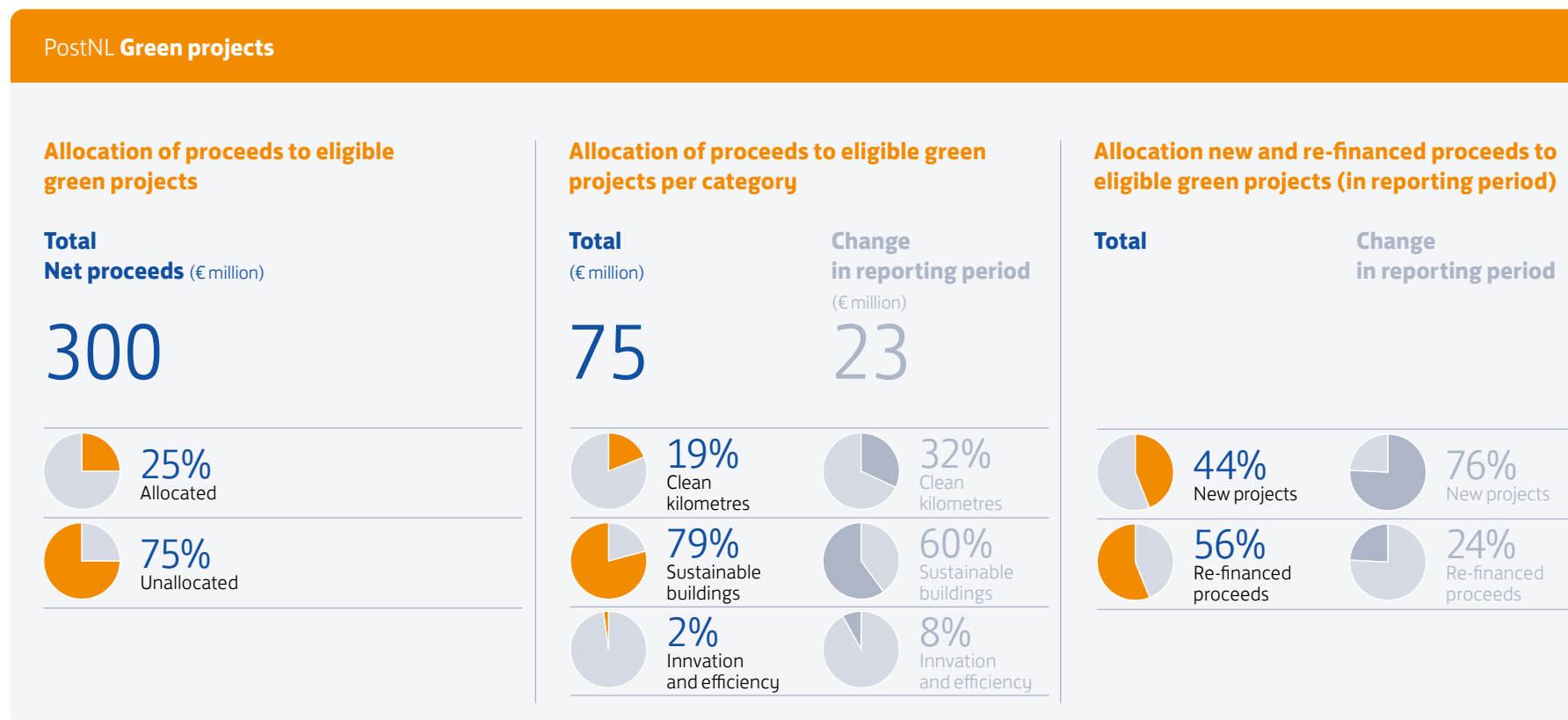
The net proceeds of the Green Bond have been allocated to a portfolio of eligible green projects which are classified under the main categories.

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 and Services, 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 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 Impact project category

Clean kilometres

Output

Definition
Number of zero-emission vehicles deployed

Reporting
2,189




Impact

Definition
Annually avoided carbon emissions (in tCO₂)


Reporting
3,246

Sustainable buildings

Output

<p>Certification of energy efficient buildings</p> <p>Definition Number of buildings for which relevant certifications has been obtained</p> <p>Reporting 9</p> 	<p>Lighting</p> <p>Definition Relative energy efficiency improvement</p> <p>Reporting 55%</p>	<p>Cooling and heating systems</p> <p>Definition Relative carbon efficiency improvement</p> <p>Reporting 28%</p>
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Impact

<p>Certification of energy efficient buildings</p> <p>Definition Expected relative improvement of energy efficiency of buildings in kWh/m²</p> <p>Reporting 61%</p> 	<p>Lighting</p> <p>Definition Annually avoided carbon emissions (in tCO₂)</p> <p>Reporting 563</p>	<p>Cooling and heating systems</p> <p>Definition Annually avoided carbon emissions (in tCO₂)</p> <p>Reporting 200</p>
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Innovation and efficiency

Output


Definition
Produced renewable electricity (MWh)

Reporting
1,780

Impact

Definition
Annually avoided carbon emissions (in tCO₂)

Reporting
708



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 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 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.

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 €7 million of the Green Bond Proceeds in lease contracts for fully electric vehicles. Since the launch of the Green Bond, we have allocated €14 million towards investments in fully electric vehicles, with 19% allocated to re-financing and the remainder invested in new projects. In total, we have invested in 2,189 new vehicles, of which 900 were investments during the reporting period.

Impact of investments

Investing in electric vehicles reduces our use of fossil-fuel driven vehicles and cuts Green House Gasses (“GHG”) emissions. With the clean kilometre investments outlined in this report, we expect to annually avoid 3,246 tonnes of CO₂ in total, of which 1,240 tonnes of CO₂ 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. In 2021, this remained stable at 20%. This percentage is influenced by a variety of factors, including the investments in electric vehicles and volume developments in our business, which in 2021 again 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 was 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 seven parcel sorting centres and at two mail sorting centres. We will continue to expand these investments in the coming years at both existing and new 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 continue to engage with the grid operators, car manufacturers, local governments and other relevant stakeholders to identify potential bottle-necks and, in response, actions to realise our targets.

We expect to add 250 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

Certification of energy efficient buildings

Looking at our large buildings, we currently operate twenty-seven 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.

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 €6 million of the Green Bond proceeds to one of our sustainable buildings, which obtained the required certification. The sustainable building mentioned above was the first of 17 existing parcel sorting centres certified at BREEAM-NL In-Use “Very Good”. The other 16 buildings are expected to be certified in 2022, with the investment of around €100 million eligible for the 2022 Green Bond Report. Another €6 million relates to certified leased parcel sorting centres.

Since the launch of the Green Bond, we have allocated €59 million of proceeds to nine sustainable buildings, 67% 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 replaced traditional lighting in our Mail sorting centres with LED lighting in 2021, leading to a significant reduction in electricity consumption used for lighting. The investment was €1 million.

Cooling and heating system

Traditionally, our mail sorting centres are heated by natural gas, while cooling systems require electricity. In 2021 we replaced the cooling and heating system in one Mail 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. The investment 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 61%. For the building that was allocated to the list of proceeds during the reporting period, the energy efficiency improvement is expected to be 53%.

LED lighting

The introduction of LED lighting at our Mail sorting centres in 2021 will lower our electricity demand for lighting in those buildings by 55%. Compared to the traditional system, we expect to avoid 563 tonnes of CO₂ emissions annually based on the average grid factor in the Netherlands.

Cooling and heating systems

Traditionally, our mail sorting centres are heated by natural gas, while cooling systems require electricity. In 2021 we replaced the cooling and heating system in one Mail 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. The investment was €1 million.

Outlook

For 2022 we expect to include the investments in buildings for 16 existing sorting centres to a sustainability level of BREEAM NL In-Use “Very Good”. 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. With the expected allocation of investments to these upgraded and certified buildings in 2022, all our leased and owned parcels sorting centres will then be sustainably certified and related investments will be allocated to the Green Bond. The total additional investments we expect to allocate to the Green Bond amount to around €100 million.

Furthermore, we expect to complete the certification process for our newly built parcel sorting centre in Westzaan, for which we expect to receive a BREEAM-NL Nieuwbouw “Outstanding” certificate in 2022.

In 2021 PostNL moved its head office to a national monument Stationspostgebouw in The Hague, which has been transformed into a new office environment. We expect this office to receive a BREEAM-NL In-Use “Very Good” or higher certificate in 2022/2023.

We are continuously expanding the number of locations in our Parcels business going forward. For example, at the beginning of 2022 we began constructing a new parcel sorting centre in Hoogetveen which has, in line with our other parcel sorting centres, been designed to achieve a BREEAM-NL Nieuwbouw “Excellent” certification. We expect to receive this certification in 2023.

With our six most recent sorting centres (excluding Hoogetveen) and our new head office 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 € 50 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, at the end of 2021 we began installing the same system at our international sorting centre in The Hague. Installation at our other Mail sorting centres will follow in the coming years.

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

“ The introduction of LED lighting at our Mail sorting centres in 2021 will lower our electricity demand for lighting in those buildings by 55%. ”

4.5.3. Innovation and efficiency

Allocation of eligible proceeds

In 2021, we invested in the sustainability of our existing Mail organisation buildings and our international sorting centre. While the age of the buildings means building certification at the level required for the Green Bond is unlikely to be feasible, we did realise a number of measures that significantly improved our energy and carbon efficiency. In total, we invested €2 million in measures eligible for allocation to the Green Bond. We installed 5,294 rooftop solar panels on our three Mail sorting centres and our international sorting centre, which will increase the amount of renewable energy we generate.

Impact of investments

The renewable energy generated by these panels is expected to be 1,780 MWh. Compared to electricity production based on the average grid factor in the Netherlands, we expect to avoid 708 tonnes of CO₂ emissions annually.

Outlook

After the successful installation of solar panels and LED lighting in three existing mail sorting centres and our international sorting centre in 2021, we are developing plans to further scale up these business cases. For example, at the end of 2021 we began installing solar panels at our logistics sorting centre in Vianen.



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.

In our Green Bond Framework, we mentioned the improvement in energy efficiency in kWh/m² 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 tCO₂).

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.

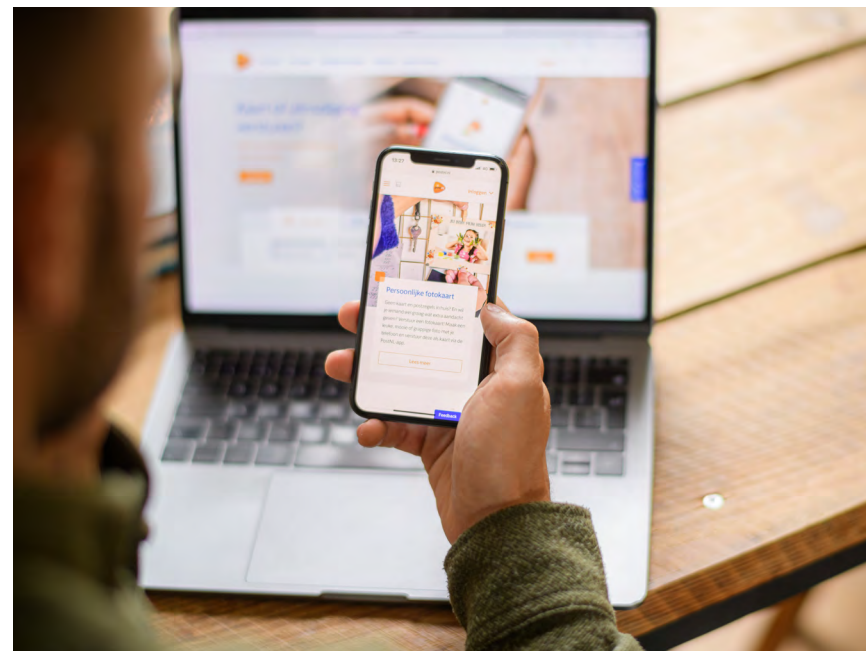
To calculate CO₂ emissions, we use different external sources to estimate the emissions as accurately as possible. The avoided CO₂ emissions of the investment in electric vehicles is calculated based on average annual mileage of electric vehicles and average fuel consumption of the fossil alternative 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

In 2021 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 1 January 2021 up to 31 December 2021 (hereafter: the Green Bond Report) of PostNL N.V. (hereafter: the Company) based in The Hague, the Netherlands.

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that 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” as available on the Company’s website and the applied supplemental reporting criteria as disclosed in section “Basis of preparation” of the Green Bond Report.

Basis for our conclusion

We have conducted our limited 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 regulations 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 that 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 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.

The absence of an established practice on which to draw, to evaluate and measure the information in the Green Bond Report 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 assurance engagement on the Green Bond Report. 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’ of our report. In this context, the Board of Management is responsible for the identification of the intended users and the criteria being applicable for their purposes. 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.

Furthermore, the Board of Management is responsible for such internal control as it 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 our 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 applicable legal and regulatory 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 of 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 information in the Green Bond Report 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 2021 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, 22 April 2022

Ernst & Young Accountants LLP

Signed by J. Niewold