



Green Bond Framework

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1. Company introduction

PostNL (further also referred to as 'the Company') is a postal and logistic solutions provider headquartered in the Netherlands. The Company provides its customers with an extensive range of services to address customer mail and e-commerce logistical needs including collecting, sorting, transporting and delivering letters and parcels to and for its customers within specific timeframes. PostNL operates through a combination of smart networks, digital applications and the right communications channels and has a large and modern network for letters, parcels and e-commerce logistics in the Benelux region, all of which are vital for PostNL's transformation from a traditional mail business to an e-commerce logistics service provider.

The Company delivers parcels every day and mail five days a week. On a weekday, PostNL delivers on average 800,000 parcels and 7 million letters throughout the Benelux region (2018 figures). The Company is the indispensable link for its customers between senders and recipients, and the connector between the physical and the digital world.

For 220 years, the Company ensures that mail is reliable and accessible in the Netherlands. With almost 38,000 employees (2018 figures), the Company is one of the largest private employers in the Netherlands. In addition, PostNL is active throughout the world with cross-border activities under the name of "Spring Global Solutions".

2. Approach to sustainability

2.1. Value creation and strategy

PostNL has long viewed sustainability as key to its value creation process, and in particular identified climate change and the associated shift towards a more sustainable model of society as respectively influencing the environment in which PostNL operates. These issues are also internationally recognised as important themes by the United Nations (UN) and included in the Sustainable Development Goals (SDGs). PostNL views two UN SDGs as most relevant to its long-term value creation, namely:

- SDG8: Decent work and economic growth
- SDG13: Climate action

Based on the relevance for stakeholders and the impact PostNL has on the environment, the Company identified the following sustainability topics as material in its integrated materiality assessment: (i) Emission-free delivery (ii) Empowered people and (iii) Accessible and reliable postal services.

Driven by these topics, PostNL's sustainability (and long-term value creation strategy) targets the following objectives, all of which are directly linked to the UN SDGs:

1. Help customers grow their business (SDG8)
2. Enhance sustainable employability (SDG8)
3. Secure accessible and reliable postal services (SDG8)
4. Deliver profitable growth and generate sustainable cash flow (SDG8)
5. Reduce environmental impact (SDG13)

2.2. Sustainability approach

PostNL's sustainability strategy is centred on two UN SDGs – SDG13 (Climate action) and SDG8 (Decent work and economic growth). A description of the strategy is provided below:

2.2.1. Climate action

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

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

To achieve these company-wide environmental goals, PostNL focuses on three areas:

1. Green kilometres
2. Sustainable buildings
3. Innovation and efficiency

The **green kilometres** programme is interconnected with PostNL's investment in smart city logistics. This includes realisation and operation of urban consolidation centres, designed to consolidate goods at the edge of city centres, followed by delivery with emission-free transportation in the city. As it stands (and where possible), a significant part of PostNL's delivery kilometres is already emission-free due to the utilisation of traditional bicycles and delivery by foot. In situations where the aforementioned mode of transportation is not feasible, and vehicles are in use, PostNL has been proactive in making the switch to electric vehicles with the potential to add hydrogen-fueled vehicles in the future. PostNL's drive to decarbonise its fleet is driven by two sub-targets:

- Deliver emission-free in 25 city centres in the Benelux region by 2025
- Attain emission-free delivery in the last-mile in the Benelux region by 2030

PostNL's focus on transportation-linked emissions extends to helping its partners to become more environmentally-friendly (e.g. delivery partners) and the widespread use of new more environmentally-friendly technologies – the latter of critical importance as PostNL transforms itself from a traditional mail business to an e-commerce logistics service provider. The Company's digital transformation involves improving its business processes, developing new systems and data analytics - for example, PostNL analyses data to create meaningful information that helps reduce fuel consumption and identify other areas of improvement in transportation efficiency.

Sustainable buildings is the second area of focus for PostNL. The Company currently owns and operates five mail sorting centres and twenty four parcel sorting centres and intends to increase the number of parcel sorting centres in anticipation of the expected growth in parcel volumes. To reduce PostNL's environmental impact, PostNL has invested exclusively in sorting centres with BREEAM NL "Outstanding" level certifications since 2016. The Company also continues to invest in installing onsite renewable energy (e.g. solar panels on rooftops where technically and economically feasible) and making energy efficiency improvements like switching to LED lighting in existing buildings. PostNL aims to obtain BREEAM NL In-Use certification with at least "Very Good" rating for (sorting centre) buildings that are not yet certified.

Innovation and efficiency focuses on a number of elements which include:

- Optimisation of networks to reduce the number of kilometres driven – achieved by investing in data analytics to identify network efficiency potential based on actual transportation data.
- Smart packaging aimed at removing air from packages and increasing reusability.
- Contributing to a more circular economy – for example, by developing a returns service. As an example, PostNL signed the circular manifest with one of its suppliers to collaborate on returns and reusable packaging.
- Funding innovation through partnerships and investing in green energy electricity – for example, collaborations between PostNL and other parties in the transportation sector (like the Thuiswinkel.org) on gaining meaningful insights from CO2 data.

2.2.2. Decent work and economic growth

To enhance sustainable employability, PostNL has a Human Resources (HR) framework and strategic plan in place aimed at strengthening PostNL's position as a leading employer in the Netherlands and at developing its workforce. Main themes include employee development and engagement, diversity & inclusion, health & safety, labour conditions and attract and retain talent. In relation to decent work and Human Rights, PostNL has several policies in place, for example our Business Principles. These policies are publicly available on the company's website. PostNL's company-wide safety management system has been OHSAS18001 (working conditions and health & safety) certified for many years.

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

3. Rationale for the Green Bond programme

PostNL is aware of its environmental impact given it is a postal and logistics service provider to every street in the Netherlands and Belgium. For this reason, PostNL is reinforcing the Company's commitment to sustainability by highlighting its ambitious target to have emission-free delivery across the Benelux region by 2030. The launch of a Green Bond programme would provide the financial support needed to execute PostNL's sustainability strategy (including its emission-free ambitions) and help The Company contribute meaningfully to the two aforementioned UN SDGs (SDG8 & SDG13). By issuing Green Bonds, PostNL strives to accelerate its transition to a truly sustainable e-commerce logistics service provider as well as broaden its investor base.

4. Alignment with the Green Bond Principles

Green Bonds are dedicated bonds whose proceeds are ear-marked and will be exclusively applied to finance and/or re-finance eligible green projects. The Green Bond Framework has been prepared in line with the four pillars of the Green Bond Principles 2018 (GBP¹) administered by the International Capital Market Association (ICMA). The GBP are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

4.1. Use of proceeds

An amount equal to the net proceeds of PostNL Green Bonds will be used to finance and/or re-finance new and/or existing eligible green projects made by PostNL N.V. or its subsidiaries during the past 24 months preceding the issue date up to the maturity date of each Green Bond. We have identified eligible green projects in three categories, all aiming on actions to combat climate change. All projects have clear environmental benefits.

Green kilometres (GBP: clean transportation)

Use of proceeds	Performance indicator
Direct investments in and leasing of emission-free vehicles (e.g. electric, hydrogen)	Number of clean vehicles deployed

Sustainable buildings (GBP: green buildings and energy efficiency)

Use of proceeds	Performance indicator
Direct investments in and leasing of new and/or existing energy efficient buildings with BREEAM NL Certificate of at least "Excellent" level or In-Use of at least "Very good" level or an equivalent environmental building certification	Number of buildings with BREEAM NL Certifications
Investments to improve the energy efficiency and/or emission reduction of existing buildings. Note: Threshold for energy efficiency is 20% Examples: Insulation, LED lighting, geothermal energy systems, etc.	Energy / emissions efficiency in capex business case
Direct investments in and leasing of new energy efficient machinery Note: Threshold for energy efficiency is 20% Example: Energy efficient sorting machines	Energy efficiency in capex business case

Innovation and efficiency (GBP: renewable energy)

Use of proceeds	Performance indicator
a) Investments in the development, construction, maintenance or operation of facilities, equipment or systems that generate or transmit renewable energy (particularly offshore and onshore wind energy, solar energy)	Number of guarantees of origin retired from locally sourced renewable energy expressed in MWh
b) The purchase of renewable energy	

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

4.2. Process for project evaluation and selection

Projects to which the proceeds of Green Bonds are intended to be allocated are evaluated and selected, based on compliance with the eligibility criteria set out above, 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.

4.3. Management of proceeds

An amount equal to the net proceeds from PostNL Green Bonds will be allocated and managed by PostNL's Treasury department on a portfolio basis in collaboration with the Procurement department. For projects where the cash out is spread over a specific period during its lifetime, PostNL will allocate the actual annual disbursements.

PostNL will set up an internal tracking system within its Treasury department to facilitate the allocation process during the lifetime of all PostNL Green Bonds. Pending the full allocation to the applicable eligible green projects, or in case of insufficient pool of eligible green projects, PostNL will hold and/or invest the balance of the net proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio. Proceeds will be reallocated to eligible green projects as soon as reasonably practicable. The GBC will attest the activities of the Treasury department to determine whether the proceeds are appropriately managed.

For all projects, except these evidenced by certification for which the certification date is used, PostNL uses the actual date of cash out of the investment as date for allocation to the proceeds of the bond in a specific year.

4.4. Reporting

4.4.1. Allocation reporting

PostNL will report to investors on its company website within one year from the date of the Green Bond issuance and annually thereafter until an amount equal to the net proceeds of the Green Bonds have been allocated to eligible green projects. In addition, PostNL will appoint an independent third-party to provide assurance that information in these reports is prepared in line with PostNL's Green Bond Framework.

The allocation report will provide the following information:

1. Allocation of Green Bond proceeds to eligible green projects

Net proceeds (€ million)	Allocated (%)	Unallocated (%)

2. Amount of proceeds allocated to eligible green projects per category

Green kilometres (%)	Sustainable buildings (%)	Innovation and efficiency (%)

3. Share of new projects and re-financing of existing projects

New projects (%)	Re-financed projects (%)

4.4.2. Impact reporting

In order to give a comprehensive view on the impact of the investments, PostNL will also report on the environmental benefits of eligible green projects funded by the Green Bond issuance. The impact report will rely on both output and impact metrics as illustrated below subject to data availability.

GBP eligible project category	Potential output indicators	Potential impact indicators
Green kilometres (GBP: clean transportation)	Number of clean vehicles deployed	% of emission-free transported kilometres compared to total transported kilometres as presented in PostNL's Annual Report
Sustainable buildings (GBP: green buildings & energy efficiency)	Number of relevant certifications obtained Number of / amount invested in energy efficient equipment or equipment parts purchased or leased	Improvement in energy efficiency of buildings in kWh/m ²
Innovation and efficiency (GBP: renewable energy)	Number of guarantees of origin	Amount of CO ₂ emissions avoided

5. External review

5.1. Second party opinion

PostNL has retained Sustainalytics to provide a Second Party Opinion (SPO) on the environmental benefits of this Green Bond Framework and the Green Bond programme, as well as its alignment to the GBP. The SPO is available on our website (link: www.postnl.nl).

5.2. Verification

PostNL will appoint an independent third-party to provide assurance that an amount equal to the net proceeds of the Green Bonds has been allocated in compliance with the eligibility criteria as set out in this Green Bond Framework. This review will be conducted on an annual basis until all proceeds from outstanding Green Bonds have been fully allocated.

Disclaimer

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No representation is made as to the suitability of any bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such bonds regarding the use of proceeds and its purchase of bonds should be based upon such investigation as it deems necessary. PostNL has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the PostNL Green Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such bonds if PostNL fails to adhere to this Framework, whether by failing to fund or complete eligible green projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the eligible green projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available eligible green projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible green projects. Each environmentally focused potential investor should be aware that eligible green projects may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts.

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