

ESG

Groene bezorging
in de stad

Ik rijd stil en schoon



Improving our environmental impact

Deep dive

The Hague — 30 September 2021

Video: purpose



ESG deep dive

Improving our environmental impact

Agenda:

1. **ESG – commitment & approach** Herna Verhagen, CEO
2. **Deep dives**
 - Electrification of our fleet Nikaj van Hermon,
Manager Real Estate,
Facilities and Fleet
 - Renewable fuels as a
transitional solution Iris van Wees,
Director Operations Parcels
3. **Round table and Q&A**



Our purpose, ambition and strategy



Purpose

Deliver special moments



Ambition

To be your favourite deliverer



Strategy

To be the leading logistics and postal service provider in, to and from the Benelux region

Value creation for attractive total shareholder return

To be your favourite deliverer

Strategic objectives

-  Help customers grow their business
-  Secure a sustainable mail market
-  Attract and retain motivated people
-  Improve environmental impact
-  Generate profitable growth and sustainable cash flow

Value creation proposition

 **Parcels**
Manage for profitable growth

 **Mail**
Manage for value

 Digital **NEXT**

Business objectives

- Enhance customer interaction
- Capture further e-commerce growth
- Manage network capacity and utilisation of infrastructure
- Deliver smart logistics solutions
- Positioning the value of mail and enhancing customer experience
- Keep mail accessible, reliable and affordable
- Deliver stable and predictable normalised EBIT and cash flow
- Transform our commercial engine
- Transform core logistics and operations
- Scale platform and digital business models



To be the leading logistics and postal service provider in, to and from the Benelux region

ESG - our licence to operate

Supporting the UN Sustainable Development Goals (SDGs)



Environmental

Improve environmental impact

- Clean kilometres
- Network efficiency
- Sustainable buildings and facilities
- Green products and services



Social

Realise full potential of our people and act as a responsible employer

- Strengthen employee engagement
- Staying safe and healthy
- Realise change
- Workforce optimisation and capacity management



Governance

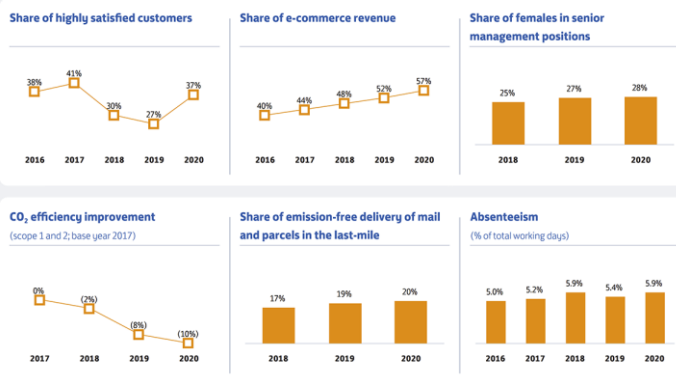
Transparent, responsible and accountable

- Two-tier board
- Stakeholder dialogue
- Clear business principles
- UN Global Compact

ESG integrated in decision-making and control framework

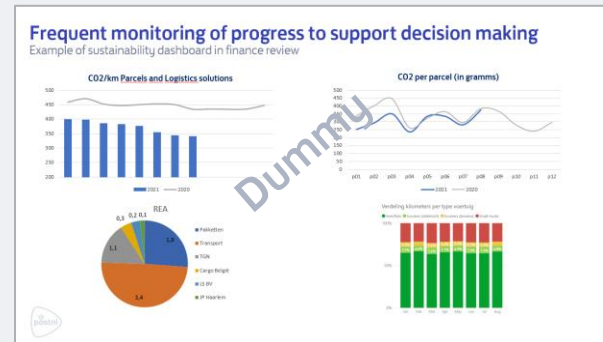
Ambitious non-financial targets with frequent monitoring

- Set at PostNL level, for own activities and delivery partners
- In line with Paris Agreement and validated by SBTi
- Supporting the UN SDGs



Fully embedded in sound governance and policies

- Setting of strategic objectives
- Planning and control cycle
- Risk management framework
- Part of performance measures in remuneration policy
- Stakeholder dialogue



Integrated reporting

Compliant with relevant laws and regulations and aligned with:

- IIRC Integrated Reporting framework
 - GRI Sustainable Reporting Standards
 - UN Global Compact principles
 - Task Force on Climate-Related Financial Disclosures
 - International Capital Market Association Green Bond Principles 2018
- 
- The image shows the cover of a 2018 Annual Report. The number '2018' is prominently displayed in a large, stylized font, with each digit containing a different image: a person, a building, a document, and a globe. Below the number, the text 'Annual Report' is written in a bold, orange font, followed by the tagline 'Capturing growth, delivering value' in a smaller, black font. The background of the cover is a collage of various images related to business and sustainability.



Our long term commitment to ESG

Providing a strong foundation to build from since 2007



Recognised ESG leadership

Based on key performance indicators and external ratings



Environmental

- carbon efficiency (g/km)
- emission-free last-mile delivery

	2017	2020	
carbon efficiency (g/km)	226	249	↓
emission-free last-mile delivery	17%*	20%	↑



Social

- employee engagement

employee engagement	67%	84%	↑
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Governance

- women in senior management positions

women in senior management positions	25%*	28%	↑
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* 2018; not reported in 2017



Top 3 worldwide
Several years in a row
Transport & Infrastructure
Dow Jones Sustainability Index



A List
CDP – climate change



Low risk
Sustainalytics
ESG rating



AAA
MSCI ESG rating



Excellent/Outstanding
Various sorting centres



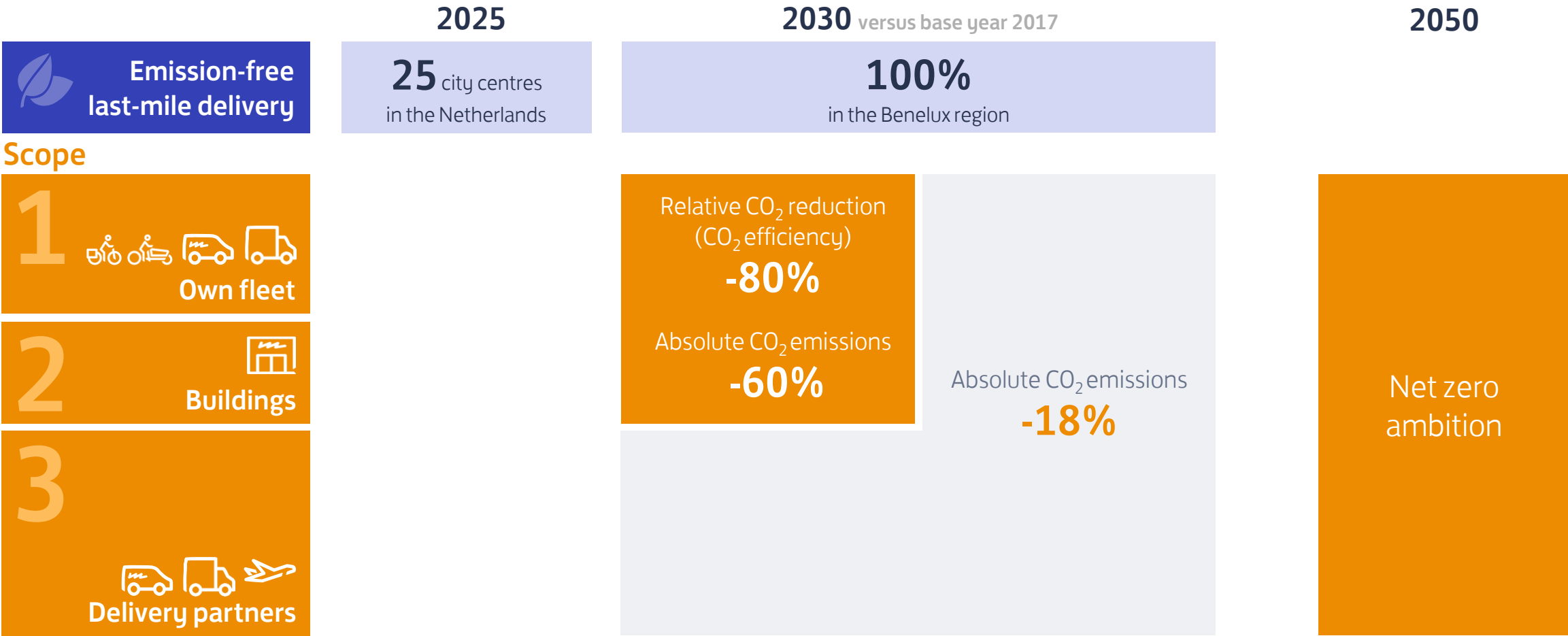
Platinum
Ecovadis
sustainability rating

Environment



Ambitious targets to reduce our environmental footprint

In line with Paris Agreement, validated by SBTi*



** Science Based Targets initiative
We strive to reduce our environmental footprint through own initiatives
From 2022, scope 1, 2 and 3 emissions that cannot (yet) be reduced through own initiatives will be offset*

Approach to improve environmental footprint based on four pillars

Intended contribution to carbon reduction targets*



Clean kilometres

Replace our fossil fuel fleet with electric vehicles

85%



Network efficiency

Reduce total kilometres travelled by combining new deliveries and return shipments

10%



Sustainable buildings and facilities

** Sustainable buildings and facilities target: 100% renewable energy

**



Green products and services

Help our customers to pack smarter so we can reduce emissions together

5%



* Through own initiatives; from 2022, scope 1, 2 and 3 emissions that cannot (yet) be reduced through own initiatives will be offset



Our network at a glance

337m parcels and 2,054m letters delivered in 2020 - an exceptional year

8.1m

letters per
day on
average



1.1m

parcels per
day on
average



~40,000

employees



>1.1m

kilometres transported in
the Benelux region
(on average
per calendar
day)



>1,200

times around
the world on
foot & by bike



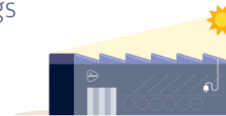
31

Sorting centres in the
Netherlands



>25,000

Solar panels on
our buildings



>3,500

Own vehicles



Worldwide connection

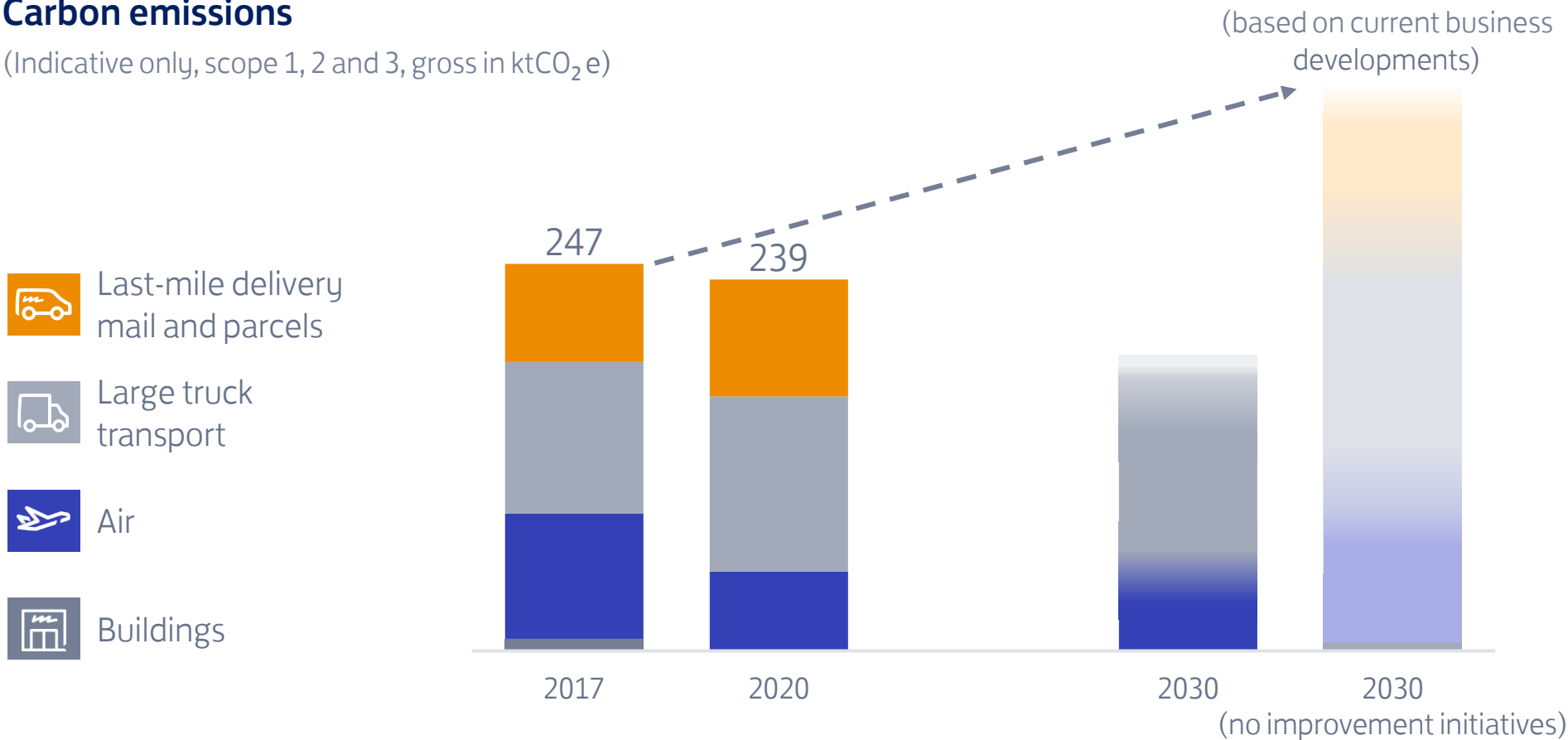


Our roadmap to reduce our environmental footprint

Significant improvement based on own initiatives and current technology

Carbon emissions

(Indicative only, scope 1, 2 and 3, gross in ktCO₂e)



* Ambition to be net zero by 2050, based on own activities, no external offsetting

Largest part of emissions from last-mile delivery and road transport

Clear initiatives to substantially improve performance

Approach

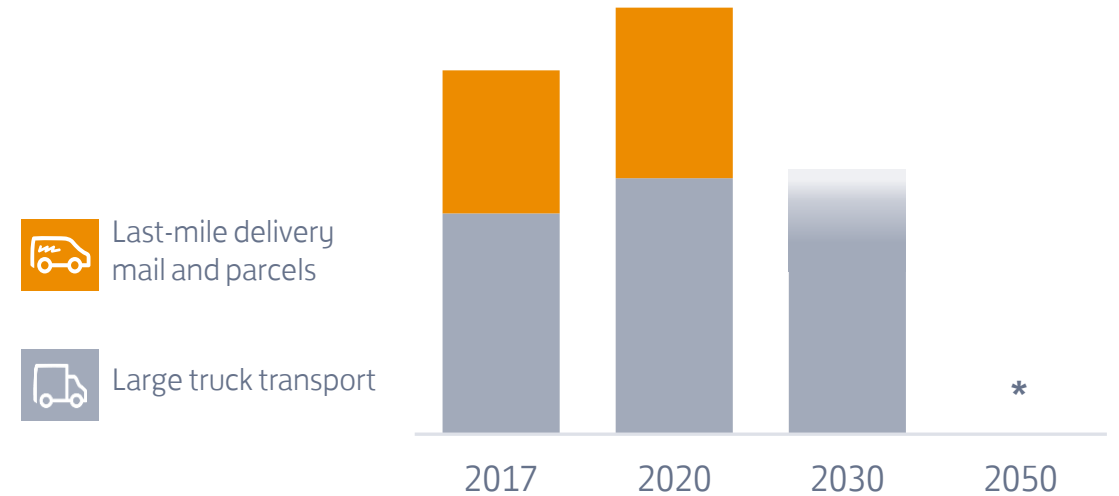
- Increasing use of renewable fuels as transitional solution towards 100% electric fleet
- Managed throughout the full value and supply chain; accelerated approach with delivery partners from 2025
- Supported by network efficiency measures, City Logistics, and green products and solutions

2020/21 milestones

- ~70% emission-free delivery Mail in the Netherlands**
- ~30% of large truck transport kilometres driven on sustainable fuels

Carbon emissions

(Indicative only, scope 1 to 3, gross in ktCO₂e)



- ~70% last-mile in Parcels through delivery partners (scope 3)

Reducing carbon emissions from air transport

Approach

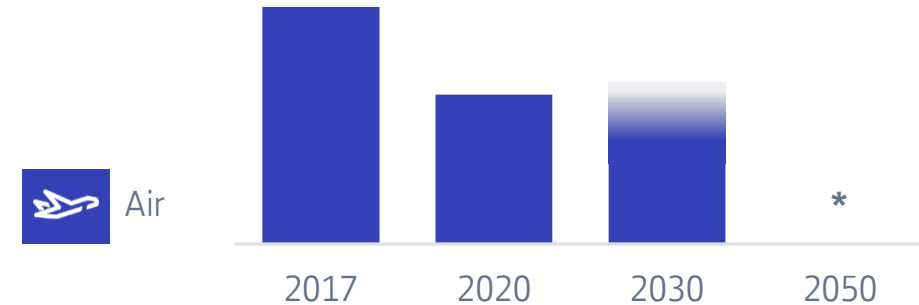
- Shift from air to road transport, when and where feasible
- Optimise packaging and route planning, while choosing air freight carriers with lowest carbon emissions
- Dependent on volume and external developments, including technological developments

2020 milestones

- Air carbon emission calculation tool, developed with Delft University of Technology

Carbon emissions

(Indicative only, scope 1 to 3, gross in ktCO₂e)



- No own air fleet; included in scope 3 carbon emissions
- Representing ~20% of total carbon emissions in 2020
- Main impact at Spring, international parcels and international mail; outside Benelux region

Zero carbon emissions from buildings and facilities

Approach

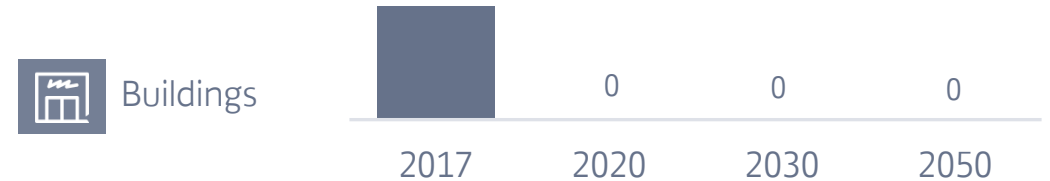
- Ongoing investment in on-site renewable energy, such as solar panels, and energy efficiency improvements
- All other energy consumption sustainably sourced by purchasing Guarantees of Origin
- Finalise BREEAM certification for all sorting centres (end 2021), with minimum sustainability level of BREEAM NL Nieuwbouw Excellent for all new buildings

2020 milestones

- Zero carbon emissions thanks to renewable energy consumption (no offsetting)
- >25,000 solar panels; generating ~50% of parcel sorting centres' energy

Carbon emissions





(Indicative only, scope 1 to 3, gross in ktCO₂e)



- Currently, 32 sorting centres in the Netherlands (26 parcel, 5 mail, 1 international)
- Small parcels sorting centre operational in Q3 2021
- 1st sorting and distribution centre in Belgium (early 2022)
- Further capacity expansion to accommodate volume growth

Value drivers and dependencies

Managed carefully in decision-making process

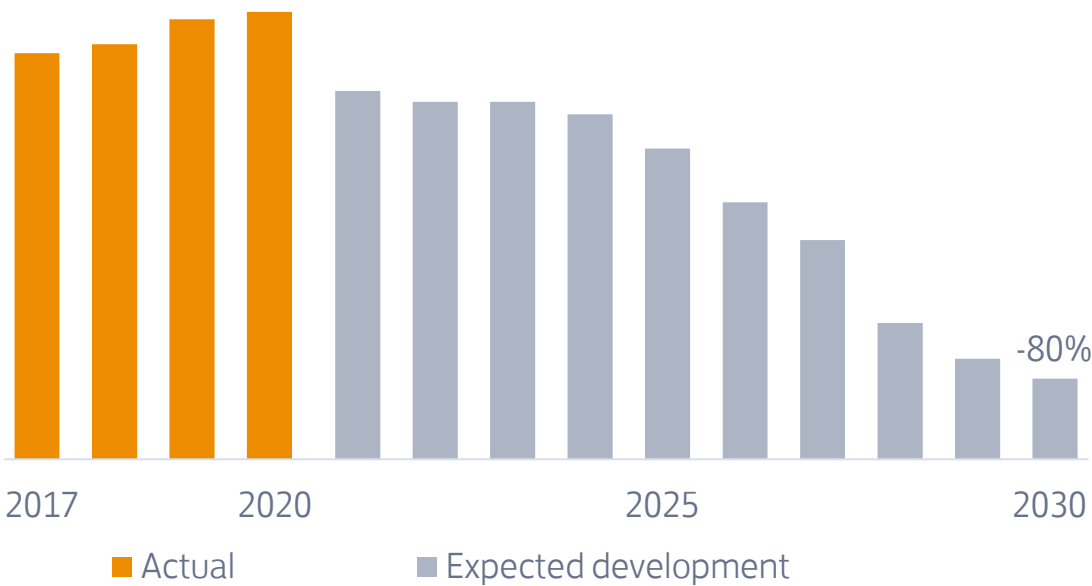
Value driver	2020/2021	2030	External dependencies
 Network mix Emission-free last-mile delivery kilometres in the Benelux region	20% <small>~70% Mail in the Netherlands</small>	100%	<ul style="list-style-type: none">• Customer demand• General economic trends• Shift towards e-commerce
 Fleet composition Own fleet electric vehicles at Parcels, last-mile delivery	~6%	100%	<ul style="list-style-type: none">• Capacity and accessibility of electric vehicles and relevant (charging) infrastructure
 Fuel mix Kilometres driven on sustainable fuels by own large truck transport	~30%	~90%	<ul style="list-style-type: none">• Availability and accessibility of renewable fuels
 Delivery partners versus own transport (% delivery partners)	~70%	↓	<ul style="list-style-type: none">• Engagement and collaboration with delivery partners

Carbon emission and emission-free delivery targets for 2030

Improving step-by-step following our initiatives

Carbon efficiency

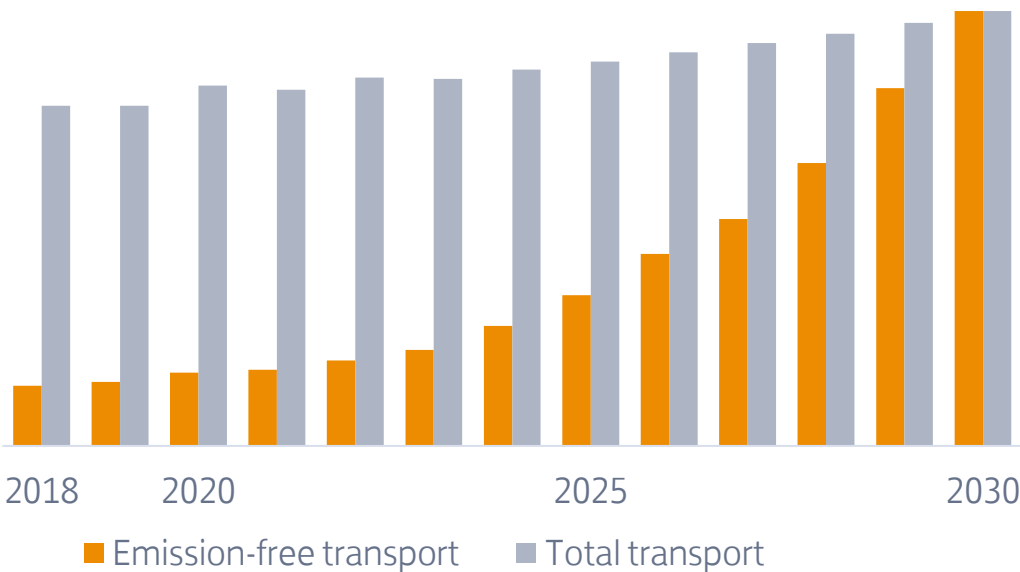
(Indicative only, CO₂ gr/km, scope 1 and 2)



80% improvement in carbon efficiency*

Last-mile kilometres parcels and mail in Benelux region

(Indicative only**)



100% emission-free last-mile delivery



* Versus base year 2017

** Not reported in 2017

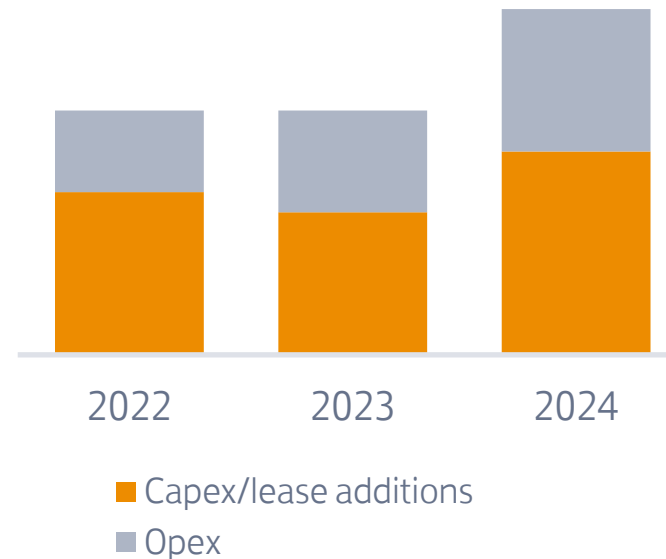
Acceleration of spend in 2022-24 to reach environmental targets

Additional spend for environmental initiatives versus traditional alternatives

Total capex/lease additions and opex

(Indicative only, in € million)

- ~€80m in period 2022-24, fully included in financial projections towards 2024
- Acceleration of investments and costs towards 2024
- Based on current projections of business developments
- Majority of initiatives at Parcels
- Ongoing commitment towards 2030
 - further investments depend on future business and market developments and technological progress



Examples

(Indicative only)



HVO100 vs traditional diesel
+ €0.15 - €0.20 per litre



Electric vans vs traditional vans
+ 20% (including energy/fuel)



Investment in solar panels
€400k - €450k per sorting centre



Investment in charging infrastructure
~€10k per individual charging point

Committed to contributing to sustainability



ESG - our licence to operate and one of the pillars of our strategy and value creation model



Sound roadmap to reach our ambitious environmental targets



Fully integrated in our business, operational and decision-making processes



Environmental deep dive

- Electrification of our fleet
- Renewable fuels as a transitional solution



Video 1

- Electrification of our fleet



Towards fully electric fleet in 2030

Our approach, milestones and roadmap

Approach

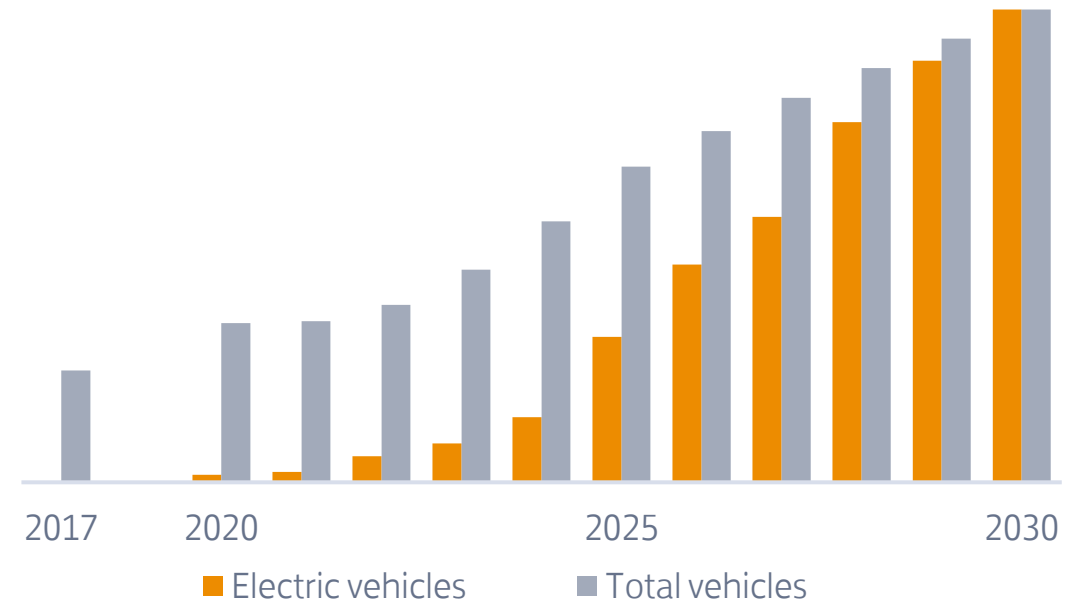
- Expansion of electric fleet as quickly as feasible
- Preparation of infrastructure, including charging stations
- Managed throughout full value and supply chain

Milestones

- 2019-21: 1,000 petrol scooters replaced by electric scooters
- Electric delivery vans scale-up:
 - 2021: 100+
 - 2025: to 1,000+ (45% of total parcel delivery fleet)
 - 2030: 100%

Electric vehicle fleet Parcels

(Indicative only, own fleet parcel delivery vans, absolute numbers)



Emission-free last-mile delivery

20%

Emission-free last-mile
delivery PostNL (Benelux)

~70%

Emission-free delivery
kilometres Mail in the
Netherlands



* 2020 data



Video 2

- Renewable fuels as a transitional solution



Renewable fuels as transitional solution

Our approach, milestones and roadmap

Approach

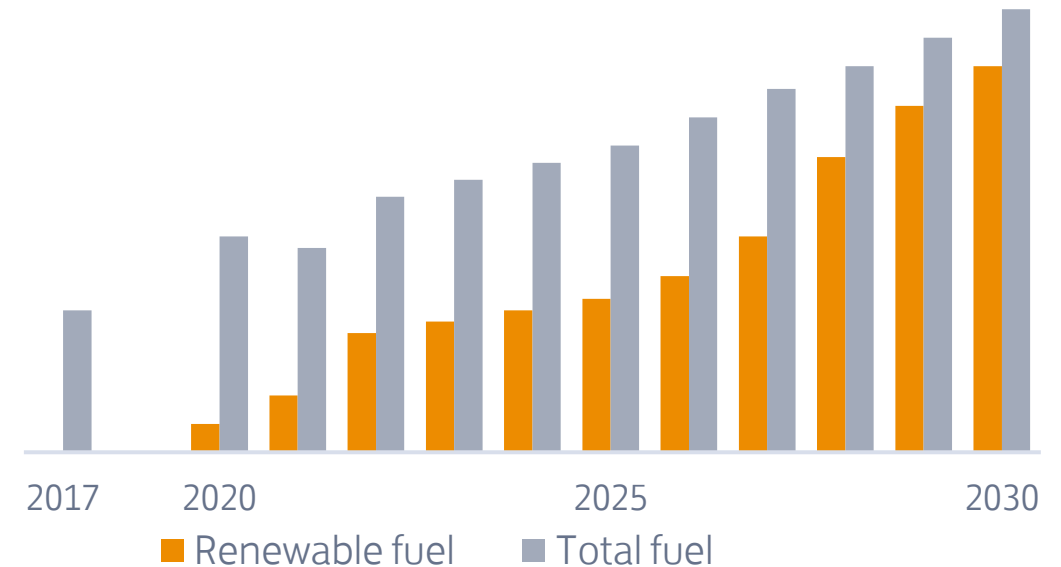
- Increase use of renewable fuels (HVO100, biogas and Bio-LNG) in small and large truck fleet
- Expand supplier collaboration to stimulate renewable fuel supply
- Supported by further network efficiency

Milestones

- 2020/21: successful introduction and scale-up of HVO100 and Bio-LNG
- Kms driven on sustainable fuels in large truck transport:
 - 2021: ~30%
 - 2023: ~50%
 - 2030: ~90%

Renewable fuels large truck transport

(Indicative only, own fleet, in million km)



Renewable fuels

~90%

lower carbon footprint
from renewable diesel
(HVO100) compared with
traditional fuels

~30%

**kms on
sustainable fuels**
in large truck transport*



** Own fleet; 2021 data*



Round table and Q&A



Appendix



Our environmental footprint*

	2017	2018	2019	2020
Scope 1 (<i>gross in ktCO₂e</i>)	36	37	40	40
Scope 2 (<i>gross in ktCO₂e</i>)	0	0	0	0
Scope 3 (<i>gross in ktCO₂e</i>)	211	194	187	199
Total carbon emissions (<i>scope 1 to 3, gross in ktCO₂e</i>)	247	231	227	239
CO ₂ efficiency (<i>scope 1 and 2, in grams CO₂e/km</i>)	226	231	245	249
Share of emission-free delivery	Not reported	17%	19%	20%