

Second-Party Opinion

PostNL Green Bond

Evaluation Summary

Sustainalytics is of the opinion that the PostNL Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that clean transportation, green buildings, energy efficiency and renewable energy projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals (7) Affordable and Clean Energy; (9) Industry, Innovation and Infrastructure; (11) Sustainable Cities and Communities.



PROJECT EVALUATION / SELECTION PostNL's internal process in evaluating and selecting projects is managed by the Green Bond Committee (GBC), which is comprised of representative from various departments, and is carried out on at least an annual basis. This is aligned with market practice.



MANAGEMENT OF PROCEEDS PostNL's processes for management of proceeds is managed by the Treasury and Procurement departments. Funds are tracked via an internal tracking system. Pending full allocation, unallocated funds will be held or invested at PostNL's discretion. This process will be overseen by the GBC.



REPORTING PostNL intends to report allocation of proceeds on the PostNL website on an annual basis. In addition, PostNL is committed to reporting on relevant impact metrics. Sustainalytics views PostNL's allocation and impact reporting as aligned with market practice.

Evaluation date	August 2019
Issuer Location	Den Haag, the Netherlands

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Introduction

PostNL (“the Company”) is a postal and logistic company that provides a wide range of services for customer mail and e-commerce, including collecting, sorting, transporting and delivery. The Company operates through smart networks, digital application and communications channels. Headquartered in The Hague, Netherlands, PostNL serves customers worldwide with its direct operations primarily in the Benelux region.

PostNL has developed the PostNL Green Bond Framework (the “Framework”) under which it intends to issue multiple Green Bonds and use the proceeds to finance/refinance, in whole or in part, existing/future projects that will contribute to the Company’s sustainability goals of becoming an emission-free delivery service provider in the Benelux region by 2030. The Framework defines eligibility criteria in the following areas:

1. Green kilometres
 - a. Clean Transportation
2. Sustainable buildings
 - a. Green Buildings
 - b. Energy Efficiency
3. Innovation and efficiency
 - a. Renewable Energy

PostNL engaged Sustainalytics to review the PostNL Green Bond Framework July 2019 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

As part of this engagement, Sustainalytics held conversations with relevant members of PostNL’s team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of PostNL’s Green Bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the PostNL Green Bond Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The PostNL Green Bond Framework is available on PostNL’s website at: www.postnl.nl

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the PostNL Green Bond Framework

Sustainalytics is of the opinion that the PostNL Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of PostNL's Green Bond Framework:

- Use of Proceeds:
 - PostNL intends to finance and/or refinance project activities related to Green kilometres (clean transportation), Sustainable buildings (green buildings and energy efficiency), and Innovation and efficiency (renewable energy). These project categories are aligned with the GBP and are considered by Sustainalytics to be credible and impactful.
 - As part of its efforts to achieve emissions-free delivery, PostNL will finance clean transportation via investments into fully electric and hydrogen-based vehicles,³ which will be used to increase the Company's fleet capacity as well as for the replacement of fossil-fuel based vehicles. Expenditures will include directly purchased and/or leased vehicles.⁴
 - Financing/Refinancing of sustainable buildings will include investments into the acquisition (purchase or leasing) and/or development, refurbishment or renovation of Company buildings. Regarding the purchase/lease of new buildings, PostNL will ensure that all new buildings have a minimum level of BREEAM NL Excellent certification or equivalent certifications. Regarding the purchase/lease of existing/in-use buildings, PostNL will ensure a minimum level of BREEAM NL Very Good certification or equivalent certifications. Sustainalytics has reviewed the BREEAM NL certification scheme and is of the opinion that these certification benchmark levels are credible and impactful. For a further discussion on BREEAM NL, refer to Appendix 1.
 - In addition to the achievement of certification levels for new/existing buildings, PostNL will finance energy efficiency improvements in building equipment, including LED lighting, improved insulation and geothermal energy systems, which will result in at least a 20% energy efficiency improvement or emissions reduction. Moreover, direct investments into the purchase and/or leasing of new, energy efficient operational machinery (with at least a 20% energy efficiency improvement), including energy efficient sorting machines, will also be financed. It is notable that the 20% threshold for improvements in energy efficiency is a minimum and that some projects will result in energy efficiency gains that are far more significant. For example, PostNL confirmed to Sustainalytics that its financing of sorting machines with linear synchronous motors which result in 75% reduction in energy consumption compared to asynchronous motors. Sustainalytics positively views the establishment of minimum energy efficiency thresholds.
 - For the Company's innovation and efficiency category, various renewable energy projects will be financed, including establishing direct purchasing contracts from renewable energy producers, the purchase of renewable energy certificates (RECs) and potentially investments into the development, construction, maintenance/operation of renewable energy technologies, specifically wind energy and solar panels. Regarding the establishment of direct purchasing contracts via power purchase agreements (PPAs), Sustainalytics considers the establishment of long-term PPAs with specific generation projects to be a best practice, and notes that PostNL has confirmed to Sustainalytics its intention to establish such agreements if possible, however it is not a requirement of the framework, which Sustainalytics notes as a minor limitation. However, the Company has also articulated that the nature of the renewable energy purchasing market in the Netherlands may make this unrealistic.

³ Sustainalytics acknowledges that, currently, hydrogen is primarily derived from natural gas, and as such there are carbon emissions at the point of production. However, Sustainalytics further notes that the Climate Bonds Initiative (CBI) considers hydrogen vehicles to qualify under their standard. CBI provides the context that "the short-term mitigation potential is highly dependent on the supply choices", with lifecycle emissions from renewable-powered electrolysis being very low, while methane-sourced hydrogen has well-to-wheels emissions comparable to internal combustion engines. CBI goes on to state that "policy decisions need to be made to opt for the lower carbon production path, and we anticipate this being the case over the medium-to-long term". As such, Sustainalytics views the inclusion of hydrogen powered vehicles as credible.

⁴ In which case annual lease costs will be allocated.

- PostNL has established a lookback period of 24 months for refinancing activities. Sustainalytics views this as aligned with market practice.
- Project Evaluation and Selection:
 - PostNL has established a Green Bond Committee (GBC), which is responsible for ensuring projects meet the eligibility criteria set out in the Framework. The GBC is comprised of representatives from the Procurement Department, Group Reporting Department, Treasury Department and Corporate Secretary. The GBC will meet at least annually to carry out the project evaluation and selection process. Sustainalytics views this process as aligned with market practice.
- Management of Proceeds:
 - PostNL’s proceeds will be managed by the Treasury Department in collaboration with the Procurement Department. Funds will be managed and allocated on a portfolio basis. The Company will set up an internal tracking system within its Treasury Department to facilitate the allocation of proceeds through the lifetime of the Green Bonds. Pending full allocation, PostNL will hold or invest the balance of unallocated proceeds, at its own discretion, in its treasury liquidity portfolio. If a project is no longer eligible, proceeds will be reallocated to eligible projects as soon as possible. The GBC will oversee this process to determine proper management of proceeds. Sustainalytics views this process as aligned with market practice.
- Reporting:
 - PostNL will annually report on both allocation and impact to investors on its company website, until an amount equal to the net proceeds of the Green Bond have been allocated to eligible projects. The Company will seek third-party verification of its reporting, which is viewed as best practice. Regarding allocation, the Company will report on the net proceeds, percentage of allocated amounts and unallocated amounts, the amount of proceeds allocated to each use of proceeds category and the amounts of financing vs refinancing. The Company will also report on relevant impact metrics, including the percentage of emission-free transportation, expressed in kilometres; building energy efficiency gains, expressed in kWh/m²; and total amount of CO₂ avoided. Sustainalytics views this as an exemplary approach to transparent reporting that is well aligned with market practice.

Alignment with Green Bond Principles 201

Sustainalytics has determined that PostNL’s Green Bond aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of PostNL

Contribution of framework to PostNL’s sustainability strategy

PostNL’s sustainability strategy is driven by its ambition to achieve “last mile”⁵ emissions-free delivery by 2030.⁶ The Company has established an interim goal of emission-free delivery in 25 Dutch city centers by 2025.⁶ The Company’s CO₂ reduction goals have been approved by the Science Based Targets initiative, confirming their alignment with the Paris Climate Agreement.⁷ Between 2007 and 2017 PostNL was able to reduce CO₂ emissions by 61.4% and has committed to reducing CO₂ emissions across all operations by 18% by 2030 compared to 2017.⁶ In 2018, the Company was able to produce 40% of the electricity used at its parcel processing and distribution centers via on-site solar panels.⁶ PostNL is also focused on improving sustainability in its logistical operations by cooperating with suppliers to take advantage of their expertise and to reduce the amount of general air pollution caused by fossil-fuel based transportation.⁷ For example, the Company is working towards expanding its low-carbon transport fleet through e-bikes, electric scooters, e-cargo bikes, biogas vehicles and small electric vehicles. By combining smart logistics with cleaner transportation and focusing on overall operational impact by increasing renewable energy capacity and investing into green buildings and energy efficient renovations, the Company is taking a holistic approach to reducing its environmental impact. Based on the above, Sustainalytics is of the opinion that the activities to

⁵ “Last mile” is the distribution between sorting centres and the doorstep (where letters and parcels are delivered)

⁶ PostNL, “Annual Review 2018”, (2019), at: <https://www.postnl.nl/en/about-postnl/investors/annual-review-2018/>

⁷ PostNL, “Corporate responsibility”, (2019), at: <https://www.postnl.nl/en/about-postnl/about-us/cr/>

be financed are credible, impactful, aligned with the GBP and will have an important contribution to PostNL's sustainability targets.

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics is of the opinion that clean transportation, green buildings, energy efficiency and renewable energy have an overall positive sustainability impact, it is recognized that as with any large-scale development projects, it has potential social and environmental risks associated with it – some of which are related to community relations and workers' health and safety. To appropriately mitigate these risks, PostNL holds workshops throughout the year for risk management as well as has an internal control framework in place to identify and minimize financial as well as environmental and social risks.⁸

In order to create long term value, PostNL ensures that it engages all its stakeholders, that is, its customers, employees, government bodies, competitors, business partners as well as the society in which it operates, to better understand how they affect and are affected by PostNL's decisions.⁶ For example, the Company engages stakeholders to provide input on the Company's internal materiality assessment, which has an influence on the Company's overall sustainability strategy. PostNL confirmed to Sustainalytics that as part of the materiality assessment the Company found that, regarding community relations, there were no major concerns, and community complaints related to local impacts such as noise pollution were very limited. This process of understanding stakeholders needs, interests and opinions help strengthen the Company's overall sustainability strategy.

Regarding worker health and safety, PostNL is OHSAS 18001 certified across all operations. OHSAS is a health and safety management system that helps organizations control occupational health and safety risks.⁹ In recent years the Company's absenteeism rate has increased, thus triggering the company to implement several initiatives to help reverse this trend. As a result of these measures PostNL reports that the fourth quarter of 2018 saw an improvement with absenteeism as compared to 2017. Over the past five years the Company has seen a total of nine fatal accidents, two of which occurred in 2018. In response, in 2018, the Company internally and externally monitored safety performance and improved communication on safe behavior, especially for scooter drivers. This led to a decrease in total lost time accidents from 3.1% in 2017 to 2.3% in 2018.

Based on the above, Sustainalytics is of the opinion that PostNL adheres to robust, credible health and safety standards and takes a strong approach towards stakeholder engagement. As such, the Company is well-positioned to mitigate potential environmental and social risks associated with the activities funded by these Green Bonds.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are recognized as impactful by GBP. Sustainalytics discusses below where the impact is specifically relevant in local context.

PostNL's Contribution to the Promotion of Renewable Energy Generation in the Netherlands

Between 1990 and 2017, energy consumption in the Netherlands increased by almost 10%.¹⁰ In 2017, fossil fuels made up around 92% of total energy consumption, while the remaining 8% was produced from mostly nuclear and renewable energy sources.¹⁰ The Netherlands' climate objectives involve achieving 14% sustainable energy by 2020, 16% by 2023 and almost 100% by 2050, while also aiming to reduce its CO₂ emissions by 80-95% compared to 1990.¹¹ Across 2017 the use of renewable energy has significantly risen compared to 2016, increasing the solar energy production by 60% and wind generation by 30%.¹²

Given the above context, it is clear that the Netherlands has made important strides towards becoming less dependent on fossil-fuels, but additional investment is required to ensure sufficient renewable energy generation capacity to meet climate goals. By investing into both on-site renewable energy generation and as well as through the establishment of PPAs to purchase renewable energy in the Netherlands, PostNL is

⁸ Driving transition, Annual Report 2018, PostNL, at: <https://www.postnl.nl/en/about-postnl/investors/annual-review-2018/>

⁹ Certification Europe, "OHSAS 18001:2007", (2019), at: <https://www.certificationeurope.com/certification/ohsas-18001-occupational-health-and-safety-management/>

¹⁰ CBS, "Energy consumption hardly changed in 2017", (2018), at: <https://www.cbs.nl/en-gb/news/2018/16/energy-consumption-hardly-changed-in-2017>

¹¹ State of the Netherlands, "Central government encourages sustainable energy; Government of the Netherlands", (2019), at:

<https://www.government.nl/topics/renewable-energy/central-government-encourages-sustainable-energy>

¹² State of the Netherlands, "Netherlands – Energy", (2018), at: <https://www.export.gov/article?id=Netherlands-Energy>

contributing to additional renewable energy capacity. As such, Sustainalytics considers PostNL’s renewable energy investments to be an important contribution towards the country’s transition to a low-carbon economy, while supporting the achievement of the Netherlands’ climate-related goals.

Energy Efficiency and Green Buildings in the context of the Netherlands’ climate goals

Approximately 15% of the total CO₂ emissions in the Netherlands are produced from the electricity and gas utilized in buildings.¹³ The Netherlands’ goals in terms of climate change mitigation are to reach a reduction in GHG emissions of 49% by 2030 and of 95% by 2050.¹⁴ The Dutch Green Building Council (DGBC) presented the Delta Plan for Sustainable Renovation (the Plan), which aims to reduce the energy use of buildings by 50% between 2018 – 2025. The Plan, which is aligned with the Paris Agreement 2° warming scenario, has a long-term sustainability approach for commercial real estate, offices, logistic centres and social real estate. As one of the partners of the DGBC, PostNL’s investments into the purchasing/leasing/renovation of green buildings are playing an important role in meeting the goals set out by the Plan. Sustainalytics notes that the establishment of leasing agreements with building contractors and/or real estate companies plays an important role in driving the market for green buildings and is equally credible and impactful as the development of new green buildings. As such, Sustainalytics recognized the importance of energy efficiency gains in green buildings and their contribution towards energy efficiency goals.

Significance of Clean Transport in reducing GHG emissions in Netherlands

The transport sector, including freight transport, accounts for approximately 20% of total GHG emissions in the Netherlands.¹⁵ Road transport alone accounts for about 95% - 97% of GHG emission in this category¹⁵ and over 40% of Netherlands’ freight is transported by roads.¹⁶ Therefore, freight transport by road is an important focus for decarbonization efforts that will meaningfully contribute to the Netherlands’ goal of achieving a 95% reduction in GHG emissions by 2050¹⁷ and the interim goal of achieving a 40% emission reduction by 2030 as compared to 1990 levels. Considering the above, Sustainalytics positively views PostNL’s investment in emission-free vehicles for the shipment of post/parcels.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This Green Bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

¹³ State of the Netherlands, “Measures to reduce greenhouse gas emissions”, (2019), at: <https://www.government.nl/topics/climate-change/national-measures>

¹⁴ Reuters, “Dutch parliament to set target of 95 percent CO2 reduction by 2050”, (2018), at: <https://www.reuters.com/article/us-netherlands-climatechange-law/dutch-parliament-to-set-target-of-95-percent-co2-reduction-by-2050-idUSKBN1JN1X5>

¹⁵ National Institute for Public Health and the Environment, “Greenhouse Gas Emissions in the Netherlands 1990-2016”. (2018), at: <https://www.rivm.nl/bibliotheek/rapporten/2018-0006.pdf>

¹⁶ CBS, “Freight transport modes of transport, transport flows from and to the Netherlands”, (2019) at: <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/83101NED/table?ts=1563983234120>

¹⁷ Reuters, “Dutch parliament to set target of 95 percent CO2 reduction by 2050”, (2018), at: <https://www.reuters.com/article/us-netherlands-climatechange-law/dutch-parliament-to-set-target-of-95-percent-co2-reduction-by-2050-idUSKBN1JN1X5>

Conclusion

The PostNL Green Bond Framework will contribute to the company's sustainability vision of becoming an emissions-free delivery service by 2030. By using the proceeds to purchase electric transportation, finance green buildings and invest into renewable energy, PostNL is contributing not only to its own sustainability targets, but also to the Netherlands' national climate goals. These expenditures will contribute to SDGs including affordable and clean energy; industry, innovation and infrastructure; and sustainable cities and communities. The project evaluation and selection process, management of proceeds and reporting process are all aligned with market practice. Based on the above, Sustainalytics is of the opinion that PostNL is well-positioned to issue green bonds and that the PostNL Green Bond Framework is credible, impactful and aligned with the Green Bond Principles 2018.

Appendix 1: Assessment of BREEAM-NL Certification

	BREEAM-NL																								
Background	<p>BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. The first BREEAM-NL label was adopted in 2009.</p> <p>There are four different labels: BREEAM-NL New Construction and Renovation, BREEAM-NL In-Use, BREEAM-NL Area Development and BREEAM-NL Demolition.</p>																								
Certification levels	<p>Pass Good Very Good Excellent Outstanding</p>																								
Areas of Assessment: Environmental Project Management	<p>Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.</p>																								
Areas of Assessment: Environmental Performance of the Building	<p>Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation</p>																								
Requirements	<p>Prerequisites depending on the levels of certification + Credits with associated points.</p> <p>This number of points is then weighted by item⁷ and gives a BREEAM-NL level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM-NL has two stages/ audit reports: a 'Design Stage' (DS) and a 'Post Construction Stage' (PCS), with different assessment criteria. Both stages require separate registrations. The purpose of the certification process is to evaluate the outcome, but an interim assessment can provide valuable information for the possible result.</p>																								
Performance display	<table border="1"> <thead> <tr> <th>Assessment score (%)</th> <th>Assessment rating</th> <th>Star rating</th> </tr> </thead> <tbody> <tr> <td><10</td> <td>Unclassified</td> <td>-</td> </tr> <tr> <td>≥ 10 to <25</td> <td>Acceptable</td> <td>★</td> </tr> <tr> <td>≥ 25 to <40</td> <td>Pass</td> <td>★★</td> </tr> <tr> <td>≥ 40 to <55</td> <td>Good</td> <td>★★★</td> </tr> <tr> <td>≥ 55 to <70</td> <td>Very Good</td> <td>★★★★</td> </tr> <tr> <td>≥ 70 to <85</td> <td>Excellent</td> <td>★★★★★</td> </tr> <tr> <td>≥85</td> <td>Outstanding</td> <td>★★★★★★</td> </tr> </tbody> </table>	Assessment score (%)	Assessment rating	Star rating	<10	Unclassified	-	≥ 10 to <25	Acceptable	★	≥ 25 to <40	Pass	★★	≥ 40 to <55	Good	★★★	≥ 55 to <70	Very Good	★★★★	≥ 70 to <85	Excellent	★★★★★	≥85	Outstanding	★★★★★★
Assessment score (%)	Assessment rating	Star rating																							
<10	Unclassified	-																							
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≥ 40 to <55	Good	★★★																							
≥ 55 to <70	Very Good	★★★★																							
≥ 70 to <85	Excellent	★★★★★																							
≥85	Outstanding	★★★★★★																							
Accreditation	<p>BREEAM-NL Schemes are only operated by the Dutch Green Building Council (DGBC). DGBC is formally acknowledged by BRE Global as National Scheme Operator (NSO) in The Netherlands. Contractually DGBC is the exclusive representative of the BRE Global and its products in the Netherlands. A BREEAM assessor is responsible for the qualification of a BREEAM project. DGBC does do checks, but it is the assessor who determines whether if, and so, with what scoring, the project receives a certificate. DGBC issues the certificate formally to the assessor, who hands it to the project.</p>																								
Qualitative considerations	<p>Used in the Netherlands. Predominant environmental focus. BREEAM certification is less strict (lower minimum thresholds) than HQE and LEED certifications.</p>																								

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	PostNL
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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	PostNL Green Bond Framework
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Review provider's name:	Sustainalytics
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Completion date of this form:	31/7/2019
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Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	
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Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify):</i> | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that clean transportation, green buildings, energy efficiency and renewable energy projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

PostNL's internal process in evaluating and selecting projects is managed by the Green Bond Committee (GBC), which is comprised of representative from various departments, and is carried out on at least an annual basis. This is aligned with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

PostNL's processes for management of proceeds is managed by the Treasury and Procurement departments. Funds are tracked via an internal tracking system. Pending full allocation, unallocated funds will be held or invested at PostNL's discretion. This process will be overseen by the GBC.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify)*:

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other *(please specify)*:

4. REPORTING

Overall comment on section *(if applicable)*:

PostNL intends to report allocation of proceeds on the PostNL website on an annual basis. In addition, PostNL is committed to reporting on relevant impact metrics. Sustainalytics views PostNL's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other *(please specify)*:

Information reported:

Allocated amounts Green Bond financed share of total investment

Other (please specify):

Frequency:

Annual Semi-annual

Other (please specify):

Impact reporting:

Project-by-project On a project portfolio basis

Linkage to individual bond(s) Other (please specify):

Frequency:

Annual Semi-annual

Other (please specify):

Information reported (expected or ex-post):

GHG Emissions / Savings Energy Savings

Decrease in water use Other ESG indicators (please specify):

- % of emission-free transported km compared to total transported km as presented in the Annual Report
- Improvement in energy efficiency of buildings in KWh/m²

Means of Disclosure

Information published in financial report Information published in sustainability report

Information published in ad hoc documents Other (please specify): Annual Report

Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.postnl.nl/en/about-postnl/investors/annual-review-2018/>
<https://www.postnl.nl/en/about-postnl/about-us/cr/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

Consultancy (incl. 2nd opinion) Certification

- Verification / Audit Rating
 Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognized external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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