



KPN integrated
annual report 2024

Sustainably connected



● Remuneration report

Remuneration report

Letter from the Chair of the Remuneration Committee

Dear stakeholders,

On behalf of the Remuneration Committee, I am pleased to report on the activities of the committee in 2024 and present to you the remuneration report for 2024. This remuneration report has been prepared in line with the requirements under Dutch law and the Dutch Corporate Governance Code and will be submitted to the annual general meeting (AGM) for an advisory vote. The remuneration report 2023 was submitted to the AGM for an advisory vote on April 17, 2024, resulting in 96.27% "for" and 3.73% "against". This outcome supports the overall conclusion that KPN's remuneration report is considered to be in line with current best practices. This 2024 remuneration report builds on the same principles and structure.

During the first months of 2024, we finalized our review of the remuneration policy for the Board of Management and Supervisory Board, which was last amended in 2020. A comprehensive evaluation was conducted by the Remuneration Committee, taking into account relevant legal requirements, guidelines set out in the Dutch Corporate Governance Code, and a thorough stakeholder engagement process, which included the Central Works Council. The objective of the remuneration policy is to attract, reward and retain necessary leadership talent, in order to support the execution of the company's strategic objectives. The revised remuneration policy was submitted to the 2024 AGM and was adopted with 96.63% support.

In November 2023, we communicated our Connect, Activate & Grow strategy update for 2024 and through to 2027. During 2024, we continued to execute on this strategy as planned. We are steadily expanding our fiber footprint in the Netherlands, while delivering healthy financial results despite the enhanced competitive environment. In addition, our Connect, Activate & Grow strategy includes an integrated ESG agenda, showing how our company's growth and social progress are intertwined to fit our purpose to connect everyone in the Netherlands to a sustainable future. The Remuneration Committee believes the main principles of the remuneration policy for the members of the Board of Management supports this strategy.

As part of its annually recurring tasks, the committee defined the level of pay-out for individual members of the Board of Management as part of the STI plan 2023 and LTI grant 2021. It also determined the financial and non-financial targets and performance criteria for the STI and LTI plans 2024. The Supervisory Board remains focused on the importance of ESG and our role in Dutch society. To this end, for the LTI plan of 2024, both a gender diversity target and a Scope 3 emissions reduction target will be continued each with an equivalent weighting of 15% on target. During the various Remuneration Committee meetings in the second half of 2024, the committee reviewed anticipated realization levels of the STI 2024 and LTI 2022 plans.

The committee considered whether the remuneration of the members of the Board of Management was still at the overall market-competitive pay-levels, as this had not been changed since 2022. During this process, the committee viewed the remuneration of the Board of Management against the updated employment market peer group, as laid out in the revised remuneration policy, and the development of the general CLA increases for KPN employees. Considering all appropriate factors, the committee decided to increase the base salary of the members of the Board of Management by 3% and that of the Chief Financial Officer by 7%, with effect from June 1, 2024. The committee also reviewed the remuneration of the Supervisory Board against developments in the employment market peer group in line with the revised remuneration policy. It was decided to increase Supervisory Board and committee fees as disclosed in the remuneration policy and the "Supervisory Board" section of this remuneration report.

I trust that this remuneration report provides our stakeholders with the relevant information they need on the implementation of the company's remuneration policy.

Ben Noteboom Chair of the Remuneration Committee

● Remuneration report

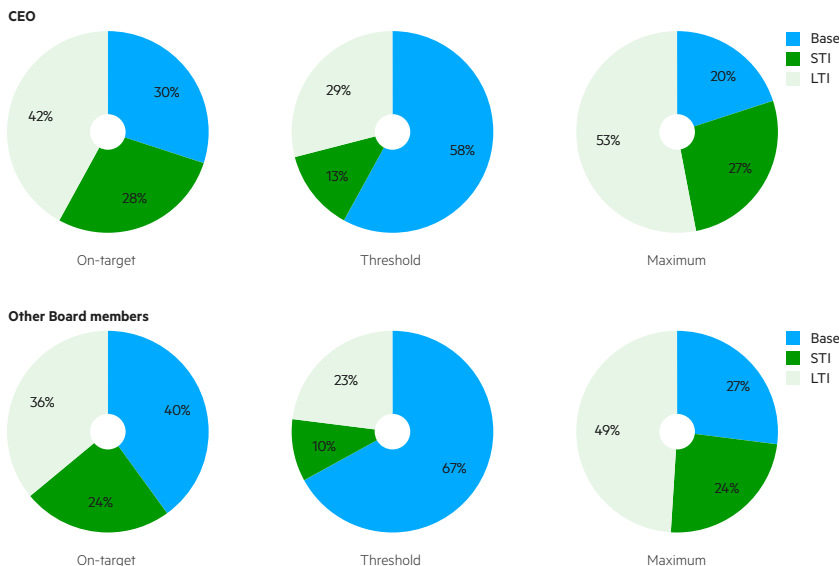
Remuneration policy for the Board of Management

The main principles of KPN's remuneration policy, as described below, are based on a balanced approach between market competitive standards, the ratio between fixed and variable pay and the economic and environmental, social and governance (ESG) contribution of the company linked to the non-financial parameters of their variable pay:

- Paying at market-competitive level (considering all fixed and variable components of the remuneration policy), achieved through benchmarking against an employment market peer group;
- Paying-for-performance by driving financial and non-financial performance that generates long-term sustainable and profitable growth. This target remuneration aims at 30-40% of pay in base pay and 60-70% in variable pay to maintain a strong alignment with the company's financial performance goals and long-term value creation strategy;

- Differentiating through alignment of pay with responsibilities, required competence and performance of individual jobholders while taking into account the shared responsibility of Board of Management members to support the execution of the company's strategic objectives;
- Balancing all stakeholder interests, including the views of shareholders by complying with best practices in corporate governance, defining targets for the variable pay plans based on financial- and non-financial targets and a transparent and clear remuneration policy.

The following pie charts represent the pay mix for both the CEO and the other members of the Board of Management, showing on-target, threshold and maximum performances for their assigned financial and non-financial targets.



● Remuneration report

Employment market peer group

The employment market peer group is used as a reference to evaluate the overall market-competitive pay-level for members of the Board of Management and is regularly reviewed by the Supervisory Board to ensure that its composition is still appropriate. The employment market peer group consists of

Dutch-listed and European sector-specific companies, based on a mixed set of criteria such as market capitalization, revenue, employees, total assets and strategic importance. Its composition may be adjusted as a result of mergers or other corporate activities. The following table shows the composition of KPN's employment market peer group:

Companies:

Akzo Nobel	British Telecom ¹
ASM International ¹	Proximus
DSM-Firmenich	Swisscom
IMCD ¹	Telecom Austria
Philips	Telecom Italia
Randstad	Telenor
Signify	Telia Company

¹ New as of 2024. The composition is adjusted as a result of mergers, other corporate activities and criteria like market capitalization and revenues. ASML, Ahold Delhaize and Telefonica Deutschland are replaced by ASMI, IMCD and British Telecom based on a review by the Supervisory Board.

Main features of the short-term and long-term incentive plans:

Short-term incentive (STI) plan

Component	Short-term incentives
Form of compensation	Cash, possible pay-out for maximum 50% in shares, if share ownership guideline levels have not yet been reached
Value determination (on-target level)	CEO: 90% of base salary and other members Board of Management: 60% of base salary
Financial- and non-financial targets	Financial (70% weight ¹) and non-financial targets (30% weight ¹), subject to the financial circuit-breaker; linear vesting
Scenario at or below threshold performance	At threshold: 25% of the on-target incentive paid. Below threshold: no pay-out
Scenario on-target performance	100% of the on-target incentive paid
Scenario maximum performance	150% of the on-target incentive paid

Long-term incentive (LTI) plan

Component	Long-term incentives
Form of compensation	Shares
Value determination (on-target level)	CEO: 135% of base salary and other members of the Board of Management: 90% of base salary
Financial- and non-financial targets	Financial (70% weight ¹) and non-financial targets (30% weight ¹); linear vesting
Scenario at or below threshold performance	At threshold: 25% of granted shares vest (TSR 75%, i.e. 50th percentile peer group). Below threshold: no vesting
Scenario on-target performance	100% of the granted shares vest (for TSR linear between 50th percentile and first position peer group)
Scenario maximum performance	200% of the granted shares vest (for TSR first position in the peer group)
Holding period	3 years after vesting

Remuneration of the Board of Management

The actual remuneration of the members of the Board of Management was determined by the Supervisory Board in

accordance with the remuneration policy as approved by the AGM.

Remuneration report

Remuneration packages of individual current members of the Board of Management:

Member	Position	Base salary (EUR) ¹	On-target STI (% base salary)	On-target LTI (% base salary)
Joost Farwerck	Chief Executive Officer	919,275	90%	135%
Chris Figee	Chief Financial Officer	738,500	60%	90%
Marieke Snoep	Chief Consumer Market	682,890	60%	90%
Chantal Vergouw	Chief Business Market	682,890	60%	90%
Wouter Stammeijer	Chief Operating Officer	682,890	60%	90%
Hilde Garssen	Chief People Officer	525,300	60%	90%

¹ As of 1 June 2024

Annual base salary

The Committee considered possible changes to the base salaries of the members of the Board of Management, which had not been adjusted since 2022. The Supervisory Board decided to increase the base salaries taking into account individual positioning against the employment market peer group, and the base salary

increases of the company's employees under the collective labor agreement (5.5% on average in 2024). The base salary levels of the Board of Management were increased by 3% with effect from June 1, 2024. The base salary of the Chief Financial Officer was increased by 7.2% to reflect his forward positioned and exposed role within the Board of Management.

Details actual pay-out level STI

Plan	Target	Weight	Bandwidth pay-out level			Performance	Actual pay-out %	Outcome		
			Minimum	On-target	Maximum			Minimum	On-target	Maximum
STI 2024 Financials (70% weighting € million):										
- Adjusted EBITDA AL		25%	2,464	2,502	2,552	2,508	26.4%		●	
- Service revenue		25%	5,099	5,203	5,307	5,215	26.5%		●	
- FCF		20%	869	891	980	892	20.1%		●	
Non-financials (30% weighting):										
- NPS NL		15%	11.7	13.7	15.7	11.2	0.0%	●		
- Broadband lines		15%	4,369,506	4,413,643	4,457,779	4,316,286	0.0%	●		
Total pay-out level		100%					73.0%		●	

The STI 2024 outcome reflects the fact that we delivered on our financial guidance and ambitions for 2024. KPN is on track with the execution of its strategy while maintaining a robust liquidity position. We delivered adjusted EBITDA after leases and free cash flow growth slightly above guidance, supported by sustainable service revenue growth. The actual performance used for the incentive plans on FCF slightly deviates (positive and negative) from the actual outcomes due to e.g. payments made for 2025 that were not part of the initial plans and targets.

Even though KPN's customer satisfaction remains leading in the Dutch market, the actual performance was below the self-imposed ambitious threshold level mainly due to the rising cost of living impacting consumer sentiment. For broadband lines the actual performance was also below threshold level as we are now reaching urban areas and more complex locations for the fiber rollout. Increased competition and installation costs, as well as limited availability of contractors, also posed challenges in achieving our targets.

Remuneration report

Shareholding guidelines

Members of the Board of Management are encouraged to acquire company shares equal to 250% of base salary for the CEO and 150% of base salary for the other members. To further promote

attainment of the anticipated share ownership levels, the STI is paid out, after deduction of taxes, as a maximum 50% in shares if the share ownership guideline levels have not yet been attained.

Details actual pay-out (vesting) level LTI 2022: vesting period 2022-2024

Plan	Target	Weight	Bandwidth vesting level				Actual vesting %	Outcome		
			Minimum	On-target	Maximum	Performance		Minimum	On-target	Maximum
LTI 2022 Financials (70% weighting):										
- TSR versus peer group	25%	9th position	Linear vesting	1st position	3rd position	42.2%				
- FCF (€million)	45%	2,512	2,716	2,920	2,629	30.6%				
Non-financials (30% weighting):										
- Scope 3 emissions	15%	-23.5%	-25.0%	-26.5%	-29.2%	30.0%				
- Diversity PLA	7.5%	31.0%	34.0%	37.0%	29.8%	0.0%				
- Diversity sub-top	7.5%	33.0%	35.0%	37.0%	33.3%	2.8%				
Total vesting level	100%					105.6%				

For the LTI plan issued in 2022, the financial targets were based on relative TSR, 25% weighting, FCF, 45% weighting and the non-financial targets Scope 3 emissions and diversity, each with a weighting of 15%. The LTI plan 2022 vests in April 2025 and the final TSR performance was determined in mid-February 2025. The LTI plan vested on the basis of the TSR performance that put KPN in third position in the TSR reference peer group which at measurement date consisted of 18 companies (STOXX 600 Europe Telecom index), supported by KPN's growing dividend and share buyback program. During the vesting period, KPN's results on cumulative free cash flow, supported by a strong cost savings discipline, performed between threshold and on-target level of the bandwidth and contributed to a strong liquidity and balance sheet position at the end of 2024.

Scope 3 emissions reduction was selected as a non-financial target to reflect our long-term ambition on sustainability. We have developed a roadmap for attaining our ambition of achieving a 30% reduction in 2030 in comparison with the baseline (2014). This roadmap is governed by the Energy & Environmental Board. The on-target ambition for the 2022-24 performance period was set versus the year 2014. The actual outcome in the 2022-24 performance period was well above maximum level.

Diversity was selected as a non-financial target to maintain continued focus on our role in Dutch society. The diversity

targets relating to the percentage of female employees in senior management positions were selected to focus on the importance of diversity within KPN and the important role played by KPN in Dutch society.

Targets LTI 2024, 2024-26 vesting period

For the LTI plan issued in 2024, the financial targets are based on relative TSR with a 30% weighting, free cash flow with a 20% weighting and the newly introduced return on capital employed (ROCE) with a 20% weighting. Under the LTI plan, the Supervisory Board selects two non-financial targets each year based on a predetermined set of five strategic categories. The non-financial targets for the LTI plan 2024 were determined on the basis of the ESG related targets for Scope 3 emissions reduction and diversity, each with a weighting of 15%.

Scope 3 emissions reduction was selected as a non-financial target to reflect our long-term ambition on sustainability. Diversity was selected as a non-financial target to maintain continued focus on our role in Dutch society. The assigned diversity targets are based on the relative female composition of both the senior management (PLA) population and direct reports to the Board of Management (what we call the "sub-top" in the Netherlands).

Remuneration report

Actual received remuneration of the Board of Management (in thousands of EUR)

See Note 5 for full disclosure of remuneration cost under IFRS principles.

Name current member	Position	Year	Base	STI	Actual vested LTI ¹	Pension benefits	Social security/ other compensation ²	Total ³	% Fixed ⁴	% Variable ⁴
Joost Farwerck	CEO	2024	908	597	1,400	253	33	3,191	31%	69%
		2023	893	741	2,242	218	32	4,126	23%	77%
Chris Figeë	CFO	2024	718	314	700	138	40	1,910	41%	59%
		2023	689	381	1,153	132	39	2,394	31%	69%
Marieke Snoep	CCM	2024	675	296	700	131	33	1,835	40%	60%
		2023	663	367	1,110	129	32	2,301	31%	69%
Chantal Vergouw ⁵	CBM	2024	675	296	-	107	33	1,111	70%	30%
		2023	387	214	-	61	17	679	64%	36%
Wouter Stammeijer ⁵	COO	2024	675	296	100 ⁶	90	36	1,197	63%	37%
		2023	387	214	222 ⁶	51	9	883	47%	53%
Hilde Garssen	CPO	2024	519	227	500	100	38	1,384	42%	58%
		2023	510	282	854	91	17	1,754	31%	69%
	Total	2024	4,170	2,026	3,400	819	213	10,628		
	Total	2023	3,529	2,199	5,581	682	146	12,137		

1 The 2024 amounts give an indication of the value of the shares that will vest in April 2025 which relate to the LTI 2022 grant. The 2023 amounts are the actual values of the shares that vested in April 2024 and that relate to the LTI 2021 grant.

2 In addition to social security, the stated amounts include allowances that can be considered as indirect remuneration and that relate to the value for the private use of the company car.

3 All remuneration was borne by KPN B.V, please see Note 5 to the consolidated financial statements for the individual pension benefits, on cost and social security.

4 Excluding pension cost, social security and other compensation.

5 Since appointment to the Board of Management in 2023.

6 Relates to vesting of plans granted prior to appointment to the Board of Management.

Remuneration report

Change in remuneration for members of the Board of Management versus company performance and remuneration of an average employee over five years.

Change in remuneration for members of the Board of Management versus company performance over five years and remuneration of average employee.

The table includes the current members of the Board of Management and a comparison is disclosed over the last five years as far as a like-for-like comparison was possible (i.e. full year appointment during the five-year period).

	2020	2021	2022	2023	2024
Remuneration CEO (EUR)	2,301,000	3,051,000	4,157,000	4,126,000	3,191,000
-Year-on-year difference (EUR)	632,000	750,000	1,106,000	-31,000	-935,000
-Year-on-year difference (%)	+38%	+33%	+36%	-1%	-23%
Remuneration CFO (EUR)	1,169,000	1,304,000	2,389,000	2,394,000	1,910,000
-Year-on-year difference (EUR)	-386,000	135,000	1,085,000	5,000	-484,000
-Year-on-year difference (%)	-25%	+12%	+83% ¹	+0%	-20%
Remuneration other current members on average (EUR)	1,112,000	1,684,000	2,241,000	1,404,000	1,382,000
-Year-on-year difference (EUR)	1,019,500	572,000	557,000	-837,000	-22,000
-Year-on-year difference (%)	n/a	+51%	+33%	-37%	-2%
TSR position (part of LTI)					
-Position peer group	6th (75% vesting)	8th (103% vesting)	4th (163% vesting)	3rd (172% vesting)	3rd (169% vesting)
Free cash flow (part of STI/LTI)	Performance:	Performance:	Performance:	Performance:	Performance:
-STI bandwidth pay-out level	Between on-target and maximum	Between on-target and maximum	Between on-target and maximum	Above on-target	Around on-target
-LTI bandwidth pay-out level	Slightly above threshold	Between threshold and on-target	Between threshold and on-target	Between on-target and maximum	Between threshold and on-target
EBITDA (part of STI)	Performance:	Performance:	Performance:	Performance:	Performance:
-Pay-out level STI bandwidth	Above on-target	Around on-target	Around on-target	Around on-target	Around on-target
Average cost per FTE (IFRS, EUR)	84,306	90,869	93,282	98,226	102,635
Pay ratio CEO (IFRS)	30	33	32	31	29

¹ Including the first vesting of the LTI award (2020 grant).

The fluctuation in actual pay levels during the five reference years is predominantly the result of the outcome of the STI and LTI combined with the relatively high emphasis on pay-for-performance reflected in the short-term and long-term incentive plans. The STI pay-out (in terms of performance versus the assigned targets) was aligned with the level of pay-out to senior management and the CLA employees as the same financial and non-financial targets were generally applied in these variable pay plans as in the assigned targets of the Board of Management. The average STI pay-out over the five-year period is close to 92% of the on-target level and the LTI plans vested over the five-year period are on average close to 109% of the on-target level, reflecting the realistic targets set for variable incentive plans.

Considering the five-year results, variable pay on financial and non-financial targets is closely linked to KPN's performance against peers (TSR) and to its outcomes on the key metrics

Service Revenues, FCF and EBITDA AL ensuring alignment with the financial performance goals and the long-term value creation strategy. Increasing revenues were supported by ongoing savings from the simplification and digitalization of services. KPN is generating growth in FCF which supports a progressive regular dividend and a robust liquidity position, and the company remains committed to an investment grade credit profile.

KPN's internal pay ratio

To ensure transparency and clarity, KPN applies an IFRS-driven methodology to calculate the internal pay ratio. KPN's internal pay ratio compares the total CEO compensation under IFRS principles with the average compensation of employees with an employment contract with KPN (total personnel expenses of KPN employees divided by the average number of KPN FTEs).

Remuneration report

KPN's calculated pay ratio in 2024 was 29 (2023: 31). The outcome is in line with KPN's acceptable bandwidths as described in

our remuneration policy. For further details, see Note 5 to the consolidated financial statements.

Number of shares and current share plans for current board members.

	Grant date	Shares held as of 1 January 2024	Vested ¹	Granted, forfeited or sold ²	As of 31 December 2024	Pre-tax fair value on grant date (EUR) ³	Pre-tax market value on vesting date in 2024 (EUR)	End of lock-up period
Joost Farwerck	18 April 2024	-	-	367,676	367,676	1,187,593		18 April 2030
	13 April 2023	364,363	-	-	364,363	1,118,594		13 April 2029
	14 April 2022	342,173	-	-	342,173	1,214,714		14 April 2028
	15 April 2021	416,740	-386,688	-30,052	-	1,125,198	2,241,813	15 April 2027
Chris Figeet	18 April 2024	-	-	189,091	189,091	610,764		18 April 2030
	13 April 2023	187,387	-	-	187,387	575,278		13 April 2029
	14 April 2022	175,975	-	-	175,975	624,711		14 April 2028
	15 April 2021	214,324	-198,868	-15,456	-	578,675	1,152,934	15 April 2027
Marieke Snoep	18 April 2024	-	-	182,087	182,087	588,141		18 April 2030
	13 April 2023	180,446	-	-	180,446	553,969		13 April 2029
	14 April 2022	169,457	-	-	169,457	601,572		14 April 2028
	15 April 2021	206,386	-191,503	-14,883	-	557,242	1,110,234	15 April 2027
Chantal Vergouw	18 April 2024	-	-	182,087	182,087	588,141		18 April 2030
	01 June 2023	157,891	-	-	157,891	484,725		13 April 2029
Wouter Stammeijer	18 April 2024	-	-	182,087	182,087	588,141		18 April 2030
	01 June 2023	157,891	-	-	157,891	484,725		13 April 2029
	13 April 2023	4,780	-	-	4,780	13,336		cash settled
	14 April 2022	36,629	-	-	36,629	119,411		cash settled
	15 April 2021	43,658	-32,744	-10,915	-	105,216	221,667	cash settled
Hilde Garssen	18 April 2024	-	-	140,067	140,067	452,416		18 April 2030
	13 April 2023	138,805	-	-	138,805	426,131		13 April 2029
	14 April 2022	130,352	-	-	130,352	462,750		14 April 2028
	15 April 2021	158,758	-147,309	-11,449	-	428,647	854,021	15 April 2027

1 The 2021 share grant vested in April 2024 with a actual vesting percentage of 150% (excluding deferred dividend).

2 The shares granted to the Board of Management represent 40% (2023: 40%) of the total number of shares and share-based awards granted in to all employees. The grant numbers do not include any deferred dividend during the vesting period. The deferred dividend during the vesting period will be additionally granted in shares.

3 Value is calculated by multiplying the number of share awards by the fair value at grant date.

Remuneration report

See the Insider transactions section for stock ownership of the members of the Board of Management and Supervisory Board and Note 5 to the consolidated financial statements for a further description and valuation of the share plans.

Claw-back clause

The claw-back clause was not applied in 2024.

Supervisory Board

The objective of the remuneration policy for the Supervisory Board is to reward the members appropriately for their work based on market-competitive fee levels. To the extent applicable, the same principles of the Board of Management remuneration policy apply to the Supervisory Board remuneration policy.

KPN has a fixed annual fee and annual committee membership fees for the members of the Supervisory Board. The eligibility for committee fees is limited to two committees (i.e. the two highest fees will be applicable).

AEX-listed companies with a two-tier board serve as a reference for determining market-competitive fee levels. Supervisory Board members do not receive any variable compensation and are not granted any shares as a form of pay.

The following table shows the annual fixed fee structure for the members of the Supervisory Board and the members of the committees as approved at the 2024 AGM:

Position	Annual fee in EUR ¹
Chair Supervisory Board	105,000
Vice-chair Supervisory Board	77,500
Member Supervisory Board	62,500
Chair Audit Committee	22,500
Member Audit Committee	12,500
Chair ESG Committee	12,500
Member ESG Committee	10,000
Chair Remuneration Committee	12,500
Member Remuneration Committee	7,500
Chair Nominating & Corporate Governance Committee	12,500
Member Nominating & Corporate Governance Committee	7,500

¹ As of April 2024

The following table shows the actual fee for each current member of the Supervisory Board.

Amounts in €		Membership fee 2024	Committee fees 2024	Total 2024	Total 2023	Total 2022	Total 2021	Total 2020
G.J.A. van de Aast	Chair	103,525	18,529	122,055	115,000	103,556	53,334	-
B.J. Noteboom	Vice-chair	75,292	18,529	93,820	60,917	-	-	-
E.J.C. Overbeek	Member	61,762	9,265	71,027	68,917	72,500	72,500	72,500
J.C.M. Sap	Member	61,762	24,264	86,027	80,375	75,000	75,000	75,000
K. Koelemeijer	Member	61,762	13,530	75,292	70,708	51,756	-	-
F. Heemskerk	Member	61,762	16,030	77,792	51,958	-	-	-
M. De Jager	Member	61,762	21,029	82,791	45,208	-	-	-
H.H.J. Dijkhuizen	Member	61,762	26,173	87,936	40,000	-	-	-
R. Shuter ¹	Member	15,625	3,125	18,750	-	-	-	-
A.D. Plater ²	Former member	8,448	1,408	9,856	72,125	77,500	77,500	23,680
C. Vergouw	Former member	-	-	-	28,542	51,756	-	-
P.F. Hartman	Former member	-	-	-	21,250	75,000	75,000	75,000
C.R.A. Guillouard	Former member	-	-	-	24,792	87,500	84,611	54,896
Total		573,464	151,882	725,347				

¹ Since appointment in the Supervisory Board with an effective date of 1 October 2024.

² Up to 20 February 2024.