Connect Activate Grow

ESG Webinar

26 November 2024



Highlights

ESG Manifesto for a **Better Internet** rooted within strategy and organization

Leading rankings in well recognized ESG benchmarks

Green financing instruments supporting sustainable related investments

Continuous alignment with latest **international reporting requirements (CSRD)**

Responsible: secure by design with reliable networks

Inclusive: everyone, everywhere is connected

Sustainable: On our way to net-zero

ESG fully embedded

in Connect, Activate & Grow strategy

Purpose

We go all out to connect everyone in the Netherlands to a sustainable future

Strategic Missions

Connect

Connect with our customers to deliver on their needs

Earning our customers' loyalty through converged services & solutions that are truly relevant to them

Activate

Activate our best network, platforms, partners & assets

Delivering the best digital experience to our customers over our world-leading, always-on networks

Grow

Grow sustainably by modernizing and simplifying our business

Transforming our operating model with AI-powered automation and developing a future-ready workforce

ESG ambitions

Responsible



We provide services that are secure and reliable by design. We operate with respect

Inclusive



We make it possible for everyone to participate in, and benefit from, a connected society

Sustainable



We minimize our footprint, maximize our positive impact and respect the environment

Responsible, inclusive and sustainable

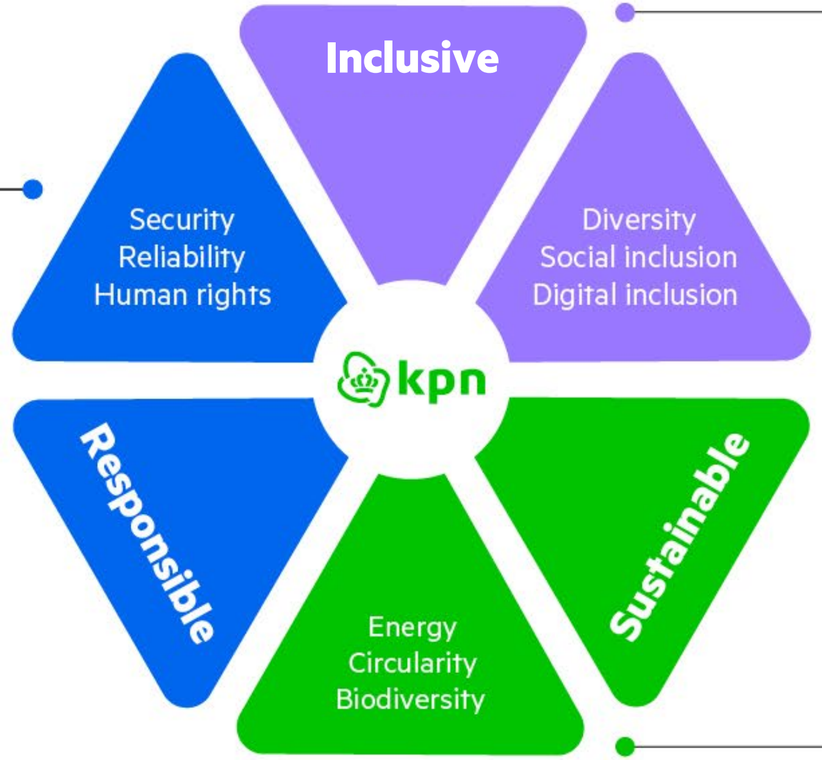
for a Better Internet



We provide services that are secure and reliable by design with respect



KPN ESG Manifesto





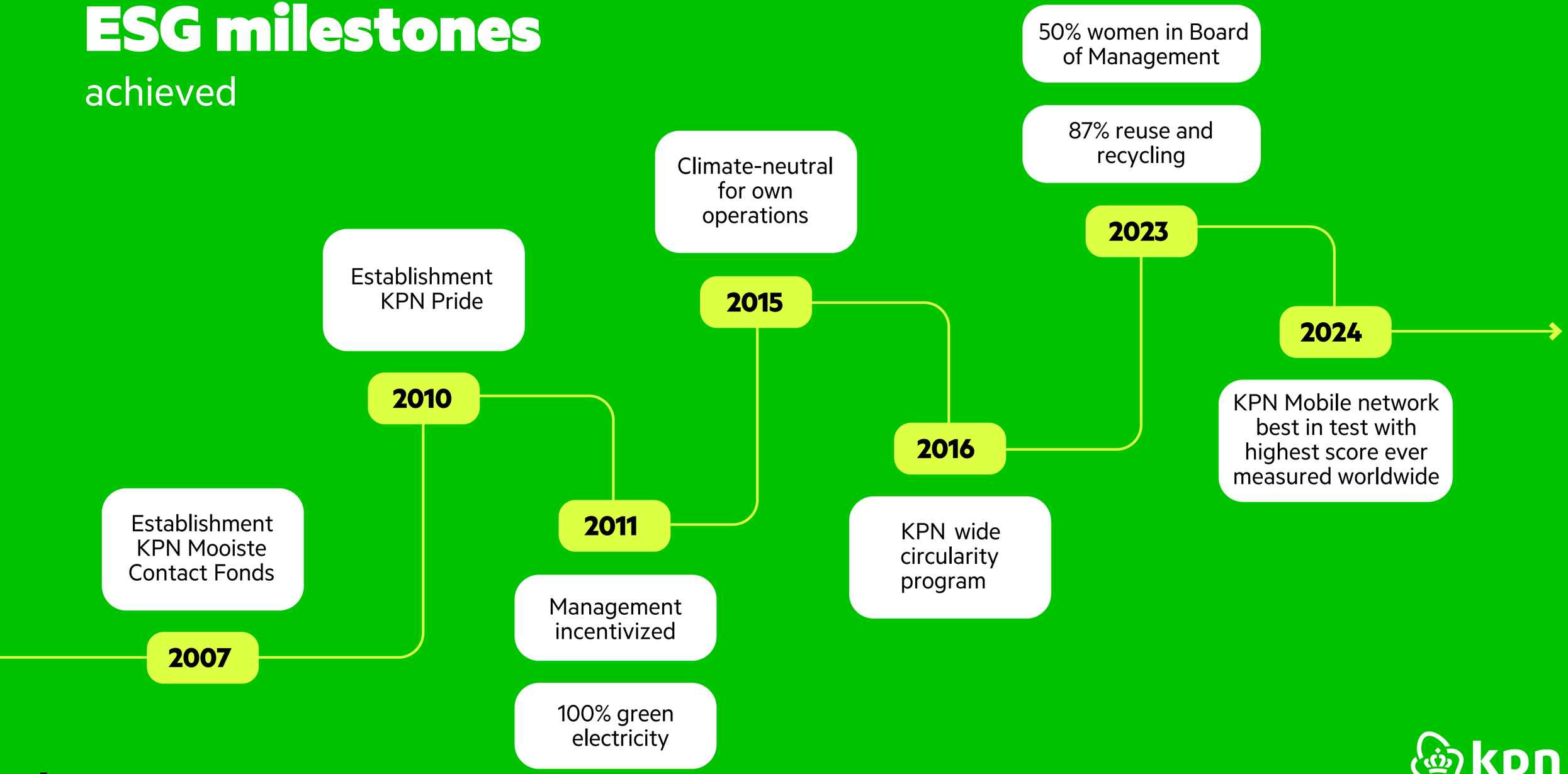
We make it possible for everyone to participate in, and benefit from, a connected society

We minimize our footprint, maximize our positive impact and respect the environment



ESG milestones

achieved



Well ranked

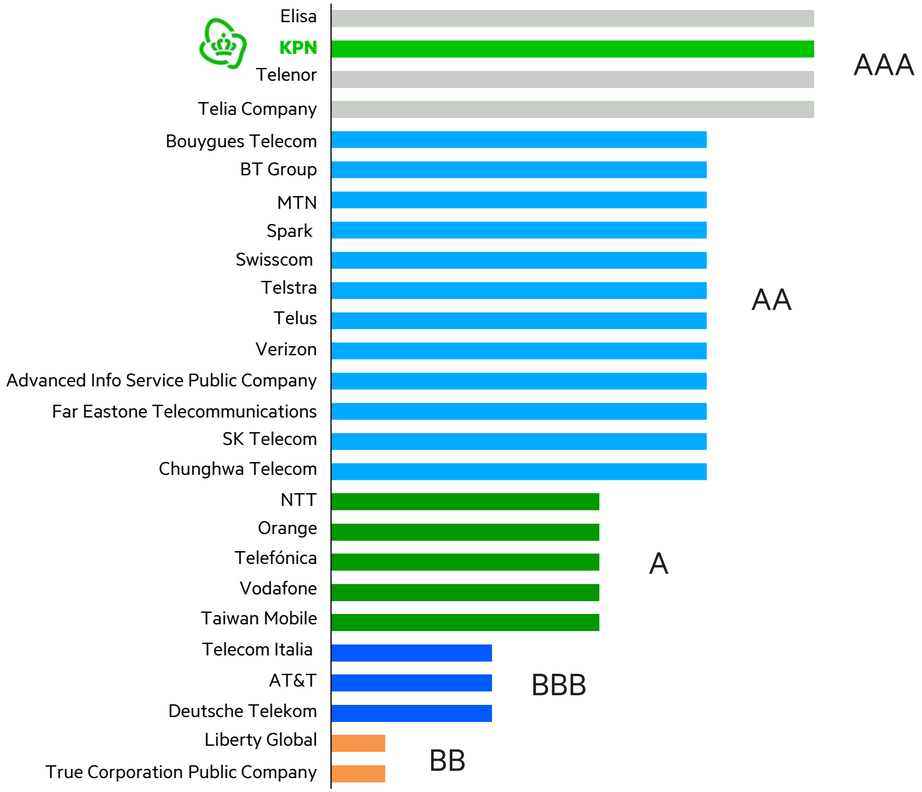
in most important sustainability ratings

MSCI ESG RATINGS AAA
CCC B BB BBB A AA AAA

CDP DISCLOSURE INSIGHT ACTION

PLATINUM Top 1% ecovadis Sustainability Rating JUN 2024

Telco MSCI ratings



Source: MSCI, latest available

Enhancing impact

through collaboration and standardization

We are actively cooperating on ESG subjects

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Alliantie Digitaal Samenleven

GROENE NETTEN

PSO prestatieladder socialer ondernemen

TNFD Taskforce on Nature-related Financial Disclosures

CIRCULAR CIRCUITS

COLLECTIEF

Participating in Telecom associations

GSMA

etno

etis

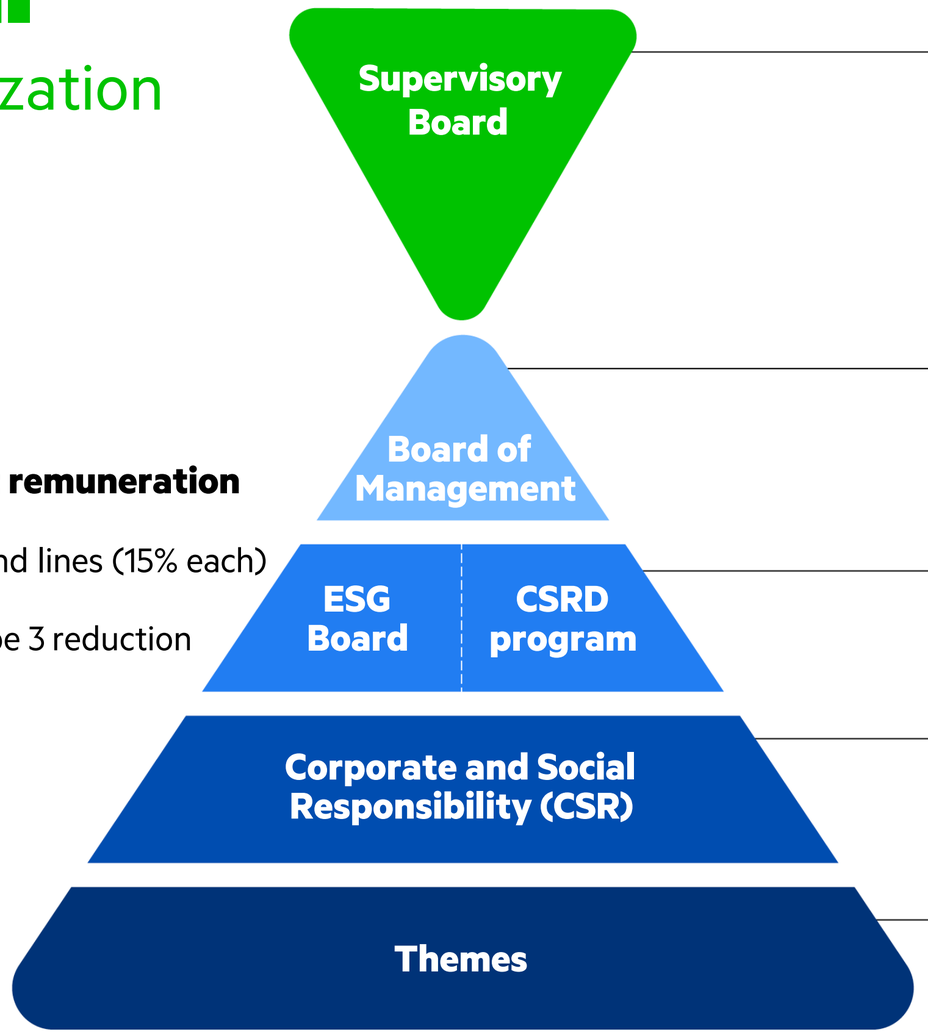
JAC COOPERATION BEYOND COMPETITION

And follow United Nations guidelines

UN GLOBAL COMPACT
United Nations Global Compact

ESG integral

part of KPN's organization



ESG Committee within Supervisory Board

ESG themes defined, and targets approved by Board of Management

ESG Board responsible for achieving goals and setting ESG policy

CSRD team responsible for CSRD compliance

CSR Team responsible for overall strategy, oversight and coordination

Dedicated teams assigned on responsibility, inclusivity and sustainability

ESG targets and ambitions supported by business segments

ESG integral part of management remuneration

- **30% STI** based on NPS and Broadband lines (15% each)
- **30% LTI** based on Diversity and Scope 3 reduction towards net-zero (15% each)

CSRD enhances KPN's ESG focus

based on double materiality analysis

Performing DMA in 2023 to prepare for CSRD compliant reporting

Impact materiality

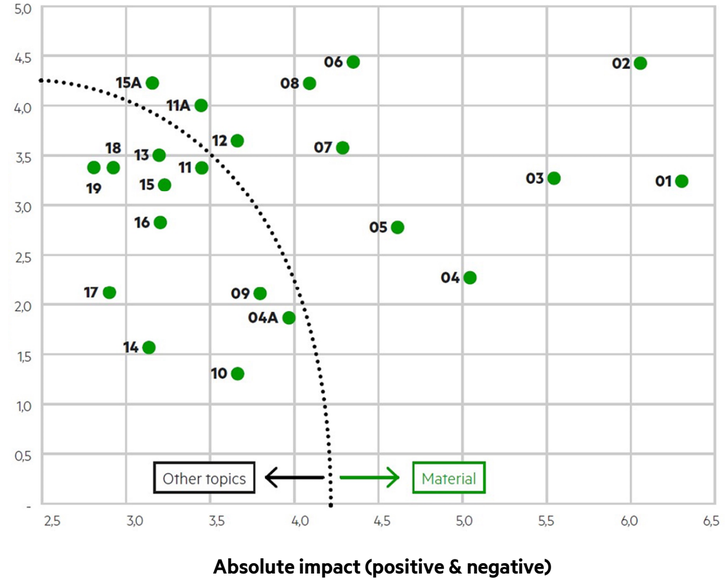
Long topic list based on CSRD → Topic list KPN relevant → Stakeholder selection → Scoring → Outcome sanity check → Steerco determines threshold → Steerco validates outcome → BoM materiality approval

Financial materiality

Output Risk assessment (SP'22/'23) → CFO team working sessions → Scenario calculation 'driver model KPN' → Scenarios on heatmap → CFO team determines threshold → Steerco validates financial materiality → BoM materiality approval

→ **DMA**

Impact materiality and relevancy analysis defines KPN's ESG focus on 11 material topics (2023)



- 1. Circular economy
- 4. Workers in the value chain
- 7. Customer value
- 12. Business conduct
- 2. Cybersecurity, data & information protection
- 5. Own workforce – working conditions
- 8. Sustainable ICT solutions & product innovation
- 15A. Consumers & end users – access to information, Privacy
- 3. Climate change
- 6. Network quality
- 11A. Own workforce – Equal treatment; diversity

Integrating ESG

into KPN's core financing strategy

€ 1 billion
Sustainability linked RCF
Aug 2021

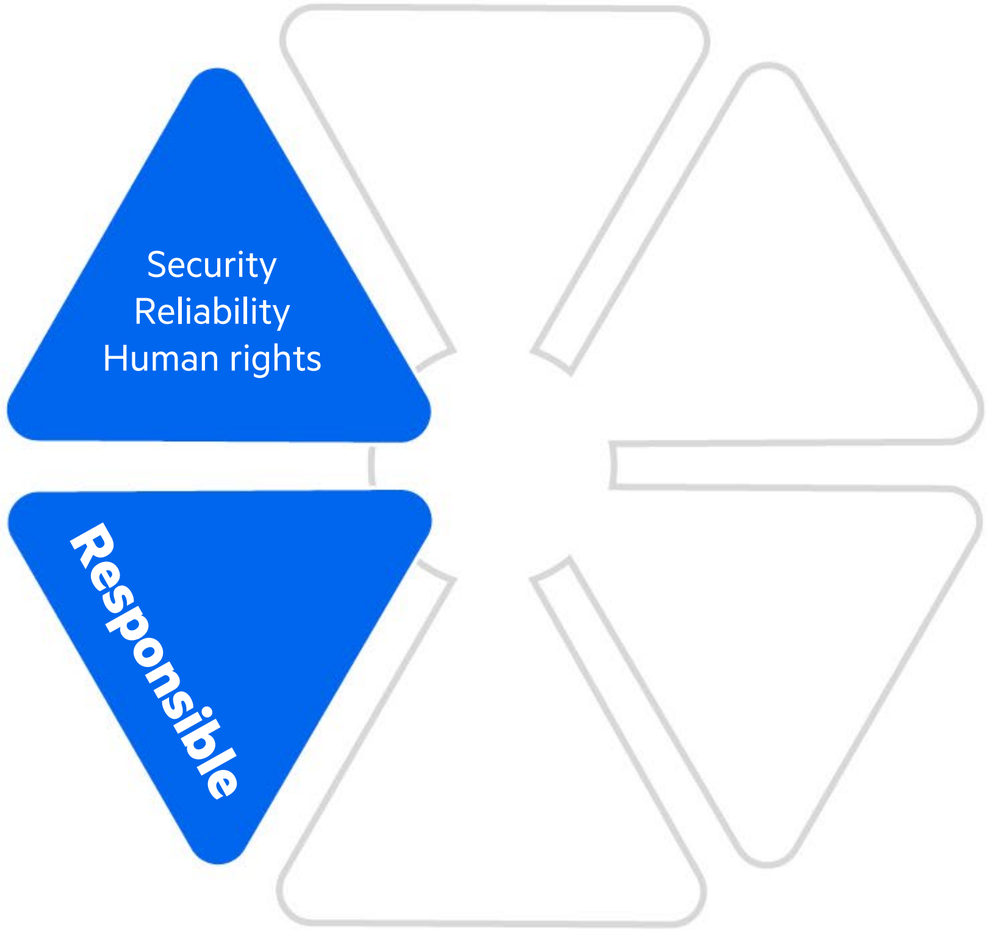
€ 700 million
Sustainability linked Senior Bond
Nov 2021

€ 500 million
Green Hybrid Bond
Sept 2022

€ 500 million
Green Hybrid Bond
Jun 2024



Responsible



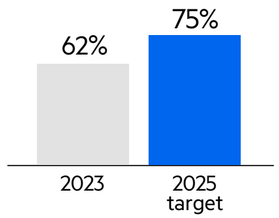
Security first

for all stakeholders

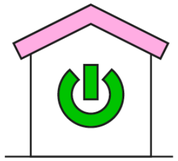
KPN's services are secure by design

Together we make The Netherlands more secure

SME KPN EEN-customers activating extra secure internet



Next-Gen Home (Secure Networking) 'Internet van de Zaak'



Offering additional security solutions to our consumers

Google One Cloud Storage · 1Password Password Manager · Chat license · F-Secure Antivirus program · eset Network Security

Offering secured logins to conduct business online with (government) service providers

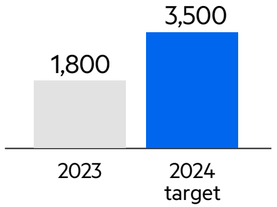


NL-ix & Nokia cooperation



Deepfield anti-DDoS protection for enterprises

Employees achieving SecurX certification



KPN's services are compliant by design

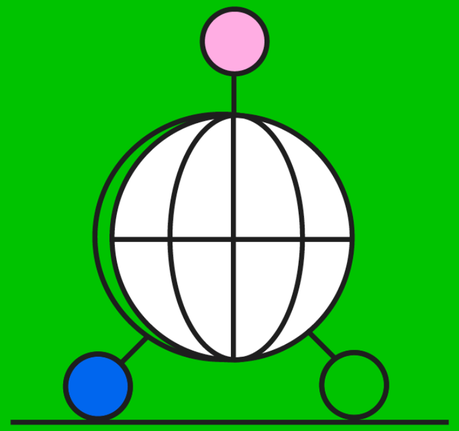
Reliable networks

for our customers

Providing the highest service availability for our customers (2023)

~100%

Service availability in Fixed and Mobile



KPN network and services recognized by independent benchmarks

umlaut Part of Accenture connect
BEST IN TEST
KPN
2/2024
MOBILE NETWORK TEST IN THE NETHERLANDS
www.connect-testlab.com

tweakers AWARDS 23/24
winnaar | 1e plaats internetprovider NL

tweakers AWARDS 23/24
winnaar | 1e plaats mobiele provider NL

Continuously improving our network reliability and experience

Monitoring our networks and critical services 24/7
Minor disruptions are detected, managed and solved

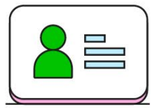
Network configuration
Optimizing network configuration to increase reliability

Autonomous operations
Automating network processes

Focus on human rights

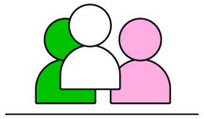
for all stakeholders

KPN's Human Rights Code supporting all stakeholders



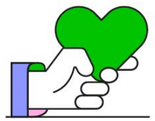
Employees

- Embedded in CLA
- Workers Counsel



Customers

- Open and equitable internet
- Protecting online privacy



Society at Large

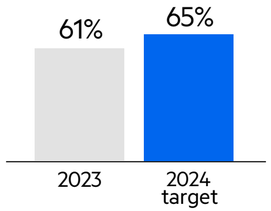
- #Betterinternet campaign
- KPN Mooiste Contact Fonds



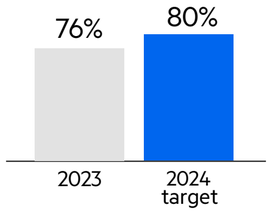
Value Chain

- JAC Human Rights Workstream
- Mitigating child labor, promoting living wage and responsible minerals

% of Dutch population thinking their data is safe with KPN



% of supplier spend covered by EcoVadis assessments



Campaigning
on a safer internet

Nationwide campaign on online shaming

- Collaboration with singer MEAU
- Caregivers' information webinars
- Information lessons at schools

>33 million
views and shares

56%
of NL is **aware** of the message

Conversations on online shaming increased
+141%
in the media
+183%
online



Awards

- **Cannes Grand Prix Award** for best campaign
- **3 Silver Lion medals** at Cannes
- **D&AD Pencils** Dutch Creativity Awards



Responsible

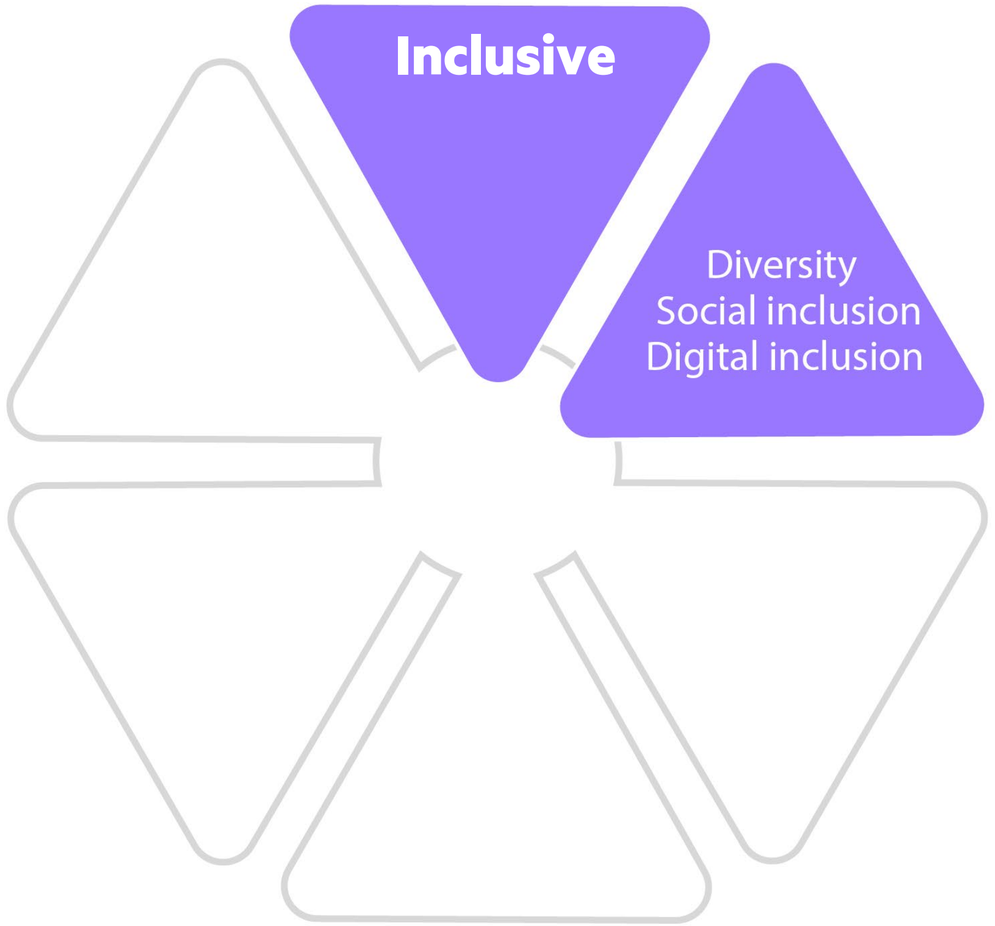
Ambitions and progress

Our progress in 2023		Our ambitions		Our Progress so far
60%	of technical employees are SecurX certified[1]	3,500	employees[2] by 2024	
5	Net promoter score Business	6	by 2024	
17	Net promoter score Consumer	19	by 2024	
61%	of the Dutch population think their data is safe with KPN	65%	of the Dutch population	
55	substantiated customer privacy breaches complaints	Less	as possible by 2024	
98%	realized improvements on corrective action plans	90%	by 2025	
99%	employees trained to detect and prevent corruption	95%	by 2024	

[1] In TDO (Networks, B2B Solutions & CISO)

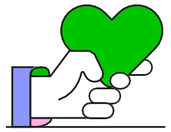
[2] As from 2024 # of employees in target group who are SecurX certified and scope extended to TDO, Integration, KPN Health, IoT (target group)

Inclusive



Creating a diverse, safe and equal

work environment



Diverse Teams

In gender, age, cultural background, sexual orientation, (work) ability, education level & ways of thinking

Women at KPN (2023)

50%	33%	28%	22%
Board of Management	Supervisory Board	Sub top positions	KPN wide



Inclusive, safe, and equal work environment

Differences are valued and talents are put to good use

82%[1] (77% in 2023)
KPN employees are positive about Diversity & Inclusion

88%[1] (87% in 2023)
KPN employees are positive about psychological safety

Employee networks contributing to diversity

WOMEN AT KPN

Kleurrijk KPN

KPN Pride

YOUNG KPN netwerk van young professionals

Internationals at KPN

KPN NeuroNetwerk

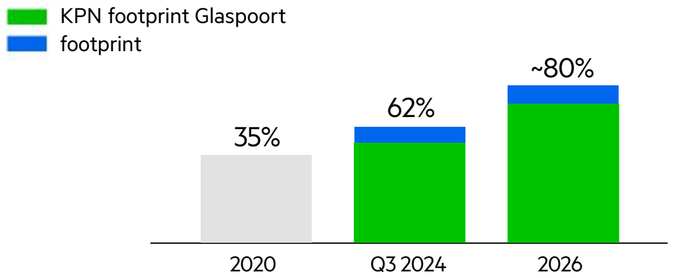
[1] Employee (Pulse) Survey May 2024

Ensuring everyone, everywhere has access

to high-quality connectivity

Investing in the network of the Netherlands...

Homes passed, % of households





Best Mobile network

98% 5G Coverage in 2023

166$^{Mbit/s}$ **download speed** in 2023

...ensuring our services are inclusive to all by adhering to the EU Accessibility Act

- **KPN Products**
- **Resell**
- **KPN services**
- **Financial services**

KPN Teletolk

Text and visual service for people with hearing and speech disabilities

~29k mediations in 2023

KPN active role in social inclusion

since 2015

KPN apprenticeship company program 2015 - 2023

~20
people per year

> 150
employees through the program

~60%
found a job within 3 months of graduation



PSO prestatieladder socialer ondernemen

Enhancing social inclusion in employee base through the Social Entrepreneurship Performance (PSO) certification

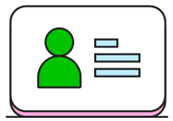
KPN Goals

☑ Aspirant Status	☐ Basic Level	☐ Level 1
2023	2025	

Pursuing a customer-centric approach

to customers with financial issues

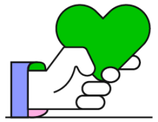
Taking our responsibility in debt collection



Coping with customers with debts



In-house debt collection



Human-centric approach

Supporting customers with financial issues

>180,000

Customer acceptance policy checks per month

>5,400

Customers guided to Dutch Debt Relief Route in 2023

>28,000

Customers with problematic debt received support in 2023

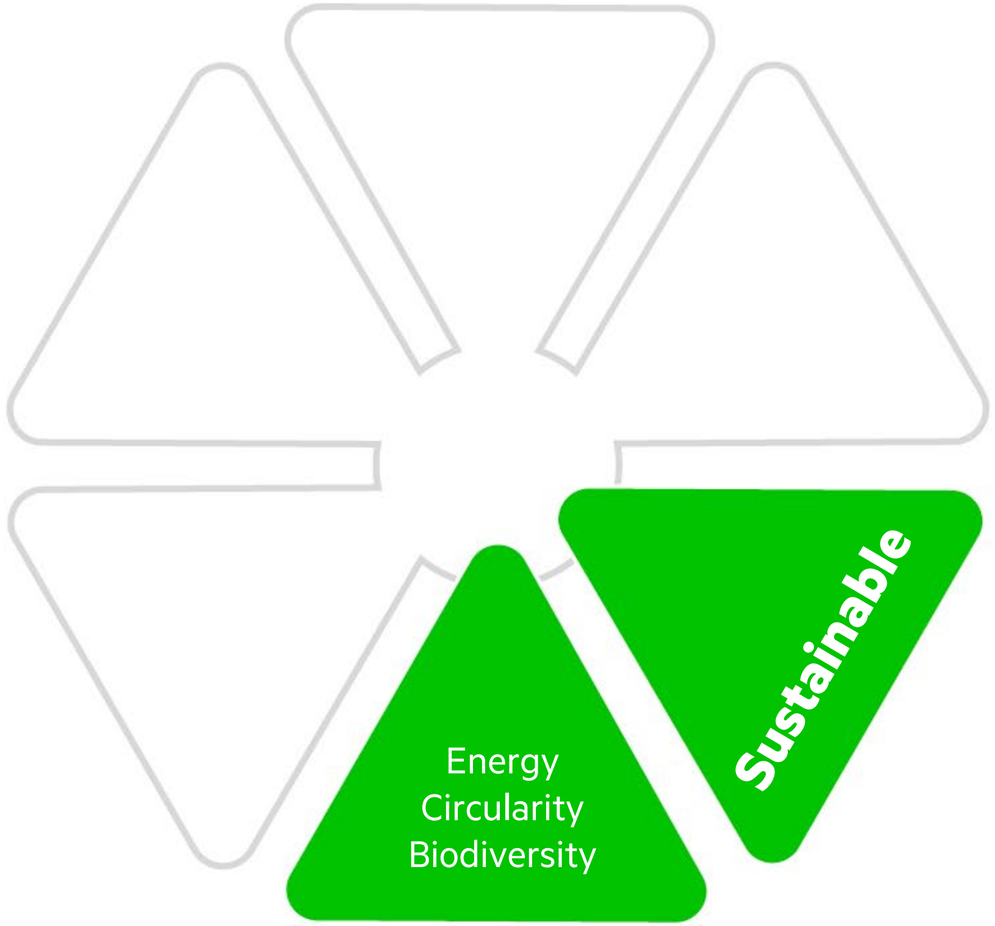
Inclusive

Ambitions and progress

Our progress in 2023		Our ambitions		Our Progress so far
28%	women in the sub-top[1]	35%	by 2025	
83%	employee survey score for engagement	85%	by 2025	
57%	of households connected to FttH	~80%	by 2026 incl. Glaspoort	
98%	5G coverage in NL	99.5%	by 2025	

[1] Direct reports to Board of Management in management positions

Sustainable

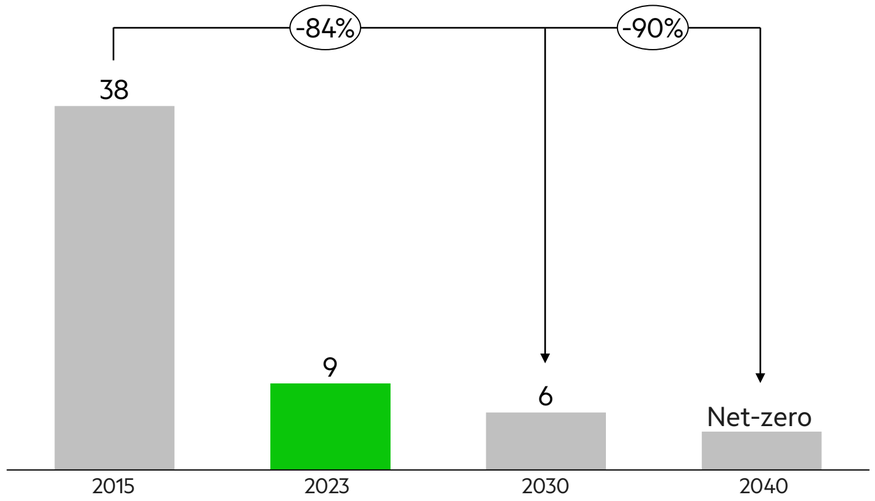


Mobility transformation

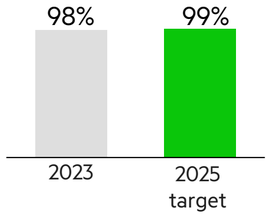
driving Scope 1 reduction

Scope 1 emissions have decreased ~75%[1] by 2023

(in kTon CO_2e)



Fossil free inflow of cars



Initiatives to improve KPN's impact on direct emissions



Transform our fleet
for own personnel and engineers



Advanced route planning
for engineers



Stimulate commuting by bike
via incentive program



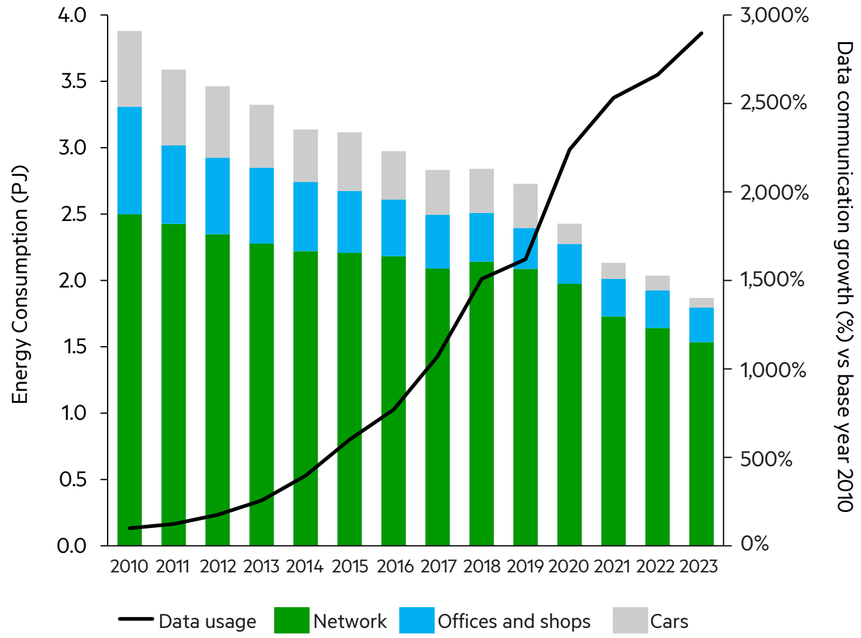
Reduce gas usage
by electrifying technical buildings

[1] Compared to 2015 base

Energy consumption almost halved

while data demand increased

Reducing energy usage, while increasing data demand by ~28x



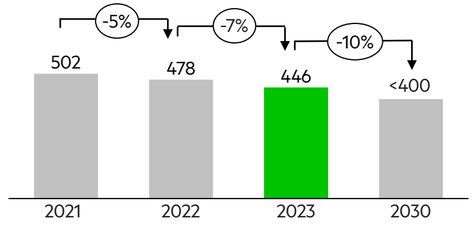
Direct savings

Reduce energy consumption

- Network modernization and simplification
- Copper switch off
- Network functions virtualization
- Office space & data center rationalization
- Data centers & tech buildings cooling optimization



<400 GWh
per 2030



Indirect potential savings

Smart energy solutions

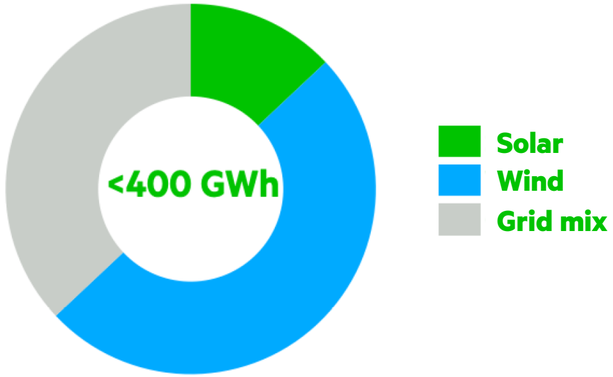
- Smart Energy System matching supply and demand



PPA sustainable sources

to contribute about two-thirds of energy usage

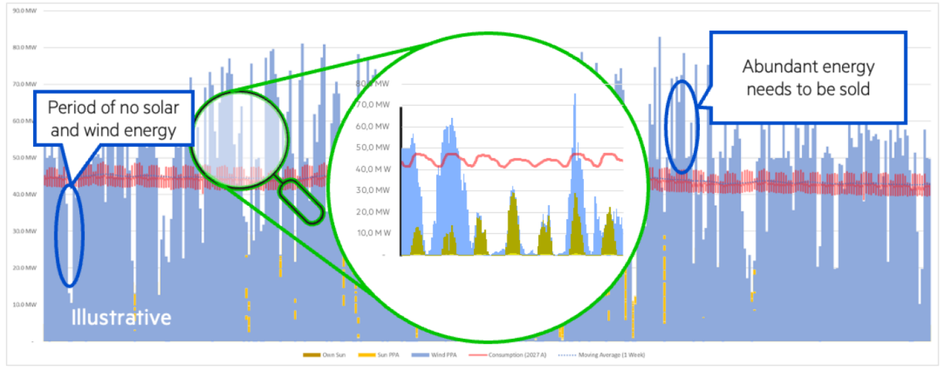
Source total expected energy usage per 2030



PPA Sustainable energy sources

- **~50** GWh solar energy from 2025
- **>200** GWh wind energy from 2027

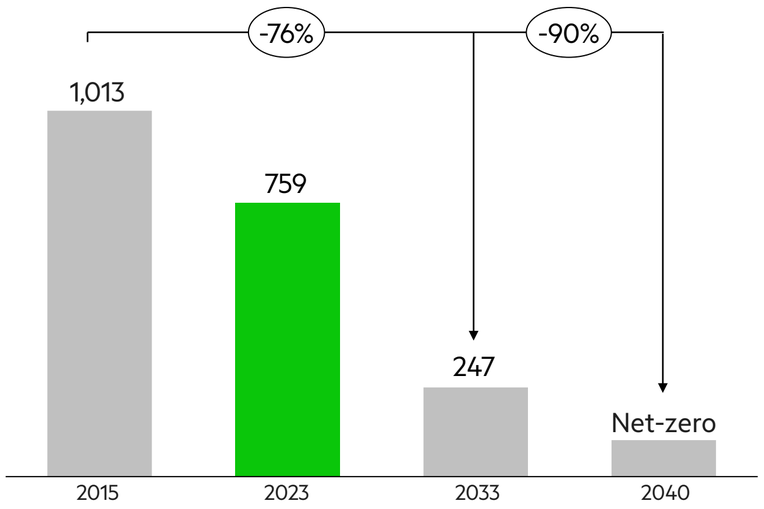
Solar and wind parks contribution to maximize sourcing strategy



Collaborating with suppliers and customers

to become net-zero

Scope 3 emissions currently ~80% of KPN total emissions (in kTon CO_2e)



Further emissions reduction together with suppliers and customers

~80%
Upstream

JAC initiatives
- Carbon reduction program
- Supplier engagement program

KPN specific
- Supplier Code of Conduct
- Supplier specific action plans

Downstream
~20%

- Energy efficiency customer devices
- Energy grid in the Netherlands

We recollect, re-use & recycle hardware

to extend its lifecycle



Inflow

Supplier Code of Conduct and contracts with circular principles

Reduce non-renewable virgin materials

Usage of materials that easily get a second life

Mitigate risks related to critical raw materials

Outflow

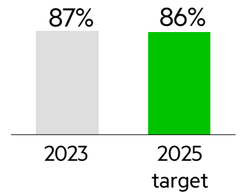
Extending lifetimes to avoid obsolescence

Collecting hardware to re-use and recycle

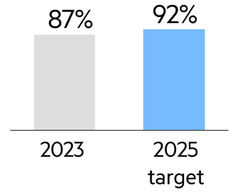
Offering refurbished phones, repair services and trade-in services

B2B services prepared for circularity

Reuse & recycling



Collection rate of own hardware



Being aware

of our impact on biodiversity

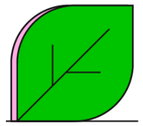
Cooperation with partners

GROENE NETTEN

Naturalis Biodiversity Center

TNFD Taskforce on Nature-related Financial Disclosures

Initiatives to improve KPN's impact



Nature inclusive technical buildings



Green roofs on own buildings and office gardens



Enhancing Biodiversity in **value chain**

Next Steps

- [x] Included in ESG Manifesto
- [x] Commitment with Collective Nature Inclusive Agreement
- [ ] Analyze impact and formulate objectives

kpn

Sustainable

Ambitions and progress

Our progress in 2023		Our ambitions		Our Progress so far
		Scope 1		
98%	inflow of our fleet on fossil-free fuel • Mobility program to stimulate bike commuting and reduce lease fleet • **100%** climate-neutral (scope 1 + 2) via certificates on remaining emissions	**99%**	Fossil-free fuel by 2025	
		Net-zero	by 2040[1]	
		Scope 2		
446GWh	(154kTon) electricity usage • PPAs reached for wind and solar energy • **100%** climate-neutral via bundled guarantees of origin	**<400 GWh**	by 2030[2] (140 kTon in 2030)	
		>67%	local direct sourcing of energy via wind/solar parks	
		Scope 3		
~30%	CO_2e reduction in the value chain vs. 2014 • Supplier engagement via industry bodies and KPN specific	**Net-zero**	CO_2e emissions by 2040[1]	
87%	reuse and recycling	**86%**	by 2025	

[1] -90% vs. 2015 (max. 10% residual emissions neutralized)
[2] -48% vs. 2010

Leveraging AI
to further enhance sustainability

Responsible AI framework as a foundation…



…for AI initiatives to support KPN's ESG ambitions

- Monitor network reliability
- Energy optimization in KPN premises
- Mobile network optimization
- Responsible & inclusive customer service
- Route planning for engineers

Highlights

ESG Manifesto for a **Better Internet** rooted within strategy and organization

Leading rankings in well recognized ESG benchmarks

Green financing instruments supporting sustainable related investments

Continuous alignment with latest **international reporting requirements (CSRD)**

Responsible: secure by design with reliable networks

Inclusive: everyone, everywhere is connected

Sustainable: On our way to net-zero

Q&A



Chris Figee
CFO



Jikke op de Weegh
Head of Corporate Social Responsibility



Jeroen Cox
VP Energy & Environment



Matthijs van Leijenhorst
VP Investor Relations

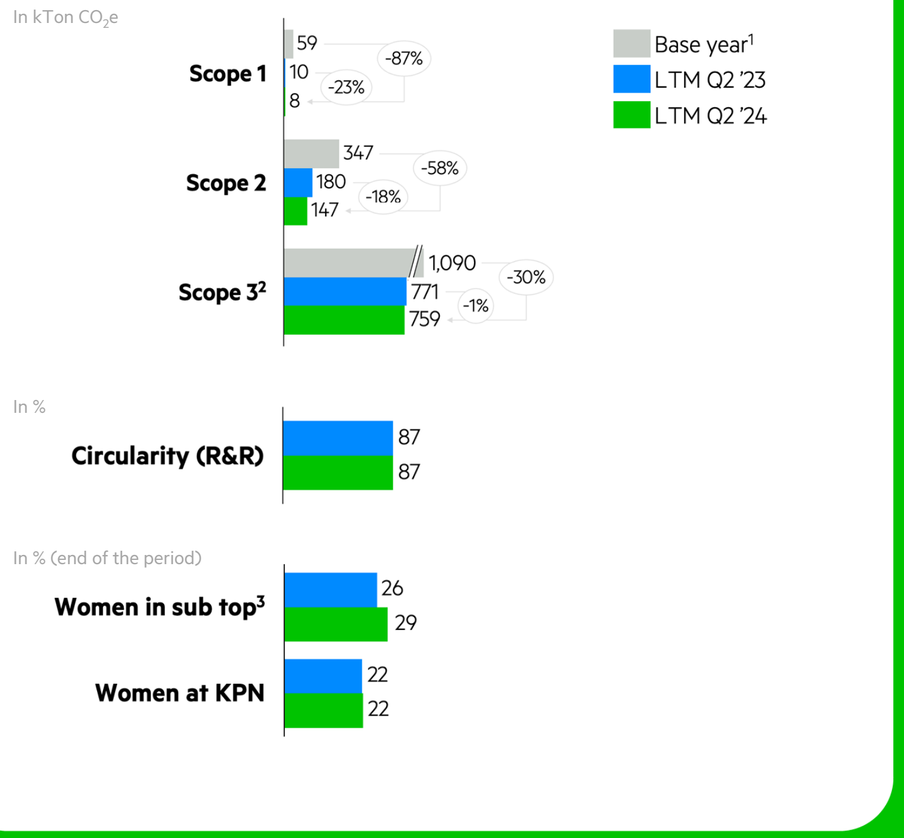
Appendix

Quarterly ESG dashboard



Quarterly ESG dashboard

continued progress on ambitions



Scope 1 – Direct emissions
- Gross emissions, relating to fuel consumption car fleet, heating of buildings, consumption of coolants, fuel consumption of emergency power generators
- Ambition: 99% fossil fuel free cars added to company fleet in 2025

Scope 2 – Indirect emissions
- Location based emissions, relating to usage of electricity of fixed and mobile networks, offices and shops and district heating/cooling
- Ambition: electricity consumption by KPN Group in 2030 reduced to < 400 GWh

Scope 3 – Emissions in value chain
- Emissions in the upstream value chain (production phase at suppliers)
- Emissions in the downstream value chain (use phase, recycling and disposal)
- Ambition: net zero CO2e emissions in 2040

Circularity
- Re-use and recycling (R&R) share of the outflow of KPN materials and waste destined to be reused, recycled, incinerated or landfilled
- Target: 86% re-use and recycling in 2025

Diversity
- Achieved: Board of Management consists of 50% and Supervisory Board of 33% female members
- Ambition: 25% women at KPN and 35% women in sub top positions by 2025

[1] Baseline year is 2010 for scope 1 and 2 emissions and 2014 for scope 3 emissions
[2] Scope 3 is measured from FY '22 to FY '23
[3] Direct reports to Board of Management in management positions

Safe harbor

Alternative performance measures and management estimates

This financial report contains a number of alternative performance measures (non-GAAP figures) to provide readers with additional financial information that is regularly reviewed by management, such as EBITDA and Free Cash Flow ('FCF'). These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures and are not uniformly defined by all companies including KPN's peers. Numerical reconciliations are included in KPN's quarterly factsheets and in the Integrated Annual Report 2023. KPN's management considers these non-GAAP figures, combined with GAAP performance measures and in conjunction with each other, most appropriate to measure the performance of the Group and its segments. The non-GAAP figures are used by management for planning, reporting (internal and external) and incentive purposes. KPN's main alternative performance measures are listed below. The figures shown in this financial report are based on continuing operations and were rounded in accordance with standard business principles. As a result, totals indicated may not be equal to the precise sum of the individual figures.

Financial information is based on KPN's interpretation of IFRS as adopted by the European Union as disclosed in the Integrated Annual Report 2023 and do not take into account the impact of future IFRS standards or interpretations. Note that certain definitions used by KPN in this report deviate from the literal definition thereof and should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS as adopted by the European Union. KPN defines revenues as the total of revenues and other income. Adjusted revenues are derived from revenues (including other income) and are adjusted for the impact of incidentals. KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including impairments) of intangible assets. Adjusted EBITDA after leases ('adjusted EBITDA AL') are derived from EBITDA and are adjusted for the impact of restructuring costs and incidentals ('adjusted') and for lease costs, including depreciation of right-of-use assets and interest on lease liabilities ('after leases' or 'AL'). KPN defines Gross Debt as the nominal value of interest-bearing financial liabilities representing the net repayment obligations in Euro, excluding derivatives, related collateral, and leases, taking into account 50% of the nominal value of the hybrid capital instruments. In its Leverage Ratio, KPN defines Net Debt as Gross Debt less net cash and short-term investments, divided by 12 month rolling adjusted EBITDA AL excluding major changes in the composition of the Group (acquisitions and disposals). The Lease adjusted leverage ratio is calculated as Net Debt including lease liabilities divided by 12 month rolling adjusted EBITDA excluding major changes in the composition of the Group (acquisitions and disposals). Operational Free Cash Flow is defined as adjusted EBITDA AL minus capital expenditures ('Capex') being expenditures on PP&E and software, excluding M&A. Free Cash Flow ('FCF') is defined as cash flow from continuing operating activities plus proceeds from real estate, minus Capex. Return on capital employed ('ROCE') is calculated by the net operating profit less adjustments for taxes ('NOPLAT') divided by capital employed, on a 4-quarter rolling basis. Net operating profit is the adjusted EBITA (excluding incidentals and amortization of other intangibles and including restructuring costs). KPN defines capital employed as the carrying amount of operating assets and liabilities, which excludes goodwill and the other intangibles.

All market share information in this financial report is based on management estimates based on externally available information, unless indicated otherwise. For a full overview on KPN's non-financial information, reference is made to KPN's quarterly factsheets available on ir.kpn.com.

Forward-looking statements

Certain statements contained in this financial report constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures' share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto and statements preceded by, followed by or including the words "believes", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim" or similar expressions. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2023. All forward-looking statements and ambitions stated in this financial report that refer to a growth or decline, refer to such growth or decline relative to the situation per 31 December 2023 unless stated otherwise.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