



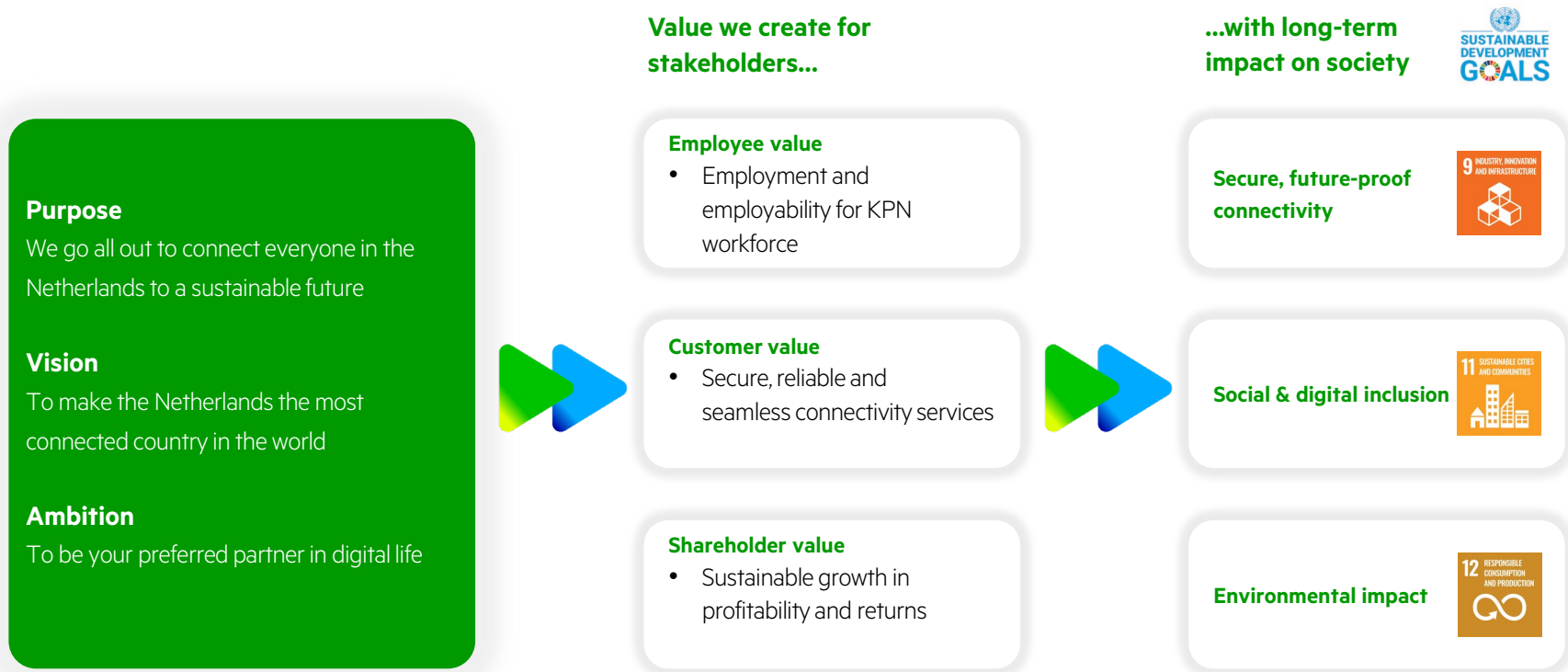
KPN ESG **Webinar** **2021**

14 December 2021

Highlights

- ▶▶ **ESG fully embedded** in strategy and organization
- ▶▶ Continuously **recognized by leading ESG benchmarks**
- ▶▶ Enabling **sustainability** through **connectivity**
- ▶▶ **Sustainable investments** drive Dutch digitalization
- ▶▶ Strong progress & ambitious targets on **reducing carbon footprint**
- ▶▶ Integrated **sustainability** into core financing instruments

Strategic Framework: connect the Netherlands to a sustainable future



ESG fully embedded in strategy and organization



Industry, innovation & infrastructure



Innovation

Make the Netherlands safer and resilient by offering best-in-class connectivity and security

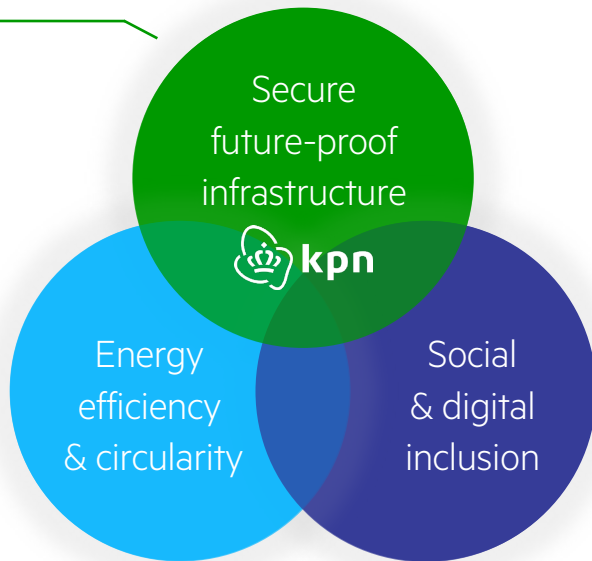


Responsible consumption & production



Environment

Build the most efficient network technology to reduce energy consumption despite higher data usage



17 UN Sustainable Development Goals (SDGs)



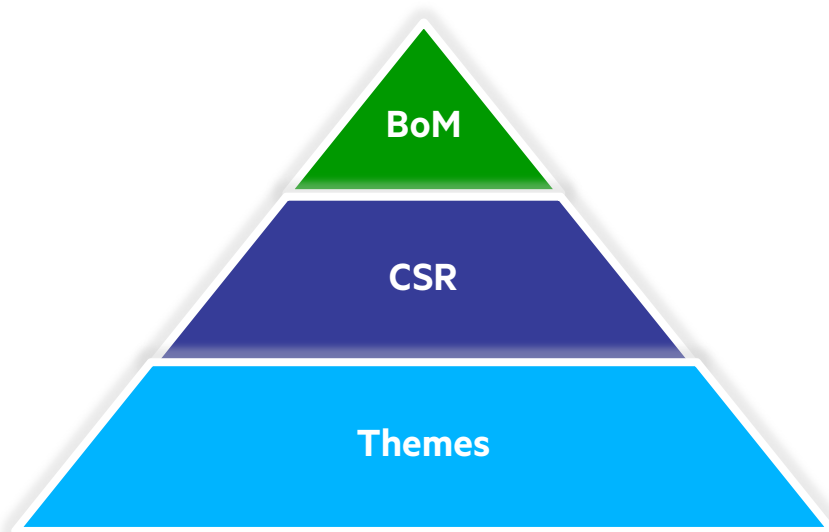
Sustainable cities & communities



Society

Provide internet access for everyone and everything and stimulate social inclusion

Organizational alignment: ESG integral part of management remuneration



▶▶ ESG themes defined and approved by Board of Management, including ambitions

▶▶ Responsible for overall reporting, approach and cohesion

▶▶ Dedicated cross functional teams, assigned by BoM on topics like innovation, energy sustainability and diversity & inclusion

ESG integral part of management remuneration

- **30% STI** based on NPS and Employee Engagement (15% each)
- **30% LTI** based on Reputation and Circularity (15% each)

ESG milestones and ambitions: aiming for net zero emissions by 2040

Important milestones crossed...

Management
incentivized
2011 ✓

2011 ✓
100%
green energy

Carbon neutral
for own operations
2015 ✓

2020 ✓
>30% gender
diversity at
Board level

>30% women
in senior
management
2023

All new cars
use non-fossil
fuel
2025

2025
~100%
circular

Climate neutral
without offsets
2030

2030
-55% energy
consumption vs.
2010

2040
Net zero
CO₂e emissions
in chain

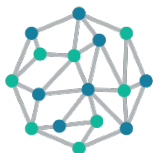
...and an ambitious agenda



Enhancing impact through collaboration and standardization



United Nations
Global Compact



PACE
Platform for Accelerating
the Circular Economy



TR@EF
SHARING ENERGY



Well ranked in most important sustainability ratings



Telco MSCI ratings:

KPN	AAA
Tele2	AAA
Telia	AAA
Telenor	AAA
BT	AA
Elisa	AA
Orange	AA
Swisscom	AA
Telefónica Deutschland	AA
Vodafone	AA
Cellnex	A
Inwit	A
Telefónica	A
Deutsche Telekom	BBB
OTE	BBB
Proximus	BBB
Telecom Italia	BBB
United Internet	BBB
Liberty Global	BB



Innovation focus: enabling sustainability through connectivity

Leverage and expand
superior network

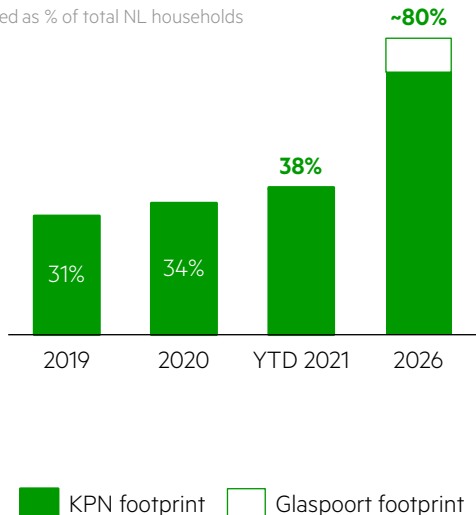


Safeguard **privacy & security**
and foster **innovation**

Expand superior network: covering the Netherlands through fiber

Ambition to cover the Netherlands through fiber

homes passed as % of total NL households



Exponential **data growth** over the years

Leader in digitalization of the Netherlands; fiber rollout accelerated

- ▶▶ Fiber is fast, reliable and **sustainable**
- ▶▶ Rolling out fiber creates opportunity to phase out significantly less **energy efficient** legacy infrastructure
- ▶▶ Network supports **reduction greenhouse gas emissions** as fiber allows people to travel less

3.1m homes passed per Q3 2021

Secured contracting capacity

Scaling up roll out to **~10k per week**

Aiming to reach **~80% FttH coverage by 2026** together with Glaspoot (JV with APG)

Best mobile network and fastest 5G in the Netherlands

Excellent 5G position



Differentiated
5G services



**Leading
5G ecosystem**



Leading in
Security




Track record in critical
networks and innovation


Ookla awards
Best mobile network
and
Fastest 5G
in the Netherlands


Best mobile network
Highest download speed
Highest upload speed
Best coverage
Fastest 5G

Supporting businesses and Dutch society towards cyber resilience

 **Joining forces** with Europol, FBI, Public prosecution service and police

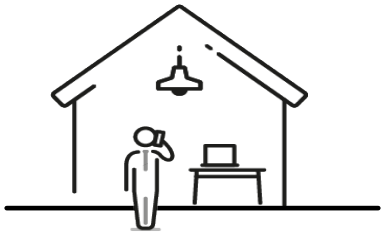
 **Part of CSR** (Cyber Security Council) and **CIP** (Centre for Information Security and Privacy Protection)

 **Educating** governmental bodies, companies and students to make the Netherlands **more cyber resilient**

 **Part of Tech against COVID-19;** protecting governments, aid workers, care providers and hospitals

Largest
Security provider in
the Netherlands

Bringing innovation closer to the business



Home Office

Hybrid working package offers same secure digital working experience at home as in the office to employer and employee



PiM app

App that enables people to provide proof of identity in a simple way, while personal data are optimally protected



Health Exchange

SaaS platform enabling secure data exchange between hospitals and other health institutions

Society focus: provide internet access for everyone and everything

Promote **diversity & inclusion**



Connecting the Netherlands

Promote diversity & inclusion



Gender Diversity

- Achieved: Board of Management and Supervisory Board currently consist of 1/3 female members
- Ambition: >30% women at and above scale 12 by 2023



Cultural Diversity

- KPN joined Agora Network, Dutch non-profit foundation promoting cultural diversity
- Internal network Kleurrijk KPN



Digital inclusion & accessibility

- Connecting lonely people (KPN Mooiste Contact Fonds)
- Connecting chronically ill children (KPN Klasgenoot)

Inclusion included in purpose:

We go all out to connect **everyone** to a sustainable future

We do this with a diverse workforce where people are allowed to be themselves and where we embrace differences



Diversity Award

For KPN's long-term commitment to LGBTQIA+ community

At the heart of society: connecting the Netherlands



KPN KlasseContact project

- » Connecting chronically ill children
- » KPN Klasgenoot



Arts & Culture

- » Rijksmuseum
- » Royal Concertgebouw
- » Depot Boijmans van Beuningen

Environmental focus: connecting the Netherlands to a sustainable future

Advance **circularity**

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



**Reduce energy consumption
& carbon footprint**

How we do business: committed to a circular economy

Supplier engagement and external benchmarking

- JAC (supplier risk mitigation)
- Ecovadis Scorecard

Recycling

- New recycling technologies
- Optimize reporting on waste
- Standardization
- Facilitate disassembly

Collection

Collaborating with:

- Customers/end-users
- Suppliers/partners
- Government bodies

Consumption

Create recycling awareness with:

- Customers/end-users
- Suppliers/partners
- Government bodies



Code of Conduct

- Suppliers need to comply with KPN Code of Conduct or have own equivalent

Design

- Recycled plastic covers
- Smaller design
- Low carbon
- Use handling disposal

Production

- Reducing sourcing risk
- Renewable raw materials
- Product lifecycle analysis
- Efficient carbon/energy/waste

Distribution

Improving logistics

- Review line-haul from China
- Use local transport

Example product circularity report: Fairphone 3

73% materials used in
Fairphone 3 can be recycled

54% copper used comes
from a recycled source

**Materiality Circularity
Score:
50 %**

Fairphone 3 designed for disassembly,
considering refurbish program and
high levels of product reuse and
component recovery

Fairphone consciously chooses
to source Fairtrade Certified
Gold to actively improve highly
polluting and dangerous
conditions under which it is
mined. Sourcing from well-
established recycled gold market
would save

1.24kg CO₂e per unit

Moving to 100% recycled
polycarbonate yields
another carbon footprint
reduction of

0.1kg CO₂e per unit

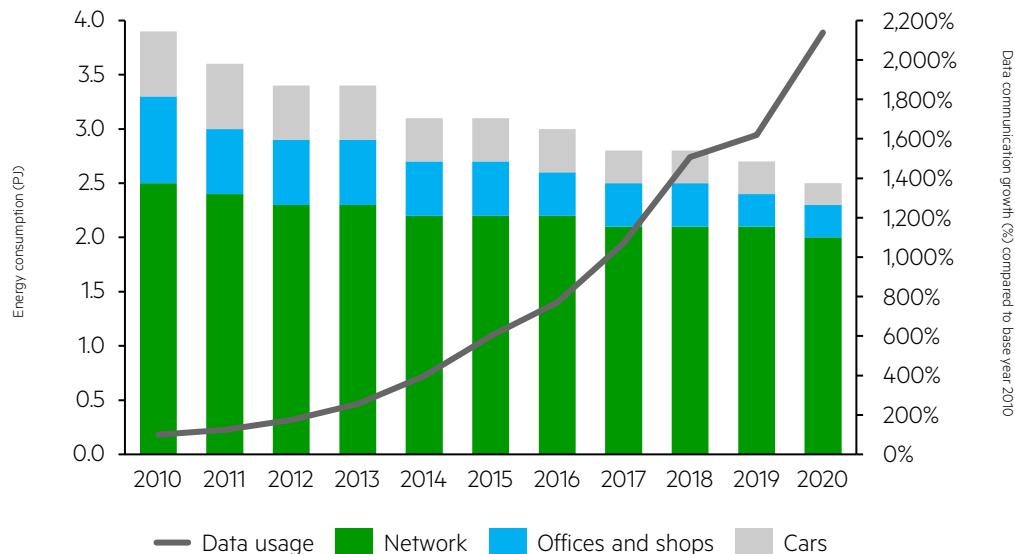


An aerial photograph of a Dutch landscape featuring several traditional windmills situated along a network of canals. The land is lush green, and the canals are dark blue. A white rectangular box with rounded corners is overlaid on the right side of the image, containing the text 'Where do we go from here?' and two large, overlapping play button icons, one green and one blue.

**Where do we
go from here?**

Energy consumption decreasing, data traffic increasing exponentially

Energy consumption (PJ) compared to data communication growth (%)



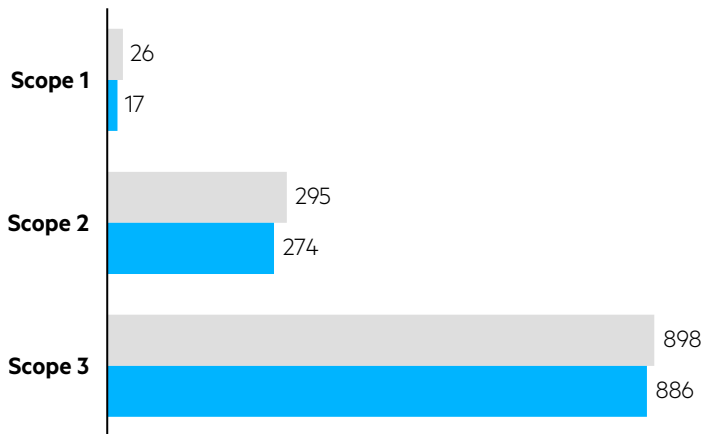
Data usage increased 21-fold while energy consumption reduced 37% in 2020 compared to 2010

Contributors to further energy savings:

- ▶ Network modernization and simplification
- ▶ Copper switch off
- ▶ Network functions virtualization
- ▶ Office space reduction
- ▶ Fleet transformation program

Carbon footprint

in kTon



Scope 1 – Direct emissions

- Gross emissions, relating to fuel consumption car fleet and heating buildings

Scope 2 – Indirect emissions

- Location based emissions, relating to usage of electricity of fixed and mobile network, offices and shops

Scope 3 – Emissions in value chain

- Emissions during production phase (upstream)
- Emissions during use phase (downstream)

in kTon



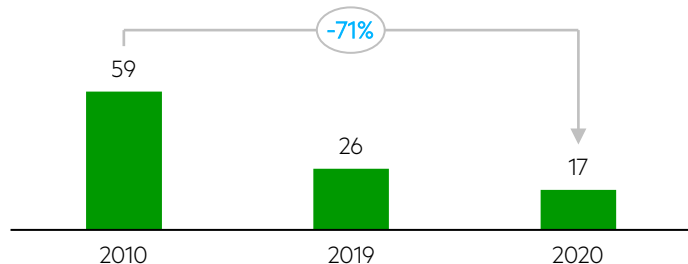
2019 2020

Savings by ICT

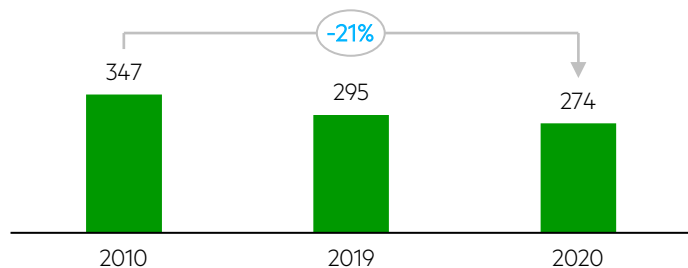
- Carbon emissions avoided through KPN customers using ICT solutions

Key drivers to lower emissions (scope 1 & 2)

Scope 1 emissions (in kTon)



Scope 2 emissions (in kTon)



» Scope 1 & 2 emissions <25% KPN total emissions

» Climate-neutral for own operations since 2015

Target

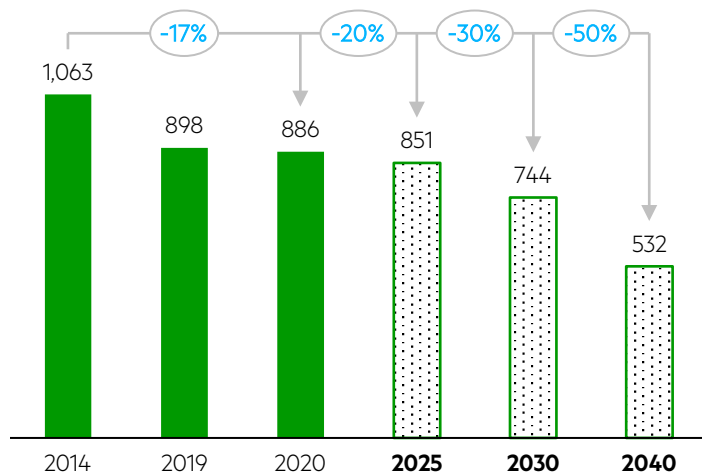
- Non-fossil fuel car fleet without compensation in 2030 (scope 1)
- Long-term target to maintain yearly zero emissions until at least 2050 for own operations (scope 1 & 2)

How?

- Updated HR policy regarding car fleet
- Convert fleet to electric
- Prepare business cases for offices, retail, technical buildings
- Energy innovation lab
- Active participation in consortium of 10 Dutch companies accelerating energy transition

Key drivers to lower emissions (scope 3)

Roadmap scope 3 reduction (in kTon)



» Scope 3 emissions ~75% KPN's total emissions

Target

- Reduce absolute scope 3 emissions by 20% by 2025, 30% by 2030 and 50% by 2040 against a 2014 baseline

How?

- Engaging with suppliers in value chain
- Selecting vendors based on sustainability criteria
- Reducing impact of materials via circular economy principles
- Introducing energy savings features using in-home equipment
- Reviewing international and local transport modes
- Engaging with key suppliers in collaboration with other telecom members of JAC



CSR & Financing

Integrated sustainability into core financing instruments

Sustainability-Linked Revolving Credit facility

» Aug 2021, issue € 1bn revolving credit

Targets (SPTs)

- Accelerating digitalization of the Netherlands by rolling out fiber
- Reduce KPN's energy consumption
- Reduce carbon emissions in supply chain

Penalty if targets are not met

- Coupon step-up(s), coupon step-down(s) and/or a higher repayment amount

Sustainability-Linked Finance Framework

- » Nov 2021, issue € 700m SLB
- » Coupon 0.875% p.a., maturity 2033

Targets (SPTs)

- Reduction absolute scope 3 emissions by 30% by 2030¹

Penalty if target is not met

- Coupon step-up

KPN's Sustainability-Linked Finance Framework aligned with



The Sustainability-Linked Bond Principles

Sustainability Linked Loan Principles

Decarbonization targets externally validated by



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Second Party Opinion by





Key Messages

Key messages

- ▶▶ **ESG fully embedded** in strategy and organization
- ▶▶ Continuously **recognized by leading ESG benchmarks**
- ▶▶ Enabling **sustainability** through **connectivity**
- ▶▶ **Sustainable investments** drive Dutch digitalization
- ▶▶ Strong progress & ambitious targets on **reducing carbon footprint**
- ▶▶ Integrated **sustainability** into core financing instruments

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 2020. 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 2020 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') is derived from EBITDA and is 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 AL 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. 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 2020. 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 2020, unless stated otherwise.

Thank you

