

Second-Party Opinion

KPN Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the KPN Green Finance Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Energy Efficiency, Circular Economy and Clean Transportation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.



PROJECT EVALUATION / SELECTION KPN's Green Finance Committee is responsible for the evaluation and selection of eligible projects. KPN's company-wide risk management measures, which include consideration of environmental and social risks, are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS KPN's treasury department will manage and track the allocation of proceeds using a dedicated green registry. KPN commits to fully allocate proceeds within 36 months of issuance or borrowing. Unallocated proceeds will be temporarily held or invested in KPN's treasury liquidity portfolio. This is in line with market practice.



REPORTING KPN intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the percentage of proceeds allocated, the outstanding volume of green finance instruments, the balance of unallocated proceeds and the share of new financing and refinancing. In addition, KPN is committed to reporting on relevant impact metrics. Sustainalytics views KPN's allocation and impact reporting as aligned with market practice.

Evaluation date July 1, 2022

Issuer Location Rotterdam, Netherlands

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Introduction

Koninklijke KPN N.V. (“KPN” or the “Company”) is a telecommunications and IT service provider in the Netherlands, providing telephony, broadband and television services for retail and business customers through its fixed and mobile networks. KPN’s portfolio of services includes fixed and mobile telephony, internet, core connectivity solutions and close-to-core IT services such as cloud, security and workspace. KPN is headquartered in Rotterdam in the Netherlands and currently employs approximately 10,000 employees.

KPN has developed the KPN Green Finance Framework (the “Framework”) under which it intends to issue green bonds, senior unsecured debt and green subordinated debt including hybrid bonds¹ or short-term debt such as green commercial paper. The use of proceeds will finance or refinance, in whole or in part, existing or future eligible projects that are expected to drive energy efficiency and decarbonization throughout the telecommunications industry and support the achievement of the EU’s climate and energy targets. The Framework defines eligibility criteria in three areas:

1. Energy Efficiency
2. Circular Economy
3. Clean Transportation

KPN engaged Sustainalytics to review the KPN Green Finance Framework, dated July 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)² and the Green Loan Principles 2021 (GLP).³ This Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of KPN’s management 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 the Framework. KPN representatives have confirmed (1) they understand it is the sole responsibility of KPN to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

¹ KPN has confirmed that the green hybrid bonds refer to fixed-rate resettable subordinated bonds with optional redemption dates on the first reset date and on every annual interest payment date thereafter.

² 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/>.

³ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

⁴ The KPN Green Finance Framework will be made available on KPN’s website at: <https://ir.kpn.com/websites/kpn/English/6010/bond-documentation.html>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and KPN.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, KPN is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that KPN has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the KPN Green Finance Framework

Sustainalytics is of the opinion that the KPN Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the KPN Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Energy Efficiency, Circular Economy and Clean Transportation – are aligned with those recognized by the GBP and GLP.
 - Under the Energy Efficiency category, KPN may finance or refinance the following:
 - Network transformation projects that reduce energy demand of the networks. This may include: (i) roll out and operation of a fibre-to-the-home network to replace older technologies and infrastructure, such as copper lines; and (ii) modernization of the mobile network to 5G to phase out older technologies, such as 3G. Sustainalytics views this to be aligned with market practice.
 - Within the Circular Economy category, the Framework contemplates financing towards projects that extend product life and reduce waste, which may include:
 - Expenditures and investments in equipment take-back and refurbishment aiming to extend the equipment's lifespan.
 - Expenditures to recycle equipment to reduce the impact of (electronic) waste on the environment. KPN has shared with Sustainalytics its waste management policies, which address potential risks associated with electronic waste recycling. For further assessment of KPN's waste management policies, please refer to Section 2.
 - Under the Clean Transportation category, KPN may finance or refinance the lease of fully electric vehicles. KPN has communicated to Sustainalytics that it expects the leases to have an average term of at least five years.⁶ Sustainalytics considers this to be in line with market practice.
- Project Evaluation and Selection:
 - KPN's Green Finance Committee, composed of representatives from treasury, finance, corporate social responsibility and energy & environment departments, is responsible for the evaluation and selection of eligible projects.
 - KPN has company-wide risk management measures in place that take environmental and social risks into account, which are applicable to all allocation decisions made under the Framework.

⁶ KPN has communicated to Sustainalytics that it will consider allocating the proceeds from a financial instrument issued under the Framework with a similar tenor (at least five years) to this category.

- Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional details see Section 2.
- Based on the presence of cross-functional oversight of project selection as well as risk management systems, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - KPN's treasury department will manage and track the allocation of proceeds by using a dedicated green registry.
 - KPN commits to fully allocate proceeds to eligible projects within 36 months of issuance or borrowing of the green finance instruments. Unallocated proceeds will be temporarily held or invested in KPN's treasury liquidity portfolio.
 - KPN will establish a 24-month look-back period for refinancing activities.
 - Based on the presence of an internal tracking system and the disclosure of temporary and full allocation periods, Sustainalytics considers this process to be in line with market practice
 - Reporting:
 - KPN commits to publish allocation and impact reporting of the net proceeds on the Company's website on an annual basis until full allocation.
 - Allocation reporting will include the percentage of proceeds allocated, the outstanding volume of green finance instruments, the balance of unallocated proceeds and the share of new financing and refinancing.
 - Where feasible, KPN will report impact metrics such as energy efficiency in GWh per Gb/s, avoided energy consumption in PJ, percentage of collected customer premises equipment, percentage of modems and TV set-top boxes reused or recycled, and electricity consumption for electric lease vehicle fleet in MWh.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the KPN Green Finance Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of KPN

Contribution of the Framework to KPN's sustainability strategy

KPN demonstrates a commitment to sustainability with a focus on three key environmental areas: (i) GHG emissions reduction, (ii) increasing energy efficiency, and (iii) circularity.⁷

Regarding GHG emissions reduction, KPN has set the following targets in line with the 1.5°C warming scenario: (i) reduce scope 1 and 2 GHG emissions by 100% by 2030 from a 2010 baseline; (ii) reduce scope 3 emissions by 30% by 2030, compared to 2014; and (iii) achieve net zero emissions in its value chain by 2040. KPN has also established a long-term target of maintaining yearly zero emissions from 2030 to 2050. These targets have been validated by the Science Based Targets initiative⁸ as consistent with reductions required to keep global warming to 1.5°C. In addition, KPN has been using 100% green electricity since 2011 and plans that all inflow of leased cars added to its fleet will be fossil fuel free from 2025.⁹

Regarding energy consumption, KPN aims to: (i) reduce energy consumption by 55% by 2030 from a 2010 baseline; and (ii) help customers save as much energy as 200% of KPN's energy consumption by 2022. Focusing on network transformation, KPN has connected over 40% of households in the Netherlands directly to fibre as of 2022.¹⁰

Additionally, KPN has developed a roadmap to achieve 100% circular operations by 2025, setting the following targets: (i) to achieve close to 100% reuse and recycling of materials and waste by 2025 with a short-term target of 85% by 2023; and (ii) to redesign at least 15 KPN products for circularity by 2022. In the period 2019-2021, KPN achieved a reuse and recycling rate of 83.4%, which was above its target of 82%.¹¹

⁷ KPN, "Integrated Annual Report", (2021), at: <https://www.jaarverslag2021.kpn/downloads/KPN-Integrated-Annual-Report-2021-Single-navigation.pdf>

⁸ Science Based Targets, (2022), at: <https://sciencebasedtargets.org/companies-taking-action>

⁹ KPN, "Integrated Annual Report", (2020), at: https://ir.kpn.com/download/companies/koninkpnnv/Results/KPN_IR_2020_Single_navigation.pdf

¹⁰ KPN's Green Finance Framework.

¹¹ KPN, "Integrated Annual Report", (2021), at: <https://www.jaarverslag2021.kpn/downloads/KPN-Integrated-Annual-Report-2021-Single-navigation.pdf>

Sustainalytics is of the opinion that the KPN Green Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include issues involving effluents and waste generated in construction, occupational health and safety, toxic leakages from electronic waste recycling, supply chain risks, data privacy and security.

Sustainalytics is of the opinion that KPN is able to manage or mitigate potential risks through implementation of the following:

- KPN has established an environmental policy¹² to minimize the impact of its own and its value chain operations on the environment. This overarching policy addresses environmental risks and provides a mitigation approach relevant to KPN's operations on energy consumption, direct and indirect CO₂e emissions, material use, waste generation, hazardous substances and water consumption and discharge. An ISO 14001 certified environment management system¹³ is in place that enables the Company to manage its operations to monitor, prevent and limit environmental impacts.
- KPN and its employees have a collective labour agreement¹⁴ which governs health and safety and ensures good working conditions in accordance with applicable laws and regulations. The Company's code of conduct¹⁵ requires all KPN offices and locations to have an in-house emergency response team in the event of fire, accident or security alert.
- Regarding electronic waste management, KPN has guidelines to promote reuse and proper handling of electronic waste through certified operators,¹⁶ as well as an ISO 14001 certified environmental management system to limit the environmental impact of its operations, including waste management. In addition, the Company sets out contractual agreements with its suppliers on electronic waste management to minimize waste and to process and handle waste in compliance with applicable laws and regulations, such as the EU Waste Framework Directive,¹⁷ the Waste Electrical and Electronic Equipment Directive¹⁸ and the European Waste Shipment Regulation.¹⁹
- KPN has a procurement policy²⁰ and a supplier code of conduct²¹ that set social and environmental requirements for suppliers. ESG criteria such as environmental performance, labour and human rights, ethics and sustainable procurement form part of the code and are used for assessment and selection of suppliers.
- KPN's security policy manages its cybersecurity risks and establishes a security cycle to prevent, detect, respond and monitor information security risks. KPN's Strategy & Policy team along with its Security Operations Center monitor KPN's and its customers' infrastructure, preventing it from any security-related incidents. KPN has a team of ethical hackers who test and detect security gaps and a computer emergency response team to handle active attacks. Further, the Company also conducts large-scale campaigns to create awareness among consumers for safe online activities.²²

Based on these policies, standards and assessments, Sustainalytics is of the opinion that KPN has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

¹² KPN, "Environmental Policy", (2022), at: <https://www.overons.kpn/downloads/KPN-environmental-policy-March-2022.pdf>

¹³ KPN, "ISO 14001 Certificate", at: <https://www.overons.kpn/downloads/ISO-14001-certificaat-KPN-2020-2023.pdf>

¹⁴ KPN, "Collective Labour Agreement", (2022), at: <https://cdn.phenompeople.com/CareerConnectResources/KPBRNL/documents/KPNCAO2022-1649309161053.pdf>

¹⁵ KPN, "How we interact, Subcode 1", at: https://ir.kpn.com/download/companies/koninkpnnv/Code%20of%20Conduct/KPN_Deelcode_1_EN_05062018.pdf

¹⁶ KPN, "Environmental Policy", (2022), at: <https://www.overons.kpn/downloads/KPN-environmental-policy-March-2022.pdf>

¹⁷ EUR-Lex, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

¹⁸ EUR-Lex, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A2012L0019>

¹⁹ EUR-Lex, "Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32006R1013>

²⁰ KPN, "Integrated Annual Report", (2021), at: <https://www.jaarverslag2021.kpn/downloads/KPN-Integrated-Annual-Report-2021-Spread-navigation.pdf>

²¹ KPN, "Supplier Code of Conduct", at: https://www.overons.kpn/downloads/KPN_Supplier_Code_of_Conduct_2022.pdf

²² KPN, "Security in practice-Protection of the online world", at: <https://www.overons.kpn/en/kpn-in-the-netherlands/security/in-practice>

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics focuses below on energy efficiency whose impact is specifically relevant in the local context.

Importance of network transformation to increase energy efficiency in the Netherlands

According to the Global System for Mobile Communications, in 2019 the telecom sector accounted for 2-3% of global energy consumption and 3-4% of global GHG emissions.^{23,24} Current mobile networks, for example, use only 15% of the energy they demand towards data transfer, but waste the remaining 85% because of heat loss, intermittency and inefficient infrastructure.²⁵ Demand for data centre and network services is expected to continue to grow and, if left unchecked, could lead the industry's share of global emissions to reach up to 14% by 2040 from 2% in 2020.²⁶ To meet sectoral Paris Agreement goals the ICT sector needs to reduce GHG emissions by 45% from 2020 to 2030.²⁷

In this context, the EU has established a goal to reduce GHG emissions by at least 40% from 1990 levels and achieve energy efficiency improvements of at least 32.5% by 2030.²⁸ In the Netherlands, the goal is to reduce GHG emissions by 49% from 1990 levels by 2030.^{29,30} The upgrade to 5G provides a significant opportunity for further reducing energy intensity and consumption of mobile networks,³¹ as it leverages energy efficiency mechanisms linked to the optimization of processor and transmitter technologies and the implementation of network-sharing mechanisms. Industry calculations estimate that 5G could be up to 10 to 20 times more energy-efficient than 4G by 2025-2030.³² Moreover, the provision of energy-efficient and low-carbon smart solutions and products by telecom network operators will enable other industries to reduce their own energy consumption and GHG emissions.³³

Given the above, Sustainalytics is of the opinion that KPN's financing of network transformation is impactful in increasing energy efficiency throughout the telecommunications sector and is expected to contribute to achieving the climate and energy targets of the Netherlands and the EU.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds and loans issued under the KPN Green Finance Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7 Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9 Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being,

²³ GSMA, "Energy Efficiency: An Overview", at: <https://www.gsma.com/futurenetworks/wiki/energy-efficiency-2/>

²⁴ BCG, "Putting Sustainability at the Top of the Telco Agenda", (2021), at: <https://www.bcg.com/publications/2021/building-sustainable-telecommunications-companies>

²⁵ McKinsey, "The case for committing to greener networks", (2020), at: <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-case-for-committing-to-greener-telecom-networks?cid=eml-web>

²⁶ European Commission, "Supporting the Green Transition: Shaping Europe's digital future", (2020), at: <https://op.europa.eu/en/publication-detail/-/publication/bd211835-5390-11ea-aece-01aa75ed71a1>

²⁷ ITU-T, "ICT industry to reduce greenhouse gas emissions by 45 per cent by 2030", at: <https://www.itu.int/en/mediacentre/Pages/PR04-2020-ICT-industry-to-reduce-greenhouse-gas-emissions-by-45-percent-by-2030.aspx>

²⁸ European Commission, "2030 Climate & Energy Framework", at: https://ec.europa.eu/clima/eu-action/climate-strategies-targets/2030-climate-energy-framework_en

²⁹ European Commission, "Draft Integrated National Energy and Climate Plan 2021-2030 – The Netherlands", at: https://ec.europa.eu/energy/sites/ener/files/documents/netherlands_draftnecp_en.pdf.pdf

³⁰ IEA, "The Netherlands 2020 – Energy Policy Review", at: https://www.connaissancedesenergies.org/sites/default/files/pdf-actualites/The_Netherlands_2020_Energy_Policy_Review.pdf

³¹ BCG, "Putting Sustainability at the Top of the Telco Agenda", (2021), at: <https://www.bcg.com/publications/2021/building-sustainable-telecommunications-companies>

³² Orange, "5G: energy efficiency "by design", (2020), at: <https://hellofuture.orange.com/en/5g-energy-efficiency-by-design/>

³³ BCG, "Putting Sustainability at the Top of the Telco Agenda", (2021), at: <https://www.bcg.com/publications/2021/building-sustainable-telecommunications-companies>

		with a focus on affordable and equitable access for all
Circular Economy	12 Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
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

Conclusion

KPN has developed the KPN Green Finance Framework under which it may issue green bonds or loans and use the proceeds to finance projects in the following categories: Energy Efficiency, Circular Economy and Clean Transportation. Sustainalytics considers that the projects funded by the green finance proceeds are expected to contribute to driving energy efficiency and decarbonization of the telecommunications industry in the EU.

The KPN Green Finance Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for KPN to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the KPN Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds are expected to contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that KPN has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that KPN is well positioned to issue green bonds and that the KPN Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Koninklijke KPN N.V.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	KPN Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 1, 2022
Publication date of review publication:	July 1, 2022
Original publication date <i>[please fill this out for updates]:</i>	

Section 2. Review overview

SCOPE OF REVIEW

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

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

- | | |
|--|--|
| <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 categories for the use of proceeds – Energy Efficiency, Circular Economy and Clean Transportation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input 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 checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input 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 GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

KPN's Green Finance Committee is responsible for the evaluation and selection of eligible projects. KPN's company-wide risk management measures, which include consideration of environmental and social risks, are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line 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 checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

KPN's treasury department will manage and track the allocation of proceeds using a dedicated green registry. KPN commits to fully allocate proceeds within 36 months of issuance or borrowing. Unallocated proceeds will be temporarily held or invested in KPN's treasury liquidity portfolio. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (*if applicable*):

KPN intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the percentage of proceeds allocated, the outstanding volume of green finance instruments, the balance of unallocated proceeds and the share of new financing and refinancing. In addition, KPN is committed to reporting on relevant impact metrics. Sustainalytics views KPN'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): the outstanding volume of green finance instruments, the balance of unallocated proceeds and the share of new financing and refinancing

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):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify): energy efficiency in GWh per Gb/s, percentage of collected customer premises equipment, percentage of modems and TV set-top boxes reused or recycled, and electricity consumption for electric lease vehicle fleet in MWh

Frequency

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report

- | | |
|---|--|
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): on company's website |
| <input type="checkbox"/> 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.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

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 recognised 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 specialised 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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