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

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

Vision
To make the Netherlands the most connected country in the world

Ambition
To be your preferred partner in digital life

Value we create for stakeholders...

- **Employee value**
  - Employment and employability for KPN workforce

- **Customer value**
  - Secure, reliable and seamless connectivity services

- **Shareholder value**
  - Sustainable growth in profitability and returns

...with long-term impact on society

- **Secure, future-proof connectivity**
- **Social & digital inclusion**
- **Environmental impact**

...with long-term impact on society

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- **Social & digital inclusion**
- **Environmental impact**

...with long-term impact on society
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

ESG Webinar 2021

Secure future-proof infrastructure

Energy efficiency & circularity

Social & digital inclusion

Sustainable cities & communities

Society
Provide internet access for everyone and everything and stimulate social inclusion

17 UN Sustainable Development Goals (SDGs)
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 ✓
  100% green energy

- Carbon neutral for own operations 
  2015 ✓

- >30% women in senior management 
  2023

- >30% gender diversity at Board level 
  2020 ✓

- All new cars use non-fossil fuel 
  2025

- Climate neutral without offsets 
  2030

- ~100% circular 
  2025

- -55% energy consumption vs. 2010 
  2030

- Net zero CO₂ emissions in chain 
  2040

...and an ambitious agenda
Enhancing impact through collaboration and standardization
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

Source: MSCI, latest available

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

10 years in a row
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

<table>
<thead>
<tr>
<th>Year</th>
<th>KPN footprint</th>
<th>Glaspoort footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>YTD 2021</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>2026</td>
<td>~80%</td>
<td></td>
</tr>
</tbody>
</table>

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 Glaspoort (JV with APG)
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

Source: Ookla Speedtest Intelligence® data over first six months of 2021
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*

- 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

**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

**Code of Conduct**
- Suppliers need to comply with KPN Code of Conduct or have own equivalent
Example product circularity report: Fairphone 3

- **73%** materials used in Fairphone 3 can be recycled
- **54%** copper used comes from a recycled source

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.

Materiality Circularity Score: **50 %**

Moving to 100% recycled polycarbonate yields another carbon footprint reduction of **0.1kg CO₂e** per unit.
Where do we go from here?
Energy consumption decreasing, data traffic increasing exponentially

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

**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)

**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)

- 2010: 59
- 2019: 26
- 2020: 17

Scope 2 emissions (in kTon)

- 2010: 347
- 2019: 295
- 2020: 274

- 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)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2019</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions (kTon)</td>
<td>1,063</td>
<td>898</td>
<td>886</td>
<td>851</td>
<td>744</td>
<td>532</td>
</tr>
<tr>
<td>Reduction</td>
<td>-17%</td>
<td>-20%</td>
<td>-30%</td>
<td>-50%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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
1. The world around us
2. KPN's Strategy & Sustainability Approach
3. Environmental focus (SDG 12)
4. Innovation focus (SDG 9)
5. Society focus (SDG 11)
6. CSR & Financing
7. Summary
8. Appendix
**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 2030\(^1\)

**Penalty if target is not met**
- Coupon step-up

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1. Against a 2014 baseline
Key Messages
Key messages

- **ESG fully embedded** in strategy and organization
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- Enabling **sustainability** through **connectivity**
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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 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 as the net operating profit less adjustments for taxes (‘NOPLAT’) divided by capital employed, on a 4-quarter rolling basis. Capital employed is defined 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