



Environmental Policy KPN

Our transition plan to a net zero organization and value chain

Our environmental strategy

We are committed to connecting everyone in the Netherlands to a sustainable future, a responsibility we take very seriously. We are committed towards ambitious environmental objectives, both short- and long-term. In doing so, we link our targets directly to our green financing instruments. Through our approach to sustainability, we aim to positively influence the environmental impact of our total value chain, from suppliers to customers, by collaborating towards zero waste and zero emissions. This includes our procurement process, operations, and the impact of our products and services before, during and after use.

Our services also enable our customers to become more sustainable, i.e. via remote working. In addition, we believe that a telecommunications company like KPN is well positioned to play a strategic role in the energy transition by providing real time data solutions for energy related assets within our own network as well as for our customers. In this way, we contribute to the achievement of global, European and national goals, such as the UN Sustainable Development Goals, the Climate Agreement of Paris and the European Green Deal (e.g. Fit for 55). Our strategy is aimed at our contribution to limit global warming to 1.5 °C. We have drawn up this Environmental Policy and have integrated it into our business operations and throughout our value chain.

We have set ambitious environmental objectives for the short term (2025), medium term (2030) and long-term (2040), moving towards net-zero on Scope 1, 2 and 3 emissions. In addition, we have set a medium-term target for 2033 (Scope 3). Target year 2033 is the maximum target year advised by the Science Based Targets initiative (SBTi) and is based on the year KPN requested validation of its updated targets (maximum of 10 years after date of request).

Mitigation efforts are crucial in addressing climate change, and a comprehensive approach involves reducing our impact across all emission scopes - Scope 1, 2 and 3. By implementing strategies to lower emissions in these areas, we not only reduce our own carbon footprint but also aim to reduce our overall negative impact by enabling our customers to reduce emissions. This means actively seeking opportunities to prevent emissions that would otherwise have occurred, thereby contributing to a less negative environmental outcome. Through innovative technologies, sustainable practices, and collaborative efforts with everyone from suppliers to customers, we aim to mitigate climate change effectively and work towards zero waste and zero emissions. This includes our procurement, operations, and the impact of our products and services before, during and after use.

Our long-term goals

KPN is committed to limiting global warming and achieving net-zero greenhouse gas emissions across its value chain by 2040. By then, we aim to reduce Scope 1 and Scope 3 emissions by 90% from 2015 levels, while continuing to source 100% renewable electricity annually. Any remaining emissions, capped at 10% of our baseline, will be neutralized. Our Scope 2 emissions (market-based) have been zero since 2011, and we will maintain this through 2040 by using renewable energy. In the near term, we target an 84% reduction in Scope 1 emissions and an intermediate reduction of 41% in Scope 3 emissions by 2030, working towards a 75.6% reduction in Scope 3 emissions by 2033 (all targets versus base year 2015). These targets have been validated by the SBTi, which provides sector specific guidelines to organizations before they develop and submit targets for validation. SBTi has classified our Scope 1 and Scope 2 target ambitions as in line with a 1.5°C trajectory. By validating our targets externally and monitoring our progress, we aim to contribute to the Paris Agreement pathway.

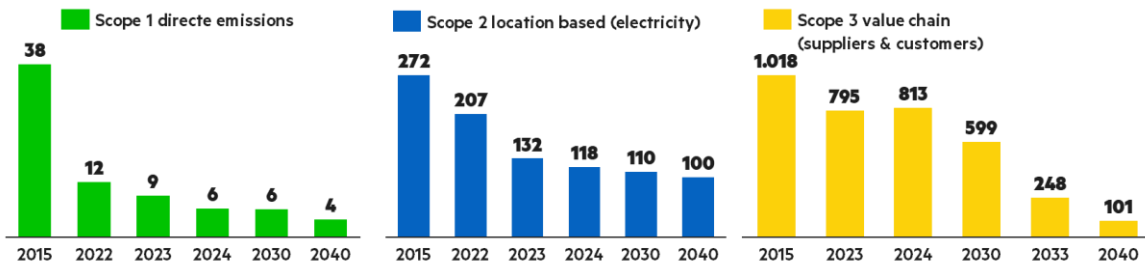


Figure 1. KPN emissions for Scope 1, 2 and 3 in kTon CO₂e vs 2015

Note: Scope 2 market-based is zero as from 2015.

Decarbonization levers, climate mitigation actions and locked-in emissions

Scope 1 (direct emissions)

Our Scope 1 emissions primarily stem from the process of transitioning our fleet to fossil fuel alternatives and from gas-based heating to electrical heating in buildings.

Goal: 90% reduction by 2040 compared to a 2015 baseline

- We will reduce the CO₂e emissions from our company-car fleet by limiting our inflow to fossil fuel-free vehicles by 2025. We will reach this goal by conversion to electric cars in lease arrangements for our own personnel and in part by using HVO-100 (biodiesel) fueled cars for engineers;
- We continue to transition from gas-based heating to electrical heating for smaller buildings;
- For larger buildings and offices, we still have a challenge to convert from gas to electric installations;
- We currently still have emissions relating to no-break installations in our network. The usage of these installations is limited to testing and potential power down incidents. We continue to explore alternatives like application of biodiesel in no-break installations or battery-based solutions.

Scope 2 emissions (electricity)

Our Scope 2 emissions relate to the electricity consumption of our network, offices and stores. The reduction of our electricity consumption is mainly driven by replacing old copper-based technology with new optic fiber-based technology. In addition, we are reviewing the cooling settings of our technical buildings, applying energy saving features at night in our mobile network and reviewing the space required in offices and stores.

Goal: retain zero emissions based on 100% renewable energy

- Our energy usage has been based on 100% renewable energy since 2011 and we have committed to do so until at least 2040. Therefore, our market-based emissions for Scope 2 are already zero;
- We will continue to reduce energy usage in our operations, even though data usage continues to grow. Our reduction target is 48% GWh reduction of electricity consumption of KPN Group in 2030 compared to 2010, which translates to using less than 400 GWh by 2030;
- We are updating our energy mix by committing to the Hollandse Kust West wind farm and solar park Kabeljauwbeek for 15 years (> 67% of long-term required capacity) and placing solar panels on technical buildings;
- We are rationalizing our network locations (optimizing network by closing down obsolete sites);
- We are optimizing temperature at technical locations;
- We are implementing energy efficiency measures in office buildings, such as the mandatory energy savings measures list ("Erkende Maatregelenlijst" (EML)).

Scope 3 value chain (suppliers & customers)

Our Scope 3 emissions reflect our impact in the value chain, and mainly stem from production, transport and usage of equipment we buy from suppliers and usage of our products and services by customers. The key decarbonization levers in the value chain are our suppliers becoming carbon neutral, green electricity available to our customer through advancement of a greener energy grid mix in the Netherlands and the completion of our fiber network and related emitting installation activities.

Other drivers include customer equipment at home or in offices becoming more energy efficient via energy save modes or by using less equipment, reuse and refurbishment of equipment and the lower impact of transport and logistic services in our value chain. Our key actions are supplier engagement programs in collaboration with the Joint Alliance for CSR (JAC) with other telecoms providers and own supplier engagement programs for those vendors not in JAC's scope. The goal of the supplier engagement programs is to gain insight into the alignment of suppliers' climate change related objectives with our objectives, by creating transparency on GHG emissions and energy consumption (including targets, performance and actions) and accelerate improvement opportunities in terms of the carbon footprint of products and equipment (life cycle assessments, or LCAs, e.g. for the energy settings of products we sell to customers) and services. Of our top 20 suppliers that contribute to our Scope 3 upstream emissions, accounting for ~ 56% of our total Scope 3 upstream emissions in 2024, 20% have a net-zero target year of 2040 or earlier for the entire value chain.

Other drivers include:

- Usage of customer premises equipment (related to fiber rollout and usage of sleep-modes);
- Circularity of equipment;
- Improvement of measurement (e.g. actual energy use of equipment by B2B customers);
- Logistics in the value chain.

Goal: 90% reduction by 2040 compared to a 2015 baseline

We will reduce Scope 3 emissions with a minimum of 90% compared to a base year in 2015 and will neutralize the remainder. Our intermediate targets are 41% reduction in 2030 and 75.6% reduction versus base year 2015.

Upstream value chain

- Some locked-in emissions may occur before 2040 as not all of our suppliers operate in circumstances where a 100% green grid is available near their local operations;
- Supplier selection also based on climate change requirements in procurement selection criteria e.g. via life cycle analysis of products and services and material flow analysis for impact of transport in our value chain. This includes selecting energy efficient equipment and stimulate extended use of equipment where feasible;
- Stimulate other project-based improvements by suppliers on climate-related activities in their operation and subcontracted activities;
- Participating in supplier engagement programs from worldwide platforms, such as the Joint Alliance for CSR (JAC), CDP and EcoVadis;
- Collaborating with industry bodies on climate-related industry standards, such as GSMA, JAC, and ETIS.

Datacenter and cloud computing

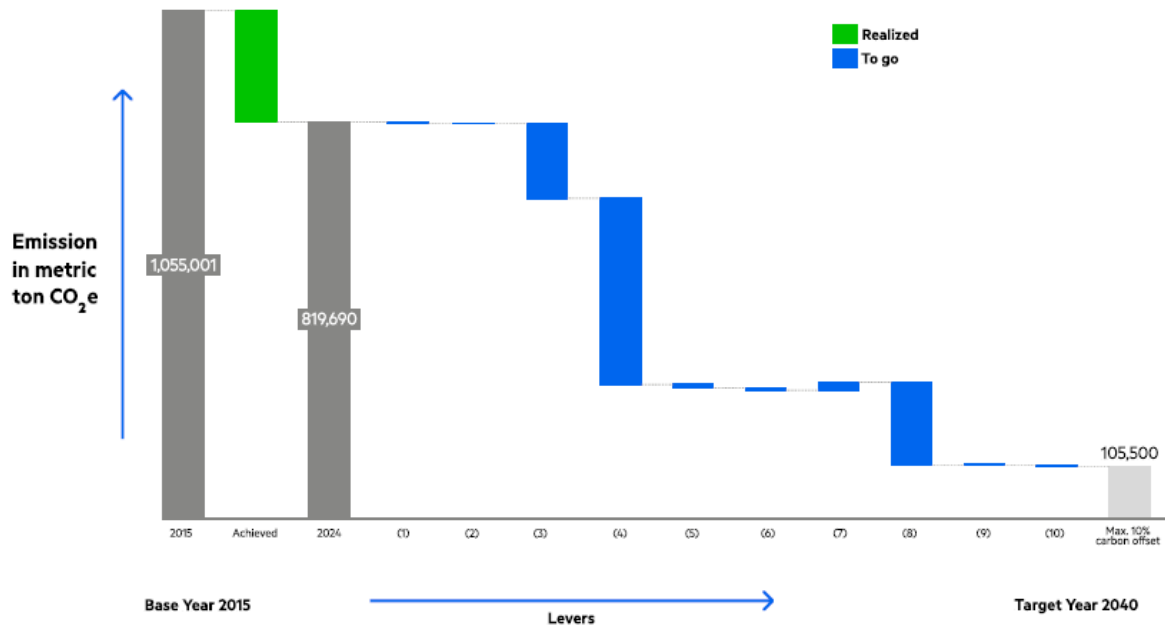
KPN commits to cease all revenue generation from activities that contribute to fossil fuel expansion. KPN earns revenues with providing datacenter and cloud computing services. Data traffic is expected to continue to grow exponentially. KPN owned datacenters are already performing on 100% renewable energy. We require our suppliers of datacenter and cloud computing services to be on 100% renewable energy. We aim to have our external datacenters to be on 100% renewable energy latest 2030 (currently > 90% of our datacenter and cloud computing purchasing is already on 100% renewable energy).

Downstream value chain

- We ask our suppliers to continue to improve the energy efficiency of the products we provide to our customers, which is part of our Scope 3 emissions footprint. Our customers have the option to use eco-modes on TV equipment at home;
- Some emissions will continue to be locked in the value chain as in-home equipment needs to use energy and not all our customers are able to use 100% green energy in The Netherlands;
- Although we report avoided emissions enabled for customers, we will not subtract these positive impacts to reach net zero.

Our emissions reduction achieved so far and the key decarbonization levers are summarized below.

Decarbonization levers (in metric ton CO₂e)



Explanation of decarbonization levers:

- Scope 1: reduction of direct emissions (gas, fossil car fuels);
- Scope 2: maintaining 100% renewable energy sourcing (market-based);
- Scope 3 upstream: completion of fiber rollout resulting in less construction emissions;
- Scope 3 upstream: reduction of other activities and decarbonization of our suppliers;
- Scope 3 upstream: reduction of emissions related to production of gas, fossil car fuels and offshore wind electricity as a result of reducing consumption and decarbonization of the energy supply chain;
- Scope 3 downstream: reduction of emissions as a result of decarbonization of the last-mile logistics to our customers;
- Scope 3 downstream: increase of emissions related to additional customer fiber equipment;
- Scope 3 downstream: reduction of emissions related to the improvement of energy efficiency of customer products and/or equipment and the transition to renewable energy in the Netherlands;
- Scope 3 downstream: reduction of emissions related to reuse and recycle of customer products;
- Scope 3: other reductions (not further specified: waste from operations, business travel, employee commuting, investments).

The replacement of our copper network by a fiber network results in lower energy consumption in KPN's core network, as data is transported by light signals instead of electrical pulses and significant reduction of space required for equipment in buildings. In the medium-term additional emissions are expected related to customer premises equipment, which on the long-term will be compensated by improvement of energy efficiency of customer premises equipment and the transition of the Netherlands to renewable energy.

Circular economy

To realize our ambition to become net-zero we also see the need for a materials transition. The materials transition involves both finding lower-impact ways to produce materials and applying circular-economy principles. The circular economy departs from the traditional linear economy model which follows a take-make-dispose approach. Instead, it promotes the use of sustainably sourced renewable and secondary resources and the reduction of waste by designing products and systems that are regenerative, restorative, and waste-free. This approach aims to keep products and materials in use for as long as possible, reducing the need for new resources by applying secondary raw materials. It further entails applying circular business practices like close-loop supply chain, second-hand retailing, maintenance, refurbishing and repair, which helps to minimize waste in the outflow of materials.

KPN started its circular economy journey in 2016 by setting a moonshot goal to become close to 100% circular by 2025. We started by focusing on the outflow of products, aiming to improve collection rates and maximize the reuse and recycling of materials. For 2025, we set a target of ≥ 86% reuse and

recycling. For collected customer premises equipment, we set a target of 92% by 2025. In 2022, we introduced the Circular Transition Indicator (CTI) framework to measure our circular performance on both inflow and outflow. In 2023, we report on a selected scope of our consumer market segment. The CTI measure focuses on KPN-owned equipment. For this scope, our consumer market segment is 77% circular. This figure is compiled from a circular inflow of 70% and a circular outflow of 83%. We strive for a year-on-year improvement of this metric. Our next step is to synchronize our reporting efforts on circularity within the CSRD framework and broaden the scope of our circular metrics on inflow and outflow.

We face challenges in our ambitions to become more circular. Reuse & recycling has limited upside due to technical and commercial limitations. The opportunities to improve designs of products and application of secondary materials have limitations, specifically for electronics and due to our position in the value chain as an end-user. Collecting product-based insights is very data intensive and depends on data availability from our upstream supply chain.

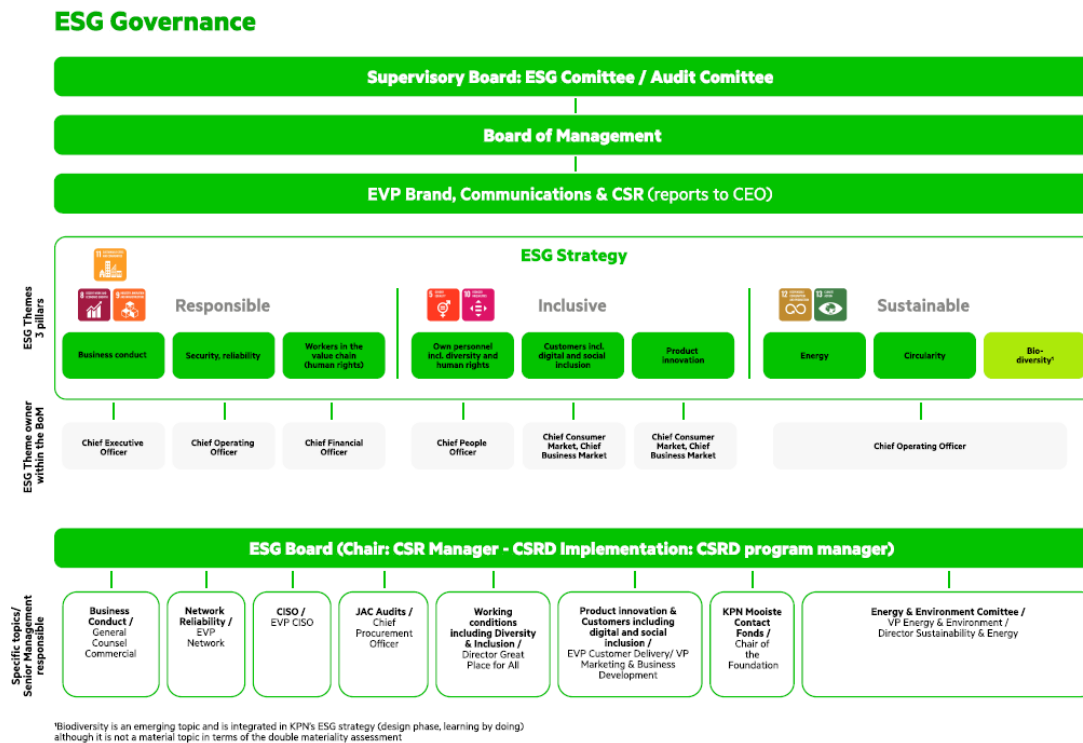
Embedding the transition plan in our strategy

The Board of Management as a whole is responsible for target setting, oversight, monitoring and managing of the sustainability agenda and related impacts, risks and opportunities. Each ESG theme is assigned to a specific member of the Board of Management as theme owner to provide support and guidance to senior management in the fulfillment of ESG ambitions and objectives. The senior management of the company is responsible for developing and executing relevant programs, plans and actions to ensure that sustainability ambitions and goals are met. Progress and results are reviewed periodically by members of the Board of Management as part of regular management oversight and/or in separate dedicated committees. Senior managers have seats on the ESG Board, which oversees and links strategy implementation on the various ESG themes. The members of this coordinating body report to their line manager and inform the CSR Manager, who chairs the ESG Board.

The CSR Manager reports to the EVP Brand, Communications & CSR, who in turn reports to the CEO. The ESG Board supports the Board of Management in validating the sustainability related impacts, risks and opportunities, defining actions and setting targets for relevant ESG topics and monitoring performance against those targets. The ESG Board supports management with execution of the ESG agenda and ensures oversight and alignment. With the support of the ESG Board, the Board of Management is enabled to oversee, monitor and manage the sustainability-related impacts, risks and opportunities and make well-informed decisions.

On a quarterly basis, an ESG update is provided to the Board of Management by the CSR Manager. The Board of Management discusses the overall performance on sustainability, trends and external developments that have a material impact or potential impact on KPN. Sustainability related topics are on the Supervisory Board's agenda on a regular basis, and its ESG committee meets four times a year on average. The system as described above is currently applied to sustainability themes, in addition to regular management oversight. Going forward, we foresee that reporting and oversight on sustainability-related impacts, risks and opportunities will become more and more integrated into regular management reporting and oversight structures, controls and procedures. The same applies to controls and procedures related to reporting on sustainability-related matters as further set out in below section "Risk management and internal controls over sustainability reporting".

KPN's ESG governance structure is shown in the following diagram:



Further details on governance and risk are in the General section of our Sustainability Statement.

Operational Control

The Environmental Policy applies to KPN and subsidiaries. When a corporation uses the operational control approach, it will report on everything where it or one of its subsidiaries has complete authority to create and apply operating policies. This is the most typical method for establishing boundaries. The advantage of an operational control approach is that it focuses on the ability as an organization to influence or minimize the carbon emissions it produces.

Reporting on the progress of our transition plan and assurance

We monitor progress and publish the main results and indicators of our environmental performance in our Sustainability Statement and quarterly results. These results and indicators are assured internally (by our internal audit department) as well as externally (by the external auditor of the annual report). Further information is available on: <https://www.overons.kpn/en/kpn-in-the-netherlands/sustainability>

Process of assessing of risks & opportunities

Climate change is integrated in KPN's Internal Risk Management and Control System and designed to avoid, mitigate or eliminate the risks associated with KPN's strategic, operational, financial, regulatory and compliance objectives. We have considered the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which include matters such as governance, climate strategy, risk and opportunity assessment and key performance indicators.

- We recognize, measure and document the impact – both positive and negative – that our operations, services and products have on the environment.
- We guarantee that, at the very least, we comply fully with all the environmental legislation, anticipate future legislation and, where possible and practicable, go further than the statutory requirements. We also demand that our suppliers do so, and we monitor their compliance.
- We set up adequate management systems for designing, developing, maintaining and managing our operations to prevent and limit the impact on the environment and monitor progress and

compliance. These systems cover all relevant aspects (energy, CO₂e emissions, waste and water) and are integrated in our environmental management system which is ISO14001 certified.

- We identify the principal risks in our own operations and within our value chain, including relevant environmental matters (e.g. climate-related impacts).
- We have guidelines to stimulate re-use and safeguard proper handling of e-waste through WEEELABEX (or equivalent) certified operators and licensed contractors.
- We apply the principles of a circular economy to our own operations (network, data centers, offices, procurement) and for the benefit of our customers. This means we try to use fewer materials, enhance product lifespans, take measures to reduce our waste towards zero and focus on energy efficiency of products.

Our climate-related risks

Regulatory risks	Technology risks	Market risks	Reputation risks	Chronic & acute physical risks
Price increases for products and services due to rising energy taxes, grid transport and energy prices	Need for accelerated replacement of equipment required to improve energy efficiency	Higher operational costs due to increased energy prices and availability of critical raw materials in our supply chain	Not meeting environmental goals and reporting requirements will have reputation impact on our stakeholders (shareholders, bondholders, employees, customers and society)	Increased electricity and water usage for cooling with rising global temperatures and sea level, impact of extreme weather events like floods on KPN's infrastructure and supply chain

Our climate-related opportunities

Resource efficiency	Sustainable design	Energy sourcing	Resilience	Financing
Improved efficiency based on savings via our Energy Excellence program. Lowering the need for virgin resources as part of our circular efforts	Via our digital services we contribute to the avoidance of carbon emissions for customers. This is via circular products and services with lower carbon impact of materials	Via Power Purchase Agreements we support additional renewable local energy sources	By integrating climate risks and opportunities into our strategy, we have an impact on investments and network modernization decisions. Closed loop supply chain improves product availability	Access to new sustainable financing increases our investment base and improves terms versus conventional financing instruments

Value chain approach

- We use a value chain approach for identifying environmental impact. In general, this means that besides our operations, we also focus on our impact upstream and downstream in the value chain;
- We have environmental criteria for selecting suppliers and partners and procuring products and services. These criteria cover the entire life cycle and include circularity. We aim for all suppliers we do business with to comply with the KPN Supplier Code of Conduct;
- We actively engage with our key suppliers via projects and circular contract clauses. In addition, we apply ITU standard L.1023 criteria for comparing circular solutions in RFPs;

- We develop new advanced services, solutions and products that are economically and ecologically sustainable and help our customers to reduce their environmental impacts.
By enabling our customers for the new way of living and working, we help them save energy;
- We identify and measure the risks in the supply chain and implement improvement plans, both directly in cooperation with suppliers and in international partnerships and agreements;
- We make sustainability part of the assessment criteria for potential mergers and acquisitions.

Stakeholder engagement

- We communicate in a transparent and regular manner with our stakeholders regarding our environmental performance. For this purpose, we benchmark our performance via internationally recognized ratings, e.g. Carbon Disclosure Project (CDP), Sustainalytics, MSCI and EcoVadis;
- We participate in external engagements including industry and cross-industry groups, environmental memberships, partnerships and associations with a sustainability focus;
- We keep our employees informed and engaged about the value of environmental sustainability and about the initiatives and actions that we take to put our environmental principles into practice. We thereby ensure that our employees play an integral part in our sustainability programs.

Governance

This Environmental Policy is prepared by the Energy and Environment department within KPN Technology and Digital Office (TDO). This policy is approved by the Board of Management.