



KPN Integrated Annual  
Report 2023

# Connected growth





A man with short dark hair and a beard is smiling broadly, looking down and to his right. He is wearing a bright green jacket with black and blue accents. The background features a red-tiled roof and a green wall with white geometric patterns. The word "Contents" is overlaid in large white text.

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**Statement - This copy of the Integrated Annual Report is the PDF/printed version of the KPN Integrated Annual Report 2023. This version has been prepared for ease of use, and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The official ESEF reporting package is available on our website at: <https://annualreport2023.kpn/>**

## ● Introduction by the CEO

# A sustainable digital future for all

Three years ago we initiated our Accelerate to Grow strategy to accelerate our investments in the best infrastructure, enhance business growth across all segments and further digitalize and simplify KPN. This marked a pivotal step in our long-term strategy that now sets us apart in the telecom landscape, particularly in Europe. In 2023, KPN advanced with solid results and a strong appreciation of our accomplishments by our stakeholders.

### Fast and secure digital connections

Our networks have proved to be capable of handling the significant increase in data traffic growth and are ready to support future demand. Together with Glaspoort, we expanded our fiber footprint with a record number of 725k homes passed in 2023, and we are activating existing and new customers to our services.

Our fiber footprint now covers 57% of the Netherlands. We remain committed to our goal to connect 80% of the Netherlands to fiber by the end of 2026 via KPN and Glaspoort. Simultaneously, we are retiring obsolete networks and IT systems.

We have upgraded all our mobile network sites and redirected our efforts toward creating solutions that use this infrastructure, collaborating with other innovators. We are preparing the network for the 3.5 GHz spectrum auction, which is expected to take place before the summer 2024, so that we can utilize the possibilities of the 5G network.





## ● Introduction by the CEO

And with customers making more use of our unlimited mobile propositions, we are providing users with a broadband-like experience on their mobile devices. This benefits consumers and holds advantages for businesses and governments that can leverage the advantages of 5G through a private network within their own domains or support specific business solutions.

KPN will further bolster its position by consistently investing in digital infrastructure, enhancing the user experience while prioritizing security. For example, for SME, we have a unique offering of extra-secure internet in the broadband line-up, at no extra cost. With approximately 40%<sup>1</sup> market share in the SME segment, we play a crucial role in protecting entrepreneurs from cybersecurity threats. This aligns well with our societal commitment as a responsible company.

### Growth across all segments

In the consumer market, positive developments are evident. There is a notable trend among consumers towards unlimited plans and postpaid subscriptions. Additionally, growth in broadband and the shift to most of the customer base being on fiber, generally opting for higher speeds, contribute to the positive uptake. I am very pleased with the services we have introduced, including new offerings and propositions for TV+ and gaming, super-fast internet based on 4Gbps, and the new mobile line-up. In addition, we also invested in the quality of the In-home experience. For instance, we guide customers in making informed choices for smart equipment that seamlessly integrates with all their home devices.

The business market is on an upward path. Business service revenues continued to grow, with SME as the main contributor. The LCE segment has experienced a positive transformation on the way to growth. This upturn is the result of our investments in transitioning services to the cloud, simplifying processes, and the rationalization of our legacy portfolio. And the Tailored Solutions in B2B is clearly improving on revenues.

A noteworthy achievement is KPN's revenue growth, supported by all business segments. In 2023, KPN turned to organic growth, achieved by consistently executing our plan to attract more customers and encourage them to adopt more services from us. Offsetting the overall inflationary effects, including additional costs in energy and CLA increase, we managed to deliver solid financial results. This overall good performance not only results in attractive shareholder returns, demonstrating our commitment to delivering on our promises, but also leads to long-term value.

### For a Better Internet: Responsible, Inclusive and Sustainable

KPN is committed to maintaining its leading ESG position in the telecommunications industry. With our Connect, Activate & Grow strategy, we have raised the bar and set ambitious goals on *Responsibility*, *Inclusion* and *Sustainability*, which are fully integrated in our business model. In the coming years, KPN will launch new initiatives and make cybersecurity an integral part of our ESG policy, contributing to societal value for the Netherlands. Our motto here is 'For a Better Internet'.

By promoting digital and social inclusion, we strive to make society better and help improve people's lives. With the KPN Mooiste Contact Fonds, KPN continues its efforts to reduce the digital divide for those who cannot easily participate themselves.

We are dedicated to acting on the global climate crisis, having worked on this for years, and taking further steps to make a difference. Limiting our footprint, we actively strive for a greener future by focusing on energy efficiency and circularity. And we are assisting customers in becoming more sustainable, for example through hybrid working, digitalization, and smart (cloud-based) solutions.

By 2027, KPN customers will browse the internet through a sustainable and efficient network powered by green energy, largely generated from a new wind farm off the Dutch coast. By 2030, KPN's actual electricity consumption should have decreased by 48% compared to 2010. Additionally, KPN is aiming for net-zero emissions in the value chain by 2040.

### Empowering team excellence

Building on a skilled and motivated workforce, committed to promoting team diversity, our goal is to position KPN as a leading workplace in the Netherlands. We consistently invest in strengthening both teams and individuals, fostering a culture where engagement and enhanced performance are intertwined. Modern facilities, favorable employment terms, and opportunities for talent development are imperative to achieve this goal. We focus on nurturing new talent and encouraging continuous development among our employees.

Working at KPN remains appealing due to contemporary employment conditions, a high degree of flexibility, and incentives for sustainable commuting options. Our employees are given the freedom to actively contribute to their personal growth and KPN's societal goals. The results of our investments and initiatives are evident in the robust employee engagement, with colleagues consistently expressing pride in their affiliation with KPN.

<sup>1</sup> Revenue market share (Telecompaper, Q3 2023)

## ● Introduction by the CEO



While we thrive, the pursuit of talent remains an essential theme. I therefore welcome all talented individuals to see KPN as the starting point for a successful and inspiring career. In our exceptional organization, there is something for everyone as we fulfill our mission for a better internet, to bring people together and let the power of connection flourish.

### Looking ahead: Connect, Activate & Grow

In November 2023, KPN unveiled the Connect, Activate & Grow strategy that will guide our journey over the next four years. In essence, our vision and strategic imperatives will shape a future where KPN stands at the forefront of innovation, connectivity, and sustainability.

We aim to solidify our position as the #1 internet company in the Netherlands, lead in mobile-revenue market share, and be the preferred partner for digital services and innovations.

With our Connect, Activate & Grow strategy, we are dedicated to creating long-term value for all stakeholders and sustaining healthy revenue growth across our business. I firmly believe that KPN is strategically well-positioned to advance towards a sustainable future for all.

Finally, I warmly invite you to explore our online report website at [www.kpn.com/annualreport](http://www.kpn.com/annualreport), where you can share your opinion on thought-provoking topics that hold significance for us and our environment.

**Joost Farwerck,**  
**CEO and Chairman of the Board of Management of KPN**

## ● Our purpose and the world around us

# A central role in society

## Our purpose

We go all out to connect everyone in the Netherlands to a sustainable future. This is because at KPN we believe in the power of connection. This is how we help our customers and propel the Netherlands forward on the path to a sustainable future where new possibilities are accessible to all.

## A dynamic digital economy challenged by an inflationary environment

The Dutch economy continues to be one of the strongest in Europe. The Netherlands outperformed the Eurozone's Gross Domestic Product (GDP) in 2022. The country is recognized as highly digital-savvy. It ranks number eight in the Global Finance Ranking, which ranks the most technologically advanced countries in the world. The high population density in our country is one of the key ingredients for a successful telco. All this makes the Netherlands an attractive market to operate in.

The present economic landscape is challenging, characterized as it is by geopolitical tensions, inflation, high interest rates, labor market constraints and operational challenges arising from widespread price increases. Energy price hikes and inflation-related uncertainties, such as chip shortages, have impacted our supply chain. The ongoing uncertainty underscores the importance of cost control and risk assessment. As part of our efforts to mitigate the implications of inflation on our workforce, we have incorporated a collective salary increase in our Collective Labor Agreement (CLA).

## Building the leading digital infrastructure

KPN is well positioned to deal with the key industry trends in the competitive Dutch market. This is important for our customers, as we are building a future-proof and secure infrastructure for the next generations. We believe digital networks and services should play a facilitating role and not pose a threat. Therefore, safety is our priority. We work 24 hours a day, 365 days a year to combat cybersecurity risks and to protect our own systems, data, and that of our customers.

Our networks have proved themselves very capable of handling the significant increase in data traffic, and are ready to support future demand. KPN is customer centric and innovates digitally to meet evolving customer needs. Our current focus is on expanding

data-driven solutions, benefiting remote work, healthcare and other industries.

In terms of infrastructure, together with Glaspoort our fast-progressing fiber footprint now covers 57% of the Netherlands. In a thriving fiber market, we actively engage with new entrants in the market to enhance our network infrastructure. Simultaneously, we retire obsolete networks and IT systems, which saves energy and reduces disruptions. For example, we recently retired almost three million old copper lines as part of the copper switch off program. Successful agreements with municipalities played a crucial role in 2023 in overcoming challenges such as obtaining permits for fiber employment. Securing new locations for mobile cell towers, especially in urban areas, raise considerations around sustainability and local impact, making collaboration with government entities essential. We have modernized all our mobile network sites and shifted our focus to developing solutions that leverage this infrastructure, in collaboration with fellow innovators. However, uncertainties surrounding the 3.5 GHz auction pose challenges for telecom companies, who need clarity for long-term investments.

## Commitment to a prosperous future

With a skilled and motivated workforce and dedicated to fostering team diversity, we are committed to helping to create a country, where everyone can participate. We advocate for reliable and secure services and conduct our business with integrity. Respect for human rights is paramount in our endeavors. In helping to accelerate the digitalization of the Netherlands, KPN is contributing to innovations in healthcare, education, and mobility. Through promoting digital and social inclusion, we do our utmost best to enhance society.

A better internet is crucial in this endeavor, and this is something we have been working on for years. For us, a better internet goes beyond technological advances like secure cloud, Internet of Things (IoT), or the highest upload and download speeds. It is about human and social progress. Our focus is therefore on a responsible, sustainable, and inclusive internet where people can feel safe, free, and comfortable. To emphasize this, we have launched a For a Better Internet platform. This is how we aim to make the Netherlands the best-connected country in the world in the broadest sense of the word. Alongside this, we prioritize genuine social interactions, especially for vulnerable groups. For example, we have been supporting initiatives like the KPN Mooiste Contact Fonds, which address loneliness, since



## ● Our purpose and the world around us

2007. Loneliness is widespread in society: research shows that 49% of adults feel lonely.

### Navigating AI and data possibilities

In our company, as well as in the overall labor market, the integration of data and AI is driving a transformation. Traditional job roles could rapidly evolve, meaning that employees who once focused on operational tasks must now shift their focus towards analyzing AI model outcomes and acting based on their assessments. As a responsible company, we are dedicated to assisting our employees in navigating this dynamic and challenging new landscape. A notable shortage of workers, particularly those with digital and AI skills, remains an ongoing and persistent challenge that we are working hard to overcome.

While safeguarding customers' privacy, we can extract valuable insights from their journey paths, creating a unique opportunity to leverage this wealth of information in ways that benefit both us and our customers. Using AI and data analysis advances our service capabilities, allowing us to anticipate and respond to potential disruptions with agility and precision.

### Less energy and raw materials

We are dedicated to helping to address the global climate crisis. We have been working on this for many years and are taking further actions to make a difference. To reduce our carbon footprint, and contribute to a greener future we are focusing on energy efficiency and circularity. Despite the rising data usage, our absolute energy consumption continues to decline. We aspire to reduce energy consumption, enhance energy efficiency, maintain the use of 100% renewable electricity, and deploy the right energy at the right time. We help our customers to become more sustainable and environmentally friendly through supporting hybrid working and creating smart solutions for the various sectors we serve. We ask our suppliers to design products with circularity in mind, using materials that can have a second life. We collect, extend the lifespan of, reuse, and recycle our hardware. We are aware of the impact of critical resources in our supply chain.



### What do you think?

Share your opinion now on the statement below and 9 other thought-provoking topics that impact our company and environment.

**A circular approach and ongoing technological innovation do not go hand in hand**

Scan and vote along!



## ● Our purpose and the world around us

### Strengths, weaknesses, opportunities and threats (SWOT)

We continuously review our business model and adapt our resources and capabilities to counter risks and create new opportunities. The overview summarizes our main insights and position in our operating environment.

#### Overview of our strengths, weaknesses, opportunities and threats

##### Strengths that make us stand out

###### Network

- Best in class mobile and fixed network
- Strategic network locations positioned close to the customer throughout whole of the Netherlands
- Largest fiber footprint in the Netherlands

###### Business activities

- Broad range of services
- Strong brand reputation
- Trusted provider of critical communication services to governmental bodies
- Best in class NPS
- Explicit commitment to ethical standards in doing business

###### People and environment

- Strong focus on circularity
- An employer with skilled and engaged employees
- Strong track record on reducing greenhouse gas (GHG) emissions with increasing data usage
- Fair tax contribution to society in line with the GRI standard for taxes

###### Financial

- Sustainable service revenue growth, with all segments contributing
- One of the industry leaders regarding EBITDA and free cash flow margins
- Steadily improving return on capital, reflecting shareholder value creation
- Robust balance sheet and liquidity position
- Fixed wholesale tariffs approved by ACM for coming seven years

##### Opportunities for growth

###### Network

- Improving fiber activation rate, leading to broadband base market share growth
- Network automation and simplification and switching-off legacy
- Developments in infrastructure, software, 5G, IoT and virtual networks

###### Business activities

- Digitalizing customer interactions
- Further increasing customer value by cross- and up-selling opportunities, especially in security and cloud solutions
- Creating value from new 5G and fiber products and service offerings
- Utilizing data, AI and analytics capabilities to create more value in current and new business

###### People and environment

- Substituting existing products and services with more sustainable alternatives
- New products help customers to be more sustainable

###### Financial

- Streamline and digitize operating model

## ● Our purpose and the world around us

### Weaknesses to improve

#### Network

- Dependency on worldwide supply chains for hardware (chips)
- Remaining legacy network infrastructure
- Fiber conversion, in particular, in high-rise buildings

#### Business activities

- Relatively high cost to serve due to complex IT systems and processes
- Long delivery times for fiber connections due to labor scarcity
- Dutch legislation on net neutrality hinders us in launching all aspects of security services that we deem helpful for our customers

#### People and environment

- Gender diversity, especially in scale 11 - 13
- Aging workforce

#### Financial

- Workforce cost pressure from increased workload for customer service employees and service engineers

### Threats we face

#### Network

- Confidentiality, integrity and availability of networks, systems and data
- Impact on our technical infrastructure due to impact of climate change
- Shortage of materials
- Uncertain outcome and delay of spectrum auction
- Cybersecurity threats

#### Business activities

- Disruptive technologies and new business models that we need to adapt to
- Price pressure from fierce competition

#### People and environment

- Long and complex value chain is difficult to control
- Tight labor market resulting in high work pressure
- Restrictions on supplier selection in our network

#### Financial

- Cost inflation
- Deterioration in general economic environment
- Higher interest rates
- Increased risk of customer spend optimization due to high inflation rates



## ● Strategy and key performances

# Delivered on the ambitions of our Accelerate to Grow strategy

## Accelerate to Grow strategy

In November 2020, KPN unveiled its Accelerate to Grow strategic plan. The execution of the Accelerate to Grow plan has laid robust foundations for future endeavors. Our original strategic plan outlined three pillars for 2021-2023 and a clear plan on fiber roll-out (and related Capex) until the end of 2026. Our track record proves our ability to deliver on our main promises as outlined below.

Three key pillars underpinned the Accelerate to Grow (2021-2023) strategy:

1. Grow and strengthen customer footprint
2. Leverage and expand our superior networks
3. Simplify and streamline operating model

With this strategy, KPN led the Dutch digitalization wave to connect the Netherlands to a sustainable future in which we delivered growth and deployed our services while being frontrunner on safeguarding environmental, social and governance aspects.

### Grow and strengthen customer footprint

We continue to grow and strengthen our customer footprint. Our Group service revenues inflected back to growth in 2022, with all our segments contributing as of this year. Over the past three years, we have improved top-line growth by more than six percentage points, and it is now well above 2%. This growth was mainly supported by price increases and a growing customer base across all segments. Our customers are our top priority. We are proud of our best in class Net Promoter Scores (NPS), which reflect our commitment to customers across all segments, especially outperforming on Fixed Only and Fixed Mobile.

### Leverage and expand superior networks

We are the largest fiber operator in the Netherlands, reaching 57% of all Dutch households with fiber, including Glaspoort, and we continue to build. We have fully modernized our mobile network, which positions us to take advantage of the 3.5 Gigahertz spectrum auction to unlock a range of new 5G capabilities for our customers. The investments we have made in our networks are paying off. We have won multiple awards over the recent years for having the best mobile network and the best fixed networks in the Netherlands. Security is of central importance to us, and we have invested significantly to safeguard privacy and security. We have also established a stable regulatory framework for fiber until 2030, ensuring long-term clarity in the Dutch market.

### Simplify and streamline operating model

The third pillar of our strategy was about simplifying the company to create better customer experiences, more committed employees, and cost savings. In 2023, we launched KPN TV+ based on the Android platform. And we deactivated more than one-third of our copper network and moved applications to the public cloud. In 2021 and 2022, we have been able to decrease our absolute indirect cost base. In 2023, we reported higher indirect costs due to strong inflation headwinds and energy price hikes. However, we were able to absorb these additional costs with higher service revenues, resulting in higher Adjusted EBITDA AL in 2023 compared to 2022.

These accomplishments have translated into solid financials and returns. We delivered consistent EBITDA growth at strong, industry-leading margins. Our free cash flow per share has grown by 7% a year, despite us being at the peak of the investment cycle with our fiber investments. Return on capital employed (ROCE) improved 400 basis points compared to 2020, a clear indicator that our long-term value creation model is working. And we significantly outperformed most of our peers on total shareholder returns over the last two years.

## ● Strategy and key performances

# Strategy

## Leverage & expand superior networks

### Connecting the Netherlands through fiber

Fiber footprint

■ KPN □ Glaspoort (GP)

KPN 41%  
2021<sup>1</sup>KPN 46%  
2022<sup>2</sup>KPN 52%  
2023

Fiber footprint expansion

433k  
2021373k  
2022<sup>2</sup>549k  
2023

### 5G coverage Dutch population

Population coverage

81%  
202196%  
202298%  
2023

Ookla

“KPN once again recognized  
as the fastest 5G network”



## Grow & strengthen customer footprint

### Consumer

Stable customer base: households

3.53m  
20213.52m  
20223.54m  
2023

Customer satisfaction

16  
202115  
202217  
2023

### Business

Net growth customer base (Mobile, BB, VoIP, Fixed-voice)

3.2m  
20213.3m  
2022<sup>2</sup>3.4m  
2023

Customer satisfaction

4  
20212  
20225  
2023

## Simplify & streamline operating model

### New ways of digital working

Employee engagement

82%  
202181%  
202283%  
2023

### Continued disciplined cost control program

Indirect cost reduction

€ 47m  
2021€ 38m  
2022

€ -102m  
2023

<sup>1</sup> 2021 figures restated  
<sup>2</sup> 2022 figures restated

## ● Strategy and key performances

# Financial key performances

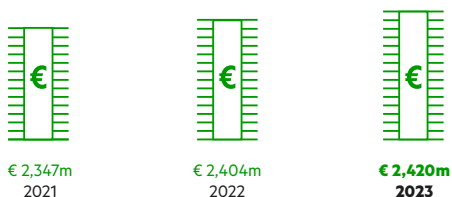
### Adjusted revenues



### Free cash flow



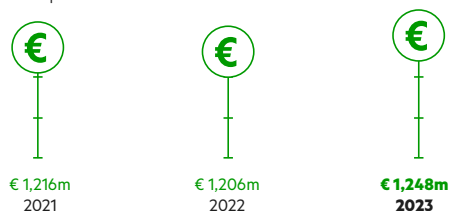
### Adjusted EBITDA AL<sup>2</sup>



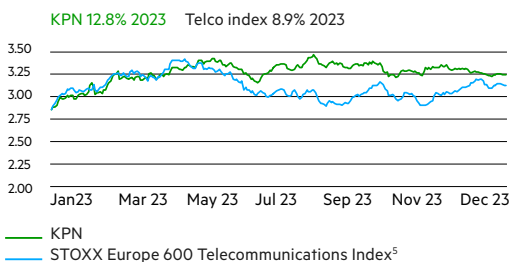
### Committed to progressive dividend policy



### Capital expenditure



### Total shareholder return (TSR)



### Return on capital employed<sup>4</sup>



1 2022 figures have been restated

2 KPN defines EBITDA as operating result before depreciation (incl. impairments) of PP&E and amortization (incl. impairments) of intangible assets. Adjusted EBITDA after leases are derived from EBITDA and are adjusted for the impact of restructuring costs and incidentals ('adjusted') and for lease costs, incl. depreciation of right-of-use assets and interest on lease liabilities ('after leases' or 'AL'). Reconciliations can be found in Appendix 2

3 To be proposed at the AGM 2024

4 Net operating profit less adjustments for taxes divided by capital employed

5 Rebased to KPN's closing price of the last trading day 2022

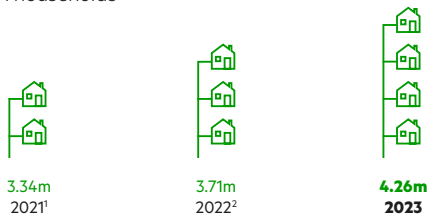


## ● Strategy and key performances

# Non financial key performances

### Network infrastructure

# FttH households

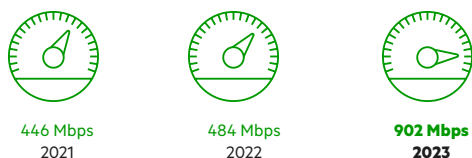


Sites 5G ready

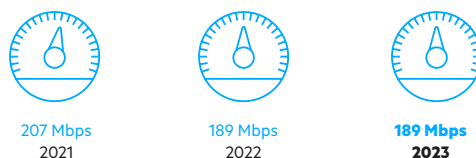


### Network speed

Average maximum download speed  
broadband fixed per year-end

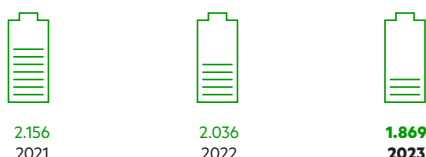


Average 5G download speed  
mobile network per year-end



### Energy consumption in petajoules (scope 1 and 2)

Energy consumed by KPN

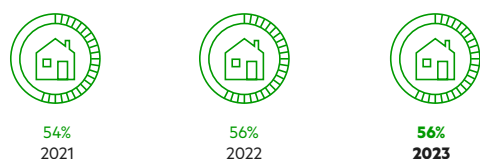


Estimated energy consumption savings impact enabled for  
KPN customers

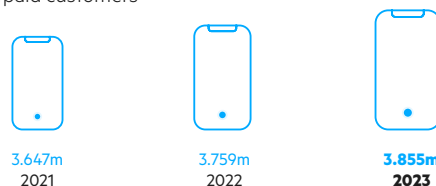


### B2C products and services

Fixed-mobile households as percentage of fixed households



Postpaid customers



RepTrak Reputation score

**“KPN maintains a lead over all benchmarks  
on reputation”**



1 2021 figures restated  
2 2022 figures restated

## ● Strategy and key performances

# New strategy: Connect, Activate & Grow

In November 2023, KPN unveiled the Connect, Activate & Grow strategic plan. The three key strategic missions are:

- 1. Connect** with our customers to deliver on their needs - Earning our customers' loyalty through converged services and solutions that are truly relevant to them.
- 2. Activate** our best network, platforms, partners and assets - Delivering the best digital experience to our customers over our always-on networks.
- 3. Grow** sustainable by modernizing and simplifying our business - Transforming our operating model with AI-powered automation and developing a future-ready workforce.

Our strategic imperatives, underpinned by our new Connect, Activate & Grow strategy will guide our journey over the next four years. We aim to solidify our position as the #1 internet company in the Netherlands, lead in mobile service revenue market share, and be the preferred partner for digital services and innovations.

Across our commercial units, connecting and delivering on our customers' needs is the core notion. In particular, B2C will enable the household of the future (Household 3.0), B2B will deliver secure innovative solutions to make our customers successful, and Wholesale will serve complementary segments with key innovations that KPN and the market need.

We see KPN as a company that provides connectivity and empowers all our customers to fully capitalize on the opportunities offered by the digital world. Through effective network management, modernization, and simplification, we will ensure the best digital experiences for our customers.

We will create 'A Better Internet' where everyone in the Netherlands enjoys seamless access to an always-on, high quality and secure internet, powered by fiber and 5G.

To ensure our digital transformation, we will improve, streamline and modernize our network assets, and offer a broader range of digital services. Today, we have co-existing fixed networks through fiber and copper including legacy real estate, a mobile network based on 2, 4 and 5G technologies, and a large office footprint. By moving to a fiber-only network, we will be able to offer a sustainable always-on network. With the copper network gradually being decommissioned, we will realize savings. Our mobile network will be centered around 5G technology.

We will ensure seamless customer experiences by further adopting key innovations, such as enabling OTT services through our edge locations, leveraging Cloud RAN and KPN Campus

Networks to maintain 5G leadership and expanding our portfolio with new and relevant digital services for customers that unlock the full potential of our networks.

We will provide a full omnichannel experience through a 'digital first' approach as customer journeys will be integrated across all touchpoints. As we embark on this exciting journey, we will be the leading Telco of the future, a future where innovation, convergence and platforms, play a fundamental role.

ESG is at the heart of what we do and is linked to our strategy. We are a proud leader in ESG in the telecommunications industry. This imposes a duty on us but is also a key area of differentiation. We believe that a sustainable business is a better business, and we are truly committed to creating long-term sustainable value for all our stakeholders.

We focus our efforts in three areas, clearly linked to seven United Nation's sustainable development goals:

- We are a responsible corporate entity; we prioritize reliability and security and uphold fundamental human rights across our entire supply chain.
- We will strengthen our commitment to diversity and inclusion in all respects, both as an employer and as a service provider. Our people-centric culture will foster sustainable growth, and our commitment to ESG will make us a force for good in Dutch society.
- We will continue to be a front-runner in achieving net-zero emissions and circularity. We will continue to reduce our energy consumption, even in the face of upward pressure from data volume growth.

Financially, over the 2024-2027 period we expect to achieve growth in both service revenue (~3% p.a.) and profitability (~3% p.a.). We will reduce our cost base significantly. We maintain disciplined Capex, which will remain stable at a peak level of ~EUR 1.2bn until 2026, after which we foresee a material step down to less than EUR 1bn. Over the 2024-2027 period, we are aiming for a CAGR in free cash flow of around 7% and attain an above industry average return on capital employed (ROCE) of 15% by 2027. We will provide attractive returns to our shareholders, returning a cumulative ~100% of our FCF through a combination of share buy backs and dividend, the latter growing at ~7% p.a. (CAGR).

In essence, our vision and strategic imperatives will shape a future where KPN stands at the forefront of innovation, connectivity, and sustainability.

## ● Value creation model and material topics

# The value we create

**Our purpose, going all out to connect everyone in the Netherlands to a sustainable future, is the core of the value we create. By delivering connectivity, serving our customers, and building and maintaining our network infrastructure, we want to make the Netherlands the most connected country in the world.**

### Chapter contains information on material sustainability matters

- Results double materiality assessment (DMA)

To properly understand the impact we have on society, we have identified the value we create for our stakeholders and society as a whole, using our six capitals model. We have plotted KPN's impact on Dutch society, highlighted the assets most valuable to our business model, and provided the necessary input for performing our core activities. The value we create for our stakeholders is the direct result of our business model. Our business outcomes ensure we can create long-term value for society. This helps us contribute to the realization of the UN's Sustainable Development Goals (SDGs) by providing products and services to Dutch society.

### Structure of the report

Our Integrated Annual Report is based on the structure of our value creation model (see p. 19), providing insights into our results, the value we created in 2023 for our stakeholders, and the long-term value we create for society.

### Materiality assessment

In 2023, KPN performed a double materiality assessment (DMA) based on the requirements of the GRI. In this annual report

references to link our current material topics to the future ESRS requirements are made, which we will reassess in our annual report 2024. We assessed all potential sustainability matters from both an impact (inside-out, - impact KPN has on society) and financial (outside-in, - impact developments in society that impact value of KPN) perspective. Following this assessment we decided to publish a separate matrix for each perspective as this does justice to the content and meaning of the topics discussed.

Since the CSRD will be effective as from the Integrated Annual Report 2024 we embarked on a journey based on our longstanding commitment to the sustainability goals. It is important to acknowledge that this journey will provide us with new insights going forward.

### Impact materiality

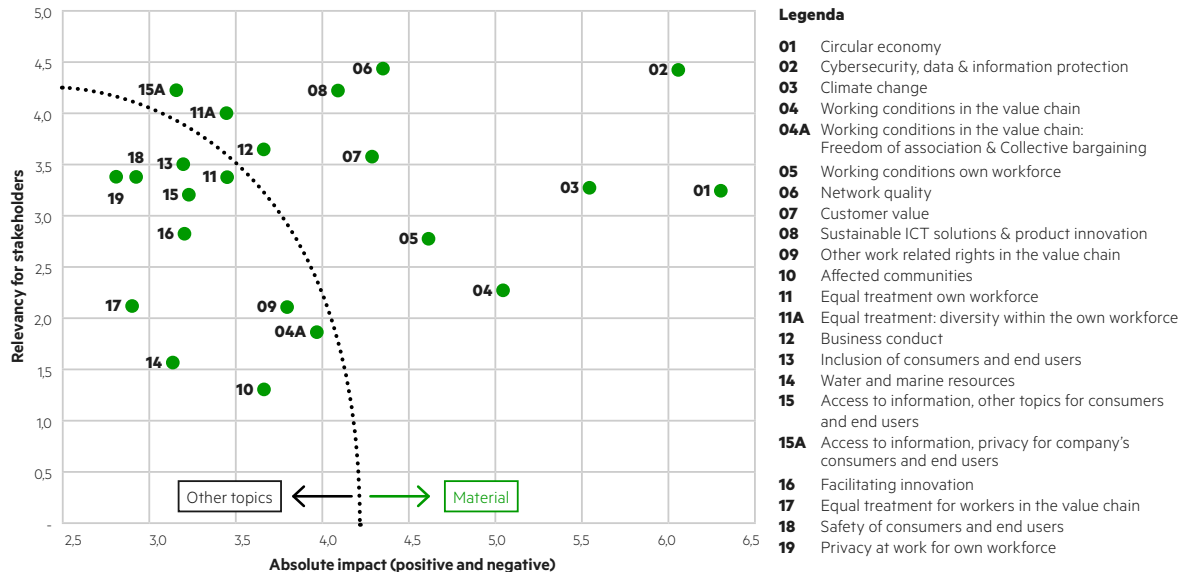
Our analysis results in an overview of relevant topics and represents valuable input to our sustainability focus, our strategy, targets and activities. We differentiate between two categories of topics. The first category, material topics, comprises topics where we want to play a leading role, given our potential influence and impact and the expectations expressed by our stakeholders. The second category comprises of topics of lower relevance for KPN. On the next page you can find the material sustainable matters resulting from the impact perspective.



## Value creation model and material topics

### Matrix outcome impact materiality assessment 2023

#### Absolute impact (positive and negative) and Relevancy for stakeholders



#### Material sustainability topic - impact assessment

#### Representing

01. Circular economy	The impact KPN has with its circular approach (reduced use of virgin materials, extended product use, recycling and handling of e-waste) on materials and resources (ESRS: E5)
02. Cybersecurity, data & information protection	The impact of KPN's data & information protection and cybersecurity efforts on safeguarding the rights, safety & privacy of customers and employees and, where applicable, suppliers (Entity specific)
03. Climate change	The impact KPN has with its own business operations and in its value chain on reducing energy consumption and CO <sub>2</sub> e emissions to mitigate climate change (ESRS: E1)
04. Working conditions in the value chain	The impact of KPN's responsible supplier management and due diligence on supplier selection regarding human rights (ESRS: S2)
05. Working conditions of our own workforce	The impact of fair and attractive working conditions, ensuring health and safety, and attractive career development opportunities on KPN's workforce (ESRS: S1)
06. Network quality	The impact that the quality and reliability of KPN's networks have on the accessibility of high speed internet (Entity specific)
07. Customer value	The impact of offering future-proof services at a fair price, and transparent marketing and communication on customer appreciation (Entity specific)
08. Sustainable ICT solutions & product innovation	The impact of helping customers with digital product innovation and future-proof technologies on the acceleration of sustainable digitalization (Entity specific)
11A. Equal treatment: diversity within the own workforce	The impact of diversity, equity & inclusion on a workforce that is a good reflection of society (ESRS: S1)
12. Business conduct	The impact that responsible governance and compliance with applicable laws and regulations have on business continuity and integrity (ESRS: G2)
15A. Privacy for company's consumers and end-users	The impact of identification and management of any privacy impacts on consumers and/or end-users related to their products and/or services (ESRS: S4)

## Value creation model and material topics

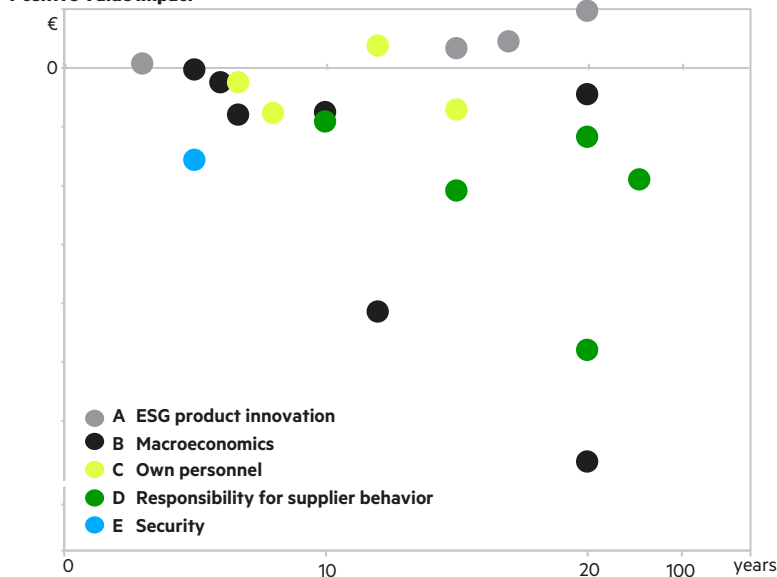
### Financial materiality

The financial effects of actual and potential risks and opportunities on KPN's cash flows, financial position, financial performance, in the short-, medium and long-term were assessed. The likelihood of occurrence of the impact, risk or opportunity has been taken into account. Scenarios were analyzed, and, due to the large number of items and some of them being sensitive, topics

were clustered and presented in five material topics. We present on the Y-axis above the X-axis the themes where we expect the opportunities and below the Y-axis we show the themes where we expect the risks. On the X-axis we indicate the likelihood of occurrence of the risks and opportunities over the time horizon within which we estimate them to may materialize.

### Financial Materiality Matrix

#### Positive Value Impact



#### Material sustainability topic - financial assessment

A ESG product innovation

B Macroeconomic/geopolitics

C Own personnel

D Responsibility for supplier behavior

E Security

#### Representing

The opportunities of helping customers with digital product innovation and future-proof technologies to be more sustainable

KPN's risk of adverse macroeconomic and geopolitical developments

The risk that KPN runs in a scarce labor market and with an ageing workforce, and the opportunity to attract good staff with favorable working conditions

Abuse or misstatements in the value chain for which KPN is held liable

The risk of cybersecurity attacks

All material topics are described in detail in the following chapters of this report, for references see the green box at the top of each chapter. For details regarding the executed DMA, see Appendix 3.

● Value creation model and material topics

## Value creation model

### Our valuable assets



**Loyal  
customers**



**Strong  
partnerships and  
supplier base**



**Future-proof  
infrastructure  
and mobile  
spectrum**



**Skilled and  
motivated  
workforce**



**Solid financial  
basis**



**Climate-neutral  
operations**

### Businessmodel

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

#### Our ambition

To make the Netherlands the most connected country in the world and to become customers' preferred partner in digital life

#### Strategic themes

- Connect with our customers to deliver on their needs
- Activate our best network, platforms, partners & assets
- Grow sustainably by modernizing and simplifying our business

#### Safeguarding value

- Governance
- Compliance
- Risk management

### Our ambition



**State-of-the-art  
network  
infrastructure**



**Flexible, simple  
and converged  
products and  
services**



**Focused  
innovation and  
digitalization**



**Safeguarded  
privacy and  
security**



**Sustainable  
employability**



**Environmental  
performance and  
responsible  
supply chain**

**We create value for our customers, shareholders and employees, and we impact Dutch society as a whole**

## Impact in the Netherlands

#### Responsible

**8** DECENT WORK AND ECONOMIC GROWTH



Decent work and economic growth

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



Industry, innovation & infrastructure

**11** SUSTAINABLE CITIES AND COMMUNITIES



Sustainable cities and communities

#### Inclusive

**5** GENDER EQUALITY



Gender Equality

**10** REDUCED INEQUALITIES



Reduced inequalities

#### Sustainable

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



Responsible consumption & production

**13** CLIMATE ACTION



Climate action

## ● Value creation model and material topics

# Connecting everyone in the Netherlands to a sustainable future

## Our sustainable growth journey: Responsible, Inclusive, Sustainable

In our opinion 'a Better Internet' is about much more than speed, tiering, unlimited bandwidth or private networks. It's about making the internet a trusted space where we can all thrive, a part of society where we all feel welcome and connected, and where we minimize the negative and maximize positive impact.

Companies such as KPN are experiencing more demands in the area of sustainability.

- Sustainability is viewed much more broadly these days. We now talk more about ESG: Environmental, Social, Governance which covers a wide range of topics.
- Business customers, NGOs and governments have higher demands or simply expect - just like consumers and employees - that you do business in a sustainable way, and that a company is a good citizen.
- Regulations force us to take more action and be transparent about our sustainability. But, more importantly, we ourselves are intrinsically motivated to do good for society, with which we are inextricably linked. That is why we do everything we can to connect everyone in the Netherlands with a sustainable future.

A sustainable future also means that KPN must remain financially healthy so that we as a company can continue to achieve these objectives.

We decided to broaden our scope because our strategy makes an impact on a broader range of topics. We are therefore focusing in our ESG strategy for 2024-2027 on three key pillars: Responsible, Sustainable and Inclusive. We are extending our commitment to the Sustainable Development Goals (SDGs) and now also include SDG 8: Decent work and Economic Growth, SDG 10: Reduced Inequalities, SDG 13: Climate Action and SDG 5: Gender Equality.

### Responsible

We are committed to responsible business. Our services are designed to be responsible and secure, ensuring that society can always count on us. For example, we aim to achieve 99.99% service availability for our fixed internet and 99.9% for our mobile internet services by 2025, enhance our technical employees' awareness of topics like phishing, and create greater confidence among the Dutch population in the safety of their data with KPN. We aim

to conduct business with respect for people, emphasizing ethical practices, sustainable procurement, and good working conditions, while placing human rights at the forefront.

### Inclusive

Connectivity is our strength, inclusion is our foundation. We are dedicated to building a digital society accessible to all, where individuals can be their authentic selves. We actively promote digital and social inclusion, ensuring that no one is left behind and everyone can seize the opportunities offered by the digital world. As an organization, we are committed to fostering diverse teams to enhance performance, provide diverse perspectives, and ensure that all customers feel seen and valued. We assess our impact through various means, including the effectiveness of programs like Entrepreneurship against Loneliness, the level of participation from KPN employees in projects related to our foundation (KPN Mooiste Contact Fonds) and our success in connecting vulnerable individuals with others.

These are a few examples of our efforts. As we move forward, these pillars will be infused with tangible programs and measurable ambitions. We are working towards a future where sustainability is not just a license to operate but a license to grow.

### Sustainable

Sustainability is not just a goal; it is embedded in everything we do.

We recognize that resources are finite and are committed to efficient energy usage and circularity. Our aim is not merely to minimize harm but to actively contribute to a greener future, supporting our customers on their own sustainability journeys.

We prioritize sustainability by using 100% renewable electricity, enhancing energy efficiency, and optimizing energy usage. Additionally, we empower our customers to embrace sustainability and environmental friendliness through innovative solutions, such as hybrid working models and smart solutions across diverse sectors. Furthermore, we are dedicated to advancing our circular journey, aligning with our goal of achieving net-zero emissions within our supply chain.



## Value creation model and material topics



### Responsible Reliability, security, human rights



#### Approach

We are committed to responsible and safe services and we want to do business decently. Respect for human rights is paramount.

#### Where we want to go

##### Reliability:

- 2025: Service availability fixed internet 99.99%
- 2025: Service availability mobile 99.9%

##### Security:

- 2025: 75% SME KPN EEN customers who activate secure internet
- 2024: 3,500 employees in target group who are SecurX certified<sup>1</sup>

##### Human rights:

- 2024: Privacy: 65% of the Dutch population think their data is safe with KPN
- 2024: Suppliers: 80% EcoVadis spend coverage (% of spend covered by EcoVadis assessments)

#### What we achieved in 2023

##### Reliability:

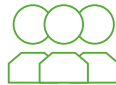
- Service availability fixed internet 99.99%
- Service availability mobile 99.98%

##### Security:

- 62% SME KPN EEN customers who activate secure internet
- 60% of technical employees who are SecurX certified<sup>1</sup>

##### Human rights:

- Privacy: 61% of the Dutch population think their data is safe with KPN
- 55 substantiated complaints regarding breaches of customer privacy
- 2023: Suppliers: 76% EcoVadis spend coverage (% of spend covered by EcoVadis assessments)



### Inclusive Diversity, social and digital inclusion



#### Approach

The digital society must be accessible to everyone. That's why we promote digital inclusion and social inclusion and strive for diversity in teams for better performance, different perspectives and recognition for all our customers.

#### Where we want to go

##### Gender diversity:

- 2025: 25% women within KPN
- 2025: 35% women in the sub-top<sup>4</sup>

##### People at a distance from the labor market:

- 2025: PSO certification: basic level
- **Digital inclusion through connectivity:**
- 2026: ~80% of households connected to FttH (Homes Passed) (incl Glaspoort)
- 2025: 99.5% 5G coverage in NL

#### What we achieved in 2023

##### Social and digital inclusion:

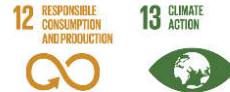
- Fiber footprint of 57% covering Dutch households (incl Glaspoort)
- 100% of eligible chronically ill children provided with a KPN Klasgenoot
- Teletolk carried out 28,943 mediations and 236,319 calling minutes (2022: 32,165 and 261,924)
- More than >28,000 customers with problematic debts received support in line with the Nvvk covenant (2022 >30,000)
- More than >5,400 customers successfully guided to the NSR (Dutch Debt Relief Route) to aid them with their financial situation (2022 >2,300)
- Launch pilot Digitaal Meedoen Pakket (a digital literacy and access package) to provide financially vulnerable households with internet access, a device and support together with The Alliantie Digitaal Samenleven, NLdigital, Freedom of Internet, province of Groningen, municipalities and VodafoneZiggo
- Launched a new employee network for neurodiversity with more than 190 members at the year-end
- 83% employee engagement

##### Diversity:

- 22% women at KPN (2022: 22%)
- 27.5% women in sub top KPN
- Aspirant status Social Entrepreneurship Performance (PSO) certification



### Sustainable Energy, circularity, biodiversity



#### Approach

We deploy our infrastructure and networks to co-create solutions for a more sustainable use of the environment. We limit our footprint and actively work towards a greener future by focusing on energy efficiency, circularity and biodiversity.

#### Where we want to go

##### Energy:

- 2025: Scope 1: 99% inflow of our fleet on fossil-free fuel
- 2027: >50% energy from local wind farms
- 2030: Scope 2 Electricity < 400 GWh<sup>2</sup>
- 2040: Scope 3: Net-zero CO<sub>2</sub>e emissions in the value chain<sup>3</sup>

##### Waste reduction:

- 2025: 86% reuse/recycling
- 2025: 92% Collection rate of own hardware

#### What we achieved in 2023

##### Energy:

- Energy consumption by KPN Group reduced by 52% compared to 2010 (2022: 48%)
- CO<sub>2</sub>e reduction of 30% in the value chain compared to 2014 (2022: 29%)
- 100% climate-neutral (scope 1 + 2) (2022: 100%)

##### Circularity:

- 87% reuse and recycling (2022: 87%)

##### Helping customers to save energy:

- KPN enabled customers to avoid an estimated 311kTon of CO<sub>2</sub>e emissions, which is 206% of KPN's energy consumption

##### Biodiversity:

- Naturalis and KPN unveil the Netherlands' first nature inclusive technical building (point of presence)

<sup>1</sup> See Appendix 4 for scope

<sup>2</sup> ~48% vs. 2010

<sup>3</sup> ~90% versus 2015 (max. 10% residual emissions neutralized)

<sup>4</sup> Reporting directly to the Board of Directors

## ● Our valuable assets and resources

# Overview of our assets and resources to operate

**Our organization is fueled by six key capitals, enabling us to contribute to digital transformation. Each of the capitals is vital to maximize the value we create for our organization, our stakeholders and society at large in the short and long-term.**



### Loyal customers

We aim to build a satisfied customer base, providing customer journeys designed to accommodate the digital needs of our customers, ranging from consumers to large corporate enterprises.



### Strong partnerships and supplier base

We join forces with ambitious companies to work on the applications of tomorrow, providing better and more innovative products to our customers while reducing adverse impacts across the supply chain.

	2023	2022
Consumer and Business postpaid customer base	<b>6,037k</b>	5,863k
Consumer and Business broadband customer base	<b>3,157k</b>	3,139k
Fixed-mobile households	<b>1,548k</b>	1,525k
Wholesale broadband customer base	<b>1,180k</b>	1,128k

	2023	2022
Partnering innovative startups and entrepreneurs	<b>34</b>	41
Partnering research centers and universities	<b>7</b>	6
KPN Ventures fund size	<b>€100m</b>	€100m
Contracted suppliers	<b>1,411</b>	1,327

### What do you think?

Share your opinion now on the statement below and 10 other thought-provoking topics that impact our company and environment.

**Pursuing diversity can lead to internal conflicts**

**Scan and vote along!**



## Our valuable assets and resources



### Future-proof infrastructure and mobile spectrum

We connect the Netherlands through high quality networks and by strengthening the capacity of our network and IT infrastructure.

	2023	2022
FtTH households	4.26m	3.71m <sup>1</sup>
Modernized mobile sites	5,319	5,072
Average 5G download speed	189 Mbps	189 Mbps

1 2022 Figure restated



### Skilled and motivated workforce

We create a more simple, effective and inclusive organization by acquiring, developing and retaining the right people and skills to become a stronger, more agile, profitable business and a great place to work.

	2023	2022
Full-time domestic personnel	9,724	9,452
Average training cost per FTE	€1,342	€1,552
Employee score for engagement	83%	81%



### Solid financial basis

We focus on sustainable service revenue growth and efficiency aiming to realize a return on investment for our capital providers that outperforms the cost of capital while solidifying our financial and competitive position.

	2023	2022
Return on capital employed	14.1%	13.1%
Market capitalization	12.3bn	€11.7bn
Leverage ratio	2.3x	2.3x
Credit ratings (Moody's/S&P/Fitch)	Baa3/BBB/BBB	Baa3/BBB/BBB



### Climate-neutral operations

Our belief is that a sustainable business is a better business, which is expressed through our climate-neutral operations and our ambition to realize net-zero carbon emissions in our supply chain by 2040.

	2023	2022
Green electricity consumption	100%	100%
Energy consumption	1.869 PJ	2.036 PJ
Reduction of value chain emissions compared to base year 2014	30%	29% <sup>1</sup>

1 The 2022 figures have been restated, for details we refer to Appendix 10

## ● Our value for stakeholders: Customer value

# Creating value for our customers

**Within both our Consumer and Business units, we are constantly listening to our customers and working to meet their growing needs and expectations. Building on our customer-centric approach, we continuously enhance the range and quality of our tailor-made products and services while advocating for secure and responsible internet usage.**

KPI	Result 2023	Result 2022
NPS Consumer	17	15
NPS Business	5	2

### Chapter contains information on material sustainability matters

- 07. Customer value (entity specific)
- 08. Sustainable ICT solutions and product innovation (entity specific)
- A. ESG product innovation
- 02. Cybersecurity, data and information protection (entity specific)

## Consumer

In 2023, we put a lot of effort into enhancing value for our existing customer base, launching compelling new offers and services to attract new customers. Our Net Promoter Score (NPS), the indicator of customer satisfaction with our products and services, improved for consumer market (17).

We realized service revenue growth in broadband, as we prioritized customer satisfaction and rewarded customer loyalty. We continued to provide our existing customers on the copper network with a complimentary product upgrade to fiber. In addition, we offered free speed upgrades to a large number of customers, unlocking the full potential of our network to a growing part of our customer base.

For broadband, the introduction of our new line-up in Q1 2023 improved our value proposition with better prices per

MB and steering towards our higher-value 1 Gig proposition. Consequently, our fiber base grew in terms of volume during the year, and we also observed more customers opting for high-speed subscriptions. These effects, combined with inflation-driven price increases, led to fixed-service revenues returning to growth.

In mobile, service revenue grew, driven by solid base trends and growing ARPU. Our customers value our attractive Unlimited proposition, with an increasing percentage opting for this proposition. A key factor behind the success and rapidly growing popularity of Unlimited has been the facility for our customers to automatically share up to 50 GB a month — more than half the MB sharers responded with interest to this innovation of automatically sharing MBs.

In another step to reward customer loyalty, KPN doubled all mobile data for customers who combine their services on the best fixed and mobile network in the Netherlands. Consequently, instead of 3, 12 or 20 GB, fixed, mobile-converged customers get 6, 24 or 40 GB of mobile data. This allowed everyone in the household to enjoy the our quality network to the full.

Moreover, we successfully launched the KPN Voor Jou program, embodying our commitment to going above and beyond for our customers, daily affirming their decision to choose KPN. This program allows our customers to enjoy extra benefits and gifts from KPN and access valuable tips. A noteworthy initiative, 'Stichting Oud Geleerd Jong Gedaan', involves the sponsorship of online classes tailored for seniors, led by skillfull students. This enables seniors to take part in a complimentary course of

## ● Our value for stakeholders: Customer value

their choosing, spanning diverse subjects from arts and culture to science.

### Products and services

The increase of mobile devices and the growth in both time spend online and data usage, have increased consumers' vulnerability. With personal information at stake, consumers are understandably apprehensive about the security of their data. Security is therefore a priority for them, which has led to a higher demand for related services.

Under the KPN Veilig security services, we have been expanding our range of products aimed at ensuring safe and reliable broadband and mobile connections. We offer virus and malware scanners, a secure password management tool, and all KPN's internet connections use DNSSEC – a technology to double-check IP addresses and prevent customers from unwittingly being led to fake, potentially fraudulent, websites. We help clients assess whether their connected home (domotica) devices are safe to use before we connect them to the internet.

To enhance cyber resilience and data privacy for children and teens, we started offering ChatLicense, a smartphone experience game and an information portal for parents for free.

To provide our customers with the best service and advice on smart devices, we launched a smart home store this year in partnership with tink, a smart home expert. In this store, we guide customers in making informed choices for smart equipment that seamlessly integrates with all their home devices.

We also proactively swapped old equipment for newer versions for tens of thousands of customers.

### Customer experience

Consumer NPS, the indicator of customer satisfaction with our products and services, was 17. This score is higher than in 2022 (15). This places the NPS of KPN at the forefront in the benchmark against our key competitors. Key drivers where we distinguish ourselves from these competitors are 'best network', 'best service' and 'appreciated as a customer'.

Through our innovative Household 3.0 approach, we are committed to providing customers with an enriched experience across every life stage, fostering loyalty among individuals, whether they are young or old, single or part of a family. Our go-to-market strategy encompasses flanker brands, segmented offerings, and a localized approach.

### CHALLENGE

One of our challenges is showing our appreciation to our existing customer base, while simultaneously acquiring new customers in a competitive market. In 2023, we have implemented an annual inflation adjustment for broadband, which had a negative impact on our NPS. Therefore, we focused on base initiatives such as double data for mobile customers, free (fiber) speed upgrades for residential customers and our Voor Jou loyalty program. To confirm our existing customers daily with making the right choice to be a customer of KPN, we reduced the discounts on the acquisition deals.

### Innovations

We continuously seek innovative ways to combine new and existing services to offer to our consumer customers. In 2023, we moved ahead with innovations related to one of our innovation themes 'Digital services enabler'.

At the start of the year, KPN launched KPN TV+, a service that allows users to seamlessly switch between live TV and streaming services like Netflix and Disney+. With features like 'cross-content search', viewers can easily find specific movies or series across both TV and streaming offerings. We made the service available to new KPN Internet customers, offering two subscription options: one with live TV channels and streaming apps and one with a streaming-only option.

In the broadband market, where we realized customer base growth in a price-competitive market, KPN introduced a multigig speed at 4 Gbit/s for both downloading and uploading, creating a new 'SuperFiber' speed category for speeds above 1 Gbit/s. Initially available to fiber customers with XGS-PON technology, the service will expand to almost all customers who are connected to KPN's fiber network by end of 2027. This fast and high-quality fiber proposition enables a top experience for our customers, including those interested in E-sports and gaming.

In mobile, we successfully grew KPN's Multisim product, an additional e-sim that allows customers to seamlessly use their KPN subscription for calls, music streaming, and SMS on their smartwatches. We also continued our trade-ins program, introduced in 2022, offering customers compensation for trading in their old phones. Our customers support our sustainability goals and respond positively to our trade-in program. In 2023, the number of smartphone trade-ins received from customers was more than 20,000.

Improving the customer experience is supported by upgrades of our entertainment, gaming, content and security offering. KPN actively seeks the broadest portfolio of suppliers and partners. We

## ● Our value for stakeholders: Customer value

maintain partnerships with content and entertainment providers, including gaming and video-streaming companies such as Disney and Microsoft Xbox. Furthermore, we have enriched our offerings with new partnerships. Examples include the introduction of Storytel, Amazon Prime Video, the expansion of our security portfolio and the announcement of new cloud gaming service NVIDIA GeForce NOW for our customers to enjoy the power of the best internet.

KPN Ventures made an investment in Perlego, which mostly caters to students and scholars. This digital online subscription-based library focuses on delivering academic, professional and non-fiction eBooks.

### Outlook

Under our new corporate strategy Connect, Activate & Grow, we aim to become the market leader in terms of service revenue market share.

With 'Connect' we are committed to providing our customers with a flawless integrated end-to-end fiber experience, promising them an unparalleled internet journey. We not only progress with an extensive fiber roll-out but also dedicate ourselves to enhancing customer service, digital first human assisted.

Under 'Activate', being attentive to the needs of the entire household, we redefine converged on the basis of a new Household 3.0 construct. With a focus on cross- and upsell, we aim to expand our offering of value added Life Centric services, enabled by top-tier partners, innovation and loyalty.

In addition to accelerating our fiber roll-out and offering additional services, we also dedicate ourselves to excellent customer service, digital first, human assisted. As everything becomes increasingly digital, 'Grow' aims to strengthen our personal relationship with customers. Transitioning from one message for everyone to one message tailored for you, the KPN app plays a central role in this transformation. This is supported by our approach of expanding the usage of AI to enhance customer experiences, improve network efficiency, and optimize operations. AI enables us to provide more personalized and reliable services while reducing operational costs and preventing issues before they impact our customers.

### What do you think?

Share your opinion now on the statement below and 9 other thought-provoking topics that impact our company and environment.

**For a secure internet,  
protection is more  
crucial than absolute  
online freedom**

**Scan and vote along!**





## ● Our value for stakeholders: Customer value

### Business

Our Accelerate to Grow strategy delivered steady growth for KPN Business-to-Business (B2B) in 2023. We saw especially marked performance in our small and medium-sized enterprises (SME) segment, driven by higher demand for mobile, broadband, workplace business and increased data usage. Our other B2B segment Tailored Solutions also performed well. And large corporate enterprises (LCE) segment showed an improving trend, driven by the IoT business, fueled by our machine-to-machine (M2M) business. We aligned our offering with the changing needs of our customers. They prioritize digitalization, cybersecurity, and circular business models, and these guide our efforts to improve and innovate our products and services.

In 2023, we received recognition for the further development of our product portfolio. GlobalData has rated KPN B2B 'very strong' in its most recent company assessment<sup>1</sup>. International Data Corporation (IDC) has once again recognized KPN as a 'Major Player' in the 'IDC MarketScape: Worldwide Managed IoT Connectivity Services 2023 Vendor Assessment'<sup>2</sup>. Furthermore, KPN was awarded both 'Service Provider of the Year' and 'Sustainability Partner of the Year' in 2023 by Cisco. In addition, together with other parties, we won three computable awards in the categories 'Partner Project', 'Digital Innovation', and 'Large Corporate Project'. During the computable award night we also won the Dutch Applied AI Award with KLM and Mainblades.

### Products and services

As our customers embrace the cloud and hybrid working, they also face increasing cyber risks. We help them safeguard their data and systems with our portfolio of security products and services.

We have designed solutions for different customer segments (self-employed, small office home office Soho and SME) to provide them with the basic security tools in a simple and integrated way. For freelance and Soho customers, we offer five anti-virus licenses with our broadband portfolio, and we also provide a password manager (1Password) and internet protection (KPN Veilig Netwerk Thuis, a smart network security from ESET). In SME, the focus is on enriching our KPN EEN MKB proposition with standardized ICT and security building blocks to become a one-stop ICT shop for SMEs. For SME customers of KPN EEN MKB, Extra Secure Internet (Extra Veilig Internet) is a free service in the broadband line-up. This service is used by 62% of our customers, and we have launched a public campaign to raise awareness among SMEs about this simple and effective first step to improve their security. Moreover, we have introduced a password manager and cybersecurity Censornet, which includes web security, cloud application security broker (CASB), email protection and awareness training, as part of

our security portfolio that also contains, for instance, endpoint protection and back-up (Withsecure, Acronis). In 2023, KPN acquired a majority ownership interest in SuperVision to provide easy, scalable and digital governance solutions for workspaces. Previously we had introduced security solutions developed by Censornet, the cybersecurity startup KPN Ventures invested in, offering our SME customers more security features for the products and services they use to work from home, as well as providing security awareness training to their employees.

For LCE customers, we continue to provide Smart Combinations of Network, IT and Security services, with a focus on the 'Connected Employee' and 'Connected Organization'. A key example is our Secure Networking solution, which combines networking (such as SD-WAN, SD-LAN, VPN), network security (such as Anti-DDoS, Firewall, Secure Connect) and multi-cloud connectivity (such as Elastic Interconnect), allowing our customers to access their data and applications securely from any location, device and time.

To support customers in managing ICT services, we launched OneMonitoring. OneMonitoring offers 24/7 monitoring of a customer's network to ensure early detection of cyber incidents.

We completed a strategic restructuring of our mission-critical business segment, which serves more than 40 customers, reorganizing it into three sectors: public; insurance and banking; and transport and logistics. For each of these sectors we offer integrated products and services, and further strengthened the competence centers for security, workplace, and cloud services, through which we provide these services.

### Customer experience

We listen to our customers' needs through various channels, such as our customer panels, events and regular inspirational and learning meetings with customers. We learned that our customers want more convenience – they want simple products that are easy and secure to use and have a strong price-value ratio. With a score of 5, the NPS for KPN Business increased with 3 points compared to previous year. Our clients value our network and products, but they also expect KPN to appreciate them more as customers and simplify and streamline our products and services.

KPN B2B continued its programs to help business customers thrive in a digital world, by further simplifying its portfolio and migrating customers to future-proof propositions such as KPN EEN, KPN Smart Combinations and KPN Smart Integration. Through these actions, we enabled many customers to embrace digital transformation in a sustainable way.

<sup>1</sup> GlobalData, "KPN – Business Services Europe", John Marcus, August 22<sup>nd</sup>, 2023.

<sup>2</sup> IDC, IDC MarketScape: Worldwide Managed IoT Connectivity Services 2023 Vendor Assessment, Sandra Wendelken, Jason Leigh, Jitesh Bhayani, Doc # US50404023, July, 2023.

## ● Our value for stakeholders: Customer value

In SME, we aim to deliver value to our customers by offering them KPN Kleinzakelijk and KPN EEN MKB propositions that are rich in features and easy to use. In order to stay relevant for our customers, we are developing the capabilities to support them with digital solutions for telecom, workspace and security. Our transformation and simplification of our product and services portfolio in the LCE segment is driven by our converged proposition of network, IT and security services (KPN Smart Combinations). This leads to a better customer experience and more opportunities for cross- and up-selling. Our customers appreciate this change, as shown by our indicator for customer satisfaction: the NPS among LCE customers (>150 employees) doubled to 5 in 2023.

### Innovations

Our clients prioritize digitalization, cybersecurity, and moving towards circular business models. In turn, these guide our efforts to improve our products and services and innovate where possible. To further accelerate growth in B2B, stay ahead of the competition and remain relevant for our customers, we introduce new innovative solutions and services in various domains. Within SME, key examples include Censornet and SuperVision. Examples for LCE include Secure Networking (including Next-Gen Office), Campus (including Private 5G), Communication Platform as a Service (CPaaS) and Multi-Cloud (including Edge Computing). In addition, we achieved strong growth in IoT services, offering customers value through global connectivity for IoT and management of the complete IoT solution.

### Network Platform as a Service

KPN's Business segment has two innovation themes around platform play. On the one hand, for our LCE customers, we aim to deliver connectivity solutions, compute and storage through easily accessible and secure Application Programming Interfaces (APIs). On the other hand, KPN is innovating for SME on Network Platform as a Service (NPaaS) to enable third-party solutions developed by business partners and vendors on our platform related to, for example, IoT, hardware, security, and workspace to sell to these customers. As described above, in collaboration with a business partner, we acquired a majority ownership interest in SuperVision, to co-develop a service for better virtual workplace governance. Several other business partners contributed their expertise and services to this platform too, resulting in an offering for virtual workplace governance and other cloud services. With this proposition we serve the KPN Partner Network, our indirect sales channel for products and services offered by partners, which consists of approximately 1,700 partners.

### Cybersecurity-4ALL

We explore new opportunities to offer embedded security platforms for large corporates and SME businesses, by providing security consulting and security as a service to customers. Within KPN EEN, we have a good, secure portfolio with elements

such as endpoint protection (WithSecure), backup (Acronis), EVI, password manager (grip), and awareness (Censornet). Both distributed, direct as well as indirect, via KPN EEN. With Censornet and Microsoft Defender, we enrich security services.

### Mission and business critical

Businesses increasingly create private 5G converged grids within their organizations to enhance flexibility, reliability and security, to enable mission end-to-end business & mission critical use cases. Key verticals for Private 5G are Manufacturing, Transport, Logistics and Health. Private 5G is also a key element of KPN's Campus solution. Building on our expertise and experience with highly secure networks, such as for emergency services, we see opportunities for innovative private network products and services.

KPN is committed to deliver on innovative products and services that address the needs of the healthcare sector. Demand for our products and services geared to the healthcare sector remained strong, confirming the relevance of this offering. We have acquired Itzoo, a leading provider of health-exchange solutions, to simplify and accelerate the digital transformation of information sharing among health organizations.

We continued our manufacturing field-lab initiative in Eindhoven, where we work on 5G private and 5G private-over-public networks in combination with on-premise edge computing for network-centric applications with our ecosystem partners of the Brainport Digital Factory foundation in the Netherlands. We are well-positioned to provide these crucial and sensitive services, thanks to our reputation as a reliable partner offering high-quality services.

KPN is further developing in advanced monitoring, 5G private networks and multi-cloud to offer our LCE customers the highest level of security. Furthermore, we offer IoT solutions and Health solutions to our LCE customers. For the top-end of the market, we build onto Smart Combinations with domain-agnostic professional services and further specialize ourselves in cloud, security and networking services.

We launched KPN Drone Connect, our service enabling customers to connect their drones to our mobile network in a secure way. Alongside this, with our partners LVNL (Dutch Air Traffic Control) and ANWB, we started an experiment with a digital drone corridor in Dutch airspace to enable drones and manned aircraft to move safely through the skies. The first corridor is between two locations of the Dutch Isala hospital, in the cities of Zwolle and Meppel, facilitating the urgent transport of blood, medicines, and diagnostic samples by medical drones.

## ● Our value for stakeholders: Customer value

### Secure data exchanges

With our Data Services Hub (DSH), our Platform as a Service for real-time information exchange, we enable customers to analyze and share data with partners in a secure and controlled environment. Businesses increasingly need secure data-exchanges that offer data owners full control, flexibility, safety and integrity of their shared data. Demand for data-exchange services is also driven by European regulations that companies need to abide by. Today, KPN is already facilitating the secure exchange of medical data with the KPN Health Exchange platform, and is able to exchange vast quantities of streaming data with its Data Services Hub platform. In 2023, we developed Logfilemanagement, based on DSH and contracted major companies, to handle data from IT components to security monitoring tools (SOC/SIEM).

### Circularity

We are committed to enhancing circularity in our products and services. We are preparing services for circularity by focusing on closing the loop for KPN-owned equipment. This includes circular process flows (where viable), embedding circular clauses in vendor contracts and measuring circularity. For 2023, we set a target of six services. For the following five services this was realized: Premium WiFi for our SME customers, and SD-WAN, SD-LAN, KPN VPN and E-Zorg for our LCE customers. We strive to introduce more recycled or renewable materials in the production of the products used. We will enable collection of the customer equipment and make sure it is either reused or recycled.

### CHALLENGE

Despite commitment from all staff involved, it can take more time to bring innovations to market. Sometimes, managing the delivery of existing products and services absorbs more time than expected, preventing our people from working on new products. A shortage of skilled labor in some of our business domains can be a hindering factor too, as is the time needed to develop or adjust the IT systems before we can launch a new product or service. To reduce the 'time-to-market' we aim to improve cooperation between IT and business and we explore if we can use AI to develop software quicker.

### Outlook

We strive to improve customer satisfaction in every aspect of our business. To achieve this goal, we have different strategies for each segment of our business. In SME, we will enhance our user-friendly business app, simplify the business partner platform, and use AI to provide better solutions. In LCE, we will improve our customer experience by increasing digitalization and streamlining the delivery and service process. In Tailored Solutions, we will listen to our customers more closely and customize our services and expertise to three key segments: Public (Critical), Main Ports and Logistics, and Financial Services and Insurance. For Health, we see more opportunities for enhancing access to healthcare through digitalization in the near future. Home diagnostics, self-monitoring, early detection, and even remote treatment of patients in their homes could potentially make life easier for both patients and healthcare professionals. Our aim is to offer health-specific solutions that meet the needs and expectations of our customers.

To accelerate the energy transition, the exchange of data is crucial. Real-time information on renewable energy can enable decentralized energy grids and virtual power plants. KPN is actively assisting energy hubs in the Netherlands through data exchange, providing insight and control in electricity use in office parks.

European policies and regulations, such as the CSRD and the Data Governance Act, will increase the adoption of secure data exchange. The emergence of data intermediaries is already apparent. We collaborate with our European partners to set business standards for data exchange and participate in the European Alliance for Data, Edge and Cloud.

## ● Our value for stakeholders: Customer value

### Wholesale

Our Wholesale business segment provides third-party telecom providers access to our fixed and mobile networks. By maximizing the utilization of KPN's assets and ecosystem in this way, and using the utilization of our networks as fully as possible, we create value for KPN and for our customers and end-users.

We apply an open wholesale policy, which means we offer other parties access to our networks on reasonable terms. Our non-discriminatory voluntary commitment decision, which is approved by the Dutch Authority for Consumers & Markets (ACM) in 2022 for fixed access, include Optical Distribution Frame (ODF) access and Virtual Unbundled Local Access (VULA). We have committed to these fiber wholesale access tariffs for an eight-year period until 2030.

The wholesale telecom market is becoming increasingly competitive, with more market players offering fiber broadband access. However, we grew again, confirming and maintaining our competitiveness. Our fixed and mobile access business continued to grow to 1,180k broadband connections and 811k postpaid connections, respectively. We extended contracts with existing mobile phone clients, mostly big telecom providers. The number of end-consumers increased, as did end-users' demand – for both mobile and broadband capacity.

A continuing shift from prepaid to postpaid mobile phone subscriptions drove growth in the mobile segment. Our wholesale fiber network activities accounted for most of our overall growth in the KPN wholesale business. Revenues for large accounts SMS services remained relatively flat compared to 2022. Price increases offset the decrease in volume.

### Product and services

We continued to phase out our legacy services on copper lines, migrating consumers to faster fiber connections. In 2023, we reached agreements with our customers on passive copper lines. This will enable us to phase out our copper Unbundled Local Loop services in the coming years, thereby reducing the number of central offices needed and contributing to energy savings.

Over the past few years we offered, and in future years, will be offering VULA passive optical network (PON) and WBA services in our PON footprint as an alternative to fully unbundled fiber lines. In this way, we are preventing a situation where we have many small local installations that require active equipment, thus saving on hardware and maintenance requirements and energy use.

Our roaming footprint and revenues from our roaming services increased in 2023 due to people continuing to travel more after the COVID pandemic. Our e-sim services also contributed to roaming

growth. E-sims are part of an increasing number of travel products that are sold internationally. People use these when travelling abroad, leading to more roaming.

In 2023, we started providing wholesale customers with access to 5G mobile services and we accelerated the voice-over-LTE roll-out for wholesale customers. This technology is expected to become the new standard for voice services. By expanding VoLTE, we also anticipate the phasing out of 2G connections.

We improved our portal for wholesale customers, MyPortal, providing them with access to more services and tools in a single, centralized online location. We also streamlined and further digitalized our internal customer-management tools, shifting to one centralized system (Salesforce) that our wholesale staff use to support customers. With this we create an excellent (digital) customer and employee experience through one ecosystem – an ecosystem that offers our customers better insights into service or network failures more quickly, so they can act faster to help clients.

### Customer experience

We ask our customers for feedback on our products and services, and this feedback reflected a high degree of satisfaction. However, customers also pointed out where we could improve, such as in communications with them, processing time and fulfilling customer demands. We are continuously working on enhancing the wholesale user experience.

### CHALLENGE

Building a trusted relationship with parties who we compete with in the consumer market forms a challenge. To instill trust, we ensure a strict non-communication policy internally between involved departments, next to secure workspaces – both physically and online.

### Innovations

To onboard new partners faster to our mobile network and services we have introduced a new platform: API/GUI Private Label. We see this as an important milestone to leverage our mobile network and roaming footprint.

We continued efforts to further standardize our products and tools to help businesses minimize cybersecurity risk and at the same time safeguard the privacy of their clients. Our multi-cloud solution Elastic Interconnect has become a fixture in our B2B portfolio, offering companies and their employees direct, stable and secure connections to cloud applications such as Microsoft Teams. Demand for this service grew in 2023.

Together with other providers, we offer Mobile Connect, which comprises several services for number verification authentication,

## ● Our value for stakeholders: Customer value

identification, and extra protection against account and identity theft. It ensures that customers of digital service providers, such as banks and online shops, can conduct, verify and ensure transactions simply and securely.

Through the international Open Gateway initiative, in cooperation with the Global System for Mobile Communications (GSMA), the international industry organization for mobile technology, we seek to develop international standards for online identification verification and authorization products, as well as new network-based services like quality-on-demand. This is part of our new Network Platform as a Service portfolio (NPaaS) development, which also applies to our B2B customer segment. Through further standardization, we not only meet demand in the B2B market but also anticipate potential future government regulation. New regulation is expected to force companies to accept standardized online identification verification, such as KPN's PiM app, to prevent consumers having to create online accounts for every online shop or service they use.

Disruptions in the supply chain, in some cases combined with shortages of skilled technical staff, led to delivery delays for some of our services. There was a threat, for instance, to the delivery of services via our fiber network to some clients who needed more capacity due to growing demand. We met this challenge through innovation by applying bidirectional optical fiber technology (bidi).

Until a few years ago, we built fiber connections to big users, mostly large companies, consisting of two fibers for each user – one for uploads, and one for downloads. We introduced bidirectional technology in 2021, and in 2023 we scaled it up to its full potential delivering upload and download through the same fiber. This allowed us to connect more consumers and provide more services with the existing network, preventing us from having to build additional fiber connections. Using bidi technology saves time, as we can provide more services more quickly. It also saves on material and costs, as we do not need to build additional fiber connections. At the same time, by deploying our network optimally, we lower our ecological footprint.

### Outlook

As part of KPN's new business strategy announced in November 2023, KPN Wholesale will, in the next few years, work to provide easier access to our wholesale services by intensifying the use of APIs and allowing faster scaleup of services, both in our home market and internationally.

We expect to further expand our portfolio of broadband services by offering new and higher speeds to our customers on a larger footprint. Furthermore, our copper switch-off program will continue to result in a lower energy consumption.

We are investigating the possibility of broadening and leveraging our access portfolio and creating building blocks that can be used for all segments within KPN. On top of that we continue to identify markets that are expected to grow significantly in the next few years and might require a wholesale relationship. We intend to be ready to serve these markets, resulting in a more segment-specific and demand-driven approach.

## Reputation and recognition

Being rooted in and firmly connected to the Netherlands, we value our reputation dearly. Although KPN provides vital services to society, businesses and consumers, we are well aware that our reputation is not merely based on the quality of our networks or products. People also base their view of KPN on the perceptions of how we do business, how we act as a corporate citizen and how we behave as a large employer in the Netherlands. The overall perception of stakeholders and society about KPN, both online and offline, determines to a large extent our license to operate and hence our potential to grow.

KPN continues to lead the benchmark in the telecom industry and remains well ahead of the combined average of the top 30 largest Dutch companies. Ending with an overall reputation score of 73.1 in the last quarter of 2023, we witnessed a small drop of 0.5 points compared to the last quarter of 2022 (73.6). All underlying reputation drivers remains in the 'strong' zone, and with a consistent lead in the benchmark, we maintained our track record as a company with a strong reputation.

Over the past few years, the way in which businesses act on ESG-related matters has become more important in terms of public perception. ESG continues to feature highly on the agenda of our Board of Management and we regularly monitor our ambitions to have a positive influence on society. As a result of our ESG efforts, KPN was awarded the number one spot in the telecom sector on the Dutch Sustainable Brand Index, a perception-based ranking that reflects the public's view of how sustainable they believe a company is.

## Sponsorships

As a sponsor, KPN was able to support our partners and connect fans throughout the Netherlands with our sponsorships, campaigns and events. Our sponsorships contribute to our strong brand image, reputation and business goals. In 2023, we spent EUR 3.8m (2022: EUR 3.5m) on donations, sponsorship and community projects.

Our sponsorships can contribute in a way that 'everyone can join in'. They bring people together so that they can be part of the

## ● Our value for stakeholders: Customer value

group, allowing them to experience special moments with others or simply to participate in everyday life.

With this in mind, we created KPN Mooiste Contact Fonds, which is designed to involve people who find it difficult to participate in society. Key projects include KlasseContact, which allows long-term seriously ill children to participate in the classroom again.

### KPN Mooiste Contact Fonds fosters connection

Loneliness is a growing issue in Dutch society. The most recent (2022) Adult and Elderly Health Monitor survey by the Municipal Health Service (GGD), the Central Bureau of Statistics (CBS) and the National Institute for Public Health and the Environment (RIVM), shows that 49% of adults feel lonely, an increase of 2% since the previous measurement in 2020. To fight loneliness, our KPN Mooiste Contact Fonds has supported vulnerable groups since 2007 by financing several large projects in partnership with NGOs. The foundation is supported by KPN employees, our IT resources and financial assistance. We received 898 voluntary contributions and had 671 volunteers to accompany participants during our events in 2023.

Through our most important and longest-running KlasseContact project, this year we connected 776 housebound chronically ill children to their classroom via an IT device, the KPN Klasgenoot.

In March 2023, Her Majesty Queen Máxima visited the joint program Entrepreneurship against Loneliness of the KPN Mooiste Contact Fonds and the Oranje Fonds. She interacted with representatives of both foundations and with four social entrepreneurs (out of a total of 18 who are following the program) who, with the support of the program, combat loneliness in our Dutch Society.

Together with the Bartiméus Foundation, which is committed to help people who are visually impaired or blind, we received guests with a visual impairment at the Boijmans Van Beuningen Depot in Rotterdam. Also, our Pink Christmas Dinner, organized with KPN Pride and social entrepreneurs to allow LGBTQIA+ seniors and youngsters to talk with each other, created meaningful conversations.

An annual survey conducted by an external party shows that in 2023, 19% of the Dutch people were aware of our social responsibility activities and we aim to build this awareness further in the near future. Another survey shows that in 2023, 75% of the respondents appreciate our foundation.

### Soccer

Since 2017, KPN has supported soccer in the Netherlands, from the Dutch national teams (Lions and Lionesses) and E-Oranje to the local amateur clubs. With our support, the Orange Lionesses competed in 2023 at the World Cup in Australia and New

Zealand. Together with the Dutch Soccer Association (KNVB) we organized many activities to engage fans, including an Orange Fan Day, tickets for the farewell match, a Lionesses Xperience and the KPN Soccer Camp aimed at aspiring young lionesses. This year we extended our sponsorship with the KNVB until 2026. As the main sponsor of the Eredivisie since 2017, we enable KPN customers an experience to watch all simultaneously played matches live during the last two rounds of the competition, by realising six extra soccer channels on KPN TV, so that all matches could be followed live by fans.

### E-sports and gaming

KPN is a sponsor of E-sports and gaming, with a focus on E-soccer, and brings together the best E-gamers in the popular soccer game FC24 (formerly known as FIFA). In May, eight Eredivisie (Dutch Premier League) clubs played the Dutch EA SPORTS FIFA 2023 championship during the KPN eDivisie Finals. The matches were played surrounded by gaming and soccer activities.

### TEAMKPN Sportfonds

Through the TEAMKPN Sportfonds, KPN supports sports teams representing the Netherlands at top sporting events such as the European Championships, the World Cup and the Olympics. Every year, the fund provides financial support to one or more Dutch national sports teams. In 2023, we supported women's beach tennis, men's bowling and women's canoe sprint, helping teams to perform optimally to realize their ambitions.

### Art and culture

Since 2013, as main sponsor of the Rijksmuseum, it has been our mission to make its internationally renowned art collection accessible to everyone in the Netherlands and across the globe, both in the physical museum and online. To ensure that art remains accessible and appealing to younger and future generations, KPN supports the Rijksmuseum in making its artworks available to view online for free in high resolution, for instance through the Rijksmuseum app. In 2023, we created the online experience for the Vermeer exhibition, which was visited by more than 890,000 people. We also invited customers and employees to see what was the biggest Vermeer collection ever. More than 650,000 visitors attended in total, making Vermeer the most visited exhibition in the history of the museum. We also received more than 5,000 customers to the Rijksmuseum to endorse our new loyalty program for our customers. This year we extended our partnership until March 2025 and continue to engage fans with all the artworks of the Rijksmuseum.



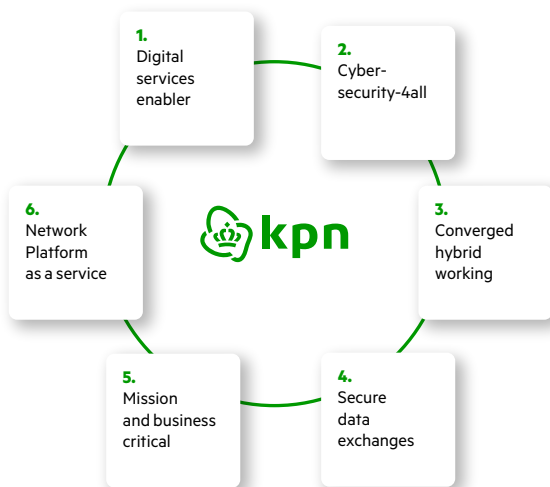
## ● Our value for stakeholders: Customer value

### Central innovation

**Innovation is crucial to KPN's future business growth. Developing new products and services enables us to meet new customer demands and help digitalize society further in a responsible way.**

#### Innovation themes

Guided by our focus on our six innovation themes, we achieved good results in innovation in 2023. Several projects from our innovation pipeline made it to the product portfolio. For details, see the paragraphs on innovation in the Consumer and Business segments earlier in this chapter. Despite these achievements, we saw room for improvement, particularly around speed to market for our innovations.



#### Innovations supported by startups and venturing

Innovation at KPN is supported by KPN Ventures, KPN Liaison Management Scaleups, KPN Technology Innovation Roadmaps and Architecture and KPN Field Labs. KPN Ventures is our venture capital investment fund. It invests directly and indirectly in innovative European technology companies to build value-creating partnerships. KPN Liaison Management Scaleups supports startups, scaleups and other partners to connect with KPN. It provides a joint platform where our partners and customers can share expertise and seek financial support, based on the open-innovation concept.

KPN Ventures has invested in RangeForce, a team cyber-readiness platform, which is expected to strengthen the security offerings to KPN's customers.

KPN continued its partnerships with several Dutch universities. The goal of these partnerships is to enable thought leadership and positioning in relevant research areas. We do this by collaborating with top universities in strategic areas. We engage with data and network science talents through Masters and PhD thesis projects. Subjects vary from what a future network will look like to how KPN can continue to be a frontrunner in emerging digital ecosystems.

#### IPR

KPN's current portfolio of intellectual property rights (IPR) consists of 305 registered trademarks relating to our core brands and 355 patent families. Around 92 of the patent families that KPN owns are deemed essential for the commercial use of telecommunications technology and services, including in 5G and virtual/augmented reality, in total corresponding to 152 telecommunication standard declarations. Throughout 2023, the research entity LexisNexis has ranked KPN as 36<sup>th</sup> among the worldwide 5G innovation leaders as measured by patent strength: KPN sits in fourth place among the telecom operators.

#### Outlook

In addition to working on the six focus areas, we will continue to explore topics we consider relevant for the longer term, such as artificial intelligence (AI), Web 3.0 and metaverse, and what these developments mean for KPN. In 2023, KPN's strategy team developed use cases in the area of AI, and although metaverse moved out of the public eye in 2023, we continue to closely monitor this development. Another area of interest in 2023 was satellite communications. We began exploring whether we can develop products with partners aimed at providing connectivity in remote regions with little or no connections to mobile or fiber networks.

We will continue developing partnerships, and intensifying our cooperation with Microsoft, Google and Amazon Web Services (AWS), Amazon's subsidiary offering cloud computing and APIs. Together with Google and accounting consultancy firm Deloitte, we began exploring assessing the market for sovereign clouds. With Amazon we will explore if and how to apply their Thinking Backwards innovation method for KPN's innovation projects.

We have established an effective innovation process at KPN, consisting of clearly defined steps: explore, validate, create proof of concept, and scaleup. At the same time, we seek to continue to provide room for experiments outside of this well-established process, to ensure we remain flexible in our innovation and do not miss out on opportunities.

## ● Our value for stakeholders: Shareholder value

# Providing attractive shareholder returns

**2023 marked the conclusion of our Accelerate to Grow strategy, setting the foundation for the new Connect, Activate & Grow strategy for the 2024-2027 period. In 2023, we successfully delivered on our outlook and ambitions, with sustainable Group service revenue growth, across all segments. We delivered EBITDA AL and free cash flow growth, despite inflationary headwinds. Our ROCE continues to improve, reflecting shareholder value creation. Our strong execution and multi-year cash generation perspective, enables us to continue delivering attractive shareholder returns, and distribute free cash flow to our shareholders.**

KPI	Result 2023	Result 2022
Adjusted EBITDA after leases <sup>1</sup>	€ 2,420m	€ 2,404m
Capex	€ 1,248m	€ 1,206m
Free cash flow <sup>1</sup>	€ 886m	€ 862m
Dividend per share	€ 15.0ct	€ 14.3ct
Share buyback	€ 300m	€ 300m

<sup>1</sup> For definition see Appendices 2 and 14

## Financial review

In 2023, we delivered on our outlook and ambitions. Group service revenues are growing sustainably, with growth across all segments. Throughout the year, Consumer service revenues continued to improve, driven by ongoing mobile service revenue growth and solid broadband base growth. Business service revenues continued to grow with SME as the main contributor, as well as another year of growth in Wholesale.

We delivered EBITDA AL and free cash flow slightly above guidance, supported by sustainable service revenue growth and effective measures to partly offset inflationary headwinds. The

commitment shown by all colleagues towards customer centricity continues to pay off, with NPS improvements in both B2C and B2B.

We remain on track with our fiber roll-out and we added a record number of households to our fiber footprint in 2023. KPN, together with Glaspoort, cover 57% of Dutch households with fiber. The significant investments we make in our networks and services are bearing fruit. We are on track with the decommissioning of our copper network in fiber areas with almost three million copper lines decommissioned by year-end 2023, making super-fast internet via fiber the norm.

## ● Our value for stakeholders: Shareholder value

### Revenues and other income

Adjusted revenues increased 2.5% y-on-y, driven by higher Group service revenues (+3.0% y-on-y), mainly driven by continued growth in SME, Consumer Mobile and Wholesale.

Adjusted Consumer service revenues increased 2.0% y-on-y as higher service revenues from fiber and mobile were partly offset by declining service revenues from KPN's copper and legacy portfolio.

Mobile service revenues grew 5.4% y-on-y, driven by solid base developments and growing ARPU. Fixed service revenue growth accelerated throughout the year and increased 0.5% y-on-y, supported by continued fiber broadband service revenue growth (+12% y-on-y), offsetting the declines in copper (-10% y-on-y) and legacy services (-19% y-on-y). KPN's Fixed-mobile household base grew 23k to 1,548k and represents 56% of total Fixed households.

Adjusted Business revenues grew 1.9% y-on-y, driven by a continued strong performance in the SME segment (+9.6% y-on-y) and solid growth at Tailored Solutions (+3.6% y-on-y), partly offset by the flat performance in LCE y-on-y and lower non-service and other revenues (-24% y-on-y). Total Business service revenues grew by 4.1% y-on-y.

SME service revenues grew strongly again at 9.6% y-on-y, supported by continued solid commercial momentum in both

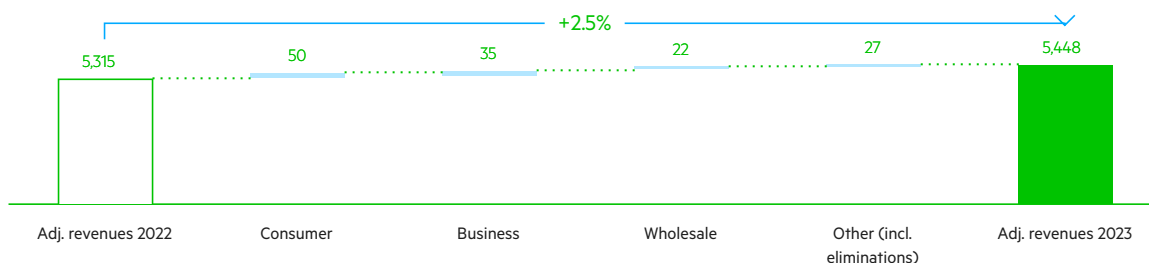
Broadband and Mobile. Alongside a growing customer base and the number of products per customer, revenues from Access & Connectivity also benefitted from higher Mobile ARPU, due to the uptake of unlimited data bundles. Cloud & Workspace showed the strongest growth. The LCE service revenue has been hovering around the inflection level for a number of quarters and is showing a stabilizing development at 0.0% y-on-y, with growth in the fourth quarter. The converged portfolios in SME and LCE will be leveraged to increase share of wallet and drive further growth. Service revenues from Tailored Solutions increased with 3.6% y-on-y.

In Wholesale, KPN continues its open access policy to offer access to third-party operators. KPN aims to remain the preferred connectivity partner for broadband and mobile services and will deliver innovative services through new building blocks. Adjusted Wholesale service revenues increased 3.2% y-on-y, largely driven by growing Broadband and Mobile service revenues.

Broadband service revenues increased 8.0% y-on-y, mainly due to a higher base compared to last year and a good performance of fiber. Mobile service revenues rose by 5.4%; while, other service revenues declined by 5.3%, mainly due to lower regulated termination tariffs leading to a decrease in low-margin interconnect revenues.

### Adjusted revenues

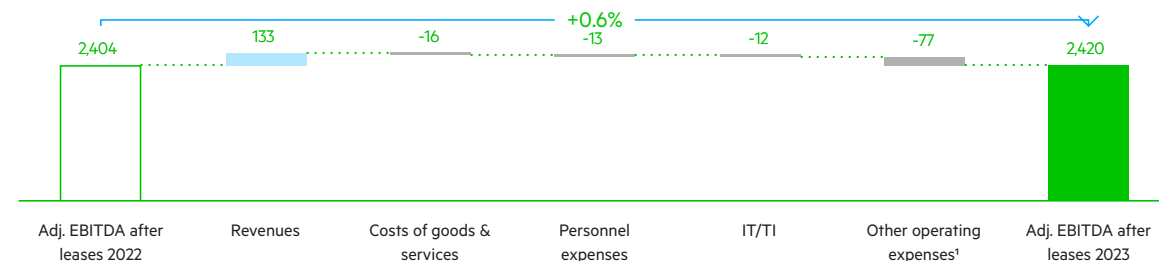
In € million



## Our value for stakeholders: Shareholder value

### Adjusted EBITDA AL

In € million



<sup>1</sup> Incl. lease-related expenses

### Adjusted EBITDA AL

Adjusted EBITDA AL increased 0.6% y-on-y, driven by service revenue growth, partly offset by higher costs. Adjusted EBITDA AL margin decreased 80bps to 44.4%. Cost of goods and services increased 1.2% y-on-y, mainly due to costs related to mix effects in Business service revenues and higher third-party access costs. Personnel expenses increased 1.6% y-on-y due to wage indexation and a step-up of more than 600 FTE in insourced personnel. IT/TI expenses increased 4.0% y-on-y, and adjusted other Opex increased 21% y-on-y due to inflationary effects.

For information on financial and operational performance per segment, see Note 3 to the Consolidated Financial Statements.

### Operating profit

Operating profit (EBIT) of EUR 1,342m increased EUR 129m or 11% y-on-y, despite EUR 16m lower book gains on sale of assets to Glaspoot, driven by higher EBITDA and lower depreciation and amortization.

### Financial income and expenses

Net finance expenses increased in 2023 by EUR 19m to EUR 246m, mainly driven by higher interest rates on floating rate debt, which more than offset the higher finance income.

### Income taxes

In 2023, KPN recognized a tax expense of EUR 245m (2022: EUR 227m). KPN's effective tax rate for 2023 is 22.3% (2022: 23.0%). The difference in effective tax rate is predominantly due to the Innovation Box facility, tax-law changes, settlements with tax authorities, impairments, tax benefit perpetual instrument, and results on disposals of subsidiaries and revaluations.

KPN continues to qualify as an innovative company and therefore benefits from the innovation box tax regime, a facility under Dutch corporate income tax law whereby profits attributable to innovation are taxed at an effective rate of 9%.

For 2024, the effective tax rate is expected to be ~23%, excluding one-off effects. See Consolidated Financial Statements Note 8 and Tax and regulations section for further information on KPN's tax position.

### Net profit

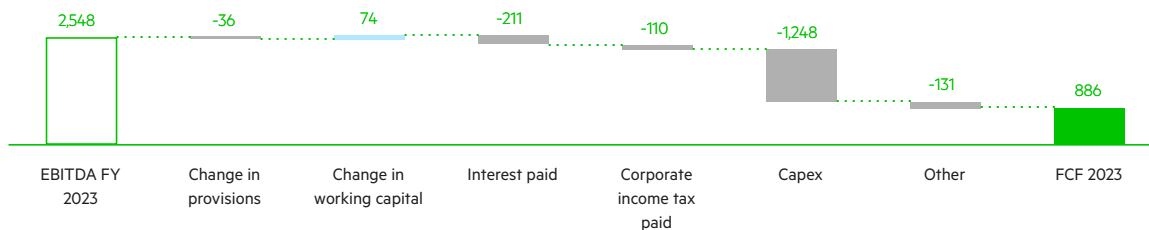
Net profit of EUR 843m increased EUR 77m y-on-y or 10% y-on-y, driven by a higher operating profit.

## ● Our value for stakeholders: Shareholder value

### Free cash flow

Free cash flow

In € million



Operational free cash flow of EUR 1,172m was 2.2% lower y-on-y, as the growth in EBITDA AL was offset by higher Capex. Free cash flow of EUR 886m increased EUR 24m, or 2.7% y-on-y, mainly driven by higher EBITDA AL and working capital measures, which more than offset the higher cash taxes and Capex in 2023. Free cash flow margin was slightly above the prior year at 16.3%.

### Solid financial position

KPN had a strong balance sheet and liquidity position at the end of 2023. At 31 December 2023, net debt amounted to EUR 5.6bn, EUR 147m higher compared to end of 2022. The movement in net debt is mainly related to related to acquisitions (EUR 118m) and other investments made over the year, as the free cash flow generation during the year covered the EUR 587m dividend payments and the EUR 300m share buyback program in 2023.

Nominal debt outstanding was EUR 6.9bn including EUR 60m short-term commercial paper and the 3.875% EUR 600m senior bond with an eight-year maturity that was issued in July 2023. KPN's committed liquidity consisted of EUR 802m cash and short-term investments and a EUR 1.0bn undrawn revolving credit facility. Therefore, available liquidity covers debt maturities until the end of 2025.

KPN remains committed to an investment-grade credit profile and aims for a leverage ratio of <2.5x in the medium term.

At 31 December 2023, the net debt to EBITDA ratio was 2.3x (Q3 2023: 2.4x) and KPN's interest cover ratio was 10.5x. At 31 December 2023, the weighted average cost of senior debt was 4.11%, 60 basis points higher y-on-y.

### Capital allocation and shareholder remuneration

KPN continuously invests in its network infrastructure, products, customers and employees, resulting in high-quality fixed and mobile networks. KPN focuses on improving the customer experience by further investing in the capacity, reliability and stability of its integrated network. These initiatives require significant investments in capital expenditure, working capital, spectrum licenses and acquisition opportunities that may arise from time to time. KPN aims to provide a progressive dividend per share, paid semi-annually, supported by its growing free cash flow.

KPN's successful execution of its strategy and multi-year cash generation perspective enables the company to complement its progressive regular dividend with a structural return of additional capital to its shareholders, subject to our actual and anticipated level of liquidity, leverage requirements and other relevant factors.

In 2023, KPN executed a share buyback of EUR 300m through which it repurchased approximately 92.4m shares at an average price of EUR 3.25 per share – ~89.9m of the repurchased shares have been cancelled. As per 31 December 2023, the total shares outstanding amounted to 3,947,417,782, of which 3,510,888 are treasury shares.

KPN intends to pay a regular dividend per share of EUR 15.0 cents over 2023. The final dividend of EUR 9.8 cents per share is subject to shareholder approval at the Annual General Meeting of Shareholders on 17 April 2024. If approved, the provisional ex-dividend date is 19 April 2024, and the provisional payment date is 25 April 2024.

## ● Our value for stakeholders: Shareholder value

### Achievements 2023 and ambitions 2024

	Outlook 2023	Achievements 2023	Outlook 2024
Service revenue growth		+3.0%	~3%
Adj. EBITDA AL	~€ 2,410m	€ 2,420m	~€ 2,480m
Capex	€ 1.2bn	€ 1,248m	~€ 1.2bn
Free cash flow	~€ 870m	€ 886m	~€ 880m
Regular DPS	€ 15.0ct	€ 15.0ct +4.9% y-on-y	€ 17.0ct +13% y-on-y
Share buyback	€ 300m	€ 300m	€ 200m

The 2024 outlook expects Group service revenue growth of approximately 3%, adjusted EBITDA AL of approximately EUR 2,480m and Capex of approximately EUR 1.2bn. The FY 2024 free cash flow outlook is set at approximately EUR 880m. The expected dividend payout over 2024 is EUR 17.0 cents per share (+13% y-on-y).

KPN's execution of its strategy and multi-year cash-generation perspective enables the company to structurally return additional capital to its shareholders.

### What do you think?

Share your opinion now on the statement below and 9 other thought-provoking topics that impact our company and environment.

**Fast internet  
feels like a  
basic necessity**

**Scan and vote along!**





## ● Our value for stakeholders: Employee value

# Empowering our people for sustainable impact

Recruiting, developing and retaining the right people and skills will make us stronger and more agile, and help us to generate profitable business. Through our sustainable employability strategy, we are shaping an inclusive and diverse organization and culture, in which our people can thrive and make impact.

KPI	Result 2023	Result 2022
Employee survey score for engagement	83%	81%
Overall % women at KPN	22%	22%
% women on KPN Boards	40%	43%

### Chapter contains information on material sustainability matters

- 05. Working conditions of our own workforce (ESRS S1)
- 11A. Equal treatment: diversity within the own workforce (ESRS S1)
- C. Own Personnel (ESRS S1)

## Sustainable employability

Competent, diverse, motivated and engaged people are crucial to achieve our strategic business goals. To promote this, we foster sustainable employability. This means we stimulate our employees to continuously grow and develop, personally and professionally, making sure they are a good fit for their current positions as well as future jobs they may aspire to. Our sustainable employability strategy focuses on nurturing and building on our company's values and culture.

KPN's core values are trust, showing courage and aiming for growth, and our company culture aspires to reflect these values. We strive to support, stimulate and develop our people, so they make a positive impact on the customers, their colleagues, our business, and society at large. We seek to develop and sustain

an inclusive culture, one in which people feel free and safe to speak up about undesirable behavior – be it discrimination, sexual intimidation, aggression, bullying or experiencing something other at KPN that worries them and they do not feel free to discuss it with those directly involved.

KPN's company culture is further described our new culture statement launched by the end of 2023. Our new business strategy driving a culture of customer centricity, high performance and enabling (cross-segmented) winning teams, while keeping our values of trust, courage, and growth top of mind. We hereby aim to preserve the strong elements of our current culture such as high company pride, engagement and empathy. We know our past doesn't define our future. The world around us is changing and so are we. That is why we will also explore new elements to support our long-term strategic goals. We strive for an integral culture approach, secured in a culture statement describing how we work and behave with our colleagues.

### Actively supporting employee well-being

In 2023, we created a more financial resilient environment for our people to deal with high inflation and raised costs of living in the Netherlands. By agreeing a new collective labor agreement in late 2022, we created clarity around compensation and other terms of employment. Our employee survey revealed that our employees experience a good sense of well-being. Employee engagement

## ● Our value for stakeholders: Employee value

remained high and increased versus previous year to 83% (2022: 81%) with 73% participation (2022: 66%), while absenteeism went down. The survey also showed that the majority of the employees have confidence in the decisions of our Board of Management. However, respondents indicated that stress is mainly caused by workload.

We also addressed workload, among other things, through continuing our 'A Good Conversation' initiative. These are regular conversations between employees and their managers that go beyond tasks and performance to include well-being. We aim for every employee to have such a conversation with his or her manager up to three times a year.

In January 2023, we organized a well-being month, paying extra attention to initiatives to achieve healthy work-life balance. KPN collaborate with Open Up, a tool which gives fast and discreet access to psychological help for employees. Through this partner platform, all employees can raise issues and ask for support when they experience mental-health problems. Support is available through courses, health checks, interviews, and one-on-one conversations with a psychologist via chat, telephone or video calling. Introduced in 2022, partly in response to stress resulting from the COVID-19 pandemic, Open Up clearly continued to meet a need in 2023, as employees continued to make use of this service. We will carry on with this initiative as part of our commitment to support our employees' physical and mental health.

Absenteeism at KPN decreased and dropped slightly below the nationwide trend in the Netherlands. According to Central Bureau of Statistics (CBS) absenteeism among companies with >100 employees in 2023 decreased from 6.5% to 5.5% (average of Q1, Q2 and Q3). At KPN, absenteeism decreased to 5.0% versus 5.9% in 2022. According to our occupational health and safety union, our absenteeism in 2023 is less affected by short-term absenteeism due to COVID and other viruses. In addition, the backlog in care and delayed care has been less of an issue than in 2022, which means that our employees returned to work earlier. Still, our biggest concern is long-term absence. Although we succeeded in bringing down long-term absence in 2023, we still see that mental problems in age classes 25-45 is a point of attention. In addition to the above-mentioned initiatives to influence well-being and absenteeism, a specialized absenteeism HR expert team was set up in 2023. This team supports managers and employees in complex and long-term absenteeism and reintegration. This expertise is highly appreciated and helps in the adequate use of all our instruments.

Our employees are responsible for their own vitality and health, however as an employer, we support them by providing a healthy work environment and giving them instruments to take their health in their own hands. Next to this, we stimulate employees to

invest in their future skills and employability. In 2023, we started measuring the money spent on future skills (e.g. data, AI, security), as developing future skills is a key pillar in our people strategy. In 2023, we continued to offer our employees a budget of EUR 1,500 to spend on personal development. An additional budget of EUR 1,000 is available for tailored training to refine their technical craftsmanship. In 2023, our employees used this budget and spent on average EUR 1,342 (2022: EUR 1,552) on training per FTE.

In 2023, there were 272 incidents (2022: 229 incidents) concerning discrimination or aggression involving employees. Our managers have toolkits that help them start conversations about undesirable behavior, such as the dilemmas we describe in our Code of Conduct. This helps managers to know what to do when difficult situations occur, and how to prevent those situations.

Automation is an important way to improve HR processes. We took further steps to improve our internal HR systems, and launched a mobile office facility application which helps our employees find available meeting spaces and parking spaces at KPN premises. We also continued exploring how the use of AI and machine learning in our business may impact our employees' job profiles. Research shows us that by eliminating tasks by automation, organizations can create space for high-impact tasks that require human interaction, creativity and problem-solving skills. This is something that we will continue to explore and experiment with.

### CHALLENGE

As part of our commitment to carbon-emissions reduction, we implemented changes to our mobility program in 2023. We introduced more incentives for employees to use public transport, to come to work by bike, or, if necessary, use one of the cars in our company car-sharing program for visits to clients or company facilities in remote areas. This green mobility program makes KPN a frontrunner in the industry on this topic. To act upon our sustainable ambitions, we did not shy away from the tough decision to go through a transition period to phase out lease cars in preparation for a new mobility statement. Although this decision was crucial to drive change in the long run, we understand the disappointment of the employees and acknowledge that transitions to more sustainable ways of working can be challenging. At the same time, we were happy to see a sharp increase in interest in our bicycle lease program, with about 710 employees ordering company bikes for work as of end 2023. Also, we reward employees with 40 cents per kilometer when they commute to our offices by bike. Our new green-mobility program has since gained praise by many industry players.

## ● Our value for stakeholders: Employee value

### Attracting new people in a tight labor market

To address the challenge of attracting new employees in the very tight labor market, we took steps to strengthen our position as an attractive employer. For example, we upgraded and refreshed the KPN jobs website to make it more engaging for job seekers and easier for them to find the information they need. To position ourselves as an attractive employer, we launched a new employer branding campaign 'Green is not a color, it's a mentality', referencing our company color and the values we cherish. We also ran tailor-made recruitment campaigns, targeting specific groups with the skills we need most, such as engineers and IT professionals.

These efforts paid off, as we recruited engineers and data-security specialists in 2023. To maintain a pipeline of talent, we continued our Young Talent Program which sets out to attract young people to the company. In 2023, we welcomed 26 new young talents to KPN and we also launched our new Tech Talent Program.

In the tight labor market of 2023, unchanged from the previous year, recruiting new employees and retaining existing staff continued to be challenging. Despite these difficult circumstances, we were able to fill job openings. To address this, we once again prioritized staff workloads, while continuing efforts to support a healthy work-life balance to reduce stress. Our internal recruitment tool, KPN Match, offered 1,328 vacancies (2022: 1,518) and 1,958 colleagues applied for jobs using this tool (2022: 2,093).

### Hybrid working

Offering hybrid working is a prerequisite to attract new talent in the competitive labor market. Also, our current staff expect to be able to combine remote and on-site work. At KPN, we want to accommodate hybrid working where possible – it fits with our commitment to enabling a healthy work-life balance. After experimenting with different models of hybrid working in the immediate aftermath of the COVID-19 pandemic, we have settled on a model where our office staff spend at least 40% of their working week on-site.

We believe our teams' overall productivity increases when we meet and cooperate regularly face-to-face. Working on-site for at least a significant part of the working week is crucial to maintain a good team spirit and sense of belonging at KPN. We consider offering an attractive office environment a condition for achieving this objective. In 2023, we continued the dialogue within teams to seek for the right hybrid balance, where we aim for a ratio of 40% of employees working at the office and 60% from home. In 2024 we will further invest in initiatives to collaborate more often and more effectively within our offices. To facilitate different types of work in the office, we build experimental areas in a few offices, based on different activities: networking, collaboration, focus work and digital meetings.

We hosted the KPN Festival in 2023, KPN's first company-wide, face-to-face team-building event, where we celebrated our success as a company. The event, which took place at the campus of KNVB, the Dutch soccer association, drew positive feedback, with employees saying it served to strengthen ties between colleagues across business lines and boost company pride.

### Diversity and inclusion

At KPN, we believe in the power of diversity, equality, and inclusion. Diversity is not only about differences between people, but also about what unites us. It reminds us that, regardless of our backgrounds, we are all part of one KPN. It is about celebrating our uniqueness while pursuing shared goals. Diversity and inclusion strengthen the bonds between colleagues, encourage collaboration, enhance our creativity and innovation, and enable us to be the Network of the Netherlands.

Diversity, equality, and inclusion are not only morally right, they are also essential to our business performance. We have a wide variety of customers, and we want this diversity to be reflected in our business. Our employees have a unique perspective due to their background and experience. As we grow, we try to make ourselves as much as possible a representation of the Netherlands. This allows us to better understand and connect with customers.

Diversity cannot exist without an inclusive and equitable working environment. Therefore, we will always keep improving to ensure that everyone feels welcome, can be who they are and participate on an equal level. Together we ensure that everyone feels welcome and accepted at KPN. Every day, we work together to create an inclusive, safe working culture. Where we take part in equal and balanced teams. Where everyone's talent is valued and harnessed. And where we embrace our differences. We have recently updated our diversity and inclusion policy, which can be found on our website.

Due to regulations around the recording of personal data, it is difficult to gain accurate insight into diversity categories other than gender and age. In 2023, we asked employees, on a voluntary basis, more about several diversity dimensions, such as their cultural background, sexual orientation and/or identity and disabilities. About 90% of respondents to our employee survey answered these questions, providing us with insights into the well-being, engagement, perception of culture and leadership of diverse groups of employees. KPN has several internal networks (ERGs) to facilitate a dialogue about diversity, equity and inclusion. The goals of these networks is to increase understanding and respect for each other, by talking about different (cultural) backgrounds and/or identities and sharing information about biases, rituals, preferences, interests and customs linked to these backgrounds.

## ● Our value for stakeholders: Employee value

In 2023, we also paid closer attention to neurodiversity, meaning the range of differences in individual brain function and behavioral traits (e.g. autism, AD(H)D, dyslexia). For example, to increase awareness about neurodiversity and the issues related to it, we organized a Neurodiversity Day. Employees also set up a network of like-minded people, which quickly grew to about more than 190 members.

As in previous years, we organized a Diversity Week to enhance awareness about diversity and inclusion. We are concerned about how slowly we are moving towards more gender diversity at KPN. We realize that gender diversity is a challenge across the tech industry, but we do not want to use this as an excuse to accept our current levels of gender diversity. Instead, we see this as an incentive and obligation to increase our efforts to promote gender diversity.

In 2023, 25% of the total inflow was a woman, however the total outflow of women was slightly higher (28%). For higher scales (scale ≥11), the percentage of inflow of women was higher than the outflow of women. As one of few listed companies in the Netherlands, 50% of KPN's Board of Management are women. Our Sub Top, however, is less than 30% female, slightly lower than the previous year, and gender diversity of our overall workforce is still below our target of 24%. This is why our Board of Management in 2023 took additional measures. All our initiatives to support and promote diversity are documented in our integral diversity and inclusion policy and approved by our BoM and Supervisory Board.

	Target 2023	Realization 2023	Realization 2022	Target 2024
Supervisory Board <sup>1</sup>	33.3%	33.3%	50%	33.3%
Board of Management	33.3%	50%	33.3%	N/a
Sub Top <sup>2</sup>	33.5%	27.5%	29%	35%
PLA	29.9%	27.3%	27%	34%
≥ scale 12	30%	18.3%	18%	N/a
All workforce	24%	22.2%	22%	24%

1 The targets for the Supervisory Board are according to the Gender Balance Act, which prescribes at least 1/3rd woman and 1/3rd man in Supervisory Boards

2 Direct reports to the Board of Management in management positions

### LGBTQIA+

We are committed to creating a workplace where people with other sexual and/or gender identities (LGBTQIA+) are valued and can be themselves. Our KPN Pride platform addresses LGBTQIA+ issues directly related to working at KPN.

In 2023, KPN took part in the Pride by providing sensors on all boats to guarantee a safe distance between the boats. Based on the employee survey, where we asked employees to disclose their identity on voluntary basis, we know that 3% of our workforce

identifies themselves as part of the LGBTQIA+ community. According to the Dutch statistics of year 2022 (~10%), this is lower than expected. In 2024, we will add these identification questions to our employee survey again to be able to compare the data to 2023.

### People at a disadvantage in the labor market

To help people find sustainable employment, we hire people who are at a disadvantage in the labor market. Besides the regular hiring process, we do this in our apprenticeship company, where we provide work experience in the customer-service field, combined with vocational training on MBO 3 and MBO 4 level. In 2023, 17 people joined the program; 100% graduated and 38% found a paid job within three months in or outside of KPN.

We work proactively to make our workplace more accessible for employees who are sight or hearing impaired. In order to facilitate this, we set up an accessibility desk with the right expertise in demand of the right equipment for affected employees. For example, we included the Speaksee tool and software within our workplace that enables people with strong hearing impairments to join group meetings. Speaksee captures speech and transcribes it into text in real time.

### Pension

The Dutch government, unions and employers reached an agreement in 2020 on a new pension system. The implementation of this new system started on 1 July 2023 and brought changes affecting employees, former employees, and retirees. Companies have until 1 January 2027 to adjust their pension schemes to the new regulations. KPN will implement this on the basis of the new regulations.

## ● Our performance: Network infrastructure

# Making the leading digital infrastructure of the Netherlands faster and more sustainable

**We accelerated the roll-out of our latest generation fixed and mobile networks, adding a record number of 549k households to our fiber footprint, and making our more than 5,300 mobile network sites ready for 5G. Our networks – recognized as best in class by external benchmarks – are the foundation on which we and our customers can increasingly build more innovative and sustainable products and services.**

KPI	Result 2023	Result 2022
FttH households	4.26m	3.71m <sup>1</sup>
Modernized mobile sites and 5G ready	5,319	5,072
Average 5G download speed at year-end	189 Mbps	189 Mbps

1 Please refer to Glossary for change in definition

### Chapter contains information on material sustainability matters

- O6. Network quality (entity specific)
- B. Macroeconomics / geopolitics (entity specific)

## Building the leading digital infrastructure in the Netherlands

KPN continued building the leading digital infrastructure in the Netherlands, putting security and compliance first, being the number one sustainable telco and implementing all three pillars of our network strategy:

1. Leading telco infrastructure
2. Leading digital telco
3. Leading digital operations

### Leading telco infrastructure

We gained momentum around the first of our three strategic pillars once again, as we continued to accelerate the roll-out of our fiber network. We expanded our fiber footprint with a record number of about 549k households, bringing the total number of Fiber to the Home connections (FttH) to 4.26m (2022: 3.71m). Particularly, we put effort into building the last piece of the fiber optic network: the connection from the fiber optic cable on the street to the modems in homes, which can be a challenging task (see also chapter 'Customer value'). Getting local licenses to roll out fiber in towns and cities can be a challenge and may cause delays in connecting homes to our fiber network. Yet, we made an important step forward in this regard as we signed a covenant with the municipality of Amsterdam for fiber roll-out across the city. KPN has expanded its FttH portfolio through the acquisitions of Primevest and Kabeltex.

We also completed the modernization of our mobile network. This means that by year-end 2023, all our 5,319 mobile network

## ● Our performance: Network infrastructure

sites were ready to support 5G connections, bringing voice coverage to 98% of the Netherlands. The 5G auction of capacity in the 3.5 GHz bandwidth was pushed out yet again and is now expected to take place in 2024. This will postpone large-scale usage of 5G connections. However, we continue to roll out our 5G network, building on the bandwidth we acquired in earlier 5G capacity auctions.

### Leading digital telco

KPN continued developing innovative solutions that build on KPN's fiber and 5G networks. This included services and products enabling working from home (Smart Home solutions), our television service KPN TV+ offering, secure and efficient exchange of data (via KPN Data Exchange), our platform of IoT solutions, as well as private 5G, which enables large corporations to have their own network carved out and store their data locally. Furthermore, we expanded KPN EEN, our product suite for small- and medium-sized enterprises (SMEs), adding more security-related services to it.

### Leading digital operations

We made progress digitalizing and improving our own operations. We continued moving operations to the cloud, which speeds up innovation and gives our customers easy access to the most advanced and innovative services provided by companies such as Microsoft, Google, and Amazon. This way, we accelerate the digital transformation in our markets, which is KPN's second strategic pillar and objective.

We sustained our strategic objective, enhancing security and robustness, through ongoing investment in security measures under the umbrella of our Security First program (see also chapter 'Safeguarded security and privacy' for more information). With technology so much part of our lives, secure internet and the protection of data and personal details are of paramount importance.

Hand in hand with security is network stability, which is a constant priority. To ensure our service availability, we have designed our network to be robust with back-ups and redundancies. Our service availability on fixed internet was 99.99% (2022: 99.99%) and of our mobile network was 99.98% (2022: 99.98%). In 2023, there were no nationwide outages of our mobile and fixed networks. We were able to resolve issues with minimal impact on our network stability. KPN Service Quality Centre and its teams have mitigating procedures in place and are quick to respond to possible network performance issues (also see chapter 'Safeguarded privacy and security' for more details on how we protect the security of our networks).

## Supporting sustainability objectives with our network

In addition, we made progress on sustainability. For instance, we placed more solar panels on the rooftops of KPN buildings, and reduced energy use of our own operations. We continued the phasing out of legacy networks, such as migrating our Ethernet Transport Network and our 12 Connect network to our more simplified PETA/Fixed core network. Parts of our copper network are replaced by fiberglass core network and is therefore efficient in power consumption. In 2023, the total number of phased-out copper connections is almost three million. We are building a new core network for our mobile services that enables us to expand our services, such as local data storage and 5G Cloud Gaming. In addition, KPN ended leases on a relatively large number of redundant office and technical buildings and other spaces we previously needed to run our networks, which helped us reduce our energy use.

Scarcity of electricity forces us to adopt 'dynamic energy use'. This means that, where possible, we use less energy during hours of reduced electricity supply and vice versa. End 2022, we closed an agreement with Eneco to use green energy from one of their wind farms in the North Sea for our network and other operations as from 2027. This wind farm will meet >50% of KPN's energy need, and supply will be managed based on dynamic energy-use principles.

### PON Technology

We continued to equip our fiber network with future-proof technology, such as G-PON, which enables 1 Gbps connections, and XGS-PON technology, which allows for 10 Gbps connections to homes. In addition to increased speed, PON technology has the advantage of being more energy efficient. In 2023 we installed additional XGS-PON-connections for 358K fiber to the home households. About 94% of mobile sites that support our mobile network were upgraded to 10 Gbps by the end of 2023 (2022: 89%). A 4Gbps commercial profile was made in October, based on the 10 Gbps XGS-PON technology, through which KPN is entering the high-speed multigig era for consumers. Due to this upgrade, we see a significant increase of average maximum download speed broadband fixed, from 484 Mbps YE 2022 to 902 Mbps YE 2023.



## ● Our performance: Network infrastructure

### Awards

We won two Tweakers Awards in 2023, one for 'Best internet provider' and one for 'Best mobile provider' in the Netherlands.

International connectivity intelligence organization Ookla once again recognized our mobile network as the 'Fastest 5G network' for the 6th time in a row.

#### CHALLENGE

Supply-chain disruption continued to be a risk in 2023, with availability of spare parts and devices hampered by geopolitical tensions and labor shortages across many markets. In addition, geopolitical discussions about Chinese suppliers offer a challenge. We responded to these risks by shifting to Western suppliers for certain critical products or spare parts. Inflation and price increases in the supply chain also posed a challenge.

### Fostering health and safety

We are implementing every new generation of technology in our mobile network with the utmost care as the safety of our networks for people and the environment is paramount. Although, according to the World Health Organization (WHO) and the Health Council of the Netherlands, there is no scientific evidence that the electromagnetic radiation of mobile equipment or base stations pose any health risks, we take concerns around health effects of electromagnetic radiation very seriously.

We strive to be transparent about our innovations such as 5G initiatives and technology. We monitor developments in scientific research into mobile technology and its effects on health and provide data for further scientific research. Like all mobile providers, we have signed an agreement with the government regarding maximum radiation levels. The basis for exposure limits has been determined by an international group of independent scientists, the International Commission on Non-Ionizing Radiation Protection (ICNIRP). KPN always adheres to the ICNIRP standards for electromagnetic fields. It is expected that these ICNIRP limits will be set into law in the coming year, further ensuring compliance and supervision from RDI.

### Outlook

In line with our new strategy, we will continue to make use of new technologies, and increasingly focus on automation and AI. For example, our call centers are expected to use 'generative' AI on an increasingly larger scale to better assess customer needs and expectations at an early stage. 'Traditional' AI can be used to predict and prevent network disruptions. We will further explore how to unlock the huge volume of data we generate through our day-to-day network operations and customer interactions. We will examine how we can use the data securely to improve our customer service. To seize these opportunities, we will continue to work with partners to simplify internal processes and innovate our products and services.

We will continue to anticipate and leverage new technology, such as AI or hyperautomation. Also, we will continue to make use of software-as-a-service solutions.

The 5G auction of the 3.5 GHz bandwidth is now expected to take place in 2024, with usage of the spectrum expected shortly after the auction. As KPN has successfully rolled out 5G in the 700 MHz in the whole of the Netherlands, we are now preparing for the roll-out in this new spectrum band to add more capacity to our 5G network.

## ● Our performance: Safeguarded security and privacy

# Security first and fostering privacy

**We want everyone to enjoy the benefits of connectivity carefree, so we strive for security first at KPN. Security is one of our most material topics and we follow various security policies. By creating employee awareness, we are able to foster the right security and privacy mindset.**

KPI	Result 2023	Result 2022
The percentage of Dutch population who believe their data is safe with KPN	61%	69%
SME KPN EEN customers that activates safe internet	62%	52%
Technical employees who are SecurX certified <sup>1</sup>	60%	N/a

<sup>1</sup> For definition, we refer to the glossary (Appendix 14)

### Chapter contains information on material sustainability matters

- 02. Cybersecurity, data and information protection (entity specific)
- 15A. Privacy for company's consumers and end-users (ESRS S4)
- E. Security (entity specific)

## Security first

### Security organization

Protecting our customers, partners, and own operations against cyber risk is a top priority for KPN and one deeply engrained in our strategy. Under the umbrella of our 'Security First' program, we continuously work to assess and mitigate cybersecurity risks. These efforts are led by our Chief Information Security Office (CISO). In order to raise awareness on security and what everyone can do to keep KPN safe for our customers, all employees are supposed to do an e-learning on Cybersecurity every two years.

The scale and complexity of cyber attacks is growing globally. Ransomware, malicious phishing, and malware are increasing problems worldwide. Vital infrastructure such as our data network

is considered an interesting target for state actors and other attackers. To respond to these threats and risks, our Chief Information Security Office is organized into four teams:

- The CISO Office sets a KPN security policy aimed at preventing vulnerabilities and incidents.
- The CISO REDteam, a team of ethical hackers, conducts security testing of new products and services and proactively identifies vulnerabilities across the organization.
- The BLUEteam, consisting of three subteams: First, Security Operations Center (SOC) that is responsible for monitoring our networks and infrastructures and reacting on security alerts in a timely manner. Second, KPN Computer Emergency Response Team (KPN-CERT) that provides incident response and forensic investigation. And third, the abuse desk that monitors the reputation of KPN on the internet and informs customers about network abuse issues.
- The CISO Monitoring & Reporting Team is responsible for security compliance monitoring and security analytics and reporting.

To further embed security awareness and preparedness in our organization, we launched our '4As'-strategy in 2023 as part of our Security First approach. The four As are: adaptive, automate, awareness and assure. 'Adaptive' means that we prepare ourselves as a company to be able to effectively respond to cyber threats and to improve this readiness. We wish to

## ● Our performance: Safeguarded security and privacy

'automate' the protection of our assets as much as possible. This will ensure our security process runs smoothly and at the same time provides accurate insight into the level of security and protection at any given moment – creating real-time insight into all our assets. We want to continue efforts to enhance cybersecurity 'awareness' and make everyone at KPN conscious of the fact that the human factor is often crucial in protecting against cybersecurity risks – many threats are linked to potential human errors. We provide training and information about security to employees. 'Assure' refers to assuring that we act in line with our policy and comply with security regulations. To this end, we maintain a security compliance process.

We believe that, through this 4A-strategy and other existing initiatives, we strengthened our commitment to and management of cybersecurity. In addition, we significantly increased the size of the CISO team in 2023. This enables CISO to not only develop policies, but also monitor and supervise their implementation. We continued – and where possible intensified – our internal security awareness efforts, providing more information on our intranet and increasing the number of phishing email tests. In 2023, over 1,800 of our employees followed security training and we plan to provide security training to even more KPN staff to familiarize them with the basics of cybersecurity. CISO enhanced its focus on business unit level, as it is in business units that most security-related measures are implemented. In light of this, we created a new security platform to facilitate closer cooperation between CISO and KPN's business units (B2B, B2C, Wholesale, and TDO). We are on the brink of completing the implementation of measures required to comply with the Dutch government's Ministerial Decree regarding network security.

We continued so-called 'pentests' (or penetration testing), performed by our REDteam on new services and products before we launch them. Pentests allow us to take measures at an early stage in case we find security vulnerabilities. In addition, we executed several redteaming services exercises.

We measure our cybersecurity maturity against the NIST Cybersecurity Framework, an internationally recognized benchmark for our industry. An external assessment by advisory firm PWC in 2023 showed that KPN has been making progress in strengthening its cybersecurity governance and security capabilities in several categories compared to the previous assessment in 2021. The outcome of the assessment is input for our improvement plan and roadmap. Our ambition is to further improve our cybersecurity posture based on this plan and roadmap.

### Security partners

KPN is a member of the Foundation NL CISO Circle of Trust (CCoT), together with nine other major companies, such as ASML, Philips, and AkzoNobel. The CCoT was set up to enhance

collaboration and share knowledge and expertise between partners in the Netherlands. In 2023, CCoT acquired a license from the Dutch government (OKTT-status) enabling us to exchange cybersecurity information with partners and the government. We also created a platform to facilitate the exchange of information between CCoT partners. KPN plays a leading role in Dutch society in the field of cybersecurity. For example, KPN actively collaborates with the Dutch Government, scientific institutes and other private companies. KPN is member of the Anti-DDoS-Coalition. This coalition is a joint initiative to share knowledge and experiences in the field of DDoS attacks.

### CHALLENGES

Implementing new security measures and protocols, such as shifting to automated ways to identify vulnerabilities quicker, and getting insight into the security status of our assets, can be a challenge at KPN. For instance, the speed at which we roll out two-factor-authentication across our operations needs to be kept in balance with the staff capacity required to realize other priorities, such as maintaining the stability of our networks. At the same time, we see opportunities to make our security approach more effective. We began exploring how we can shift to a risk-based way of working. This means shifting from an approach where staff involved need to comply with all relevant policies, to one where we can prioritize and fix the biggest threats first before addressing minor ones, so allocating our engineers and cybersecurity specialists more efficiently.

### Security monitoring and incident response

In our first line of defense, our Security Operation Center (SOC) monitors our network 24/7, 365 days a year. We use AI to analyze billions of events and to gradually automate our monitoring. Last year, our security operations center (SOC) engineers analysed around 19,000 events. When there are grounds, KPN Computer Emergency Response Team (KPN-CERT) performs further in-depth investigations. We continuously train our security teams to maintain resilience against cybersecurity attacks.

### Awards

KPN CISO once again participated in the annual Capture The Flag exercise organized by the Dutch Ministry of Defense and was a runner-up. During the international Hack in The Box, Capture The Flag, CISO REDteam (SectorC) came fifth.

### New strategy

Security will be a core priority in our new business strategy and our Security First approach will maintain its central role. We have added our efforts to strengthen cybersecurity to our sustainability strategy and goals, as a secure internet is crucial to protecting privacy and enabling the safe use of our apps and services.

## ● Our performance: Safeguarded security and privacy

### Privacy

Digitalization and the ever-growing number of connected devices, bring more possibilities to society. But they also bring threats. The Dutch Data Protection Authority has reported that there were 21,151 data breach reports in the Netherlands in 2022. Numbers for 2023 have not been published yet. The importance of protecting customers' personal data therefore remains unchanged. Customers need to be able to trust that their data is safe with KPN. KPN has a Privacy Office to monitor and advise on data protection.

The Privacy Office consists of the Data Protection Officer (DPO) and two privacy advisors. They advise the business units on various privacy issues in close collaboration with privacy lawyers. They increase awareness through e-learning and specific training, such as for Young Talents within KPN. The latter is done together with the Compliance Office. In 2023, the DPO also participated

in a panel discussion on the day of the DPO organized by the Dutch Data Protection Authority (AP) about the role and position of the DPO.

Every year we conduct a random survey in which we ask the Dutch population to name three companies where they think their data is the safest. In 2023, 61% of the Dutch population said they believe their information is safe with KPN (2022: 69%). Compared to last year, there is a decrease in the scores of all major telecom providers. On this score, KPN remains ahead of the competition in terms of the security and privacy of personal data in the eyes of the Dutch population.

#### New initiatives

After introducing two-factor authentication (2FA) last year for logging into the MijnKPN environment, KPN this year developed the option to log in to the website by scanning a QR code from the MijnKPN app. This makes it easy for customers to log in securely and secure their data.

In the second half of the year, KPN introduced two new services for consumers. A Password Manager (1Password) that ensures that passwords, credit card and login details can be managed securely by our customers. In addition, network security for customers' home networks. This means consumers can protect themselves better against, for example, malware, phishing, and unwanted content.



### What do you think?

Share your opinion now on the statement below and 9 other thought-provoking topics that impact our company and environment.

**Quality always  
comes first,  
even over cost**

**Scan and vote along!**



## ● Our performance: Safeguarded security and privacy

### Privacy awareness

All employees must abide by the KPN Code of Conduct, which provides clear privacy guidance, including how to deal with customer information. They must also perform our privacy awareness e-learning training every two years. The rules regarding the use of employee data are laid down in the Human Resource Privacy Statement.

Our business is guided by the principle of 'privacy by design'. This means we consider privacy and security risk from the earliest stage when developing new products and services. A pre-Data Protection Impact Assessment has been performed in the case of high-risk processing of personal data and the results are submitted to the Data Protection Officer for a decision.

In 2023, we received 423 notifications related to privacy, and reported 55 data leaks to the Dutch Data Protection Authority (AP) regarding customer data. Where necessary, we have informed customers about the leaks and the measures we have taken to stop them.

### Artificial intelligence

At KPN we see the potential value of AI and apply this new technology within our processes. AI is changing the way we conduct our daily affairs. It brings new risks. And this is why we take measures to apply AI in a responsible and safe manner. Ethical considerations are part of the process – we are transparent about what we do with AI, who is responsible for the application and how we can intervene. We choose a proactive attitude when implementing measures and work together with universities in this dynamic field. We bundled this information in our KPN Responsible AI Framework.

### Lawful intercept

We respect our customers' right to privacy. At the same time, we are legally obliged to disclose certain information, obtained by intercept, to national investigation agencies. Our infrastructure must facilitate this, and we are obliged to cooperate with law-enforcement agencies as specified in the Dutch Telecommunications Act.

To help achieve this, a KPN liaison officer is available 24/7 to facilitate interaction with law-enforcement authorities for all KPN brands. We assess incoming warrants and carry out checks to filter out any uncertainties. If we find discrepancies, we reject the warrant, inform the agency involved, and follow the relevant procedures. In 2023, a mismatch was found in 1.2% of warrants received.

In the context of the Notice and Take Down Code of Conduct, KPN received 41 complaints in 2023. These complaints regarded copyright and intellectual property disputes. In none of the cases did KPN provide the identity information, as the criteria therefor were not met.

## ● Our performance: Environmental performance

# Our transition to net-zero

**KPN is already one of the world's most sustainable telecom companies and every day is a chance to do better. This includes playing our part in tackling climate issues as part of our transition to sustainable growth. Supplier and customer engagement are important factors across the value chain in creating the solutions we need to achieve our ambitious agenda of zero waste and zero emissions.**

KPI	Result 2023	Result 2022
Reduction in KPN Group energy consumption compared to base year 2010	52%	48%
Reduction of value chain CO <sub>2</sub> e (scope 3) compared to base year 2014	30%	29% <sup>1</sup>
Resource outflow: reuse and recycling	87%	87% <sup>1</sup>

<sup>1</sup> The 2022 figures have been restated, for details we refer to Appendix 10

### Chapter contains information on material topics

- 01. Circular economy (ESRS E5)
- 03. Climate change (ESRS E1)
- B Macroeconomics/geopolitics (entity specific)

## Our transition to a net-zero organization and value chain

We are committed to connecting everyone in the Netherlands to a sustainable future with ambitious environmental objectives, both in the short and long-term. In doing so, we link our ambitious targets directly to green financing instruments. Through our approach to sustainability, we aim to positively influence the environmental impact of our total supply chain. We do this 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.

The Double Materiality Assessment shows our key impact in the areas of climate change and resource use/circular economy. Relating to biodiversity, we started a number of projects.

Our services also enable our customers to become more sustainable, for example, via remote working. We believe that a telecom provider like KPN can play an important role in the energy transition by providing real-time data solutions for energy-related assets in our own network and for our customers.

In this way, we make a contribution to the achievement of global, European and national goals, such as the UN Sustainable Development Goals, the Paris Agreement and the European Green Deal (for example Fit for 55). Our environmental strategy is aimed at our contribution to limiting global warming to 1.5 °C. Our transition plan is publicly available on our corporate website ([overons.kpn/en/](https://overons.kpn/en/)). This policy covers our material impacts and dependencies related to our material environmental matters.

## ● Our performance: Environmental performance

Our initial net-zero Science Based Target was approved in February 2017. Our current long-term target is more ambitious: reach net-zero emissions by 2040, reduce our emissions by a minimum of 90% compared to a 2015 baseline and neutralize remaining embedded emissions. Therefore, this target is currently being re-validated by the Science Based Targets Initiative (SBTi).

### Decarbonization levers, climate-mitigation actions and locked-in emissions (in kTon CO<sub>2</sub>e)

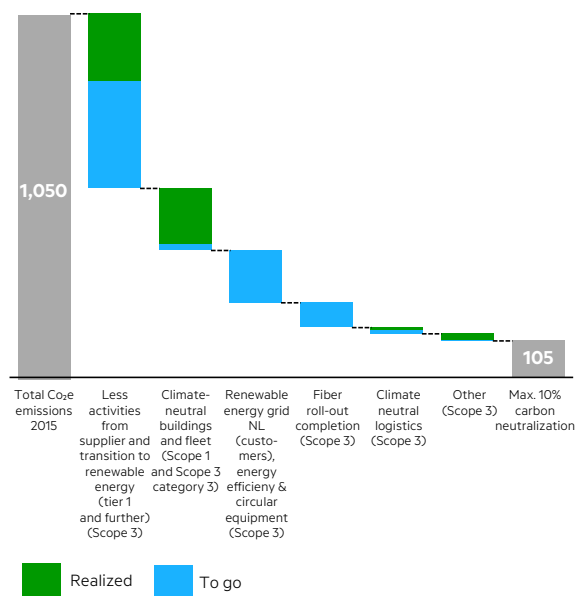


Figure 1 shows our estimate for the values of the key carbon reduction levers to net-zero. The scope 3 CO<sub>2</sub>e emissions of the energy usage of devices sold or leased to our B2B customers are not included, as a reliable estimate is not available.

Our scope 1 emissions mainly relate to the conversion of our fleet to fossil fuel-free. Alongside this, we use gas to heat our buildings and use diesel power generators sparingly. We plan to reduce the CO<sub>2</sub>e emissions from our company-car fleet by limiting our inflow to fossil fuel-free vehicles by 2025. We will reach this goal by converting to electric cars in lease arrangements for our own personnel and by using electric and HVO-100 (biodiesel)-fueled cars for engineers.

Our scope 2 emissions mainly relate to the electricity use by our network, offices and stores. Our electricity usage has been based on 100% renewable electricity since 2011. 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 means we will be using less than 400 GWh by 2030. We are updating our energy mix by committing to the Hollandse Kust West wind farm for 15 years as per 2027 (which will deliver >50% of our long-term required capacity) and by placing solar panels on technical buildings. We will continue to investigate options to secure additional long-term renewable energy and smart energy systems as part of our roadmap to optimize carbon-free energy.

Our scope 3 emissions reflect our impact in the value-chain relating to production, transport and usage of the equipment we buy from suppliers and products we provide to our customers. The key decarbonization levers in the value chain emission are: our suppliers becoming CO<sub>2</sub>e neutral, our customers using green electricity in the Netherlands and the completion of our fiber network. Other drivers include electricity usage of customer equipment at home or in offices (via sleep mode features for example), circularity of equipment and lower impact of logistics in our value chain.

Our target is to reduce our scope 3 emissions by a minimum of 90% compared to a baseline in 2015, and will neutralize residual emissions with a maximum of 10% of the baseline. We have an intermediate target of 45% scope 3 emission reduction in 2030 vs 2014 (which equates to 41% scope 3 emission reduction vs 2015).

### Circular economy as a driver to net-zero

To realize our ambition to become net-zero we see the need for both an energy transition and a materials transition. The energy transition is served by KPN lowering energy usage, using renewable energy, becoming more energy efficient, given data growth, and preparing to use the right energy at the right time. 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 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. We also apply 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.



## Our performance: Environmental performance

Last year, we introduced the Circular Transition Indicator (CTI) framework to measure our circular performance on both inflow and outflow. Our next step is to synchronize these reporting efforts within the CSRD framework and broaden the scope of our circular metrics from B2C to B2B and TDO Network. In

the business market we are preparing services for circularity by focusing on closing the loop for KPN-owned equipment. This includes documenting process flows, embedding circular clauses in vendor contracts and measuring circularity.

### CO<sub>2</sub>e emissions and energy management

#### CO<sub>2</sub>e emissions own operations scope 1 and 2 (in kTon)

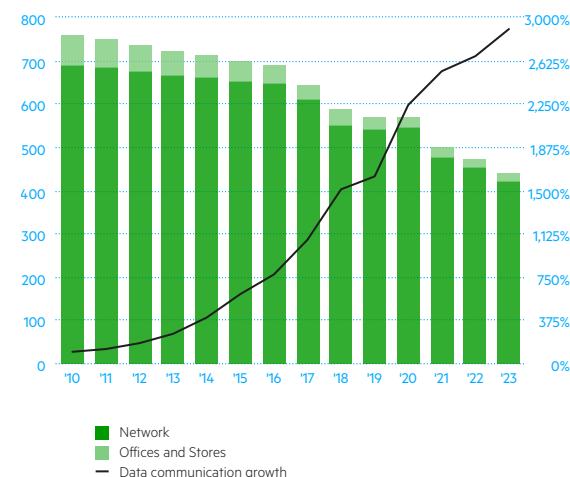
	2023	2022	2010 base year	2023	2022	2010 base year
	Gross scope 1 and scope 2 location based			Net scope 1 and scope 2 market based		
Scope 1 NL (direct own emissions)	8.7	11.9	58.8	-	-	58.8
Scope 2 NL (indirect own emissions)	153.6	207.0	347.0	-	-	35.9
KPN NL	162.3	218.9	405.7	-	-	94.7
KPN non-NL entities	-	-	25.0	-	-	25.0
<b>KPN Group</b>	<b>162.3</b>	<b>218.9</b>	<b>430.7</b>	<b>-</b>	<b>-</b>	<b>119.8</b>

KPN's operations are climate-neutral. We use 100% green electricity generated by local and European wind farms. Other CO<sub>2</sub>e emissions (5%) from gas (buildings), diesel and petrol (cars) and emergency power are compensated by REDD+ forest compensation projects. Without compensation, our gross scope 1 and scope 2 location-based CO<sub>2</sub>e emissions would be 162.3 kTon CO<sub>2</sub>e.

Relating to scope 1 emissions, our savings on car fuel compared to 2010 was 88% in 2023. We added 498 electric cars and 42 HVO100 fueled cars as part of our fleet transformation, which equates to an inflow of 98% fossil fuel-free cars (lease and engineers). We exceeded our 2023 target on inflow of 95% fossil fuel-free.

Relating to scope 2 emissions, our electricity consumption in 2023 was 446 GWh, which is a decrease of 32 GWh compared to 2022. Compared to base year 2010, this amounts to a reduction of 42%, while the data communication volume increased 28-fold in the same period. Due to our energy excellence program, we are on track to reach our target of 400 GWh in 2030. This program is subject to a monthly management review and has our continuous focus.

#### Electricity consumption (GWh) compared to data communication growth (%)

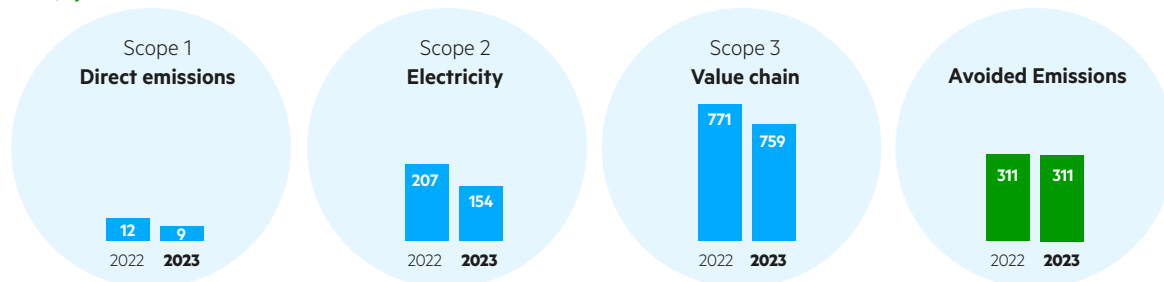


Of our electricity consumption, 95% is consumed in the mobile and fixed networks. The network consists of ~22,000 sites with an electric grid connection. The total electricity consumption of the network in 2023 was 426 GWh, which is a decrease of 7% compared to 2022. The electricity savings mainly result from network rationalization.

The total energy consumption of KPN has decreased 52% compared to 2010 (in PJ).

## ● Our performance: Environmental performance

### Overview of own emissions (scope 1 and 2), value-chain emissions (scope 3) and avoided emissions enabled for customers (CO<sub>2</sub>e in kTon)



More than half of the electricity that KPN will consume from 2027 will come from the wind farm Ecowende in the North Sea. KPN signed a 15-year agreement, which provides options to improve the allocation of supply of renewable energy according to KPN's daily demand. This is part of our vision to use the right energy at the right time.

Our emissions in the value-chain (scope 3 emissions) are 759.4 kTon CO<sub>2</sub>e. Compared to 2022, our value-chain emissions decreased by 1%. See Appendix 10 for details. We engage with suppliers on carbon-reduction in the value chain, via the CDP and EcoVadis supplier-engagement programs, among others. In addition, we joined forces on reducing scope 3 emissions with other telecom companies via industry bodies like the Joint Alliance for CSR (JAC). We updated our latest iTV tuners to have an energy-save mode out of the box, which helps TV customers to use less energy at home.

As KPN's own operations are already climate-neutral, all our services are low-carbon. By using our cloud services, video and audio conferencing, our business customers can meet online, reducing the need to commute or use office space.

#### CHALLENGE

The demand for relevant non-financial KPIs and quality requirements for these KPIs is continuously increasing. Due to the integration of our scope 3 emissions into certain finance arrangements, the importance of accurate and consistent reporting on these KPIs has also increased. Emerging legislation, such as the CSRD and Corporate Sustainability Due Diligence Directive (CSDDD), require significant additional implementation efforts to improve data availability, and data maturity. The telecom sector has significant material impact in the value chain, which requires adequate data exchange to report on interrelated themes like material flows for circular economy and human rights.

This will continue to result in the need to amend our calculations with the purpose of increasing accuracy for our stakeholders. We need ever-more granular data and transparency from our supply chain. The complexity of the calculations and some degree of uncertainty remain since they are still somewhat based on assumptions. These developments improve our insights in how to facilitate improvements in executing our goals.

## ● Our performance: Environmental performance

Avoided emissions enabled for KPN customers using our ICT services is estimated at 311 kTon CO<sub>2</sub>e and 110 tons of PM<sub>10</sub>. KPN enables teleworking to its customers by providing an internet connection. See Appendix 10 for further information on our methodology to measure direct emissions (scope 1), indirect emissions (scope 2), value chain emissions (scope 3) and estimated avoided emissions enabled for KPN customers. Scope 1 and 2 are reported in line with the GHG Protocol. Scope 3 is as much as possible based on the information available in line with the GHG Protocol.

We identified in 2023 that the Scope 3 emissions were not completely reported in previous years for category 11 and 13 for the B2B business as no reliable data is available. For returned products sold (category 12) the estimated emissions are included in CAT 1 and 9 based on the spend method as reliable process based data is not available. Emissions of not collected products are not included as reliable data is not available. Scope 3 emissions from Investments (category 15) have not been reported for equity investments smaller or equal to 50% as Scope 1 and 2 emissions and EEIO data of most of these investments are not available. In 2023 we updated the reporting criteria to reflect this. We are working on improving the data quality of reported scope 3 emissions.

In addition, we want to enable the energy transition via smart energy systems through secure data-exchange services. For this, we are building ecosystems with partners for enabling connectivity, data processing and cloud applications.

### Circular economy performance

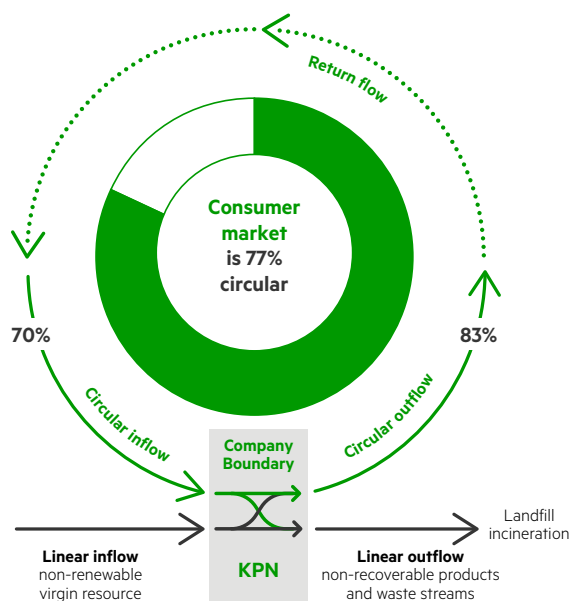
We continued to ask for redesign for circularity for the products we use, for example by applying recycled technical materials (such as plastics).

For outflow of materials and waste, we aim to maximize reuse and recycling, and avoid incineration and landfill in line with the waste hierarchy to work towards zero waste. Our reuse and recycling rate remained stable on 87% (2022: 87%). For KPN-owned customer equipment our aim is a closed-loop supply chain. We kept our return rate for modems and TV set-top boxes at 87% (2022: 87%, percentage has been restated, see Appendix 10 for details). As well as offering refurbished phones and repair services, we also offer a trade-in service for mobile phones. We offer phones with eSIM or recycled plastic sim cards and have reduced the packaging size to minimize the materials impact of sim cards. Regarding critical raw materials (CRM), we performed several studies to identify CRM-related risks and/or opportunities.

We collaborate with the Joint Alliance for CSR (JAC) to share knowledge on the circular economy. With suppliers, we continued to collaborate using life-cycle analysis to assess

product sustainability and improve product design. In addition, we take part in Circular Circuits, a multidisciplinary collaborative research project focused on developing a fully circular generation of electronics.

### Circular Transition Indicator (CTI)



To measure circularity in an even more integrated manner for the company, we are implementing a framework based on the Circular Transition Indicator (CTI) metrics from the World Business Council for Sustainable Development (WBCSD). In 2023, we report on a selected scope of our consumer market segment (see Appendix 10 for details). The CTI measure focuses on KPN-owned equipment. For this scope, our consumer market segment is 77% circular (compared to 75% in 2022, which was restated due to refinement of outflow figure). This figure is compiled from a circular inflow of 70% and a circular outflow of 83%.

We aim to extend the scope of this framework to the B2B market. This year we prepared five services in the business market for circularity (goal 2023: 6). This is based on three principles: contract, process and measuring material inflow and outflow. The ambition remains nine services (cumulatively) by 2024 and twelve services by 2025. The methodology of this metric is further explained in Appendix 10.

We have noticed that the CSRD and our use of CTI have a slightly different approach to measuring circularity, and we will address

<sup>1</sup> Restated, for details see Appendix 10

## ● Our performance: Environmental performance

this in our next Integrated Annual report. The difference mainly relates to separating the outflow of material into volume of waste and volume of devices put on the market.

### Assessment of climate change-related risks and opportunities

Climate change is integrated in KPN's Internal Risk Management and Control System, which is designed to avoid, mitigate and address the risks associated with KPN's strategic operational, financial, regulatory and compliance objectives. We have taken into account 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 (see overview in Appendix 5).

### 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

### Climate-change scenario analysis

KPN assessed the physical risks of climate change by performing scenario analysis on the vulnerability of our infrastructure. We applied the Climate Impact Atlas<sup>1</sup> considering time horizons up to 2030, 2050 and 2085. The high scenario corresponds to the KNMI'14 scenario WH (*warm hoog*), that is the worst-case scenario for most of the effects. The low scenario generally corresponds to the KNMI'14 scenario GL (*gematigd laag*), in which the changes remain most limited.

KPN has selected three scenarios based on the Climate Impact Atlas layers: Urban Heat islands, Precipitation and Flooding.

For the locations that have a high risk of flooding, extreme precipitation or heatwaves, additional countermeasures will be investigated. Such measures could consist of moving hardware to higher levels in buildings, implementing water barriers or installing additional cooling equipment.

The KNMI'14 scenarios (climate-change scenarios) are based on the worldwide climate projections of the Intergovernmental Panel on Climate Change (IPCC)<sup>2</sup>. On 9 October 2023, KNMI published new climate scenarios, which replace the '14 climate scenarios. The Climate Impact Atlas is not updated yet for these scenarios, and we expect this will happen in 2024. We will then update our scenario analysis accordingly.

### Biodiversity

Our actions towards zero waste and zero carbon will help us mitigate negative impacts on biodiversity in our own operations and supply chain. To foster a positive impact on biodiversity, we aim for nature inclusive infrastructure, offices and services. In 2023, we realized our first nature inclusive technical building for fiber in cooperation with Naturalis Biodiversity Center. Further pilots for other locations are planned for 2024. We are building a vision and roadmap for nature/biodiversity, applying the Taskforce for Nature Related Financial Disclosures (TNFD) with the support of Leiden University. We also drafted an initial exploration of our biodiversity impact and it shows that our impact is mainly indirect. In 2024 we will further explore our biodiversity impact and start working on reducing it. Furthermore, we co-operate with the Groene Netten coalition of eight large Dutch infrastructure parties on sustainability, including biodiversity.

<sup>1</sup> <https://www.klimaateffectatlas.nl>

## ● Our performance: Environmental performance

### Investments and funding supporting our transition

As of 2021, we started applying the sustainable targets linked to three types of finance instruments:

1. A Revolving Credit Facility of EUR 1 bn with a margin linked to KPN's performance on four sustainability targets that are assessed annually: (i) speeding up the digitization of the Netherlands by rolling out fiber optics; (ii) reducing KPN's energy consumption, (iii) reducing CO<sub>2</sub>e emissions throughout the chain (scope 3 emissions) and (iv) Modernization of mobile network to increase its capacity and enable 5G. This credit facility is currently still available to KPN.
2. A Sustainability-Linked Bond (SLB) of EUR 0.7 bn, with a coupon linked to KPN's commitment to significantly reduce scope 3 CO<sub>2</sub>e emissions by 2030. The decarbonization levers are explained in this chapter (see above).
3. A perpetual Green Hybrid Bond of EUR 0.5 bn issued under KPN's Green Finance Framework. The proceeds of this bond finance or refinance projects with positive environmental impact in three areas: implementing our energy efficient fiber optic network, investments that extend product life and reduce impact of waste on the environment and the roll-out of our fossil-free fleet. The proceeds of this bond were fully allocated to the three destined buckets in the 2022 calendar year. Our allocation report is available at: KPN Green Bond Allocation report 2022.

We established a Green Finance Framework and a Sustainability-Linked Finance Framework, outlining the principles we apply for sustainable financing instruments. The above instruments represent 28% of our total financing commitments.

### EU taxonomy

As of 2021, the EU Taxonomy legislation came into effect for KPN. We concluded that KPN's turnover is relatively small. The eligible part under the economic activities currently in scope of the EU taxonomy regarding the six prescribed environmental objectives is less than 0.5% of KPN's total turnover. KPN's Opex activities in scope of the EU taxonomy is also very limited; 0% of the activities are qualified as eligible. For 2023, ~3% of our Capex activities qualified as eligible, of which we concluded that ~2% was aligned. Alignment implies that these economic activities make a substantial contribution to at least one of the climate and environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labor standards. For further details, see Appendix 7.

We have concluded that the roll-out of fiber is currently not eligible. However, we believe this is an important enabler for climate-change mitigation, also providing significant electricity savings compared to copper in our core network.



### What do you think?

Share your opinion now on the statement below and 9 other thought-provoking topics that impact our company and environment.

**The increasing demand for data is not sustainable for limiting the carbon footprint**

**Scan and vote along!**



<sup>2</sup> <https://www.knmi.nl/kennis-en-datacentrum/achtergrond/knmi-14-klimaatsscenario-s#6>

## ● Our performance: Responsible supply chain

# Responsible supply chain

**Suppliers and their value-chain workers have both a direct impact on the extent to which we can operate as a circular company, and a direct influence on the communities and areas in which they carry out their activities. Our procurement office maintains the business relationships with our suppliers, and see to it that we properly address all our material topics.**

KPI	Result 2023	Result 2022
EcoVadis spend coverage	76%	70%
High risk Tier I, Tier II and Tier III suppliers audited	66%	45%
Realized improvements on corrective action plans	98%	94%

### Chapter contains information on material topics

- 04. Working conditions in the value chain (ESRS S2)
- B. Macroeconomics/geopolitics – a.o. regarding electricity, geopolitics, supply chain issues (entity specific)
- D. Responsibility for supplier behavior (ESRS S2)

- Critical raw minerals to be sourced from responsible and conflict-free sources
- Energy efficiency
- Reduction of GHG emissions

This set of ESG criteria for products and services forms part of the decision-making in our sourcing process. In 2023, we implemented a digital tender system with a standardized decision matrix and automatic scoring. The ESG criteria in the decision matrix have a weight of 10% and include questions on circularity, emissions, and social/ethical aspects.

## Procurement and suppliers

### Procurement policy, selecting and contracting suppliers

KPN's procurement policy guides us in sourcing, contracting and managing our suppliers that deliver products or services, and our suppliers' sustainable performance plays a role in this. Our procurement process is based on a competitive comparison of suppliers, and in the selection of a supplier it applies economic and technical criteria, as well as the following ESG criteria:

- Compliance with the KPN Supplier Code of Conduct
- EcoVadis assessment
- Onsite audits
- Design for environment and reduce the use of virgin raw materials
- Extend and optimize product use
- Increase reuse and recycling and minimize incineration and landfill of waste

We engage with strategic suppliers on a structural basis, setting out specific terms and conditions for products and services to improve their sustainable performance. In 2023, we organized a supplier event for a select group of suppliers, our Board of Management and other relevant KPN stakeholders.

### Payment policy:

- Standard payment terms: KPN has categorized two payment terms as standard: N ≤ 60 for vendors contracted based on the KPN standard terms and conditions, and N ≤ 30 for Dutch MKB vendors, vendors with annual spend < EUR 50k, and vendors that apply direct invoicing without a contract.

## Our performance: Responsible supply chain

- A payment term longer than 60 days may only be in place when it is not deemed to be unreasonable towards the vendor and is contractually agreed upon.
- Exceptions to standard payment terms, for example prepayments, require approval from the CPO, CFO, EVP Corporate Control or EVP Finance depending on the cash impact.

### CHALLENGES

In the context of gaining insight into our value chain, we depend on information from our suppliers. Due to the variety of suppliers, the quality and availability of this information it is not always at the same quality level. Collecting, assessing and processing this information is challenging. The upcoming CSRD legislation will ensure more uniformity in our value chain.

### CSR risk management

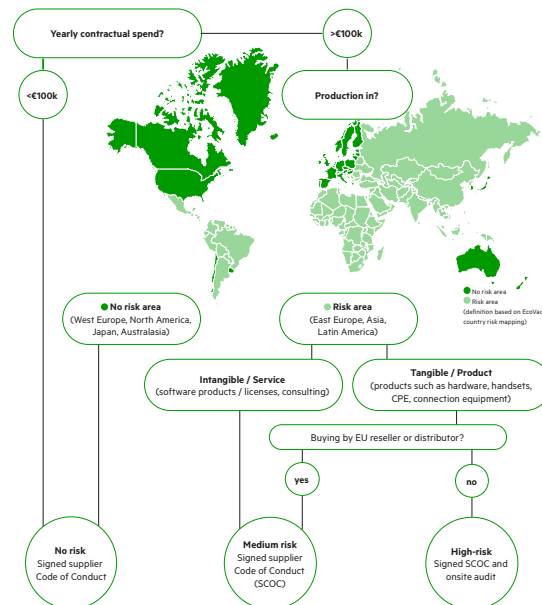
Once we have selected a supplier, we determine the impact the supplier may have on the environment in the communities where it operates, and the working conditions of its staff. Our sourcing process therefore includes a qualification process. This entails classifying the supplier based on the potential social and environmental risks that its operations, products and services represent. We assess this risk based on three parameters as illustrated in the below CSR risk decision-maker:

- Geographical areas
- Spend
- Potential environmental impact of a supplier's operations, products, or services

We use this assessment to determine the degree to which we subject our suppliers to regular sustainability checks.

In 2023, we had 4,857 Tier I suppliers, of which 1,411 contracted, unique suppliers. In 2023, we identified 29 high risk suppliers based on the definition above.

### CSR risk level decision-maker



### Sustainability checks

#### Supplier Code of Conduct

Once we have selected a supplier, we expect them to comply with the KPN Supplier Code of Conduct, or an equivalent set of standards. This code sets out social and environmental requirements for suppliers. It is inspired by the UN Guiding Principles on Business and Human Rights and based on the core conventions of the International Labour Organization (ILO). The code of conduct explicitly addresses human trafficking, forced labour, compulsory labour, child labour, health and safety, environment, ethics, bribery and corruption. It forms part of our general purchase terms and conditions and our purchase agreements.

#### EcoVadis assessment

We use the EcoVadis platform to assess their Tier I suppliers and to verify whether they have integrated the principles of ESG into their business and management systems. The EcoVadis ESG criteria cover four areas:

- Environment
- Labor and human rights (which include health and safety, working conditions, social dialogue, child labor, forced labor and human trafficking, diversity, equity and inclusion and external stakeholder human rights)
- Ethics
- Sustainable procurement



## ● Our performance: Responsible supply chain

A customized questionnaire and evaluation model is generated by EcoVadis according to the supplier's industry sector, countries of operations and size. We expect our suppliers to score at least the industry average in the assessment. If the outcome of the assessment is lower, then the supplier must draw up a plan to improve its score by mitigating identified risks or shortfalls with the purpose of achieving a score of at least industry average in a subsequent assessment.

In 2023, we added the EcoVadis carbon action module to the EcoVadis Risk platform we use for supplier assessments. This module is a GHG management solution to engage suppliers and drive decarbonization across our supply chain. As such, we request our suppliers to share metrics on GHG emissions with us in the EcoVadis platform and by participation to CDP.

The EcoVadis assessment is part of our tender process and agreements. In 2023, the EcoVadis spend coverage was 76%, which represents the percentage of the total KPN spend that was covered by EcoVadis assessments. The overall average EcoVadis sustainability rating of our suppliers is about 32% higher than the overall average score of the more than 100,000 of suppliers that EcoVadis assesses.

### Social audits KPN

We strive to audit suppliers classified as high risk periodically and these social audits are carried out by an independent third-party auditor. These audits monitor whether suppliers and subcontractors comply with the sustainable guidelines set by the Joint Alliance for CSR (JAC). This association of 27 telecom operators aims to verify, assess, and develop corporate social responsibility implementation across manufacturing sites. JAC members, including KPN, share best practices on topics such as the circular economy, climate change and human rights to help embed long-term corporate social responsibility implementation in the different layers of the supply chain.

Thanks to the JAC members, 66% of our 29 high risk suppliers were audited in 2023 and in total 86% of KPN's high risk suppliers between 2014 and 2023. The audits were carried out by international specialist companies. The suppliers included in the audit campaign were from the sectors for user devices and appliances, network appliances and IT equipment production.

### Fixing shortcomings through corrective action plans

The table below shows the numbers of non-conformities recorded during on-site audits conducted by KPN on behalf of JAC in 2015-2023.

For all the non-conformities we encountered, actions are taken to prevent or mitigate material negative impacts on value-chain workers. We do so by drawing up a specific corrective action plan (CAP) for each non-conformity that includes resolution

procedures and timetables. To track and assess the effectiveness of such actions in delivering intended outcomes for value-chain workers we engage with suppliers and production plants in following up on these corrective actions. JAC members constantly monitor the implementation of these plans.

CAPs set clear deadlines to complete all corrective actions within 12 months. Although all our suppliers are committed to completing all corrective action plans, we have found that some issues are hard to resolve within one year. In 2023, we closed 98% of all non-conformities raised between 2020 and 2022.

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Business ethics	-	2	-	2	3	4	11	7	19
Discrimination	2	-	-	-	2	-	1	-	-
Disciplinary practices	-	-	-	-	-	1	-	2	-
Environment	10	3	3	8	17	8	12	18	15
Freedom of association	-	-	-	-	1	1	1	1	2
Health & safety	15	6	4	10	39	23	27	31	45
Labor	-	-	-	-	-	4	-	2	5
Unlawful labor	-	-	-	-	-	5	1	-	8
Wages & compensation	4	1	-	-	3	4	3	6	5
Working hours	6	3	3	1	6	7	15	16	9
Other	-	-	-	-	-	-	1	-	-
<b>Total</b>	<b>37</b>	<b>15</b>	<b>10</b>	<b>21</b>	<b>71</b>	<b>57</b>	<b>72</b>	<b>83</b>	<b>108</b>

### Total JAC audits

High risk Tier I, Tier II, and Tier III suppliers to KPN are audited by the JAC. Between 2010 and 2023, together with other JAC members, 902 audits were carried out in production plants (Tier I, II, and III) all over the world (of which the majority located in Asia). During 2023, audits were conducted in more than 20 countries around the world and most of them in China. The table below shows the total numbers of CSR issues recorded during on-site audits conducted on behalf of JAC in 2023.

## ● Our performance: Responsible supply chain

2023 Summary	Raised	Closed	Pending
Child labor & juvenile workers	21	10	11
Forced labor	31	11	20
Health & safety	391	173	218
Freedom of association	21	4	17
Discrimination	10	1	9
Disciplinary practices	8	2	6
Working hours	155	65	90
Wages & compensation	87	29	58
Environment	102	32	70
Business ethics	57	8	49
<b>TOTAL</b>	<b>883</b>	<b>335</b>	<b>548</b>

We are working on a comprehensive Human Rights statement, in which we also integrated a grievance mechanism for all stakeholders (such as value-chain workers), and a human-rights due-diligence process according to the OECD five-step due diligence guidelines. This includes an integration of responsible business conduct in our policies and management systems, risks assessments, mitigation and prevention mechanisms, monitoring and reporting.

To become more accessible for people who want to report on cases of abuse, we have expanded our grievance mechanism SpeakUp Line with the following languages: Spanish, French, Chinese (Mandarin and Cantonese), Hindi and Urdu. At KPN we aim to prevent and mitigate any human-rights violations in our own operations and our value chain, so the SpeakUp Line is accessible for people in- and outside KPN. In 2023, zero grievances were reported by our value chain.

### Human rights in the value chain

#### Promoting human rights

We are a member of the JAC Human Rights Workstream, which focuses on addressing human-rights challenges in telecom industry supply chains. The goal of the JAC Human Rights Workstream is to act as one voice to improve the working and living conditions for workers in our value chain. KPN participates in the working groups General, Responsible Minerals, Child Labor and Living Wage.

## ● Corporate governance

# Steering the company

**KPN's corporate governance framework is in line with the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code and applicable laws and regulations, including securities laws, and is aligned with our strategy. The company is governed by its Articles of Association and internal procedures, such as the by-laws of the Board of Management and Supervisory Board.**

### Chapter contains information on material sustainability matters

- 12. Business conduct (ESRS G1)

program, which allows investors to trade KPN ADRs in the United States on the over-the-counter market (ticker symbol: KKNY). KPN shares are included in a number of leading indices, including the AEX, the EURO STOXX Telecommunications Index and the STOXX Europe 600 Telecommunications Index.

## Legal structure of the company

Royal KPN N.V. is a public limited liability company established under the laws of the Netherlands, with ordinary shares listed on Euronext Amsterdam. Its Articles of Association were last amended on 20 April 2018. KPN has a two-tier management structure with a Board of Management (solely composed of executive directors) and a Supervisory Board (solely composed of non-executive directors). KPN qualifies as a 'large company' (*structuurvennootschap*) within the meaning of the Dutch Civil Code and applies the relevant rules of Dutch corporate law. The Board of Management is entrusted with the management of the company. The Supervisory Board oversees strategic policymaking by the Board of Management and the way in which the Board of Management manages and directs KPN's operations. In the performance of their duties, the members of the Board of Management and the Supervisory Board are guided by the interests of the company and the enterprise connected with it, and take the relevant stakeholder interests into account. The Board of Management is accountable to the General Meeting of Shareholders and the Supervisory Board in accordance with Dutch legislation. See Note 24 to the Consolidated Financial Statements for details of KPN's legal structure.

## Shareholders

### Share capital, listings and indices

KPN's authorized share capital totals EUR 720m, divided into 9bn ordinary shares of EUR 4ct each and 9bn preference shares B of EUR 4ct each. As of 31 December 2023, a total of 3,947,417,782 ordinary shares were outstanding. Since 13 June 1994, KPN's ordinary shares have been listed on Euronext Amsterdam (ticker: KPN). KPN has a Level I American Depositary Receipt (ADR)

### General Meeting of Shareholders

The General Meeting of Shareholders holds all powers that have not been granted to other company bodies. It is authorized to appoint members of the Supervisory Board upon binding nomination by the Supervisory Board and to dismiss the Supervisory Board. The General Meeting of Shareholders also adopts the Financial Statements, releases the members of the Board of Management and Supervisory Board from liability, determines the dividend, determines the remuneration for members of the Supervisory Board and approves the remuneration policy and share (option) plans for the Board of Management. Furthermore, certain decisions are subject to the approval of the General Meeting of Shareholders, including decisions entailing a significant change in the identity or character of the company or its business and corporate matters, such as amendments to the company's Articles of Association, a (de)merger or the dissolution of the company, and the issuance of shares or reduction of the issued capital of the company.

Within four months of the end of every fiscal year, the Board of Management prepares Financial Statements, accompanied by an Integrated Annual Report. The Financial Statements are submitted to the Supervisory Board for approval, and subsequently (within six months of the end of the fiscal year) to the Annual General Meeting of Shareholders (AGM) for adoption, and to the Central Works Council for information purposes. Adoption of the Financial Statements does not automatically discharge the Board of Management or the Supervisory Board from liability. This requires a separate resolution by the AGM. Further General Meetings of Shareholders are held as often as the Supervisory Board or Board of Management deem necessary. The Board of Management and the Supervisory Board set the agenda of the General Meetings of Shareholders. Shareholders who individually or collectively represent at least 1% of the issued capital or who, according to the Official Price List of Euronext

## ● Corporate governance

Amsterdam, represent at least a value of EUR 50m are entitled to propose items for the agenda, within the boundaries of the law. Every shareholder is entitled to attend a General Meeting of Shareholders, by default in person or through written proxy, to address the meeting and to exercise voting rights. In 2023, KPN's AGM could be attended either in person or virtually, both enabling full exercise of meeting rights.

### Obligations to disclose holdings

Pursuant to the Dutch Financial Supervision Act (*Wft, Wet op het financieel toezicht*), legal entities as well as natural persons must immediately notify the Netherlands Authority for the Financial Markets (AFM) when a shareholding reaches, exceeds or falls below certain thresholds of the issued capital. The AFM incorporates these notifications in the public register, which is available on its website. See Note 23 to the Financial Statements for notified KPN shareholdings as at 31 December 2023. Please see 'Composition of the boards' (p. 81) for information on insider transactions and share ownership by the members of the Board of Management and Supervisory Board.

### Purchase of shares in the company's own capital and issuance of new shares

With the general aim of flexibility in financing of the company, the AGM authorized the Board of Management to purchase shares in the company's own capital and also decided to reduce the issued capital through cancellation of own shares held by the company by a number that could be determined by the Board of Management. The AGM also designated the Board of Management as the body authorized to issue ordinary shares and to grant rights to subscribe for ordinary shares and to restrict or exclude statutory pre-emptive rights of existing shareholders upon such issuance or granting of rights. The above authorities and decisions are limited to a maximum of 10% of the issued capital as of 12 April 2023 and are applicable until 12 October 2024. Resolutions by the Board of Management implementing the above are subject to the approval of the Supervisory Board. In 2023, based on these authorities, KPN completed a EUR 300m share buyback program, repurchasing 92,401,811 shares equal to 2.3% of outstanding shares. 89,901,811 of the repurchased shares have been cancelled to reduce the share capital. KPN retained the remaining 2,500,000 repurchased shares to cover employee share plans.

## Supervisory Board

The Supervisory Board supervises and advises the Board of Management, guided by the interests of the company and the enterprise connected with it, and taking into account the interests of the stakeholders. It is closely involved in setting the strategy for sustainable long-term value creation, and monitors the implementation of that strategy, including the operational

and financial results thereof. Major investments, acquisitions and various corporate matters are subject to Supervisory Board approval.

Members of the Supervisory Board are appointed by the General Meeting of Shareholders upon binding nomination by the Supervisory Board. The Central Works Council has an enhanced right to recommend persons for nomination to the Supervisory Board for up to one third of its members. The Supervisory Board must nominate the so recommended person unless it is of the opinion that the person would be unsuitable to fulfill the duties of a Supervisory Board member or such appointment would cause the Supervisory Board to be improperly composed. Pursuant to a specific arrangement with América Móvil, América Móvil is entitled, as long as it holds more than 10% of the shares in KPN, to designate one person to be nominated by the Supervisory Board for appointment as a member of the Supervisory Board.

According to the Articles of Association, the Supervisory Board must comprise at least five and not more than nine members. Supervisory Board members are appointed for an initial term of four years, which ends at the first AGM after that term expires. They can be reappointed once for a four-year term and thereafter for a maximum of two terms of two years, provided specific reasons for such further reappointments are given. The Supervisory Board has determined its 'profile', defining the basic principles for its composition. All nominees for election to the Supervisory Board must fit this profile. According to this profile, the Supervisory Board must be composed in such a way that members of the Supervisory Board are able to operate independently of each other and of the Board of Management and that it is composed in a diverse manner on relevant aspects, including gender, background and expertise. The profile has lastly been revised in 2022 and is available on KPN's website.

The by-laws of the Supervisory Board comprise, among other things, rules regarding the members' duties, powers, working methods and decision-making, what decisions by the Board of Management it must approve, training and conflict handling. The by-laws are available on KPN's website and were updated in December in accordance with the updated Dutch Corporate Governance Code.

### Committees of the Supervisory Board

The Supervisory Board has four committees: the Audit Committee, the Remuneration Committee, the Nominating & Corporate Governance Committee and the ESG Committee. These committees assist the Supervisory Board in its decision-making and report their findings to the Supervisory Board. Their tasks are laid down in terms of reference, which are available on KPN's website.

## ● Corporate governance

Further information on the activities of the Supervisory Board and its committees in 2023 can be found in the Report by the Supervisory Board.

### Board of Management

The Board of Management is responsible for setting KPN's strategy and for managing KPN's strategic, commercial, financial, operational, ESG and organizational matters. The Board of Management is accountable for its performance to the Supervisory Board and to the shareholders of the company. In performing its duties, the Board of Management focuses on long-term value creation for the company and the enterprise connected with it, taking into account stakeholder interests.

The members of the Board of Management are appointed and dismissed by the Supervisory Board. Members of the Board of Management are appointed for a four-year term, ending at the first AGM after that term expires. The by-laws of the Board of Management contain, among other things, rules regarding members' duties, powers, working methods, decision-making and conflict-handling. The by-laws are available on KPN's website and were updated in December in accordance with the updated Dutch Corporate Governance Code.

### ESG governance

Sustainability matters are embedded in KPN's strategy and organizational structure. The sustainability strategy and the goals related thereto are part of the company's overall strategy for sustainable long-term value creation. ESG themes are defined and approved by the Board of Management, including their ambitions. The Board of Management as a whole is responsible for oversight of sustainability related impacts, risks and opportunities, while every ESG theme is assigned to a specific member of the Board of Management as theme owner. The senior management team who is responsible for stakeholder dialogue, targets, progress and results. Individual members of the senior management team head a committee, consisting of management of the key departments involved in this theme. They report to their

line manager and inform KPN's corporate social responsibility (CSR) Manager, who is responsible for the overall reporting, approach and cohesion. The CSR Manager reports to the Director Brand & Communications, who in turn reports to the CEO. Four times a year, an ESG update is discussed with the Board of Management. Descriptions of material sustainability topics that had the attention of the Board of Management and/or the Supervisory Board in the past year, can be found in the various chapters of the Report by the Board of Management, most notably in chapters Employee Value, Environmental performance, Responsible Supply Chain.

In order to obtain sufficient outside reflection, stakeholder dialogues are held with external experts to advise KPN on its approach to ESG in general and more in-depth on the ESG themes. Climate-related risks and opportunities are considered integral to the governance of operations and ESG themes. The ESG Committee within the Supervisory Board acts as sounding board towards the Board of Management on sustainability related topics and target setting and provides guidance to the Supervisory Board in this respect. Further details on governance and risk, including dedicated controls and procedures applied to the management of impacts, risks and opportunities, can be found in chapter Compliance and risk.

### ESG governance structure

The Board of Management and the Supervisory Board strive to continuously develop appropriate skills and expertise to be able to oversee sustainability matters, including the specific knowledge and experience of each member for their specific area of expertise related to environmental, social or governance matters. In the Supervisory Board, one member is specialized in sustainability matters. For more specialized and dedicated skills and expertise, the members of Board of Management and the Supervisory Board can rely on dedicated members of staff within the KPN organization responsible for sustainability matters. To leverage more advanced knowledge, (members of) the Board of Management and the Supervisory Board periodically receive training in sustainability matters.

## Corporate governance



### Compliance with the Dutch Corporate Governance Code

KPN complies with all best practices of the updated Dutch Corporate Governance Code which is applicable as of financial year 2023. To fully endorse the best practices of the updated Dutch Corporate Governance Code, KPN has reviewed relevant policies and internal procedures and updated the by-laws of the Board of Management and the Supervisory Board and terms and references of various committees within the Supervisory Board. An overview of all principles and best practices of the Dutch Corporate Governance Code as well as KPN's application of these in accordance with the 'comply or explain' principle is available on KPN's website.

### Conflict of interest

The handling of conflicts of interest between the company and members of the Board of Management or Supervisory Board is governed by Dutch law, the relevant provisions of the Dutch Corporate Governance Code and the by-laws of the respective boards. A board member is required to immediately report any (potential) conflict of interest that is of material significance to the company and/or to the member concerned, to the Chairman of the Supervisory Board (or, in the case of the Chairman, to the Vice-chairman of the Supervisory Board). The board member

shall not take part in discussions or decision-making on a subject in which it has a conflict of interest. Decisions to enter into transactions in which there are conflicts of interest with members of each of these company bodies that are of material significance to the company or such member require the approval of the Supervisory Board.

During the selection process for the new external auditor as of 2025, Ms. Sap – a member of KPN's Supervisory Board and Audit Committee – did not participate in line with these provisions, as she was a member of the Supervisory Board of KPMG – a candidate for the role of external auditor – until August 2023. A final decision in this process was taken by the full Supervisory Board well beyond Ms. Sap's (regular) resignation from that position. There were no (further) conflicts of interest in 2023.

For the Statement by the Board of Management and Responsibility Statement, see p. 80.

## ● Corporate governance

### Employee participation

KPN has implemented employee participation in accordance with the provisions of the Dutch Works Councils Act. Constructive employee participation is an integral part of our organization and allows employees to be involved in organizational matters in various ways and to have a say in their work. Employee participation is an important value for KPN and a part of its culture. To align employee participation processes with KPN's practices, we have established several works councils specific to different business segments. These works councils are all represented in the Central Works Council, which is competent for subjects of common interest or subjects that concern a majority of the works councils. The Central Works Council interacts with the CEO, whereas individual works councils for each business segment interact with the director of that segment.

Dutch corporate law does not require any direct representation of employees and other workers on the management and supervisory bodies, however, as also set out under 'Supervisory Board' above, the Central Works Council has an enhanced right to recommend persons for nomination to the Supervisory Board for up to one-third of its members. 3 of the 9 members of the Supervisory Board were appointed following the recommendation of the Central Works Council.

### External auditor

The external auditor is responsible for auditing the Financial Statements. The AGM appoints the external auditor upon a proposal by the Supervisory Board. The external auditor reports to the Board of Management, the Audit Committee and the Supervisory Board to discuss findings pertaining to their agreed procedures for the quarterly financial results and audit of the annual financial results. The external auditor attends the AGM to answer questions pertaining to the Combined Independent Auditor's Report, as included in the Integrated Annual Report. The Audit Committee approves every engagement of the external auditor, after pre-approval by the internal auditor, to ensure the external auditor's independence. All Audit Committee meetings are attended by the external auditor. For the role of the internal auditor, see p. 79.

### Foundation Preference Shares B KPN (Stichting Preferente Aandelen B KPN)

KPN has granted a call option, which is not limited in time, to the Foundation Preference Shares B KPN (the Foundation), to acquire a number of preference shares B in KPN, which have the same voting rights as ordinary shares, not exceeding the total issued number of ordinary shares, minus one share and minus any shares already issued to the Foundation. Upon exercise of the call option, 25% of the nominal value of EUR 4ct per Class B preference share needs to be paid by the Foundation. The statutory goal of the Foundation is to protect KPN's interests (which includes the interests of stakeholders, such as customers, shareholders and employees), by, among others, protecting KPN from influences that may threaten its continuity, independence and identity.

Consequently, in the event of any circumstances where the company is subject to influences as described above and taking public security considerations into account, the board of the Foundation may decide to exercise the call option, with a view to enabling the company to determine its position in relation to the circumstances as referred to above, and seek alternatives. The board of the Foundation is of the opinion that under normal circumstances it should not exercise its voting rights for longer than a limited period. The members of the board of the Foundation are A.P. Aris (Chair), F. van der Wel, P.N. Wakkie and C.F.H. Vogelzang. The Board of Management has concluded that the board of the Foundation is independent from KPN in accordance with parts c and d of the first subsection of article 5:71 of the Dutch Financial Supervision Act.

The views of the board of the Foundation, summarized above, are published on the Foundation's website.



## ● Tax and regulations

# Monitoring tax and regulations proactively

**KPN is subject to taxation, as well as to sector specific regulation. We apply an open and proactive approach to authorities and regulators on these topics, aiming for fair and transparent taxation and regulation, enabling us to be in control of compliance.**

### Chapter contains information on material sustainability matters

- B. Macroeconomics/geopolitics – a.o. regarding Dutch economy and taxes (ESRS G1)

As KPN is mainly operating from the Netherlands, the TTC is almost exclusively paid to the authorities of the Netherlands. We refer to our list of legal entities<sup>3</sup> for an overview of our existing Dutch investments and investments (mainly legacy) in countries outside the Netherlands. As a result, KPN's impact on society and environment, is limited to these Dutch operations.

## Tax profile and current tax position

### Tax profile

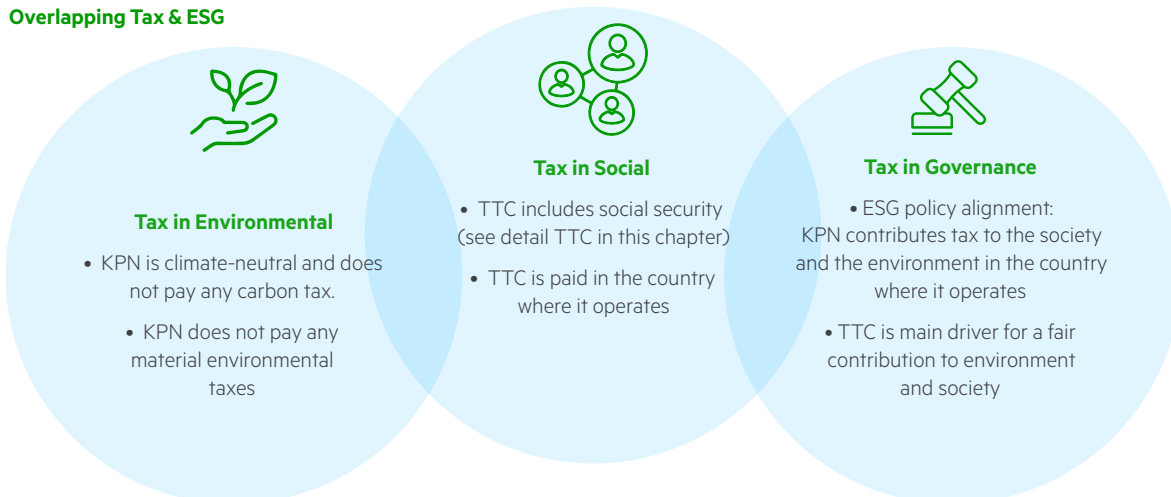
KPN's tax governance, strategy and principles<sup>1</sup> are based on KPN's Code of Conduct and the Tax Governance Code (published by VNO-NCW)<sup>2</sup>. KPN follows a tax approach in which principles of mutual trust, understanding and transparency are elementary.

KPN's Total Tax Contribution (TTC) is considered as the main and material driver for KPN's tax governance and fair tax contribution to environment and society. Within the framework on SDGs (see ESG governance for KPN's efforts on society and environment) tax follows the business and does not have a focus on particular SDGs.

The following ESG figure provides an overview of KPN's impact to the community:

As part of KPN's control environment as described in chapter Compliance and risk, a detailed tax risk appetite dashboard is defined for the tax objective in line with the prudent risk appetite KPN has in general. KPN's tax objective is covered in its tax governance, strategy and principles. Inspired by best practice around tax governance and compliance, KPN's Corporate Tax department manages all relevant taxes and secures optimal use of subsidy opportunities, whereby KPN adheres to its tax governance, strategy and principles. It is important to KPN to create sufficient tax awareness throughout the organization. Therefore, KPN regularly organizes meetings, knowledge updates and training, to ensure employees act with integrity and adhere to

## Overlapping Tax & ESG



<sup>1</sup> See for more information <https://ir.kpn.com/governance/tax-strategy-and-policy/default.aspx>

<sup>2</sup> See for more information [https://www.vno-ncw.nl/sites/default/files/25580\\_20220219\\_vno-ncw\\_tax\\_governance\\_code\\_eng\\_-\\_1\\_v4.pdf](https://www.vno-ncw.nl/sites/default/files/25580_20220219_vno-ncw_tax_governance_code_eng_-_1_v4.pdf)

<sup>3</sup> See for complete list Appendix 1 About this report

## Tax and regulations

KPN's tax governance, strategy and principles. The whistleblower policy<sup>1</sup> therefore also applies to tax. Misconduct or suspicion thereof relating to tax must be reported.

An important pillar in its tax governance, strategy and principles is KPN's Tax Control Framework (TCF). The function of the TCF is to determine, monitor and mitigate tax risks and to ensure complete, accurate and timely tax reporting including compliance. The TCF is an integrated part of KPN's control environment and subject to the three lines of defense<sup>1</sup>. KPN's Corporate Tax department is responsible for effectively identifying, assessing and managing the main tax risks of the company and an effective and operational TCF. Identified tax risks and the TCF effectiveness is monitored and evaluated every quarter with the CFO, as the responsible representative of the Board of Management. KPN's tax governance, strategy and principles are confirmed by the Board of Management annually (see Statement by the Board of Management and Responsibility Statement). Major identified tax risks (including countermeasures) are explained in Appendix 8 List of top risks. The effectiveness of the TCF is audited by the Internal Audit department once a year to ensure a dynamic and up-to-date tax-control environment.

With regard to the involvement of third-party expertise, KPN applies the principles as set in its tax governance, strategy and principles and expects the relevant experts involved to take into account these guiding principles when providing the requested tax expertise.

We refer to the tax section Appendix 12 GRI index for references to other sections for further details on the role of tax within KPN.

### Current tax position

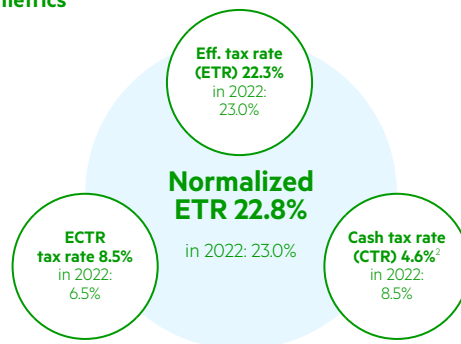
In 2023, the following main developments and projects were relevant to KPN from a tax perspective:

- The implementation of the arbitrary depreciation - reduces current year's cash tax (depreciation to be reversed within 3 to 30 years).
- The acquisition of fiber networks from Primevest and Kabeltex.
- The dissolution of former E-Plus companies is in progress and is expected to be finalized in 2024.
- The use of realized losses (loss carry forward), which is the main reason for the difference between the effective and cash tax rate of KPN.
- KPN pays significantly more tax in 2023 compared to 2022, as only a part of the profit (50%) is offset against losses.
- Monitoring the tax consequences of KPN's investment in the joint venture Glaspoort (see also Note 12).
- Determine and implement tax (reporting) consequences of several treasury events (share buyback program and the issue of a GBP Bond - see Note 13 for further details).

- Court procedure on VAT calculation methodology regarding the introduction of new mobile consumer propositions in August 2016. For further details see forward looking in this chapter, Note 20 and Appendix 8.
- Tax credit on Research and Development: KPN is continuously monitoring its innovation activities to substantiate the R&D tax credit on labor costs (Research and Development Promotion Act, further in this report abbreviated as WBSO).
- Implementation of processes and controls regarding the newly introduced global minimum tax (also known as Pillar II). See also forward looking in this section and Note 8.
- The tax figures reported in this section of the chapter are part of an external assurance review by the independent auditor.

### Tax contribution report

#### Tax metrics



The different tax metrics can be explained as the differences between:

- the normalized effective tax rate is the result of the tax benefit realized on the innovation box facility and the tax benefit on the EUR perpetual instrument (see also Note 8 Taxation).
- the effective tax rate (as explained in more detail in Note 8 Taxation) is less than the normalized tax rate due to certain one-off items, such as the tax benefit on the perpetual hybrid bond.
- the effective tax rate and the effective *current* tax rate (ECTR) deviate due to the impact of available tax losses (carry forward), temporary differences (between the tax basis of assets and liabilities and their carrying values) and updates based on prior year tax returns filed in 2023.
- the effective current tax rate and the cash tax rate is mainly caused by cash taxes paid on prior taxable years (mainly 2022).

<sup>1</sup> See for more information Compliance and risk paragraph

<sup>2</sup> Of which investing activities -/- 5.4% refund (2022: 3.5%)

## Tax and regulations

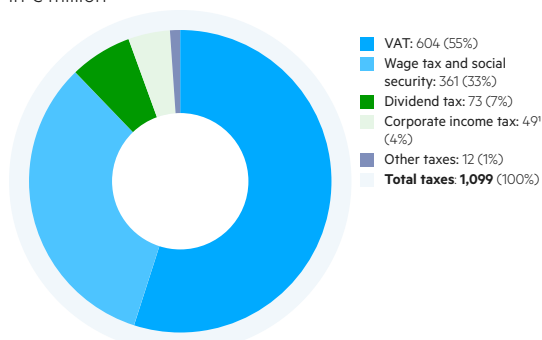
### Total tax contribution

Taxes paid by KPN include:

- Taxes paid by KPN - Corporate income taxes and other taxes (e.g. real estate tax).
- Taxes collected and paid by KPN as outcome of its activities - VAT, wage tax and social security, dividend tax and other taxes (e.g. energy tax).

2023

In € million

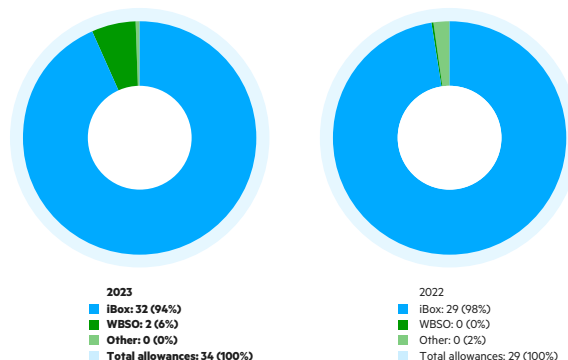


<sup>1</sup> Of which related to investing activities a refund of EUR 60m, see Note 21

### Government allowances

Government allowances include:

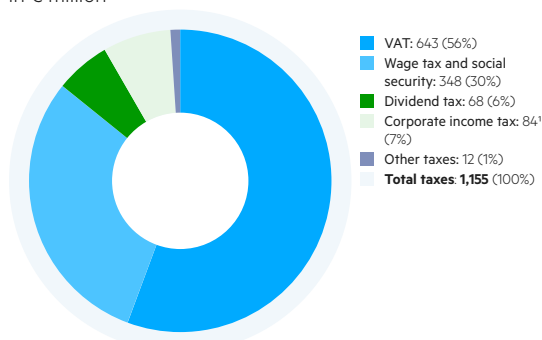
- Tax deduction on current year innovation box facility ("iBox").
- Tax credits on research and development ("WBSO").
- Other: European and national government grants.



The WBSO for 2022 is received in 2023.

2022

In € million



<sup>1</sup> Of which related to investing activities EUR 34m, see Note 21

## ● Tax and regulations

### Stakeholder engagement and forward looking

#### Stakeholder engagement

The relationship with the Dutch tax authorities is based on the principles of mutual trust, understanding and transparency. KPN is self-assessing and discusses in a pro-active and transparent manner current and potential future tax issues with the Dutch tax authorities. In line with their policy, that applies to the 100 largest and most complex organizations, the Dutch tax authorities prepared an Individual Monitoring Plan ("Individueel Toezichtsplan") based on the aforementioned principles with KPN.

Although KPN acknowledges today's high standard for multinationals regarding fair taxes, KPN is not always in the position to require the same standard from other parties that KPN does business with.

KPN continues active participation in representative associations, including public-policy advocacy on tax, that seek to develop best practice around tax-related disclosures (see Appendix 3 Materiality assessment). KPN liaises with tax departments of other companies through (in)formal consultative bodies to exchange views. It also uses NGOs and benchmark studies, like the Dutch Association of Investors for Sustainable Development (VBDO), to receive feedback on (tax) items that are important in the current and future environment to operate in a transparent and responsible manner. KPN's tax department actively participates at (tax) seminars and courses to keep up to date with developments on taxation, including its effects on the environment and society.

#### Forward-looking

KPN's unrealized losses as per 2021 were realized in 2022, resulting in a carry back to a part of the 2021 taxable profit. As such, after filing of the 2022 corporate income tax return a refund of approximately EUR 75m tax paid over 2021 is received in 2023.

The implementation of the arbitrary depreciation facility (Only available in 2023), resulted in income tax cash savings, reducing the income tax payments for 2023. The reversal of these depreciations will increase the income tax payments for 2024 and further.

The carry forward of losses will reduce tax payments for 50% of certain profits with the KPN Group for the near future.

Due to the fiscal unity loss compensation rules, certain profits within the KPN Group are not eligible to be offset against these (future) available losses. These taxes are neither affected by the implementation of the arbitrary depreciation nor by the use of available loss carry forward.

Based on current projections, KPN will utilize all losses in the foreseeable future for which a deferred tax asset is recognized.

In Q4 2023, the Dutch Ministry of Finance implemented legislation, in accordance with the Organization for Economic Cooperation and Development (OECD) initiative, to implement a global minimum tax, known as "Pillar II". The legislation will apply for FY 2024 and onwards. Impact on KPN is limited to additional compliance and administrative activities as KPN expects, based on the safe harbour rules, to report an effective tax rate above the minimum of 15% (and to apply the De Minimis test or immaterial payables for top-up taxes for the other countries KPN has legal presence). See also Note 8 Taxation for further guidance of the IFRS consequences of the global minimum tax. KPN closely monitors the developments in this respect and will implement necessary processes and controls in order to assess the financial impact as accurately as possible.

KPN continuously monitors potential developments in the tax environment that may affect its tax position, including:

- EU/OECD harmonization of corporate income taxes
- Potential reform of the Dutch Corporate Income Tax Act
- Environmental and energy taxes
- Jurisprudence

KPN will continue to extend and optimize its tax control framework, and as part of KPN's total IT landscape, by simplifying, automating and integrating administrative processes, controls and systems now and in the near future. In 2023, KPN implemented new tax reporting tools including a fixed asset tool that reports certain tax relevant developments on fixed assets.

The introduction of new mobile consumer propositions in August 2016 caused a change in the VAT calculation methodology which resulted in a lower remittance of VAT from August 2016 until December 2018. KPN's view is not shared by the Dutch tax authorities. KPN concluded, based on the applicable regulations, that a positive outcome of this dispute is not highly probable and therefore recorded a contract liability for the VAT amount. Additionally, an amount for the corresponding interest amount has been accounted for. A potential final negative outcome of the current court procedure will lead to cash outflow for an amount up to the non-current variable considerations which includes accrued interest. For further details, see also Note 20 Contract liabilities, trade and other payables and Appendix 8 List of top risks.

## ● Tax and regulations

### Regulation affects our business

KPN is subject to sector-specific regulation and enforcement thereof by regulatory authorities, such as the ACM and the Dutch Authority for Digital Infrastructure (RDI). As outlined in the chapter 'Compliance and risk', KPN's internal risk management and control systems are designed to minimize the risk of non-compliance with such regulation.

#### European developments

Regulation of the electronic communications markets is largely based on European legislation. The EU's roaming and open internet-access regulations are directly applicable in all member states. In addition to sector-specific regulation, KPN is subject to general regulations, such as privacy law, content-related law and consumer protection law.

Regulation regarding electronic markets, the Digital Markets Act and the Digital Services Act, came into force in November 2022. In addition, to strengthen cybersecurity in Europe, the Network and Information Security Directive (NIS2) and the Directive on the Resilience of Critical Entities (CER) came into force at the beginning of 2023. The draft versions of the Dutch implementation of these two directives are expected in the first quarter of 2024. Furthermore, the Data Act is set to be adopted by the European Parliament in the near future, and discussions between various institutions are ongoing regarding the Gigabit Infrastructure Act, the Cyber Resilience Act and EUCS certification.

#### Digital Networks Act

KPN welcomes the announcement of the new Digital Networks Act and the summary of the recent exploratory consultation on the future of the electronic communications sector and its infrastructure. For KPN, the central elements of the fair contribution debate revolve around the reasonable and efficient utilization of networks, as well as the essential components of engaging in good faith negotiations, dispute resolution, and arbitration. KPN remains committed to providing the necessary input and fostering a continuous dialogue with all EU institutions and stakeholders on this matter.

### Security concerns based on geopolitical developments

Stakeholders at both a European and a national level are paying increased attention to security concerns regarding control over telecom operators through investments and the potential security risks in networks. In the Netherlands, legislation has limited operators in their use of equipment from non-Western vendors in specifically designated (critical) parts of mobile networks. Additionally, specific security requirements for mobile networks have been implemented in those critical parts, to conform with a specific Ministerial Decree. The Dutch Authority for Digital Infrastructure (RDI) monitored this closely in 2023.

#### Spectrum licenses

The auction of the 3.5 GHz band has been postponed due to legal procedures against the bandplan of the Ministry. Just before the verdict was due, Inmarsat, a satellite company who uses the band for emergency communications at sea, came to an agreement with the Ministry to move its operations. They therefore pulled out of the legal proceedings. The verdict on 30 November 2023 for the remaining legal procedures were all in favor of the Ministry. This is positive news for the Ministry and mobile operators, because the auction preparations can now be picked up again, where an auction can be possible before the summer of 2024 at its earliest.

The 26 GHz band is the last priority 5G band to be made available in the Netherlands. The government intends to proceed with its assignment after the 3.5 GHz auction, while also taking into consideration advice from the Dutch Health Council (Gezondheidsraad) on health and safety.

#### Access regulation in the Netherlands

In December 2023, the Authority for Consumers and Markets (ACM) published its market analysis decision regarding the internet market. The ACM distinguishes five geographical markets and concludes that all of them are competitive and do not require ex ante regulation. The binding commitments made by KPN regarding access to its fiber networks will remain in effect until 2030 and have been taken into account in the market analysis.

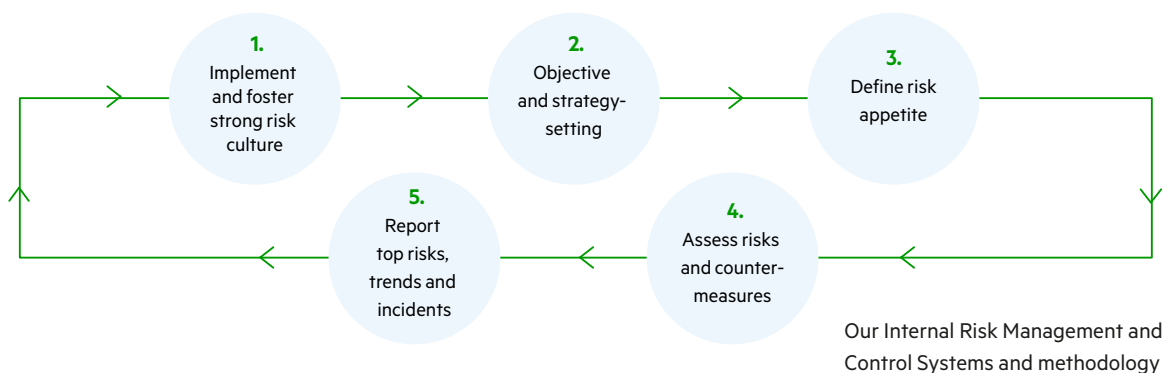
## ● Compliance and risk

# Maintaining effective risk management

**Deploying effective risk management is a key success factor for realizing our company's objectives. For this reason, KPN has implemented robust Internal Risk Management and Control Systems.**

### Chapter contains information on material topics

- 02. Cybersecurity, data & information protection (entity specific)
- 05. Working conditions of our own workforce (ESRS S1)
- B. Macroeconomics/geopolitics (entity specific)
- C. Own personnel (ESRS S1)
- D. Responsibility for supplier behavior (ESRS S2)



Maintaining effective Internal Risk Management and Control Systems requires a continuous and iterative process involving several steps. A strong risk culture and control environment form an important foundation of our control systems. After setting the strategy, the Board of Management defines its willingness to accept risks (risk appetite) in the pursuit of its objectives. Management assesses the main risks that could hinder the realization of the objectives and defines and implements countermeasures to mitigate such risks, taking the risk appetite into account.

At least annually, KPN's performance, top risks, countermeasures, trends and incidents are reported to and discussed with the Board of Management, which defines further remedial actions if necessary. The Board of Management shares their views and actions with the Supervisory Board.

## 1. Implement and foster strong risk culture (control environment)

KPN strives for a business culture in which compliance and integrity are self-evident for all employees. We achieve this through several actions including the following:

- The KPN Code of Conduct (the Code) applies to all KPN employees, including the Board of Management, the Supervisory Board, subsidiaries and temporary staff. The Code describes how we fulfill our objectives. Based on eight principles, we explain how we deal with people, resources and the environment. It describes KPN's values (trust, courage and growth) and how we work in an open, transparent, honest and socially responsible way. We communicate the Code on our corporate website ([ir.kpn.com](http://ir.kpn.com)), our intranet, via mandatory e-learning training for all employees, and online learning interventions ('workouts') that target specific segments of the employee population. We have a stringent approach to

## ● Compliance and risk

bribery and corruption, fraud and all other forms of (illegal) misconduct, including facilitation payments. The effectiveness of, and compliance with, the Code is structurally assessed by:

1. Actively detecting and investigating any alleged misconduct and taking appropriate disciplinary action if misconduct is substantiated
  2. Monitoring that all staff (both internal and external) have completed the e-learning on the Code
  3. Structural reporting of incidents to the Board of Management and to the Supervisory Board
- To emphasize our desired company culture and behavior and to create awareness in the business, we have implemented a communication and training program on compliance and integrity issues. Information that is important to share because of (changes to) applicable policies, laws or regulations or because of a need or demand in the business (risk- or need-based), is shared through e-learning, workshops or classroom training.
  - The Business Control Framework (BCF) comprises all corporate policies and guidelines that are mandatory for KPN's segments and entities. When deemed necessary (e.g. after substantial changes in policies or management), senior management receive an e-learning course on the main principles and policies of the BCF.
  - KPN encourages all employees and external parties to report (anonymously, if desired) any misconduct or suspicion of misconduct by KPN employees. Our whistleblower policy complies with the Dutch Whistleblower Protection Act.
  - In 2023 we created an internal webpage on speaking up, which contains answers to FAQs and guidance on various topics related to speaking up and reporting.
  - We periodically measure the state of our organizational culture, compliance and integrity as perceived by our employees and report results and plans for improvement to a large part of senior management and, if required, initiate solicit responses. In the chapter Empowering our people for sustainable impact (p. 39), we describe how we create a culture that contributes to our growth strategy.

## 2. Objective and strategy-setting

KPN's objectives and strategy are described on p. 11. During the year, senior management takes into account the company's known risks and opportunities, and its risk appetite (see below). The objectives and strategy are discussed with the Supervisory Board.

## 3. Define risk appetite

Pursuing any business objective inevitably leads to taking risks. Risks can jeopardize achieving those objectives in various ways.

Each type of risk encountered is dealt with in a manner that matches the risk appetite of the Board of Management. The risk appetite is the total residual impact of risks that KPN is willing to accept in the pursuit of its strategic objectives. The risk appetite per objective or risk area is determined by the Board of Management every year. These risk areas include strategic, operational, financing, tax, compliance, sustainability, financial reporting and (information) security themes.

Risk areas with a low risk appetite, and hence a low acceptable residual risk, require strong risk management and strong internal controls. Risk areas with a high risk appetite require relatively less risk management and internal control effort.

KPN has a prudent risk appetite, which can be described as follows per risk category:

- Strategic risks: in the pursuit of our strategic objectives, KPN is willing to accept reasonable risks in a responsible way, taking into account our stakeholders' interests.
- Operational risks: KPN is committed to a high quality of customer service, which is reflected in a high NPS. We aim to limit the number of interruptions to our networks, services, and systems as much as possible. We implement strict policies to keep our networks and customer data private, safe and secure.
- Financing risks: we strive for the right balance between a prudent financing policy, sufficient investments in the business and fair shareholder remuneration. KPN is committed to an investment-grade credit profile. See Note 13 to the Financial Statements.
- Tax risks: KPN's overall risk appetite for tax (including tax compliance) is to respect the text and spirit of the law at all times. KPN defined a separate tax risk appetite dashboard in order to keep the number of tax errors to a minimum and prevent any tax exposures. Where alternative routes exist to achieve the same commercial results, KPN will pursue the most tax efficient and responsible approach in the interest of all stakeholders.
- Compliance risks: we are committed to fully complying with relevant laws and regulations and have a zero tolerance approach to bribery and corruption, fraud and all other forms of (illegal) misconduct.
- Sustainability risks: we are committed to keeping a frontrunner position with regards to sustainability and therefore aim to minimize our sustainability risks and stimulate our partners in the value chain to do the same.
- Financial reporting risks: we aim to minimize the risk of material misstatements due to fraud or errors in our Financial Statements.



## ● Compliance and risk

### 4. Assess risks and countermeasures

KPN has implemented effective Internal Risk Management and Control Systems to manage its main risks. The main part of these systems comprises seven KPN Internal Control Systems (KICS), which cover the most relevant risk areas for KPN, as summarized in the table below:

KPN Internal Control System	KPN Internal Control System objective
1. Liquidity Management & Financial Framework	To ensure financial continuity
2. Year Plan & Year Outlook	To create shareholder value
3. Network Service Levels	To maintain customer service delivery levels
4. Reliable Financial Reporting	To maintain investor trust on financial reporting
5. Compliance to laws and regulations	To maintain compliance with external requirements
6. Reliable Sustainability Reporting	To measure corporate responsibility and integrated sustainability reporting
7. IT Security & Continuity	To mitigate cybersecurity threats

For each category of objectives (strategic, operational, financing, tax, compliance, sustainability and reliable financial reporting), KPN has defined different control systems. For information security objectives, reference is made to Our performance: Safeguarded security and privacy.

#### Strategic objectives

Every year, we assess the top risks at Group (top-down approach) and segment level (bottom-up approach), and, if necessary, we implement countermeasures to mitigate them within the defined risk appetite. We conduct risk assessments with our Consumer, Business, Wholesale and Operations segments, as well as with selected staff functions in the Corporate Center. The business objectives are detailed in a strategic business plan. Every quarter, we perform a 'most likely' forecast three to six quarters ahead on their main financials and key performance indicators. Segments update the main risks and opportunities, resulting in a bandwidth of outcomes around expected performance. Each month, segment management discusses their actual performance with the Board of Management.

#### Scenario analyses and stress testing

We perform scenario analyses to test the impact of several extreme events on KPN's financial health. Scenarios tested relate to different instances such as supply chain issues, inflation, cyber attacks, or the entrance of a new mobile provider. We also test scenarios related to ESG related risks and opportunities, such as energy scarcity, low GHG emissions and working conditions in the value chain. For more information, please refer to the description of the double materiality assessment on p. 201.

#### Operational objectives

KPN has implemented superior networks for both our fixed and mobile services. The high quality of these stable and reliable networks leads to a lower number of operational incidents and service interruptions, and they also use less energy. To ensure our service availability, we have designed our network to be robust with back-ups and redundancies. We focus strongly on operational excellence by making ongoing improvements in terms of rationalization, simplification, and operational efficiency. We further simplify and streamline the operating model to prepare for the next wave of digitalization, which will improve the customer experience, enhance KPN's time-to-market and contribute to further cost efficiencies.

In 2023, KPN continued improving the quality of its internal operational and security processes as part of our Security First strategy and IT Compliance improvement program to mitigate security risks for our customers. With regard to Security, we designed strong security measures according to the KPN Security Policy (KSP), which are aligned with acknowledged standards (NIST, ISO, OWASP, CIS benchmarks, etc). KPN has business continuity plans in place to safeguard the continuity of services to customers and critical systems and processes. For more information on Security, refer to chapter Privacy and security (p. 46).

#### Financing objectives

KPN's Corporate Treasury department manages risks related to cash and debt positions, finance agreements, credit ratings, currency and interest exposures, counterparty risks, and non-life insurance (see Note 13). Corporate Treasury has defined policies with clear boundaries for these risks. Compliance with these policies is monitored frequently.

#### Tax objectives

KPN's tax objective, including tax compliance, is covered in KPN's Tax Governance, Strategy & Principles. As a core part of corporate responsibility and governance, with respect to society and the environment, the Corporate Tax department recommends the most tax-efficient and responsible approach in the interest of all stakeholders, while adhering to KPN's tax policy and complying with all relevant tax laws and regulations. This determines KPN's overall tax risk appetite. As KPN proactively engages with Dutch and other tax authorities, tax exposures, if any, are contained and under control. Besides potential tax exposure, reputational risk is always a consideration when applying tax planning. See also chapter Tax and regulations.

#### Compliance objectives

Our compliance risk assessment (CRA) framework comprises an integrated framework that oversees risks mainly related to compliance with telecommunications, competition, consumer, financial services (e.g. credit) and privacy legislation. We

## ● Compliance and risk

also monitor compliance with Solvency II requirements (KPN Insurance). For compliance risks, we have implemented relevant processes and controls that are continuously monitored. All key compliance controls are tested by dedicated staff throughout the year.

### Sustainability objectives

#### Climate change

For a description of our risks and control systems relating to climate change, reference is made to the chapter Environmental Performance. KPN has taken further steps on climate adaptation by working together with Naturalis Biodiversity Center on this topic.

#### Sustainable employability

We have noticed the importance of having a leading sustainable strategy to attract and retain talent. For more information on risks related to the war for talent and diversity, see chapter Our value for stakeholders: Employee value.

#### Human Rights

We endorse the United Nations Guiding Principles on businesses and human rights. The obligation to respect human rights is the

basis for our way of working. It is reflected in our Code of Conduct and what we require of our suppliers. In KPN's due diligence process we consistently evaluate human rights risks in our value chain. We expect all our suppliers to comply with our Supplier Code of Conduct. Through this code, suppliers confirm that they support and respect the protection of internationally proclaimed human rights and operate in the spirit of the Charter of the United Nations (for example by preventing discrimination, child labor or forced labor, and by recognizing and respecting the environment in their business operations). For more information, refer to Our performance: Environmental performance.

We monitor the number of reports of human rights violations externally and internally. In 2023, there were 0 reports concerning human rights violations involving an employee in our operations compared to none in 2022.

The table below provides an overview of the relevant information on human rights policies for our three main stakeholder groups.

### Reference table on human rights policies and outcomes

	Materiality	Our policy and outcomes	KPIs	Risks and mitigating measures
Customers	Material topic: <ul style="list-style-type: none"> <li>Data &amp; information protection and customer interaction</li> </ul> Other topic: <ul style="list-style-type: none"> <li>Responsible operations (see Appendix 3 Materiality assessment)</li> </ul>	Our policy and the outcome of our policy is described in the chapters Safeguarded privacy and security, Impact on society and Network infrastructure. For more details on privacy and security, see our website	Safeguarded privacy and security (p. 46) and Appendix 4: Non-financial information	See Compliance and risk (p. 71) and Appendix 8 List of top risks
Employees	Other topics: <ul style="list-style-type: none"> <li>Attractive working conditions</li> <li>KPN's corporate governance &amp; human rights compliance (see Appendix 3 Materiality assessment)</li> </ul>	Our policy and the outcome of our policy is described in the chapter Sustainable employability. Our human rights statement is described on our corporate site Our privacy statement is described on our general site	Our value for stakeholders: Employee value (p. 39) and Appendix 4: Non-financial information	See Compliance and risk (p. 71) and Appendix 8 List of top risks
Supply chain	Material topic: <ul style="list-style-type: none"> <li>Supplier selection &amp; Security</li> </ul> Other topic: <ul style="list-style-type: none"> <li>KPN's corporate governance &amp; human rights compliance (see Appendix 3 Materiality assessment)</li> </ul>	Our policy and the outcome of our policy is described in the chapter Collaborating towards a sustainable value chain (p. 50). For more details, see: How we identify low/medium/ high risk suppliers, see our corporate site What we expect from our suppliers on human rights, see our corporate site	Environmental performance (p. 50), Responsible supply chain (p. 57) and Appendix 4: Non-financial information	See Compliance and risk (p. 71) and Appendix 8 List of top risks

### Reliable financial reporting objectives

Our internal controls for Reliable Financial Reporting (also known as RFR Framework) ensure that material misstatements in KPN's Financial Statements are prevented or detected in a timely manner. Each quarter, Risk Management and KPN Audit assess the overall effectiveness of the controls before publication of the quarterly figures. The Quarterly Reporting

Review Team (with members from Corporate Reporting, General Counsel Office, Treasury, Corporate Communications, Tax, Internal Audit and Investor Relations) examines all reports and documents containing financial information that are intended for external publication.

## ● Compliance and risk

### 5. Report top risks, trends and incidents

Segment management provides the Board of Management with a quarterly letter of representation regarding the reliability of their financial reporting, the effectiveness of their internal controls over financial reporting, risk management and compliance with telecommunication laws, internal policies and other laws and regulations. Twice a year, Corporate Control reports top risks and countermeasures to the Board of Management, including recommended improvement actions.

Critical concerns are communicated on a quarterly basis to both the Board of Management and the Supervisory Board. This communication consists of a.o. a KICS Report (report of the 2<sup>nd</sup> and 3<sup>rd</sup> line combined showing the status of the internal controls systems at a given time), an internal audit report (status and progress of risk-based audit activities), a compliance report (status and progress of new regulations and/or incidents) and an external audit report.

#### Summary of main risks and countermeasures

The table on p. 76 provides a summary of KPN's main risks and countermeasures, including the expected trends

and impact. It also lists a selection of KPIs that are used to monitor the development of the risks. Most KPIs are monitored in KPN's planning and control cycle, and discussed in the Board of Management's business reviews with segment management, including improvement actions where necessary. This is important as the risks might directly affect our external stakeholders and the value we create.

For a more extensive list of our risks and countermeasures, see Appendix 8, which is also part of this Report by the Board of Management.

As stated in section 3 sub 1.c of the Non-financial Information Disclosure Decree (*Besluit bekendmaking niet-financiële informatie*) of 14 March 2017, KPN has identified and assessed its main risks regarding environmental, social and personnel matters, human rights and anti-bribery and corruption.

The table in Appendix 3 provides an overview of parties to whom we consider ourselves responsible for the implementation of our non-financial policy.

### What do you think?

Share your opinion now on the statement below and 9 other thought-provoking topics that impact our company and environment.

**At times, digitization may outpace the ability of some consumers to keep up**

Scan and vote along!



## Compliance and risk

### Main risks

Risk	Risk has impact on Strategic objective:	Risk category and risk appetite	Main countermeasures (summary)	Impact
Strong competition from current competitors or new market entrants (including big tech), or new emerging disruptive technologies  Trend: <span style="color: red;">⬆️</span> <sup>1</sup>	Connect, Activate	Strategic risk  KPN is willing to accept reasonable risks in a responsible way.	<ul style="list-style-type: none"> <li>Offer converged services such as KPN ÉÉN MKB, KPN Smart Combinations and Household 3.0 portfolio.</li> <li>Implement a superior network by rolling out fiber at a fast pace, enabling the latest innovative mobile technologies and improving in-home WiFi coverage.</li> <li>Improve customer experience by optimizing and digitalizing customer journeys.</li> <li>Offer high-quality service to customers.</li> <li>Develop new additional services for customers, such as SuperWiFi or Security services.</li> </ul>	High: the described risk could lead to lower profitability as well as lower market shares. In the longer run, it could impact our continuity.  <b>Monitoring KPI:</b> Market shares Service revenues # Fiber homes passed and activated
Damage, service interruptions, operational issues in KPN's technical infrastructure and IT Insufficient transformation progress due to complexity, and legacy in KPN's operations  Trend: <span style="color: green;">➡️</span> <sup>2</sup>	Connect, Activate, Grow	Operational risk  KPN is committed to high quality of customer services and to limiting disruptions as much as possible.	<ul style="list-style-type: none"> <li>Implement a superior network by rolling out fiber at a fast pace and enabling the latest innovative mobile technologies.</li> <li>Business Continuity Management, back-up and recovery plans in case of emergencies.</li> <li>Implement lean operating model, including digitalization, simplification and rationalization of networks, IT, processes and portfolio.</li> </ul>	Medium-high: the incidents could negatively impact KPN's customer satisfaction, reputation and profitability. This risk could impact our continuity.  <b>Monitoring KPI:</b> NPS Network availability # major incidents # Fiber homes passed
Cybersecurity attacks or terrorism: threats by malicious actors to the security of KPN's networks, IT and (customer) data  Trend: <span style="color: red;">⬆️</span> <sup>1</sup>	Activate	Operational risk  KPN is committed to limiting incidents as much as possible and implements strict policies to keep our networks and customer data private, safe and secure.	<ul style="list-style-type: none"> <li>Implementation of baseline security measures according to the KPN Security Policy, continuous improvement of security processes and procedures</li> <li>Performance of central security processes such as Penetration Testing, Vulnerability Management, Security Monitoring and Incident Response</li> <li>Role-based security awareness of technical workforce and training of personnel to increase security knowledge and capabilities</li> </ul>	High: the incidents could lead to loss/theft of customer data, higher costs, penalties and reputational damage. This risk could impact our continuity.  <b>Monitoring KPI:</b> Severity and # of security incidents Severity and # of vulnerabilities
Geopolitical developments for high risk vendors, which could trigger security, business continuity and reputational risks. New regulations or bans could lead to concentration risks and higher investment costs in future.  Trend: <span style="color: red;">⬆️</span> <sup>2</sup>	Connect, Activate, Grow	Strategic/ Operational/ Compliance risks  KPN is committed to a high quality of customer services and to keep our networks and customer data private, safe and secure. KPN is committed to full compliance with relevant laws and regulations.	<ul style="list-style-type: none"> <li>Conduct frequent threat and risk analyses and closely monitor latest global and political developments.</li> <li>Perform scenario analyses during network design to assess potential implications of geopolitical developments.</li> <li>Prepare fallback scenarios and policies if KPN can no longer acquire or use hardware and software from specific suppliers and avoid dependence on single vendors or countries for critical or vital services.</li> <li>Maintain and continuously update the KPN Security Policy and monitor continuous compliance with security requirements.</li> </ul>	High: the risk could lead to a higher number of business continuity or security incidents, reputation damage and higher investments and costs.  <b>Monitoring KPI:</b> N/a

<sup>1</sup> ⬆️ Risk is increasing

<sup>2</sup> ➡️ Risk is stable

## Compliance and risk

Risk	Risk has impact on Strategic objective:	Risk category and risk appetite	Main countermeasures (summary)	Impact
KPN may not be able to attract or retain talents and skilled staff in e.g. IT, cloud, AI or security domains Trend: → <sup>1</sup>	Generic	Strategic/ Operational risks  KPN is willing to accept reasonable risks in a responsible way. KPN is committed to a high quality of customer services and to limiting disruptions as much as possible.	<ul style="list-style-type: none"> <li>Innovative and inspiring talent-management programs to attract and maintain qualified staff (both from the Netherlands and abroad).</li> <li>Maintain a strong employer identity and accompanying labor market strategy to attract external staff with the right capabilities</li> <li>Promote technical education initiatives at highschoools and universities to attract new and diverse workforce.</li> </ul>	Medium: lack of talents and skills could negatively impact our quality of services, innovation and improvement of our operations.  <b>Monitoring KPI:</b> Employee engagement
New regulatory decisions in the EU and the Netherlands. Non-compliance with regulation, including privacy regulations  Trend: → <sup>1</sup>	Generic	Compliance risk  KPN is committed to full compliance with relevant laws and regulations.	<ul style="list-style-type: none"> <li>Proactive stakeholder and reputation management including dialogue with regulators.</li> <li>Strengthening effectiveness of the compliance organization and internal controls.</li> <li>Proactive internal compliance investigations.</li> </ul>	Medium-High: the risk could affect KPN's license to operate and profitability and cause reputational damage  <b>Monitoring KPI:</b> Fines # incidents reported to regulators

1 → Risk is stable



### What do you think?

Share your opinion now on the statement below and 9 other thought-provoking topics that impact our company and environment.

**Sharing web behavior data is essential for better service**

**Scan and vote along!**



## ● Compliance and risk

### Reference table on bribery and corruption

Our policy and outcomes	Risks and mitigation measures	Risks and mitigating measures
<b>Customers and employees</b>	The bribery and corruption chapter below describes our policy and the outcome of our policy. For more details, see Subcode 2 - How we interact with third parties	See Compliance and risk, Appendix 8 and the GRI Index
<b>Supply chain</b>	The outcome of our policy is described in Environmental performance and responsible supply chain' (p. 50). For more details on the policy, see our website art 51, 52	See Appendix 4 and Appendix 8

### Bribery and corruption

We expect our employees to report any suspicion of non-compliance with the Code of Conduct. Following a report, an expert from the KPN Corporate Security Office and/or KPN Compliance, Privacy & Ethics Office investigates the potential violation. The outcome may lead to disciplinary action. The severity of the disciplinary action is determined by the nature and circumstances of the incident, and may include termination of employment.

In addition to internal reporting options, employees can also use the SpeakUp Line, an anonymous reporting procedure managed by an independent organization.

In 2023, we identified 238 internal fraud cases, compared to 197 in 2022. These concerned such things as the theft of goods, theft of access passes and keys, intentional actions leading to damaging of property and breaches of internal incentive regulations. To prevent similar issues in the future, we imposed sanctions and took action with responsible management. As a result, 8 employees had their contracts terminated. In 49 cases, we prematurely terminated the contracts of temporary staff. Our KPN Security Policy on Incident Management describes how we deal with incidents if they occur. The KPN Corporate Security Office has a procedure in place to investigate reported incidents of internal fraud by employees.

Our stringent approach to bribery and corruption is based on multiple policies, as listed in the table above. We distinguish between bribery and corruption among customers and employees (which includes, for example, fraud, verbal abuse and transgressive behavior) and bribery and corruption in the supply chain. All our employees (including the Board of Management) are obliged to complete the Code of Conduct e-learning every other year. Topics on bribery and corruption are included in this training. We trained 10,288 employees to detect and prevent corruption in 2023.

Functions that are most at risk in respect of corruption and bribery (such as members of the Board of Management, Senior Management, purchasers and some of the sales functions) must do additional mandatory training every other year.

### Reporting misconduct

KPN's procedure for reporting misconduct was updated in 2023. By misconduct, we do not only mean unlawful behavior like bribery and corruption, but also behavior that violates our internal policies or behavior that is unwanted or transgressive. The Reporting Procedure describes how employees and third parties can discuss concerns or make a report. It also explains how KPN deals with reports. It explains how privacy and confidentiality are safeguarded and how to report anonymously. Of course, KPN also complies with the legal requirements around the 'prohibition of detriment' when making a report.

KPN wants to make sure that everyone feels free to report (suspicions of) misconduct and inappropriate behavior. It is important that direct employees and workers in the value chain can do this without feeling disloyal to colleagues or KPN, and without fearing intimidation, retaliation or any other disadvantage. KPN will protect people who report against any form of detriment in accordance with the Reporting Procedure.

KPN will investigate all reports of (suspicions of) misconduct and inappropriate behavior, and will take appropriate action. KPN is committed to investigate business conduct (including corruption or bribery) incidents promptly, independently and objectively. Therefore, people can feel reassured that an investigation policy is in place.

Employees can report their concerns internally via the Helpdesk Security, Compliance & Integrity, via the anonymous SpeakUp Line, by sending a letter to the Chairman of the Supervisory Board and, on request, in a personal conversation. External reporting can be done with a competent authority appointed by the Dutch authorities. Further details of the various options can be obtained from the Reporting Procedure. Employees are informed about this topic through various channels, including the company intranet and the obligatory e-learning about the Code of Conduct (see above).

Any and all third parties, including all value chain workers and suppliers, can report any (suspicions of) misconduct that they believe KPN should be aware of. We have created a grievance mechanism, the SpeakUp line which aims to ensure reports can be made free from the fear of retaliation or intimidation. People



## ● Compliance and risk

can contact this anonymous reporting portal 24/7 via a secure website. Third parties and value chain workers can speak up in their own language. The KPN SpeakUp line is externally hosted and provided by an independent organization. When a complaint is made, it is sent directly to KPN, guaranteeing confidentiality and preventing someone's direct boss from knowing they have made a complaint, thereby minimizing any potential threats. The investigation into the reports is performed under the auspices of the Chief Security Officer and the Chief Compliance & Privacy Officer. Investigators come from specialist backgrounds and are retrained on specific subject matter when necessary.

The relevant control on this process is part of our internal control framework and its design, implementation and operating effectiveness is evaluated on an annual basis. Every month, reports and investigations are reported in the security report to the Board of Management and Senior Management, including the business units. In 2023, 4,145 reports were made to the helpdesk compared to 4,482 in 2022. KPN registers reports on violations of the Code of Conduct and the subcodes (which include all company policy on ethical and lawful behavior) including the results of formal investigation and follow-up in terms of corrective measures.

The 'Reporting Procedure (suspicions of) misconduct and inappropriate behavior KPN' can be found at our IR website.

### Evaluation of the Internal Risk Management and Control Systems

As stated in principle 1.2 of the Dutch Corporate Governance Code and related best-practice provisions, KPN has designed and implemented Internal Risk Management and Control Systems to identify and manage the risks associated with the company's strategy and activities. In 2023, KPN Audit and second line functions systematically assessed the effectiveness of these systems. A summary of the main Internal Risk Management and Control Systems is provided in the preceding paragraphs.

During the assessment of the design and operating effectiveness of the systems, certain weaknesses, deficiencies and improvement actions were identified and implemented. If deemed appropriate, alternative procedures were conducted to obtain the required assurance. None of these weaknesses or deficiencies were classified as a major failing, as referred to in best practice provision 1.4.2 sub iii.

The Internal Risk Management and Control Systems are continuously improved where necessary, to meet changing requirements from both internal and external stakeholders (for example new regulations like the CSRD).

### Governance of risk management and compliance

#### Three lines Model

KPN applies the so-called Three lines model, which comprises the following lines:

- First line: Business management. Although the Board of Management is ultimately responsible for risk management and compliance, it is the business management's duty to effectively identify, assess and manage the main risks of the company, in line with the steps discussed in the previous paragraphs (business management is also the owner of the risks and control frameworks).
- Second line: Departments such as Risk Management, Compliance, Privacy & Ethics Office and Information Security Office are responsible for the design of the risk management, compliance and security policies and testing of the controls on operating effectiveness. They are also responsible for supporting and challenging business management in their assessment and management of top risks.
- Third line: KPN Audit performs, where necessary, independent reviews of the design and operational effectiveness of the Internal Risk Management and Control Systems. The main results of both the risk assessments and the evaluation of the Internal Risk Management and Control Systems are shared with the Audit Committee of the Supervisory Board and discussed with the external auditor.

#### Internal Audit

KPN's internal audit function (KPN Audit) is an independent, objective assurance and consulting activity designed to add value and improve KPN's operations and activities. It helps KPN accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. KPN Audit provides assurance to both the Board of Management and the Supervisory Board, primarily via its Audit Committee, concerning the 'In control' status of the company. Its mission is "helping KPN to create sustainable improvement and to be in-control for all its business activities by enhancing and protecting its value through advisory and assurance activities." The main audit activities are risk-based and, on a yearly basis, formalized in the 'KPN Audit Calendar'. These activities comprise of, besides the quality assessments and the operation of the 7 KICS, strategic, operational, compliance, reporting and information technology (IT) audits and risk assessments. The Chief Audit Executive (CAE) reports directly to the CEO and has direct access to the Audit Committee and the external auditor. The internal audit reports are discussed with the Board of Management and in the quarterly Audit Committee meetings.



## ● Compliance and risk

### Statement by the Board of Management and Responsibility Statement

#### Statement by the Board of Management

The Board of Management is responsible for the effectiveness of the design and operation of KPN's Internal Risk Management and Control Systems. These have been designed to manage the risks that may prevent KPN from achieving its objectives. However, these Internal Risk Management and Control Systems cannot provide absolute assurance that material misstatements, fraud and violations of laws and regulations have been avoided.

The Board of Management reviewed and analyzed:

- The strategic, operational, financing, tax, compliance, sustainability and financial reporting risks, as discussed in the section 'Summary of main risks and countermeasures' on p. 75 to 78.
- The design and operational effectiveness of the Internal Risk Management and Control Systems, as discussed on p. 71 to 75 of this Integrated Annual Report.

The results of this review and analysis were shared with the Audit Committee and Supervisory Board and discussed with KPN's external auditors.

With reference to the best-practice provision 14.3 of the Dutch Corporate Governance Code and the chapter 'Compliance and risk', including Appendix 8, in this Integrated Annual Report, the Board of Management states that, to the best of its knowledge:

- This Integrated Annual Report provides sufficient insights into any major failings in the effectiveness of the Internal Risk Management and Control Systems with regard to the risks as referred to in best practice provision 1.2.1. There are no major failings to report (see also paragraph 'Evaluation of the Internal Risk Management and Control Systems' on p. 79).
- The aforementioned systems provide reasonable assurance that the financial reporting, as included in the Financial Statements on p. 106 to 181, does not contain any material inaccuracies.
- Based on the current state of affairs, it is justified that the financial reporting, as included in the Financial Statements on p. 106 to 181, is prepared on a going concern basis.
- This Integrated Annual Report states the material risks, as referred to in best practice provision 1.2.1, and the uncertainties, to the extent that they are relevant to the expectation of the company's continuity for the period of 12 months after the preparation of this report.

#### Responsibility Statement

With reference to section 5.25c paragraph 2c of the Financial Markets Supervision Act, the Board of Management states that, to the best of its knowledge:

- The Financial Statements of 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of KPN and its consolidated companies.
- The Integrated Annual Report gives a true and fair review of KPN's position as at 31 December 2023, the development in 2023 of KPN and its Group companies included in the Financial Statements, together with a description of the top risks KPN faces.

Rotterdam, 28 February 2024

#### Joost Farwerck

Chairman of the Board of Management and Chief Executive Officer

#### Chris Figee

Member of the Board of Management and Chief Financial Officer

#### Marieke Snoep

Member of the Board of Management and Chief Consumer Market

#### Chantal Vergouw

Member of the Board of Management and Chief Business Market

#### Wouter Stammeijer

Member of the Board of Management and Chief Operating Officer

#### Hilde Garssen

Member of the Board of Management and Chief People Officer

## ● Composition of the Board of Management

# Composition of the Board of Management

**The Board of Management manages KPN's strategic, commercial, financial, CSR and organizational matters. The Board of Management currently consists of six members. All of them are independent executive directors.**

Mr. Fouladi and Mr. Van Overbeke resigned as members of the Board of Management of KPN, effective as per 1 May 2023. Ms. Vergouw (Chief Business Market) and Mr. Stammeijer (Chief Operating Officer) were appointed as member of the Board of Management as of 1 June 2023. Ms. Snoep succeeded Mr. Van Overbeke in the role of Chief Consumer Market. Following these appointments the gender diversity ratio of the Board

of Management is 50% female / 50% male. Mr. Gilhooley, deputy to the company secretary, acts as secretary of the Board of Management.

All members of the Board of Management comply with clause 2:132a of the Dutch Civil Code, which limits the number of positions on a supervisory or management board that a director may hold.

## Composition of the Board of Management

Name	Position	Year of birth	Gender	Nationality	Start of term	End of current term
J.F.E. Farwerck	Chairman of the Board of Management and Chief Executive Officer	1965	male	Dutch	April 2013/ April 2017/ <sup>1</sup> December 2019 <sup>1</sup>	2024
H.C. Figee	Board member and Chief Financial Officer	1972	male	Dutch	February 2020	2024
M.W.M. Snoep	Board member and Chief Consumer Market	1971	female	Dutch	December 2019	2024
C. Vergouw	Board member and Chief Business Market	1976	female	Dutch	June 2023	2027
W. Stammeijer	Board member and Chief Operating Officer	1980	male	Dutch	June 2023	2027
H. Garssen	Board member and Chief People Officer	1973	female	Dutch	December 2019	2024

<sup>1</sup> Reappointment

## ● Composition of the Board of Management

### Joost Farwerck



Mr. Farwerck was appointed Chairman of the Board of Management and Chief Executive Officer on 1 October 2019. He has been a member of the Board of Management since 10 April 2013. Mr. Farwerck started working at KPN in 1994 and held senior management positions in various divisions, bringing him a wealth of knowledge of the company and the industry. Mr. Farwerck is also a member of the board of FME, a member of the Cyber Security Council, a member of

the Supervisory Board of the Foundation De Nieuwe Kerk Amsterdam and a member of the Supervisory Board of the Foundation Het Nationale Theater. He is also a member of the board of KPN Mooiste Contact Fonds.

### Chantal Vergouw



Ms. Vergouw was appointed as a member of the Board of Management of KPN as Chief Business Market with effect from 1 June 2023. She was a member of KPN's Supervisory Board from 13 April 2022 from which role she resigned when assigning the role and responsibility in the Board of Management of KPN. Before her appointment as Chief Business Market at KPN, Ms. Vergouw was CEO of insurance company Interpolis since 2016. She also

was a member of the Supervisory Board of Eureko Sigorta in Turkey. Prior to that she held various management positions at ING. Ms. Vergouw previously held numerous positions in civil society organizations. Until 1 June 2023 she was Chair of the Supervisory Board of Dierenbescherming and board member of Kobra.

### Chris Figee



Mr. Figee has been a member of the Board of Management and Chief Financial Officer since 1 February 2020. Prior to his appointment at KPN, Mr. Figee was CFO of ASR Nederland. Before joining ASR, Mr. Figee worked at Achmea for five years, as a member of the Achmea Group Committee and Director of Group Finance. In 1999, he joined McKinsey, where he rose to the role of partner in 2006, a role he held until he joined Achmea in 2009. Mr. Figee

started his career at Aegon, where he held various positions, including that of Senior Portfolio Manager. Mr. Figee is currently a member of the Supervisory Board of UNICEF Netherlands, a member of the Economic Board Zuid-Holland, a member of the Supervisory Board of Azerion, a member of the board of VEVO (Dutch association of listed companies) and a member of the Supervisory Board of Royal Schiphol Group.

### Marieke Snoep



Ms. Snoep has been a member of the Board of Management since 1 December 2019, first as Chief Business Market and since 1 June 2023 as Chief Consumer Market. She has more than 25 years of strategic and commercial experience in the Dutch telecommunications market. Prior to joining KPN, Ms. Snoep was a member of the board of T-Mobile Netherlands from 2012. In her earlier career, she held consultancy roles with Solvision (currently Ordina) and

Atos Origin. Ms. Snoep is a member of Raad van Anders NLdigital, an active member of SER Topvrouwen, a member of the board of VNO-NCW and mentor at nlgroeit.

## ● Composition of the Board of Management

### Wouter Stammeijer



Mr. Stammeijer has been appointed a member of the Board of Management in the role of Chief Operating Officer with effect from 1 June 2023. Over the past fifteen years he has gained extensive knowledge of the telecom and technology sector, within KPN and broader in the telecom industry. He started his career at ING Bank in structured acquisition finance and was based in Amsterdam and New York. In that capacity, he was

responsible for executing a wide range of transactions for clients in the telecom and technology sector. After joining KPN in 2010 he held several senior management positions, including as KPN's Chief Strategy & Development Officer and Chief Consumer Market (on an ad interim basis) and prior to that headed KPN's Investor Relations department.

### Hilde Garssen



Ms. Garssen has been a member of the Board of Management since 1 December 2019. She was appointed Chief People Officer on 10 December 2018. Prior to joining KPN, Ms. Garssen served as Senior Managing Director Business Services at ABN AMRO Bank for over two years. Since 1998, she has held numerous HR roles at ABN AMRO Bank, including Chief Human Resources Officer and Managing Director Change, Integration & Management

Group Coordination & Reward, as well as Senior Managing Director Business Services. Ms. Garssen is a member of the Supervisory Board of the KWF Dutch Cancer Society, a member of the Supervisory Board of TBI Holdings B.V. and a member of the board of KPN Mooiste Contact Fonds.

## ● Composition of the Board of Management

### Insider transactions

KPN employees who have access to inside information because of their role, profession or duties, including all members of the Board of Management and Supervisory Board, are subject to the inside information Code of Conduct. This Code of Conduct comprises

rules for the possession of and transactions in KPN securities by such employees. Members of the Board of Management and Supervisory Board are also subject to reporting obligations to the AFM. The following table provides an overview of transactions in 2023 by members of KPN's Board of Management and Supervisory Board.

Date	Name	Transaction	Price per share (EUR)
April 13	J.F.E. Farwerck	Award of 364,363 conditional KPN shares as LTI 2023.	-
April 13	H.C. Figuee	Award of 187,387 conditional KPN shares as LTI 2023.	-
April 13	M.W.M. Snoep	Award of 180,446 conditional KPN shares as LTI 2023.	-
April 13	H. Garssen	Award of 138,805 conditional KPN shares as LTI 2023.	-
April 16	J.F.E. Farwerck	Vesting of 121.00% of 535,132 conditional KPN shares awarded as LTI 2020 into 417,971 ordinary KPN shares (after sale of part of the shares to finance the income tax).	-
April 16	H.C. Figuee	Vesting of 121.00% of 275,211 conditional KPN shares awarded as LTI 2020 into 214,957 ordinary KPN shares (after sale of part of the shares to finance the income tax).	-
April 16	J.P. Van Overbeke	Vesting of 121.00% of 265,018 conditional KPN shares awarded as LTI 2020 into 262,225 ordinary KPN shares (after sale of part of the shares to finance the income tax).	-
April 16	M.W.M. Snoep	Vesting of 121.00% of 265,018 conditional KPN shares awarded as LTI 2020 into 206,995 ordinary KPN shares (after sale of part of the shares to finance the income tax).	-
April 16	B. Fouladi	Vesting of 121.00% of 265,018 conditional KPN shares awarded as LTI 2020 into 262,225 ordinary KPN shares (after sale of part of the shares to finance the income tax).	-
April 16	H. Garssen	Vesting of 121.00% of 203,860 conditional KPN shares awarded as LTI 2020 into 159,228 ordinary KPN shares (after sale of part of the shares to finance the income tax).	-
June 1	W. Stammeijer	Award of 157,891 conditional KPN shares as LTI 2023.	-
June 1	C. Vergouw	Award of 157,891 conditional KPN shares as LTI 2023.	-

### Share ownership Board of Management<sup>1</sup>

Number of ordinary shares	31 December 2023	31 December 2022
J.F.E. Farwerck	1,495,265	1,077,294
H.C. Figuee	354,470	139,513
M.W.M. Snoep	397,087	132,172
C. Vergouw		
W. Stammeijer	50,588	Not relevant
H. Garssen	313,001	153,773

<sup>1</sup> Shares held by current members of the Board of Management (including vested shares in lock-up period). Share ownership relates to ordinary shares. A share ownership incentive applies, under which the members of the Board of Management are encouraged to acquire company shares equal to 150% of the annual fixed compensation for members of the Board of Management (excluding CEO) and 250% of the annual fixed compensation for the CEO.

### Share ownership Supervisory Board

B.J. Noteboom owns 40,000 KPN shares. None of the other current members of the Supervisory Board holds KPN shares.

## ● Composition of the Supervisory Board

# Composition of the Supervisory Board

The Supervisory Board oversees strategic policymaking by the Board of Management and the way in which the Board of Management manages and directs KPN's operations. KPN's Supervisory Board currently consists of nine members. At the AGM on 12 April 2023, Mr. Noteboom, Mr. Heemskerk and Mr. Dijkhuizen were appointed as new members of the Supervisory Board and Ms. Sap was reappointed for a two-year period to ensure continuity. Mr. Hartman stepped down as he had reached the end of his second four-year term. In addition, Ms. Guillouard stepped down as a member of the Supervisory Board before the end of her term for personal reasons. At the EGM on 31 May 2023, Ms. De Jager was appointed as new member of the Supervisory Board. Ms. Vergouw stepped down due to her appointment as

member of the Board of Management and Chief Business Market effective 1 June 2023. Following these changes to the composition the gender diversity ratio of the Supervisory Board is 33% female / 67% male. 8 of the 9 members (or 89%) of the Supervisory Board are independent within the meaning of the Dutch Corporate Governance Code.

Mr. Spanbroek, General Counsel and Company Secretary, acts as secretary to the Supervisory Board.

All members of the Supervisory Board comply with clause 2:142a of the Dutch Civil Code, which limits the number of positions on a supervisory or management board that a director may hold.

Name	Year of birth	Gender	Nationality	Start of term	End of current term	Audit Committee	Nominating & Corporate Governance Committee	Remuneration Committee	ESG Committee
G.J.A. van de Aast (Chair)	1957	male	Dutch	14 April 2021	2025		C <sup>1</sup>	x	
H.H.J. Dijkhuizen	1960	male	Dutch	1 July 2023	2027	C <sup>1</sup>			
F. Heemskerk <sup>2</sup>	1969	male	Dutch	12 April 2023	2027			x	x
M. de Jager	1968	female	Dutch	1 June 2023	2027	x			x
K. Koelemeijer <sup>2</sup>	1963	female	Dutch	13 April 2022	2026		x	x	
B.J. Noteboom (Vice-chair)	1958	male	Dutch	13 April 2022	2027		x	C <sup>1</sup>	
A.D. Plater	1967	male	Swedish and Argentinian	10 September 2020	2024	x			
E.J.C. Overbeek	1967	male	Dutch	4 September 2017 14 April 2021 <sup>3</sup>	2025				x
J.C.M. Sap	1963	female	Dutch	15 April 2015 10 April 2019 12 April 2023 <sup>3</sup>	2025	x		x	C <sup>1</sup>

1 C: Chair

2 Appointed based on the enhanced right of recommendation of the central works council

3 Reappointment

## ● Composition of the Supervisory Board

### Gerard van de Aast



Mr. Van de Aast was appointed as a member of the Supervisory Board on 14 April 2021 and chairs the Supervisory Board since 13 April 2022. His current (first) term ends in 2025. Mr. Van de Aast is currently Vice-chairman of the Supervisory Board of Signify N.V. Mr. Van de Aast is a seasoned executive with a recognized track record at board level in various sectors ranging from construction to software engineering, both in the Netherlands and abroad.

His executive experience includes CEO positions at Reed Business, VolkerWessels and Imtech.

### Frank Heemskerk



Mr. Heemskerk was appointed as a member of the Supervisory Board on 12 April 2023. His current (first) term of office ends in 2027. Mr. Heemskerk is Executive Vice President Public Affairs and Countries of ASML as of 1 February 2024. Until that date, he was Secretary General of the European Round Table for Industry in Brussels. Mr Heemskerk's previous roles include both executive positions at Royal HaskoningDHV (2011-2013)

and the World Bank in Washington DC and positions in public service as Minister for Foreign Trade within the Dutch Ministry of Economic Affairs (also responsible for IT and Telecoms regulations) and Member of Parliament for the PvdA (the Dutch Labor Party).

### Herman Dijkhuizen



Mr. Dijkhuizen was appointed as a member of the Supervisory Board per 1 July 2023. His (first) term of office ends in 2027. Mr. Dijkhuizen is currently Chairman of the Supervisory Board of NS Group. Previously he was member of the Board of Management and CFO of NIBC and partner and Chairman of the Board of Management at KPMG. Mr. Dijkhuizen also holds Supervisory Board positions at WWF-Netherlands and Kröller-

Müller Museum.

### Marga Jager



Ms. De Jager is a member of the Supervisory Board since 1 June 2023. Her (first) term of office ends in 2027. Ms. De Jager is currently the CEO of ANWB (the Royal Dutch Touring Association) and chairs the Supervisory Board of ANWB's insurance company Unigarant, as well as the Mobility Alliance. She is a member of the advisory board at the Dutch Cancer Society (KWF). Prior to her current roles, Ms. de Jager was director of ANWB's emergency

center and responsible for marketing and sales of the consumer and B2B divisions for roadside assistance. Before joining the ANWB, she worked in several commercial positions at Leaseplan.



## ● Composition of the Supervisory Board

### Kitty Koelemeijer



Ms. Koelemeijer was appointed as a member of the Supervisory Board on 13 April 2022. Her current (first) term of office ends in 2026. Ms. Koelemeijer is a full professor of Marketing at Nyenrode Business University. She has a strong background in marketing, supply chain management, innovation, digital transformation, retailing and digital commerce. Ms. Koelemeijer combines her academic work with several Supervisory Board roles at both

listed and non-listed companies, advocacy groups and charities. She is a member of the Supervisory Boards of Brunel International, holds supervisory roles at NLinBusiness, Vereniging Eigen Huis and Fonds Gehandicaptensport, and is member of the Maatschappelijk Impact Team.

### Edzard Overbeek



Mr. Overbeek was reappointed as a member of the Supervisory Board on 14 April 2021. His second term ends in 2025. Having spent over 30 years in the ICT industry, Mr. Overbeek has gained extensive experience in the global digital and communication industry. He is the former CEO of HERE Technologies and, prior to that, held several management roles at Cisco, including leading the global services organization

and the Asia-Pacific, Japan and China region.

### Ben Noteboom



Mr. Noteboom was appointed as a member and Vice-chairman of the Supervisory Board per 12 April 2023. His current (first) term of office ends in 2027. Mr. Noteboom is a seasoned executive with a recognized track record in Dutch and international business, most notably as former CEO of Randstad and in various supervisory board positions at Ahold Delhaize, Wolters Kluwer and Corporate Express. Mr. Noteboom is currently

Chairman of the Supervisory Board of AkzoNobel and of Vopak.

### Alejandro Plater



Mr. Plater was appointed as a member of the Supervisory Board on 10 September 2020. On 20 February, 2024, Mr. Plater stepped down from his position as a Supervisory Board member with immediate effect. This follows the reduction of América Móvil's stake in KPN to below the threshold, as agreed in the 2013 Relationship Agreement between KPN and América Móvil. Mr. Plater is Group CEO of A1 Telekom Austria Group, where he has been working

since 2015. Prior to joining A1 Telekom Austria Group, Mr. Plater worked for 18 years for Ericsson in Mexico, Sweden and Argentina. Earlier in his career, Mr. Plater worked at insurance companies Sud América Seguros and Chubb & Son. As part of his position at A1 Telekom Austria Group, Mr. Plater is the Chairman or a member of the Supervisory Board of various subsidiaries of this group.

## ● Composition of the Supervisory Board

### Jolande Sap



Ms. Sap was reappointed as a member of the Supervisory Board on 12 April 2023. Her third term is a two year term and ends in 2025. Ms. Sap is dedicated to making the business world and society at large more sustainable. She is a non-executive director of Renewi PLC chairs the the board of the Dutch Emissions Authority and chairs the Dutch Maatschappelijk Impact Team. Between 2008 and 2012, Ms. Sap represented the Dutch

Green party, GroenLinks, in the lower house of the Dutch parliament, during the last two years of which she was party leader. Before that, she worked as an economist in the fields of science, policy and business.

## ● Supervisory Board Report

# Supervisory Board report

## The year 2023

For KPN, 2023 marked the third and final year of KPN's Accelerate to Grow strategy. While the main pillar of that strategy – our massive fiber roll-out – will continue until 2026, it was the logical moment to reflect on the next phase of the company's strategy. This resulted in the strategy update as presented in November, titled Connect, Activate & Grow, putting further emphasis on both our networks and the extensive possibilities they offer, as well as on KPN's role in Dutch society. The Supervisory Board was closely involved in the development of this new strategy.

The new strategy was supported by updates to the management team – with the appointments of Wouter Stammeijer and Chantal Vergouw, the new position of Marieke Snoep, and the intended new terms for Joost Farwerck, Chris Figee, Hilde Garssen and Marieke Snoep, the Board of Management was reinvigorated and is ready and eager to implement the strategy. With four new members, also the Supervisory Board similarly received fresh knowledge and skills – while still leveraging the experience of longer serving members. All in all, we look at 2023 as the year in which we finished the first part of our long-term strategy, and set the scene for the next wave thereof.

### What we did

The role of a Supervisory Board is generally described as threefold: supervision, advice and employment. During 2023, all three roles were clearly present.

Throughout the year, the Supervisory Board continued to monitor the operational and financial performance of the company and the way in which the Board of Management manages this. Ample time was spent on the quarterly and annual results, as well as on key operational aspects such as the progress of the fiber roll-out – including on the conversion from Homes Passed to Homes Connected and ultimately to Homes Activated, i.e. actual paying customers and the end-to-end steering on this process. At the same time, the Supervisory Board continued to review key parameters such as the Net Promoter Score and employee engagement or well-being scores as indicators of the interest of our core stakeholders, and was updated on the status of the company's cybersecurity activities – a key priority for KPN as supplier of vital infrastructure in the Netherlands –, including compliance with specific security legislation for the telco sector.

The Supervisory Board discussed and approved various proposals related to the company's financing and shareholder remuneration, as well as a number of M&A projects: the acquisitions of fiber company's Primevest and Kabeltex were

reviewed and deemed to add good value to KPN's fiber footprint. In addition, the intended acquisition of Youfone – which is still subject to regulatory approval – would add a sizeable customer base as well as an attractive flanker brand to support our ambitions in the consumer mobile market. In all such situations, business cases were reviewed and challenged, sometimes supported by deep dive sessions with selected members of the Supervisory Board, always however ending in a decision by the full Supervisory Board.

Our advisory role was clearly used in the strategy process. The Supervisory Board was involved at an early stage in this process – already at a first session late 2022, where initial ideas were discussed, and subsequently more intensively as of summer 2023 – with a kick-off during our July meeting, two full days spent on various elements of the strategy in September and October, and a final sign-off on the documentation and financial guidance early November. The exchanges with management were open and constructive, and ranged from technical aspects, including the impact of AI and network developments, to commercial elements such as the brand positioning, partner and distribution strategy, and from the (desired) company culture to the position of our system integration business. ESG aspects, whether environmental topics such as scope 3 emissions, or broader topics such as cybersecurity or social impact, were core part of the strategy, and received additional attention via our newly established ESG Committee.

The Supervisory Board's people-related role was very visible in the changes in both Boards in the first half of the year – see the report by the Nominating & Corporate Governance Committee below for more information on this process. Whenever relevant, but at least once a year, developments and changes in the company's senior management are discussed. In addition, the Supervisory Board aims to be in regular contact with employees of the company – in one-on-one deep dive sessions, in annual meetings between members of the Supervisory Board and groups of employees and managers, and in our contacts with the Central Works Council. Throughout the year the Supervisory Board discussed a number of topics, including the appointments to the Board of Management and board remuneration with the Central Works Council in a good and constructive atmosphere. Regular contact moments between representatives of the Supervisory Board and the Central Works Council – often in the run-up to board meetings – were reconfirmed (following changes to both bodies) and are highly appreciated, as they provide the Supervisory Board valuable insights into the sentiment or concerns amongst employees.

## Supervisory Board Report

### About the Supervisory Board

The composition of the Supervisory Board changed last year with the resignations of Mr. Hartman (regular), Ms. Guillouard (for personal reasons) and Ms. Vergouw (appointed to the Board of Management). Four new members were appointed in 2023: Mr. Noteboom and Mr. Heemskerk per 12 April, Ms. De Jager per 1 June and Mr. Dijkhuizen per 1 July. In addition, Ms. Sap was reappointed for a (third) term, of 2 years, to ensure continuity in the Supervisory Board and the Audit Committee in a period of change in the Supervisory Board.

No vacancies in the Supervisory Board are foreseen for 2024.

The Supervisory Board continues to have a good mix of backgrounds and experience, supporting a diverse view on a wide range of topics. The profile of the Supervisory Board was revised during the year and is available on the company's website. An overview of the current skills and competences in the Supervisory Board is provided in the skills matrix.

	Gerard van de Aast	Herman Dijkhuizen	Frank Heemskerk	Marga de Jager	Kitty Koelemeijer	Ben Notenboom	Edzard Overbeek	Alejandro Plater	Jolande Sap	
<b>Skills / Characteristics</b>										
Business leadership	x	x	x	x		x	x	x		
Industry knowledge (Telco/IT)	x		x				x	x		
Industry knowledge (Digitalization)	x				x		x	x		
Industry knowledge (Cybersecurity)							x	x		
Commercial	x	x	x	x	x	x	x	x		
Operational	x		x	x		x	x	x		
International experience	x					x	x	x		
Society / government relations	x	x	x	x	x	x				x
ESG			x							x
Employment / social relations	x		x	x	x					x
Stock listing / financial markets	x	x				x				
Finance, Audit & Risk	x	x						x		x
<b>Diversity</b>										
<i>Executive / non-executive</i>	NE	NE	E	E	NE	NE	E	E	NE	44/56%
<i>Gender (Male/Female/Other)</i>	M	M	M	F	F	M	M	M	F	66/33%
<i>Nationality</i>	NL	NL	NL	NL	NL	NL	NL	SE/AR	NL	89/11%
<i>Independence (Yes/No)</i>	Y	Y	Y	Y	Y	Y	Y	N	Y	89/11%
<i>Age (year of birth)</i>	1957	1960	1969	1968	1963	1958	1967	1967	1963	

Since 1 July, the Supervisory Board consists of three women and six men, i.e. for one-third of female members. Despite the decline in gender diversity (from 50% to 33%), the Supervisory Board remains strongly committed to the principle that a board should have a diverse composition, in gender, but also skills and experience. We note that, since the changes implemented this year, the Board of Management currently consists of 50% female and 50% male members.

Throughout the year, eight out of nine members of the Supervisory Board, including the Chairman, were independent from the company as provided in best practices 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code. Mr. Plater, who was nominated by KPN's shareholder América Móvil, is not considered independent under these provisions. At all times, the composition of the Supervisory Board was such that the members were able to act critically and independently of one another, the Board of

Management and any particular interest involved. Ms. Vergouw – who was a member of the Supervisory Board until 1 June – did not participate in meetings around the composition of the Board of Management once she had been identified as a possible candidate in that process. See Note 23 for information on related party transactions.

The Supervisory Board annually evaluates its own performance. In 2023, the evaluation was led by the Chairman, supported by the Company Secretary. The evaluation was based on a questionnaire, followed by interviews with all members of the Supervisory Board, and selected members of the Board of Management. The findings were discussed in a board meeting in December in which the Supervisory Board concluded that the board overall functioned in an effective and efficient way. In particular, both the Supervisory Board and the Board of Management were satisfied with the cooperation around the strategy update, where the Supervisory

## Supervisory Board Report

Board had been involved in an early stage and had been able to act both critically and constructive towards the Board of Management. The institution of an ESG Committee (replacing the previous Strategy & Organization Committee) was expected to support the Supervisory Board in furthering (its supervision on) this critical topic for the company. It was noted that continued alignment between the ESG Committee and the Audit Committee was important to ensure alignment between target setting and reporting on such targets. As to the composition of, and expertise in, the Supervisory Board it was found to be important to ensure an adequate level of telco and tech knowledge when considering future vacancies.

During the year, the Supervisory Board received training and input from both internal and external experts on such topics as spectrum auctions, artificial intelligence and the updated Corporate Governance Code. For 2024, suggested topics for training included ESG, cybersecurity, technology trends and telco specific legislation.

### Meetings

The Supervisory Board met on 11 occasions in 2023, of which eight were regularly scheduled and three were scheduled ad hoc to discuss matters at hand, such as acquisition proposals.

The overall attendance at the Supervisory Board meetings was 93%. An overview of attendance per member of the Supervisory Board and per Committee is provided in the table below. Some newly appointed members had a slightly lower attendance rate due to previously existing obligations. Pending her candidacy as member of the Board of Management, Ms. Vergouw did not attend meetings of the Supervisory Board around this topic. In the Nominating & Corporate Governance Committee she was replaced by Ms. Sap.

Supervisory Board meetings normally start and end with a closed session (i.e. without presence of management), in which the members prepare or evaluate the meeting. In the quarterly meetings, typically the full Board of Management is present to review the performance over the past period and discuss key strategic topics. For other or ad hoc meetings, different participation from the Board of Management may be agreed.

Name	Board (11)	Audit (6)	RemCo (7)	NomCo (9)	ESG (1)
Mr. Van de Aast	100%		100%	100%	
Mr. Dijkhuizen <sup>1</sup>	100%	100%			
Ms. Guillooard <sup>1</sup>	100%	100%			
Mr. Hartman <sup>2</sup>	100%		100%	100%	
Mr. Heemskerck <sup>3</sup>	83%		100%		100%
Ms. De Jager <sup>4</sup>	75%	100%			100%
Ms. Koelemeijer	100%		100%	100%	
Mr. Overbeek	100%				100%
Mr. Noteboom <sup>3</sup>	83%		100%	100%	
Mr. Plater	100%	100%			
Ms. Sap	90.9%	100%	86%	75% <sup>5</sup>	100%
Ms. Vergouw <sup>6</sup>	71%			100%	
<b>Total</b>	<b>95%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>80%</b>

1 Member as of 1/7/2023 (4 Board meetings)

2 Member until 12/4/2023 (5 Board meetings)

3 Member as of 12/4/2023 (6 Board meetings)

4 Member as of 1/6/2023 (4 Board meetings)

5 Ms. Sap was a temporary member of the NomCo when Ms. Vergouw was conflicted (see Note 6). She attended 3 out of the 4 meetings during this period

6 Member until 1/6/2023 (7 Board meetings) - Pending her candidacy as member of the Board of Management, Ms. Vergouw did not attend meetings of the Supervisory Board around this topic. In the NomCo, she was replaced by Ms. Sap during this period

## Committee Reporting

The Supervisory Board has established four Committees that prepare the deliberation and decision making by the full board:

the Audit Committee, the Remuneration Committee (RemCo), the Nomination and Corporate Governance Committee (NomCo) and the ESG Committee. The latter committee replaced the previous (standing) Strategy & Organization Committee, as

## ● Supervisory Board Report

the Supervisory Board decided to discuss strategic matters in full in meetings of the total board. The main considerations and conclusions of each Committee were shared with the full Supervisory Board and the meeting documents and minutes are available to all members of the Supervisory Board, which takes the final decision in all matters.

### Audit Committee

The Audit Committee had six meetings in 2023, all of which were also attended (at least in part) by the CFO, the external auditor Ernst & Young Accountants LLP (EY), the internal auditor and the director of Corporate Control. Mr. Dijkhuizen succeeded Ms. Guillouard as chair of the Committee. In the interim period, Ms. Sap chaired the committee meetings. The Chairman of the Supervisory Board frequently attended the meetings of the Audit Committee as a permanent invitee. The Audit Committee – as well as the Chairman of the Supervisory Board – met separately with the external auditor.

In line with its tasks, the Audit Committee reviews and discusses all financially relevant matters that are presented to the Supervisory Board, most notably the quarterly and annual financial results and reports and (the financial and risk-related aspects of) the business plan. Overall, the Audit Committee was satisfied with the processes around external reporting as operated by the company, as was also confirmed by the reports from the internal and external auditors.

During 2023, the Audit Committee paid specific attention to a number of matters within its scope, including the company's shareholder remuneration, both for 2023 and – in view of the new strategic plan, also for the period up to 2027. In evaluating the proposed shareholder remuneration, it balanced this against the anticipated cash flows, expenditures, funding requirements and stakeholder interests, and concluded that it could support the proposals as made by the Board of Management. The Committee received updates on the progress made on sustainability reporting, both current (including on reliable scope 3 emissions reporting) and as required under the CSRD, as of financial year 2024. The latter requires massive efforts in light of the extensive new reporting requirements, but at the same time provides many new and valuable insights that can improve the company's broader steering of its business. The Committee took note of the double materiality assessment performed by the company as also included in this Integrated Annual Report. Finally, the Committee was updated on various aspects of the company's fiscal position during a broader tax update.

The Audit Committee has a specific focus on the effectiveness and outcome of the company's internal control framework and the risk management systems, for which it receives and reviews reports by the internal audit and compliance departments. Each quarter, the Audit Committee also reviews the observations of the

external auditor as included in its board report. The audit plans, both for the internal and external auditor, are annually reviewed by the Audit Committee, and are subsequently submitted to the full Supervisory Board for its approval. Key aspects of the reports included the transition to the new ERP system, scope 3 reporting, fraud management and health and safety. Specific attention was also paid to the working conditions of workers in the fiber roll-out, including on inspections by the Netherlands Labour Authority.

The Audit Committee evaluated the performance of EY as KPN's external auditor over 2023, taking into account the views of the internal audit department and the Board of Management. It concluded, also based on input from management and the internal auditor, that EY had performed well, taking a critical view with sufficiently safeguarded objectivity and independence, while taking an overall constructive approach whenever possible. Hence, it was concluded that KPN remained satisfied with EY's services. 2024 will be the tenth and therefore last year in which EY will be KPN's external auditor (considering the upcoming statutory rotation). The Audit Committee and Supervisory Board are grateful to EY for their professionalism and expertise, both on financial and other aspects, which has been highly valued and has made KPN a better company.

In light of the mandatory rotation of the external auditor, KPN initiated a process to select a new external auditor for financial year 2025 and beyond. A project team, headed by the chair of the Audit Committee and including the CFO, the internal auditor and other key stakeholders within the company executed a careful process whereby candidate audit firms were evaluated on a broad number of criteria, including understanding of KPN's business, organizational and cultural fit, the proposed audit approach, the audit quality, the audit fees, the level of integration and the use of IT and innovation. For further detail on the process, the evaluation and the final conclusions, reference is made to the proposal to be made to the AGM.

### Remuneration Committee

The Remuneration Committee met seven times in 2023. The CEO and Chief People Officer attended (parts of) the committee meetings. The committee assisted the Supervisory Board in executing and reviewing KPN's remuneration policy and ensuring that members of the Board of Management are compensated consistent with that policy.

For an overview of the activities of the Remuneration Committee in 2023, and further details on the remuneration policy and its application, as well as the review of the remuneration policy, please refer to the Remuneration Report starting on p. 95.

### Nomination & Corporate Governance Committee

The Nomination and Corporate Governance Committee met on nine occasions in 2023, mostly with the CEO and Chief

## ● Supervisory Board Report

People Officer attending. The Committee's main focus was on the changes to both the Board of Management and the Supervisory Board in the first half of the year.

When both Mr. Van Overbeke and Mr. Fouladi indicated their considerations to step down as members of the Board of Management, the Committee commenced a process to find successors. It first confirmed the overall set-up of the Board of Management, including three business positions (for B2C, B2B and TDO), and subsequently set-out to find suitable candidates, looking at both internal and external candidates. It also explicitly included the possibility for Ms. Snoep (previously responsible for B2B) to assume a new responsibility within the Board of Management. Early in the process, it appeared that Ms. Vergouw, who was a member of the Committee and the Supervisory Board, could be a candidate for one of the vacant positions in the Board of Management. As of that moment, Ms. Vergouw no longer participated in the Committee, and also did not participate in Supervisory Board discussions on the composition of the Board of Management. The careful process resulted, following positive advice from the central works council and after having informed the shareholders at an EGM in the appointments of Ms. Vergouw (Chief B2B) and Mr. Stammeijer (COO) in the Board of Management per 1 June 2023, and the new responsibility for Ms. Snoep as Chief B2C per 1 May 2023. Mr. Fouladi and Mr. Van Overbeke stepped down from the Board of Management per 1 May. The Supervisory Board is grateful to both for their leadership and contribution to the success of KPN over the past years.

The AGM in April approved the appointments of Mr. Noteboom, Mr. Heemskerck (both per 12 April) and Mr. Dijkhuizen (per 1 July), as well as the 2-year reappointment of Ms. Sap to the Supervisory Board. With these appointments the Supervisory Board filled the vacancies that had arisen following the step-down of Mr. Hartman and Ms. Guillouard with new members, while ensuring continuity in the Supervisory Board and Audit Committee. Following the appointment of Ms. Vergouw to the Board of Management however, a new vacancy arose in the Supervisory Board. Based on the profile and skills matrix, the Committee aimed to fill this vacancy with a candidate with primarily a commercial (B2C) background and found this profile in Ms. De Jager, CEO of Royal Dutch Touring Association ANWB. Ms. De Jager was subsequently appointed by an extraordinary meeting of shareholders per 1 June 2023. Further to the appointments, the committee composition was revised, as set-out in the chapter 'Composition of the Boards'. Mr. Noteboom was appointed Vice-Chair of the Supervisory Board.

Following the adoption of the updated Dutch Corporate Governance Code, late 2022, the Committee oversaw the implementation thereof in the company's governance, most

notably in the by-laws and terms of reference of the boards and committees.

The Committee furthermore evaluated the performance of (the members of) the Board of Management on key leadership traits as well as operational performance based on a thorough assessment process including views from the Supervisory Board itself, the Board of Management and direct reports to the Board of Management. The Committee finally steered the annual evaluation of the Supervisory Board itself (see above – 'About the Supervisory Board').

### ESG Committee

The ESG Committee was established mid-year, replacing the previous Strategy & Organization Committee. The purpose of the ESG Committee is to support the Supervisory Board in overseeing the development and implementation of the company's sustainability strategy and the goals related thereto, as part of the company's overall strategy for sustainable long-term value creation. The Committee will act as sounding board towards the Board of Management on sustainability related topics and provide guidance from the Supervisory Board in this respect. It will oversee compliance with sustainability related laws and regulations, as well as alignment with the Paris climate goals and EU "Fit for 55 ambition", in as far as this has not been specifically assigned to another committee. Whereas the Committee focusses on the ESG strategy, it will closely liaise with the Audit Committee, which monitors the reporting on ESG related matters, including under the CSRD.

The Committee had an initial meeting in fall, in which it discussed and supported the company's updated ESG strategy, as included in the Connect, Activate & Grow strategy. The main ESG pillars incorporated in this strategy – Responsible, Inclusive and Sustainable – now address seven of the UN's sustainable development goals. The Committee furthermore discussed a number of dilemma's or trade-offs that management faced in combining business and sustainability goals, noting however that generally these goals can go hand in hand. Going forward, the Committee intends to take deep-dives on selected elements of the ESG strategy.



## ● Supervisory Board Report

### Financial Statements

The Financial Statements for the year ended 31 December 2023, were prepared by the Board of Management and approved by the Supervisory Board. The Report of the independent auditor, Ernst & Young Accountants LLP, is included in the section 'Other Information' on p. 181 - 194. The Supervisory Board recommends that the AGM adopts these Financial Statements.

### Final remarks

The year behind us showed solid performance of the company, as well as a clear path ahead – both with an updated strategy and new and reinvigorated teams to lead the company along that strategy. KPN continues to be a core actor in Dutch society, enabling everyone in the Netherlands to benefit from the opportunities of digital life. We are grateful to our employees for their continued dedication and commitment, to our customers for their loyalty and to our shareholders for their support.

We are proud to support the network of the Netherlands.

**Gerard van de Aast, Chair**

**Herman Dijkhuizen**

**Frank Heemskerk**

**Marga de Jager**

**Kitty Koelemeijer**

**Ben Noteboom**

**Edzard Overbeek**

**Jolande Sap**

## ● Remuneration Report

# Remuneration Report

### Letter from the Chair of the Remuneration Committee

Dear stakeholder,

On behalf of the Remuneration Committee, I am pleased to report on the activities of the Committee in 2023 and to present the Remuneration Report 2023. This Remuneration Report was prepared in line with the requirements stemming from Dutch law and the Dutch Corporate Governance Code and will be submitted to the General Meeting of Shareholders for an advisory vote. The Remuneration Report 2022 was submitted to the AGM for an advisory vote in April 2023, and resulted in 96.56% voting 'for' and 3.44% 'against'. This outcome supports the overall conclusion that KPN's remuneration report is considered to be in line with current best practices. No material changes are considered for the underlying guiding principles of the Remuneration Report 2023.

The remuneration policy was last amended by the General Meeting of Shareholders in April 2020. A renewed remuneration policy will be up for vote at the AGM in 2024. The objective of the remuneration policy for the Board of Management is to attract, reward and retain necessary leadership talent, in order to support the execution of the company's strategic objectives.

We continued to make good progress in executioning our strategy. Our financial results were solid and continue to reflect a mix of an ongoing competitive environment and the impact of our strategic actions. Our long-standing emphasis on sustainability remains an important part of our foundation. We continuously work towards reducing our ecological footprint, while helping our customers to limit theirs. We announced our Connect, Activate & Grow strategy with its continued focus on completing fiber roll-out, sustainable service revenue growth and staying a front runner in ESG. Also, we introduced a CLA for 2024-2025 which also underpins the direction of KPN. The Remuneration Committee believes that the main principles of the remuneration policy for the members of the Board of Management supports this strategy. The update of the remuneration policy 2024, therefore, contains gradual improvements rather than significant changes.

As part of its annually recurring tasks, the Committee defined the level of pay-out for individual members of the Board of Management as part of the STI plan 2022 and LTI grant 2020. It also determined the financial and non-financial targets and performance criteria for the STI and LTI plans 2023.

The Supervisory Board continued its focus on ESG and our role in Dutch society. To this end, for the LTI plan of 2023, it continued with a gender diversity target as one of the two non-financial targets with an equivalent weight of 15% of the total LTI plan. Interim updates on the development of this gender diversity target, as is prevalent for all LTI targets, will ensure that the Supervisory Board keeps track of this.

The Committee recommended the remuneration of the newly appointed members of the Board of Management, Ms. Vergouw and Mr. Stammeijer, and oversaw the termination of the appointments of Mr. Van Overbeke and Mr. Fouladi.

In the second half of the year, the Committee received updates on anticipated pay-out levels and scenarios in this respect. The Chair of the Committee, a Remuneration Committee member and the Chief People Officer also discussed the remuneration policy and its application with the Central Works Council.

The Committee considered whether the remuneration of the members of the Board of Management was still at the overall market-competitive pay-levels, as these have not been changed since their appointment. During this process, the Committee viewed the remuneration of the Board of Management against the developments of the employment market peer group, as laid out in the Remuneration Policy, and the development of the general CLA increases for KPN employees.

I hope that the Remuneration Report provides our stakeholders with the relevant information on the implementation of the company's remuneration policy.

**Ben Noteboom**  
Chair of the Remuneration Committee

## Remuneration Report

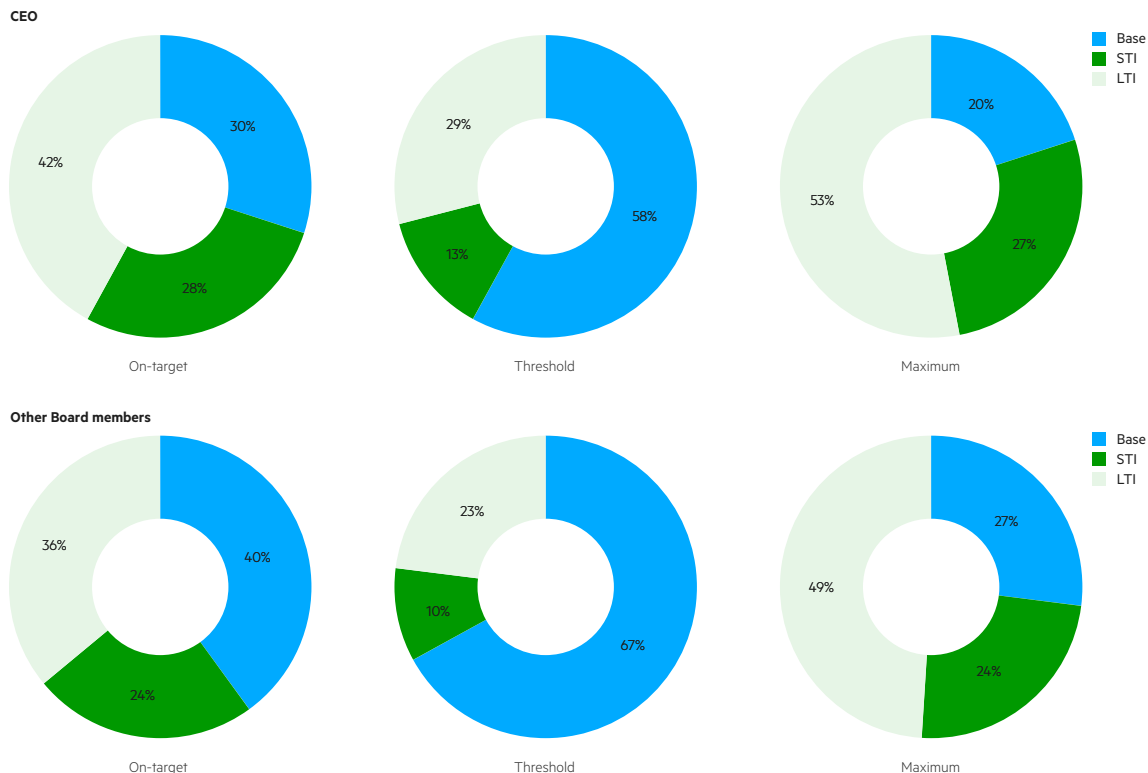
### Remuneration policy of the Board of Management

The main principles of KPN's remuneration policy, as described below, are based on a balanced approach between market competitive standards, the ratio between fixed and variable pay and the economic and Environmental, Social & Governance (ESG) contribution of the company linked to the non-financial parameters of the variable pay:

- Paying at market-competitive level, considering all fixed and variable components of the remuneration policy, achieved through benchmarking against an employment market peer group
- Pay-for-performance by driving financial and non-financial performance that generates long-term sustainable and profitable growth. Target remuneration aims at 30-40% of pay in base pay and 60-70% in variable pay to maintain a strong alignment with the company's financial performance goals and long-term value creation strategy

- Differentiating by experience and responsibility through alignment of the pay with the responsibilities, relevant experience, required competences and performance of individual jobholders
- Balancing all stakeholder interests, including the views of shareholders and society, and dialogue with the Works Council, by complying with best practices in corporate governance, defining targets for the variable pay plans based on financial and non-financial targets and transparent and clear remuneration

The following pie charts represent the fixed/variable pay mix for both the CEO and other board members in the case of an on-target, threshold and maximum performance of the assigned financial and non-financial targets.



## ● Remuneration Report

KPN uses the following employment market peer group consisting of Dutch-listed and European sector-specific companies:

### Companies:

Akzo Nobel	ASML	Telecom Italia
DSM-Firmenich	Signify	Telenor
Randstad	Telecom Austria	Proximus
Ahold Delhaize	Telefónica Deutschland	Swisscom
Philips	Telia Company	

The employment market peer group is used as a reference to evaluate the overall market-competitive pay-level for members of the Board of Management.

### Main features of the short-term and long-term incentive plans:

#### Short-term incentive (STI) plan

Component	Short-term incentives
Form of compensation	Cash, possible pay-out for maximum 50% in shares, if share ownership guideline levels have not yet been reached
Value determination (on-target level)	CEO: 90% of base salary and other members Board of Management: 60% of base salary
Financial- and non-financial targets	Financial (70% weight) and non-financial targets (30% weight), subject to the financial circuit-breaker; linear vesting
Scenario at or below threshold performance	At threshold: 25% of the on-target incentive paid. Below threshold: no pay-out
Scenario on-target performance	100% of the on-target incentive paid
Scenario maximum performance	150% of the on-target incentive paid

#### Long-term incentive (LTI) plan

Component	Long-term incentives
Form of compensation	Shares
Value determination (on-target level)	CEO: 135% of base salary and other members of the Board of Management: 90% of base salary
Financial- and non-financial targets	Financial (70% weight) and non-financial targets (30% weight); linear vesting
Scenario at or below threshold performance	At threshold: 25% of granted shares vest (TSR 75%, i.e. 50th percentile peer group). Below threshold: no vesting
Scenario on-target performance	100% of the granted shares vest (for TSR linear between 50th percentile and first position peer group)
Scenario maximum performance	200% of the granted shares vest (for TSR first position in the peer group)
Holding period	3 years after vesting

### Remuneration of the Board of Management

The actual remuneration of the members of the Board of Management was determined by the Supervisory Board according to the remuneration policy as approved by the AGM.

## Remuneration Report

### Remuneration packages of the individual current members of the Board of Management:

Member	Position	Base salary (EUR)	On-target STI (% base salary)	On-target LTI (% base salary)
Joost Farwerck	Chief Executive Officer	892,500	90%	135%
Chris Figee	Chief Financial Officer	688,500	60%	90%
Marieke Snoep	Chief Consumer Market	663,000	60%	90%
Chantal Vergouw	Chief Business Market	663,000	60%	90%
Wouter Stammeijer	Chief Operating Officer	663,000	60%	90%
Hilde Garssen	Chief People Officer	510,000	60%	90%

### Annual base salary

The base salary levels of the Board of Management were not adjusted in 2023.

### Details actual pay-out level STI

Plan	Target	Weight	Bandwidth pay-out level			Performance	Actual pay-out %	Outcome			
			Minimum	On-target	Maximum			Minimum	On-target	Maximum	
STI 2023 Financials (70% weighting € million):											
	– Adjusted EBITDA AL	25%	2,400	2,420	2,440	2,420	24.7%			<div><div></div></div>	
	– Service Revenue	25%	4,932	5,033	5,134	5,034	25.1%			<div><div></div></div>	
	– FCF	20%	858	880	968	901	22.3%			<div><div></div></div>	
	Non-financials (30% weighting):		25%	100%	150%						
	– NPS NL	15%	11	13	15	12.1	9.7%			<div><div></div></div>	
	– Broadband lines	15%	4,297,670	4,341,081	4,384,492	4,323,336	10.4%			<div><div></div></div>	
	Total pay-out level	100%					92.2%			<div><div></div></div>	

The STI 2023 outcome reflects the fact that we delivered on our financial guidance aspects and ambitions for 2023. KPN is fully on track with the execution of its strategy while maintaining a robust liquidity position. Together with improving service revenue trends, effective measures to mitigate inflationary headwinds enabled us to protect our margins, deliver solid EBITDA growth and free cash flow delivery. The actual performance used for the incentive plans on FCF, Service Revenue and Broadband lines slightly deviates (positive and negative) from the actual outcomes due to e.g. payments made for 2024 and received service revenues that were not part of the initial plans and targets.

The commitment of our employees to customer centricity and the reliability of products and services has been paying off, as illustrated by NPS improvements in both Consumer and Business.

KPN's customer satisfaction remains leading in the Dutch market. Based on an ambitious on-target NPS NL target level of 13 set at the beginning of the year the actual performance was between threshold and target level. For broadband lines the actual performance was between threshold and on target level, mainly driven by broadband base growth over 2023 across all segments.

Members of the Board of Management are encouraged to acquire company shares equal to 250% of base salary for the CEO and 150% of base salary for the other members. To further stimulate reaching the anticipated share ownership levels, the STI is paid out, after deduction of taxes, for maximum 50% in shares if the share ownership guideline levels have not yet been reached.

## Remuneration Report

### Details actual pay-out (vesting) level LTI 2021: vesting period 2021-2023

Plan	Target	Weight	Bandwidth vesting level					Outcome		
			Minimum	On-target	Maximum	Performance	Actual vesting %	Minimum	On-target	Maximum
LTI 2021	Financials (70% weighting):									
	– TSR versus peer group	25%	10th position	linear vesting	1st position	3rd position	430%			<div><div></div></div>
	– FCF (€ million)	45%	2,278	2,463	2,648	2,547	656%			<div><div></div></div>
	Non-financials (30% weighting):									
	– Reputation target	15%	71.0	74.4	76.2	73.3	11.4%		<div><div></div></div>	
	– Circularity target	15%	83%	85%	87%	87%	30.0%			<div><div></div></div>
	Total vesting level	100%					150.0%			<div><div></div></div>

For the LTI plan issued in 2021, the financial targets were based on relative TSR, 25% weight, and free cash flow, 45% weight and the non-financial targets were determined based on circularity and reputation, each with a weight of 15%. The LTI plan 2021 vests in April 2024 and the final TSR performance was determined mid-February 2024. The LTI plan vested based on the TSR performance that put KPN in third position in the TSR reference peer group that consists of 19 companies (STOXX 600 Europe Telecom index), supported by KPN's growing dividend and share buyback program. During the vesting period, KPN's results on cumulative free cash flow, supported by a strong cost savings discipline, performed well above the ambitious on-target level of the bandwidth which contributed to a strong liquidity and balance sheet position at the end of 2023.

The reputation target is based on external data measured by RepTrak, the leading international organization devoted to advancing knowledge about corporate reputations. The external data are independently collected through an online survey among a representative sample of the general public. The bandwidth of the reputation target is based on the 12-month moving averages of the data collected by RepTrak prior to the vesting period. The reputation target for the LTI plan 2021 was set based on three attributes, i.e. 'well organized company', 'strong prospects for growth' and 'positive influence on society'. The two attributes 'strong prospects for growth' and 'well-organized company' were selected as main drivers to measure the successful implementation and execution of the new strategy, while the attribute 'positive influence on society' was selected for KPN's continuous commitment to Dutch society. The composite performance of the three attributes was just below the target level of the bandwidth, indicating growth as part of the continuous improvement in KPN's reputation during the vesting period. This also reflects KPN's continued contribution to society, sustainable operations and its vital role in society during the pandemic.

Circularity was selected as a non-financial target to reflect our long-term ambition on sustainability. We built a road-map to reach our ambition of having close to 100% circular operations by 2025. This road-map is governed by the Energy & Environmental Board. The circularity target was aligned to a close to 100% performance on re-use and recycling (i.e. outflow of materials and waste) by 2025. The on-target ambition for the performance period 2021-2023 on reuse and recycling was set at 85% versus a baseline of on or about 81% in 2020. The actual outcome in the performance period 2021-2023 is at maximum level. This reflects the significant effort by our suppliers, particularly in networks and offices, to improve transparency and timely reporting in our value chains across all significant materials flows.

### Targets LTI 2023, vesting period 2023-2025

For the LTI plan issued in 2023, the financial targets are based on relative TSR with a 25% weighting and free cash flow with a 45% weighting. Under the LTI plan, the Supervisory Board selects two non-financial targets each year based on a predetermined set of five strategic categories. The non-financial targets for the LTI plan 2023 were determined based on the ESG related targets for circularity and diversity, each with a weighting of 15%.

Circularity was selected as a non-financial target to reflect our long-term sustainability ambitions. The circularity target was aligned to the reduction of scope 3 supply chain emissions. The on-target ambition for the performance period was set versus the baseline in 2014.

Diversity was selected as a non-financial target to maintain continued focus on our role in Dutch society. The diversity target, the percentage of female employees in senior management positions was selected to focus on the importance of diversity within KPN and the important role KPN has within Dutch society.

## Remuneration Report

### Actual received remuneration of the Board of Management (in thousands of EUR)

See Note 5 for full disclosure of remuneration cost under IFRS principles.

Name current member	Position	Year	Base	STI	Actual vested LTI <sup>1</sup>	Pension benefits	Social security/ other compensation <sup>2</sup>	Total <sup>3</sup>	% Fixed <sup>4</sup>	% Variable <sup>4</sup>
Joost Farwerck	CEO	2023	893	741	2,300	218	32	4,184	23%	77%
		2022	879	717	2,312	219	30	4,157	22%	78%
Chris Figuee	CFO	2023	689	381	1,200	132	39	2,441	30%	70%
		2022	678	368	1,189	117	37	2,389	30%	70%
Marieke Snoep	CCM	2023	663	367	1,100	129	32	2,291	31%	69%
		2022	653	355	1,145	126	30	2,309	30%	70%
Chantal Vergouw <sup>5</sup>	CBM	2023	387	214	-	61	17	679	64%	36%
Wouter Stammeijer <sup>5</sup>	COO	2023	387	214	200 <sup>6</sup>	51	9	861	48%	52%
Hilde Garssen	CPO	2023	510	282	800	91	17	1,700	32%	68%
		2022	503	273	881	83	15	1,755	30%	70%
	Total	2023	3,529	2,199	5,600	682	146	12,156		
	Total	2022	2,713	1,713	5,527	545	112	10,610		

1 The 2023 amounts give an indication of the value of the shares that will vest in April 2024 which relate to the LTI 2021 grant. The 2022 amounts are the actual values of the shares that vested in April 2023 which relate to the LTI 2020 grant.

2 In addition to social security, the stated amounts include allowances that can be considered as indirect remuneration and relates to the value for the private use of the company car.

3 All remuneration was borne by KPN B.V. please see Note 5 to the Consolidated Financial Statements for the individual pension benefits, on cost and social security.

4 Excluding pension cost, social security and other compensation.

5 Since appointment to the Board of Management with an effective date of 1 May 2023.

6 Relates to vesting of plans granted prior to appointment to the Board of Management.

Name former member	Position	Year	Base	STI	Actual vested LTI <sup>1</sup>	Pension benefits	Social security/ other compensation	Total	% Fixed	% Variable
J.P.E. Van Overbeke <sup>2</sup>	CCM	2023	221	122	300	55	9	707	34%	66%
		2022	653	355	1,121	154	15	2,298	31%	69%
B. Fouladi <sup>2</sup>	CTDO	2023	221	122	300	42	5	690	34%	66%
		2022	653	355	1,121	126	13	2,268	31%	69%
	Total	2023	442	244	600	97	14	1,397		
	Total	2022	1,306	710	2,242	280	28	4,566		

1 The 2023 amounts give an indication of the value of the shares that will vest in April 2024 which relate to the LTI 2021 grant. The 2022 amounts are the actual values of the shares that vested in April 2023 which relate to the LTI 2020 grant.

2 Board of Management member until May 2023. No severance was paid out.



## Remuneration Report

### Change in remuneration for members of the Board of Management versus company performance and remuneration of an average employee over five years.

#### Change in remuneration for members of the Board of Management versus company performance over five years and remuneration of average employee.

The table includes the current members of the Board of Management and a comparison is disclosed over the last five years as far as a 'like for like' comparison was possible (i.e. full year appointment during the five-year period).

	2019	2020	2021	2022	2023
Remuneration Joost Farwerck (EUR) <sup>1</sup>	1,669,000	2,301,000	3,051,000	4,157,000	4,184,000
Position	COO/CEO	CEO	CEO	CEO	CEO
-Year on Year difference (EUR)	285,000	632,000	750,000	1,106,000	27,000
-Year on year difference (%)	+21%	+38%	+33%	+36%	+1%
Remuneration CFO (EUR) <sup>2</sup>	1,555,000	1,169,000	1,304,000	2,389,000	2,441,000
-Year on Year difference (EUR)	136,000	-386,000	135,000	1,085,000	52,000
-Year on year difference (%)	+10%	-25%	+12%	+83% <sup>3</sup>	+2%
Remuneration other current members on average (EUR)	92,500 <sup>4</sup>	1,112,000	1,684,000	2,241,000	1,383,000
-Year on Year difference (EUR)		1,019,500	572,000	557,000	-858,000
-Year on year difference (%)		n/m	+51%	+33%	-38%
TSR position (part of LTI)					
-Position peer group	6th (75% vesting)	6th (75% vesting)	8th (102.8% vesting)	4th (163% vesting)	3rd (172% vesting)
Free cash flow (part of STI/LTI)	Performance:	Performance:	Performance:	Performance:	Performance:
-STI bandwidth pay-out level	Maximum	Between on-target and maximum	Between on-target and maximum	Between on-target and maximum	Above on-target
-LTI bandwidth pay-out level	Slightly above threshold	Slightly above threshold	Between threshold and on-target	Between threshold and on-target	Between on-target and maximum
EBITDA (part of STI)	Performance:	Performance:	Performance:	Performance:	Performance:
-Pay-out level STI bandwidth	Between on-target and maximum	Above on-target	Around on-target	Around on-target	Around on-target
Average cost per FTE (IFRS, EUR)	88,445	84,306	90,869	93,282	98,226
Pay ratio CEO (IFRS)	30	30	33	32	31

1 Remuneration as of 1 October 2019 as CEO. Prior to that the remuneration relates to his COO position.

2 The year 2019 refers to the remuneration of Jan Kees de Jager. The 2020 amount is the remuneration of Chris Figee recalculated on a full-year basis considering his appointment on 1 February 2020.

3 Including the first vesting of the LTI award (2020 grant).

4 Since appointment to the Board of Management with an effective date of 1 December 2019.

The fluctuation in actual pay levels during the five reference years is predominantly the result of the outcome of the STI and LTI combined with the relative high emphasis on pay for performance reflected in the short-term and long-term incentive plans. The STI pay-out (in terms of performance versus the assigned targets) was aligned with the level of pay-out to senior management and the CLA employees as in general the same financial and non-financial targets were applied in these variable pay plans when compared to the assigned targets of the Board of Management. The average STI pay-out over the five-year period is close to 98% of the on-target level and the LTI plans vested over

the five-year period on average close to 101% of the on-target level reflecting the realistic targets set for variable incentive plans.

Considering the five-year results, variable pay on financial and non-financial targets is strongly linked with KPN's performance against peers (TSR) and its outcomes on the key metrics FCF and EBITDA AL ensuring alignment with the financial performance goals and the long-term value creation strategy. Increasing revenues were supported by ongoing savings from the simplification and digitalization of services. KPN generates growth in FCF which supports a progressive regular dividend and

## Remuneration Report

a robust liquidity position and the company remains committed to an investment grade credit profile.

### KPN's internal pay ratio

To ensure transparency and clarity, KPN applies an IFRS-driven methodology to calculate the internal pay ratio. KPN's internal pay ratio compares the total CEO compensation under IFRS

principles with the average compensation of employees with a labor agreement with KPN (total personnel expenses of KPN employees divided by the average number of KPN FTEs).

KPN's calculated pay ratio in 2023 is 31 (2022: 32). This outcome is in line with KPN's acceptable bandwidths. For further details, see Note 5 to the Consolidated Financial Statements.

The table below presents the number of shares and current share plans for current board members.

	Grant date	Shares held as of 1 January 2023	Vested <sup>1</sup>	Granted, forfeited or sold <sup>2</sup>	As of 31 December 2023	Pre-tax fair value on grant date (EUR) <sup>3</sup>	Pre-tax market value on vesting date in 2023 (EUR)	End of lock-up period
Joost Farwerck	13 April 2023	-	-	364,363	364,363	1,118,594		13 April 2029
	14 April 2022	342,173	-	-	342,173	1,214,714		14 April 2028
	15 April 2021	416,740	-	-	416,740	1,125,198		15 April 2027
	16 April 2020	535,132	-417,971	-117,161	-	-	2,312,286	16 April 2026
Chris Figuee	13 April 2023	-	-	187,387	187,387	575,278		13 April 2029
	14 April 2022	175,975	-	-	175,975	624,711		14 April 2028
	15 April 2021	214,324	-	-	214,324	578,675		15 April 2027
	16 April 2020	275,211	-214,957	-60,254	-	-	1,189,176	16 April 2026
Marieke Snoep	13 April 2023	-	-	180,446	180,446	553,969		13 April 2029
	14 April 2022	169,457	-	-	169,457	601,572		14 April 2028
	15 April 2021	206,386	-	-	206,386	557,242		15 April 2027
	16 April 2020	265,018	-206,995	-58,023	-	-	1,145,134	16 April 2026
Chantal Vergouw	01 June 2023	-	-	157,891	157,891	484,725		13 April 2029
Wouter Stammeijer	01 June 2023	-	-	157,891	157,891	484,725		13 April 2029
	13 April 2023	-	-	4,780	4,780	13,336		cash settled
	14 April 2022	36,629	-	-	36,629	119,411		cash settled
	15 April 2021	43,658	-	-	43,658	105,216		cash settled
Hilde Garssen	13 April 2023	-	-	138,805	138,805	426,131		13 April 2029
	14 April 2022	130,352	-	-	130,352	462,750		14 April 2028
	15 April 2021	158,758	-	-	158,758	428,647		15 April 2027
	16 April 2020	203,860	-159,228	-44,632	-	-	880,873	16 April 2026

1 The 2020 share grant vested in April 2023 with a actual vesting percentage of 121% (excluding deferred dividend).

2 The shares granted to the Board of Management represent 40% (2022: 40%) of the total number of shares and share-based awards granted in 2023 to all employees. The grant numbers do not include any deferred dividend during the vesting period. The deferred dividend during the vesting period will be additionally granted in shares.

3 Value is calculated by multiplying the number of share awards by the fair value at grant date.

## ● Remuneration Report

See the Insider transactions section for stock ownership of the members of the Board of Management and Supervisory Board and see Note 5 to the Consolidated Financial Statements for a further description and valuation of the share plans.

### Claw-back clause

The claw-back clause was not applied in 2023.

### Developments for 2024

The AGM approved the current remuneration policy in April 2020. It was reviewed during 2023. Based on the outcome of this review, potential adjustments to the current remuneration policy or a reconfirmation of the current policy will be presented for approval to the AGM of Shareholders in April 2024, taking into consideration input and views from the stakeholder engagement process, which was conducted during 2023.

## Supervisory Board

The objective of the remuneration policy for the Supervisory Board is to reward the members appropriately for their work based on market-competitive fee levels. To the extent applicable, the same principles of the Board of Management remuneration policy apply to the Supervisory Board remuneration policy.

KPN has a fixed annual fee and annual committee membership fees for the members of the Supervisory Board. The eligibility for committee fees is limited to two committees (i.e. the two highest fees will be applicable).

AEX-listed companies with a two-tier board serve as a reference to determine market-competitive fee levels. Supervisory Board members do not receive any variable compensation and are not granted any shares as a form of pay.

The following table shows the annual fixed fee structure for the members of the Supervisory Board and the members of the committees.

Position	Annual fee in EUR
Chair Supervisory Board	100,000
Vice-chair Supervisory Board	70,000
Member Supervisory Board	60,000
Chair Audit Committee	20,000
Member Audit Committee	10,000
Chair ESG Committee	12,500
Member ESG Committee	7,500
Chair Remuneration Committee	10,000
Member Remuneration Committee	5,000
Chair Nominating & Corporate Governance Committee	10,000
Member Nominating & Corporate Governance Committee	5,000

## Remuneration Report

The following table shows the actual fee for each current member of the Supervisory Board.

Amounts in €		Membership fee 2023	Committee fees 2023	Total 2023	Total 2022	Total 2021	Total 2020	Total 2019
G.J.A. van de Aast	Chair	100,000	15,000	115,000	103,556	53,334	-	-
B.J. Noteboom <sup>1</sup>	Vice-chair	50,167	10,750	60,917	-	-	-	-
E.J.C. Overbeek	Member	60,000	8,917	68,917	72,500	72,500	72,500	72,500
A.D. Plater	Member	60,000	12,125	72,125	77,500	77,500	23,680	-
J.C.M. Sap	Member	60,000	20,375	80,375	75,000	75,000	75,000	70,000
K. Koelemeijer	Member	60,000	10,708	70,708	51,756	-	-	-
F. Heemskerk <sup>1</sup>	Member	43,000	8,958	51,958	-	-	-	-
M. De Jager <sup>2</sup>	Member	35,000	10,208	45,208	-	-	-	-
H.H.J. Dijkhuizen <sup>3</sup>	Member	30,000	10,000	40,000	-	-	-	-
C. Vergouw <sup>4</sup>	Member	25,000	3,542	28,542	51,756	-	-	-
P.F. Hartman <sup>5</sup>	Vice-chair	17,000	4,250	21,250	75,000	75,000	75,000	75,000
C.R.A. Guillooard <sup>5</sup>	Member	17,000	7,792	24,792	87,500	84,611	54,896	-
<b>Total</b>		<b>557,167</b>	<b>122,625</b>	<b>679,792</b>				

1 Since appointment in the Supervisory Board with an effective date of 12 April 2023.

2 Since appointment in the Supervisory Board with an effective date of 1 June 2023.

3 Since appointment in the Supervisory Board with an effective date of 1 July 2023.

4 Up to 1 June 2023.

5 Up to 12 April 2023.

### Developments for 2024

The current remuneration policy was approved by the AGM in April 2020. During the course of 2023, the remuneration policy has been reviewed. Based on the outcome of this review, potential adjustments to the current remuneration policy or a reconfirmation of the current policy will be presented for approval to the AGM of Shareholders in April 2024, taking into consideration input and views from the stakeholder engagement process which has been conducted over the course of 2023.

A full-page photograph of two women standing on a waterfront promenade. The woman on the left is wearing a bright red blazer over a green turtleneck sweater and is holding a smartphone. The woman on the right is wearing a green and blue striped turtleneck sweater and white pants. They are both smiling and looking towards each other. In the background, there is a body of water, a bridge, and a tall skyscraper under a blue sky with scattered clouds.

# Financial Statements

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## Consolidated Financial Statements

# Consolidated Statement of Profit or Loss

For the year ended 31 December

€ million	Notes	2023	2022 (Restated)
Revenues	[4.1]	5,439	5,312
Other income	[4.2]	41	50
<b>Total revenues and other income</b>		<b>5,480</b>	<b>5,362</b>
Cost of goods & services		1,383	1,367
Personnel expenses	[5]	822	809
Information technology/Technical infrastructure		310	298
Other operating expenses	[6]	416	328
Depreciation, amortization and impairments	[10, 11, 19]	1,206	1,346
<b>Total operating expenses</b>		<b>4,137</b>	<b>4,148</b>
<b>Operating profit</b>		<b>1,342</b>	<b>1,214</b>
Finance income		28	8
Finance costs		-266	-213
Other financial results		-7	-22
<b>Financial income and expenses</b>	<b>[7, 19]</b>	<b>-246</b>	<b>-227</b>
Share of the profit/loss (-) of associates and joint ventures	[12]	-9	6
<b>Profit before income tax from continuing operations</b>		<b>1,088</b>	<b>993</b>
Income taxes	[8]	-245	-227
<b>Profit for the year from continuing operations</b>		<b>843</b>	<b>766</b>
Profit/loss (-) for the year from discontinued operations		2	-5
<b>Profit for the year</b>		<b>844</b>	<b>761</b>
Profit attributable to non-controlling interests		-	-
Profit attributable to equity holders of the company		844	760
<b>Earnings per ordinary share after taxes attributable to equity holders of the company for the year in EUR</b>	<b>[9]</b>		
Basic (continuing operations)		0.20	0.18
Diluted (continuing operations)		0.20	0.18
Basic (discontinued operations)		-	-
Diluted (discontinued operations)		-	-
Basic (total, including discontinued operations)		0.20	0.18
Diluted (total, including discontinued operations)		0.20	0.18



## Consolidated Financial Statements

# Consolidated Statement of Other Comprehensive Income

For the year ended 31 December

€ million	Notes	2023	2022
<b>Profit for the year</b>		<b>844</b>	<b>761</b>
<b>Other comprehensive income, net of tax</b>			
Other comprehensive income to be reclassified subsequently to profit or loss when specific conditions are met:			
Net gain/loss (-) on cash flow hedges	[16]	-26	39
Currency translation differences	[16]	-	2
<b>Net other comprehensive income/loss (-) to be reclassified to profit or loss in subsequent periods</b>		<b>-26</b>	<b>41</b>
Items of other comprehensive income not to be reclassified subsequently to profit or loss:			
Retirement benefits remeasurements		-	5
Net gain/loss (-) on equity instruments designated at fair value through other comprehensive income	[13.1]	11	10
<b>Net other comprehensive income/loss (-) not to be reclassified to profit or loss in subsequent periods</b>		<b>11</b>	<b>15</b>
<b>Other comprehensive income/loss (-) for the year, net of tax</b>		<b>-15</b>	<b>56</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>829</b>	<b>817</b>
<b>Total comprehensive income for the year, net of tax, attributable to:</b>			
Equity holders of the company		828	817
Non-controlling interests		-	-
		<b>829</b>	<b>817</b>
<b>Total comprehensive income/loss (-) attributable to equity holders of the company arises from:</b>			
Continuing operations		826	822
Discontinued operations		2	-5

## Consolidated Financial Statements

# Consolidated Statement of Financial Position

### Assets

€ million	Notes	31 December 2023	31 December 2022
<b>Non-current assets</b>			
Property, plant and equipment	[10]	5,943	5,568
Intangible assets	[11]	2,809	2,884
Right-of-use assets	[19]	815	848
Equity investments accounted for using the equity method	[12]	554	496
Equity investments measured at fair value through other comprehensive income	[13.1]	90	76
Derivative financial instruments	[13.3]	65	125
Other financial asset at fair value through profit or loss	[12]	147	168
Deferred income tax assets	[8]	111	261
Trade and other receivables	[14.1]	111	95
Contract assets and contract costs	[14.2]	66	50
		<b>10,712</b>	<b>10,571</b>
<b>Current assets</b>			
Inventories		43	49
Trade and other receivables	[14.1]	553	632
Contract assets and contract costs	[14.2]	74	84
Income tax receivables	[8]	31	76
Derivative financial instruments	[13.3]	12	23
Other financial asset at fair value through profit or loss	[12]	26	28
Other current financial assets	[13.1]	193	100
Cash and cash equivalents	[15]	609	399
		<b>1,541</b>	<b>1,392</b>
<b>Total assets</b>		<b>12,253</b>	<b>11,963</b>

## Consolidated Financial Statements

### Equity and liabilities

€ million	Notes	31 December 2023	31 December 2022
<b>Equity</b>			
Share capital		158	161
Share premium		7,674	7,960
Other reserves		-114	-106
Retained earnings		-5,150	-5,356
Equity attributable to holders of perpetual capital securities		990	990
<b>Equity attributable to equity holders of the company</b>		<b>3,558</b>	<b>3,650</b>
Non-controlling interests		3	2
<b>Total equity</b>	<b>[16]</b>	<b>3,561</b>	<b>3,652</b>
<b>Non-current liabilities</b>			
Borrowings	[13.2]	5,397	5,171
Lease liabilities	[19]	733	770
Derivative financial instruments	[13.3]	256	366
Deferred income tax liabilities	[8]	-	2
Provisions for retirement benefit obligations	[17]	35	49
Provisions for other liabilities and charges	[18]	103	131
Contract liabilities	[20]	119	130
Other payables	[20]	9	8
		<b>6,651</b>	<b>6,629</b>
<b>Current liabilities</b>			
Trade and other payables	[20]	1,177	1,140
Contract liabilities	[20]	169	169
Borrowings	[13.2]	497	196
Lease liabilities	[19]	162	153
Derivative financial instruments	[13.3]	5	1
Income tax payables	[8]	-	-
Provisions for other liabilities and charges	[18]	32	23
		<b>2,042</b>	<b>1,682</b>
<b>Total equity and liabilities</b>		<b>12,253</b>	<b>11,963</b>

## Consolidated Financial Statements

# Consolidated Statement of Changes in Equity

€ million, except number of shares	Notes	Subscribed ordinary shares	Share capital	Share premium	Other reserves	Retained earnings	Equity attributable to holders of perpetual capital securities	Equity attributable to equity holders of the company	Non-controlling interests	Total equity
<b>Balance at 1 January 2022</b>		<b>4,202,844,404</b>	<b>168</b>	<b>8,445</b>	<b>-358</b>	<b>-5,534</b>	<b>496</b>	<b>3,217</b>	<b>2</b>	<b>3,219</b>
Profit for the year			-	-	-	760	-	760	-	761
Other comprehensive income for the period			-	-	41	15	-	56	-	56
<b>Total comprehensive income for the period</b>			<b>-</b>	<b>-</b>	<b>41</b>	<b>776</b>	<b>-</b>	<b>817</b>	<b>-</b>	<b>817</b>
Share based compensation	[5]		-	-	-	-9	-	-9	-	-9
Sold treasury shares			-	-	14	-	-	14	-	14
Treasury shares withdrawn	[16]	-165,524,811	-7	-485	492	-	-	-	-	-
Issuance of perpetual hybrid bond	[13.2]		-	-	-	-	494	494	-	494
Dividends paid			-	-	-	-571	-	-571	-	-571
Paid coupon perpetual hybrid bond	[13.2]		-	-	-	-17	-	-17	-	-17
Share repurchase	[16]		-	-	-300	-	-	-300	-	-300
Other			-	-	5	-	-	5	-	5
<b>Total transactions with owners, recognized directly in equity</b>		<b>-165,524,811</b>	<b>-7</b>	<b>-485</b>	<b>211</b>	<b>-597</b>	<b>494</b>	<b>-384</b>	<b>-</b>	<b>-384</b>
<b>Balance at 31 December 2022</b>		<b>4,037,319,593</b>	<b>161</b>	<b>7,960</b>	<b>-106</b>	<b>-5,356</b>	<b>990</b>	<b>3,650</b>	<b>2</b>	<b>3,652</b>
<b>Balance at 1 January 2023</b>		<b>4,037,319,593</b>	<b>161</b>	<b>7,960</b>	<b>-106</b>	<b>-5,356</b>	<b>990</b>	<b>3,650</b>	<b>2</b>	<b>3,652</b>
Profit for the year			-	-	-	844	-	844	-	844
Other comprehensive income for the period			-	-	-26	11	-	-15	-	-15
<b>Total comprehensive income for the period</b>			<b>-</b>	<b>-</b>	<b>-26</b>	<b>854</b>	<b>-</b>	<b>828</b>	<b>-</b>	<b>829</b>
Share based compensation	[5]		-	-	-	-17	-	-17	-	-17
Sold treasury shares			-	-	22	-	-	22	-	22
Treasury shares withdrawn	[16]	-89,901,811	-4	-286	290	-	-	-	-	-
Dividends paid			-	-	-	-587	-	-587	-	-587
Paid coupon perpetual hybrid bond	[13.2]		-	-	-	-40	-	-40	-	-40
Share repurchase	[16]		-	-	-300	-	-	-300	-	-300
Other			-	-	6	-4	-	2	-	2
<b>Total transactions with owners, recognized directly in equity</b>		<b>-89,901,811</b>	<b>-4</b>	<b>-286</b>	<b>18</b>	<b>-647</b>	<b>-</b>	<b>-919</b>	<b>-</b>	<b>-919</b>
<b>Balance at 31 December 2023</b>		<b>3,947,417,782</b>	<b>158</b>	<b>7,674</b>	<b>-114</b>	<b>-5,150</b>	<b>990</b>	<b>3,558</b>	<b>3</b>	<b>3,561</b>

## Consolidated Financial Statements

# Consolidated Statement of Cash Flows

For the year ended 31 December

€ million	Notes	2023	2022
Profit before income tax from continuing operations		1,088	993
Adjustments for:			
– Net financial expense	[7]	246	227
– Share-based compensation	[5]	5	7
– Share of the profit/loss (-) of associates and joint ventures	[12]	9	-6
– Depreciation, amortization and impairments	[10, 11, 19]	1,206	1,346
– Other income and non-cash income and expense	[4.2, 21]	-28	-50
– Changes in provisions (excluding deferred taxes)		-36	-64
Changes in working capital relating to:			
– Current assets		75	-7
– Current liabilities		-1	11
Income taxes paid/received		-110	-50
Interest paid/received		-211	-220
<b>Net cash flow from operating activities from continuing operations</b>		<b>2,242</b>	<b>2,188</b>
<b>Net cash flow from operating activities from discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Net cash flow from operating activities</b>		<b>2,242</b>	<b>2,188</b>
Acquisition of and investments in subsidiaries, associates and joint ventures (net of acquired cash)	[12, 21]	-118	-37
Disposal of subsidiaries and associates (net of cash)	[12, 21]	23	14
Tax on disposal of subsidiaries and associates	[23]	60	-34
Investments in software		-257	-245
Investments in other intangible assets		-1	-
Investments in property, plant and equipment		-991	-961
Acquisitions of subsidiaries that do not constitute a business	[21]	-96	-
Disposals of property, plant and equipment and intangible assets	[12]	68	-
Acquisitions of other financial assets	[13.1]	-110	-65
Disposals of other financial assets	[13.1]	12	249
<b>Net cash flow from investing activities from continuing operations</b>		<b>-1,410</b>	<b>-1,079</b>
<b>Net cash flow from investing activities from discontinued operations</b>		<b>-16</b>	<b>-4</b>
<b>Net cash flow from investing activities</b>		<b>-1,427</b>	<b>-1,083</b>
Dividends paid		-587	-571
Share repurchase	[16]	-300	-300
Paid coupon perpetual hybrid bonds		-40	-17
Issuance of perpetual hybrid bonds		-	493
Proceeds from borrowings	[13.2]	593	-
Repayments of borrowings and settlement of derivatives	[13.2, 13.3]	-150	-981
Repayments of lease liabilities	[19]	-124	-124
Other		2	2
<b>Net cash flow from financing activities from continuing operations</b>		<b>-606</b>	<b>-1,499</b>
<b>Net cash flow from financing activities from discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Net cash flow from financing activities</b>		<b>-606</b>	<b>-1,499</b>
<b>Total net cash flow from continuing operations</b>		<b>226</b>	<b>-390</b>
<b>Total net cash flow from discontinued operations</b>		<b>-16</b>	<b>-4</b>
<b>Changes in cash and cash equivalents</b>		<b>209</b>	<b>-394</b>
Net cash and cash equivalents at 1 January		399	793
<b>Net cash and cash equivalents at 31 December</b>		<b>608</b>	<b>399</b>
Bank overdrafts		-	-
<b>Cash and cash equivalents</b>	<b>[15]</b>	<b>609</b>	<b>399</b>

## Consolidated Financial Statements

# General notes to the Consolidated Financial Statements

## [1] General information

Koninklijke KPN N.V. (KPN or the company) was incorporated in 1989 and is domiciled in the Netherlands. Koninklijke KPN N.V. is registered at the Chamber of Commerce (file no. 02045200). The address of KPN's registered office is Wilhelminakade 123, 3072 AP, Rotterdam, the Netherlands. KPN's shares are listed on Euronext Amsterdam.

KPN is a leading telecommunications and IT provider in the Netherlands, offering fixed and mobile telephony, fixed and mobile broadband internet and TV to retail and business consumers. KPN is market leader in infrastructure and network-related IT solutions to business customers in the Netherlands. KPN also provides wholesale network services to third parties.

The Financial Statements were authorized for issue by both the Supervisory Board and the Board of Management on 28 February 2024 and are subject to adoption by the Annual General Meeting of Shareholders on 17 April 2024.

## [2] Summary of material accounting policies

### Basis of preparation

The Consolidated Financial Statements of KPN have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code, under the historical cost convention, except for certain equity investments accounted for using the equity method, and certain equity investments and derivative financial instruments measured at fair value, and on a going-concern basis.

All amounts are presented in millions unless stated otherwise. Certain figures may not tally exactly due to rounding. In addition, certain percentages may have been calculated using rounded figures.

### Restatement of comparative financial information

Some comparative financial information for 2022 has been restated. The restatements consisted of reclassifications of marketing expenses at Wholesale. The impact on revenues and cost of goods sold was EUR 12m (decrease). EBITDA AL and net profit were not affected. The adjustment was based on further review of the nature of the specific expenses.

### Summary of material accounting policies

The general accounting policies as applied are described below. Material accounting policies are described in the Notes to the Consolidated Financial Statements.

### Changes in accounting policies and disclosures

KPN applies new standards and amendments issued by the International Accounting Standards Board (IASB), when effective and endorsed by the European Union. KPN has not early adopted any standards.

KPN has concluded that the following, endorsed, amendments effective 1 January 2023 did not have a significant impact:

- Amendments to IAS 12 on deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 1 on the presentation of financial statements and disclosure of accounting policies; and
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates.

KPN has assessed the amendments to IAS 12 on International Tax Reform - Pillar Two Model Rules. These amendments introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. KPN currently estimates that it is not subject to material Pillar Two "top-up" taxes in 2024. See Note 8.

### Future implications of new and amended standards and interpretations

The IASB has issued several new standards and amendments to existing standards with an effective date of 1 January 2024 or later.

KPN has concluded that the following, endorsed, amendments effective 1 January 2024 (or later) will not have a significant impact:

- IAS 1 on the classification of liabilities as current or non-current; and
- IFRS 16 on the measurement of lease liabilities on sale and leaseback transactions.

## ● Consolidated Financial Statements

KPN is reviewing the impact of the following amendments which are effective as of 1 January 2024 (or later) but have not yet been endorsed:

- IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture; and
- IAS 7 on the cash flow and financial instruments related disclosure requirements on Supplier Finance Arrangements.

KPN currently does not expect a material impact from these amendments.

### Basis of consolidation

KPN's Consolidated Financial Statements include the financial results of its subsidiaries and incorporate KPN's share of the results from associates and joint ventures.

Subsidiaries are all entities directly or indirectly controlled by KPN. 'Control' is defined as the power over an entity, i.e. the ability to govern the financial and operating policies, resulting in obtaining the variable returns from the entity's activities.

Subsidiaries are fully consolidated from the date on which control is obtained by KPN and are deconsolidated from the date on which KPN's control ceases. All intercompany transactions, balances and unrealized results on transactions with subsidiaries are eliminated.

Changes in ownership interests in subsidiaries without change of control that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### Foreign currency translation

The Financial Statements are presented in euro (EUR), which is KPN's presentation currency as well as functional currency.

Transactions in foreign currencies are translated into euro using the exchange rates applicable at transaction date. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euro using the rates at reporting date. Exchange rate differences are recognized in profit or loss - except when these differences are related to qualifying cash flow hedges and qualifying net investment hedges, in which case the exchange rate differences are recorded in Other Comprehensive Income (OCI).

Exchange rate differences on non-monetary assets and liabilities are reported as part of the fair value gain or loss from that asset or liability. Exchange rate differences arising from the translation of the net investment in foreign entities, of borrowings and other currency instruments designated as hedges of such investments are recognized in OCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

### Subsidiaries

For consolidation purposes, the results and financial position of subsidiaries are translated into euro at the closing rate of the date of the financial position (assets and liabilities) or at the average exchange rates applicable for the specific reporting period (income and expenses). All resulting exchange differences are recognized in OCI.

### Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method. Cash flows denominated in currencies other than euro are translated at average exchange rates. Cash flows relating to interest and taxes on profits and tax deductions relating to interest on perpetual hybrid bonds are included in the cash flow from operating activities. Tax payments directly related to disposal of subsidiaries are presented as part of the cash flows from investing activities when separately identifiable. The consideration paid in cash for acquired subsidiaries is included in the cash flow from investing activities, net of cash acquired. Cash flows resulting from the disposal of subsidiaries are disclosed separately, net of cash sold.



## Consolidated Financial Statements

### Significant accounting estimates, judgments and assumptions made by management

Significant accounting estimates, judgments and assumptions made by management are evaluated continuously and are based on historic experience and other factors, including expectations of future events thought to be reasonable under the circumstances. Actual results may deviate from the estimates applied. Estimates are revised when material changes to the underlying assumption occur.

The accounting estimates, judgments and assumptions deemed significant to KPN's Financial Statements relate to:

Subjects	Notes
Determination of deferred tax assets for losses carry forward and provisions for tax contingencies	Notes 8 and 22
Determination of value in use of cash-generating units for goodwill impairment testing	Note 11
Assessments of exposure to credit risk and financial markets risk	Note 13.4
The 'more likely than not' assessment required to determine whether or not to recognize a provision for idle cables, which are part of a public electronic communications network	Notes 18 and 22
The assessment of the lease terms deemed reasonably certain of KPN's lease contracts and the incremental borrowing rate used to measure the lease liabilities	Note 19
Assessments whether revenue for variable consideration is probable or highly probable. This concerns revenue related to disputes and revenue related to VAT regarding unused multipurpose bundles	Note 4
Several assessments related to KPN's 50% interest in Glaspoot B.V. (classified as a joint venture):	
- The assessment whether KPN has joint control over Glaspoot;	
- The assessment whether operational contracts between Glaspoot and KPN are at arm's length;	
- The valuation of KPN's interest in the joint venture (initially set at fair value, subsequently accounted for using the equity method subject to periodic impairment testing); and	
- The valuation of the contingent cash consideration (financial asset at fair value through profit or loss).	Notes 12 and 13.1

In preparing the Financial Statements, KPN has applied the concept of materiality to the presentation and level of disclosures. Only essential and mandatory information is disclosed that is relevant to a reader's understanding of these Financial Statements.

### Sustainability and climate change

KPN is continuously enhancing, improving and modernizing its network to realize its sustainability goals, which include: providing secure internet access for everyone and everything and stimulate digital inclusion, while building the most efficient network using technology to reduce energy consumption despite higher data usage. Through its sustainability efforts, KPN not only reduces its own energy consumption but also enables its customers to do the same. KPN's increasing fiber footprint and the migration from copper to fiber network contributes to the realization of KPN's sustainability goals. Through participation in its joint venture Glaspoot B.V., KPN is accelerating its nationwide ambitions. In mobile, initiatives include the modernization of broadcasting and customer premises equipment. Other initiatives include the reduction of KPN's leased fleet and replacement of expired vehicle leases with electric vehicles only. The Board of Management has committed to the sustainability goals by adding non-financial sustainability linked targets to the LTI plans, such as the reduction of supply chain emissions (scope 3) and gender ratio targets.

KPN has analyzed whether the above has had any impact on the valuation of KPN's assets, liabilities and financial results and concluded the impact is limited. The migration to new generation network equipment has resulted in an acceleration of depreciation charges for the assets to be replaced. KPN is also investing in its employees by facilitating suitable solutions to continue working from home.

## ● Consolidated Financial Statements

### [3] Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to KPN's CEO, who is the Chief Operating Decision-Maker according to IFRS 8 Operating Segments.

Comparative financial information for 2022 has been restated due to adjustment of some smaller expense allocations between various segments, elimination of specific intercompany transfers and at Wholesale, mobile service revenues and COGS have been restated due to reclassification of marketing expenses. The impact on mobile service revenues and COGS was EUR 12m (decrease). EBITDA AL and net profit were not affected.

Almost all of KPN's operating activities are in the Netherlands.

#### Operating segments

KPN's operating segments comprise of Consumer, Business, Wholesale and Network, Operations & IT (NOI). For general information on these segments, read more in sections Shareholder value and Customer value.

#### Other

'Other' comprises KPN Holding, Corporate Center and eliminations. KPN accounts for its interest in Glaspoort within this segment.

#### Segment performance

As part of the simplification process, KPN has limited the intercompany charges to charges that are considered relevant for tax purposes.

The EBITDA AL of Consumer, Business and Wholesale represents the contribution margin of these segments and the EBITDA AL of NOI mostly consists of operating expenses. Due to the fact that KPN neither allocates interest expenses to segments nor accounts for taxes in the segments, the disclosure is limited to operating profit for the year.

Investments in property, plant and equipment, and intangible assets (Capex) are centrally managed and reported to KPN's Chief Operating Decision-Maker at the KPN Group level, not at a segment level.

For an explanation of EBITDA, EBITDA AL and incidental transactions included in Revenues, Other income and EBITDA AL, see Appendix 2.

## Consolidated Financial Statements

### Segmentation 2023

€ million	Notes	Consumer	Business	Wholesale	NOI	Other <sup>1</sup>	Total KPN Group
<b>Statement of Profit or Loss</b>							
External revenues <sup>2</sup>		2,900	1,828	671	25	14	5,439
Other income	[4.2]	-	1	-	39	1	41
Inter-division revenues		6	5	27	1	-39	-
<b>Total</b>	<b>[4]</b>	<b>2,906</b>	<b>1,833</b>	<b>699</b>	<b>64</b>	<b>-23</b>	<b>5,480</b>
Operating expenses		-975	-971	-170	-616	-199	-2,931
<b>EBITDA</b>		<b>1,931</b>	<b>862</b>	<b>528</b>	<b>-552</b>	<b>-222</b>	<b>2,548</b>
DA&I		-145	-47	-9	-954	-51	-1,206
<b>Operating result</b>		<b>1,786</b>	<b>815</b>	<b>520</b>	<b>-1,506</b>	<b>-273</b>	<b>1,342</b>
Share of profit or loss of associates and joint ventures	[12]	-	-	-	-	-9	-9
EBITDA		1,931	862	528	-552	-222	2,548
DA&I right-of-use assets	[19]	-14	-2	-1	-68	-39	-124
Interest lease liabilities	[19]	-2	-	-	-14	-5	-21
<b>EBITDA after lease</b>		<b>1,916</b>	<b>860</b>	<b>527</b>	<b>-634</b>	<b>-266</b>	<b>2,403</b>
Total assets <sup>3</sup>		2,289	1,644	627	7,583	110	12,253
Total liabilities		456	362	92	7,520	263	8,693

1 Including eliminations

2 External revenues mainly consist of rendering of services

3 Total assets of Segment Other includes the carrying value of Glaspoort (EUR 536m, see Note 12) and the deferred consideration related to Glaspoort (EUR 173m, see Note 13.1)

## ● Consolidated Financial Statements

### Segmentation 2022 (restated)

€ million	Notes	Consumer	Business	Wholesale	NOI	Other <sup>1</sup>	Total KPN Group
<b>Statement of Profit or Loss</b>							
External revenues <sup>2</sup>		2,849	1,793	646	22	2	5,312
Other income	[4.2]	-	1	-	49	-	50
Inter-division revenues		8	5	32	1	-45	-
<b>Total</b>	<b>[4]</b>	<b>2,857</b>	<b>1,798</b>	<b>677</b>	<b>72</b>	<b>-43</b>	<b>5,362</b>
Operating expenses		-949	-931	-175	-566	-181	-2,802
<b>EBITDA</b>		<b>1,907</b>	<b>867</b>	<b>502</b>	<b>-494</b>	<b>-223</b>	<b>2,560</b>
DA&I		-153	-58	-8	-1,060	-67	-1,346
<b>Operating result</b>		<b>1,755</b>	<b>809</b>	<b>494</b>	<b>-1,554</b>	<b>-290</b>	<b>1,214</b>
Share of profit or loss of associates and joint ventures	[12]	-	-	-	-	6	6
EBITDA		1,907	867	502	-494	-223	2,560
DA&I right-of-use assets	[19]	-12	-1	-1	-60	-56	-131
Interest lease liabilities	[19]	-1	-	-	-13	-4	-18
<b>EBITDA after lease</b>		<b>1,894</b>	<b>866</b>	<b>501</b>	<b>-567</b>	<b>-283</b>	<b>2,411</b>
Total assets <sup>3</sup>		4,451	2,818	623	9,282	-5,211	11,963
Total liabilities		4,366	2,747	624	9,264	-8,690	8,311

1 Including eliminations

2 External revenues mainly consist of rendering of services

3 Total assets of Segment Other includes the carrying value of Glaspoort (EUR 489m, see Note 12) and the deferred consideration related to Glaspoort (EUR 197m, see Note 131)

## Consolidated Financial Statements

# Notes to the Consolidated Statement of Profit or Loss

## [4] Revenues and Other income

### [4.1] Revenues

€ million	2023	2022 (Restated)
Service revenues	5,045	4,897
Non-service revenues	351	385
<b>Revenues from contracts with customers</b>	<b>5,396</b>	<b>5,282</b>
Rentals and other revenues	43	29
<b>Revenues</b>	<b>5,439</b>	<b>5,312</b>

Service revenues are all revenues recognized over time and includes fees for usage of KPN's network and facilities, e.g. monthly subscription fees and revenues from customer-specific IT solutions.

Non-service revenues are revenues recognized at a point in time and includes, for example, sale of handsets, peripheral equipment as well as software licenses sold separately without significant installation or integration with other services.

The application of KPN's accounting policies on revenue recognition, including relevant judgments, and information about KPN's performance obligations is summarized below:

#### Service revenues

- Network access is considered a separate performance obligation. Revenue is recognized over time during the subscription period. Content, e.g. TV content, is generally bundled with network access and revenue is recognized on a gross basis.
- Revenues for streaming services which are contracted with customers separately, are recognized on a net basis if KPN acts as an agent.
- One-off connection fees are not considerations for separate performance obligations as they are considered to be necessary to get network access. The fees charged to the customer are recognized as a contract liability and bundled with the performance obligation for network access.
- Transaction-related dealer fees paid to acquire or retain subscribers are capitalized as contract costs and expensed on a straight-line basis over the contract term of the underlying customer contract.
- Installation services offered to consumers are generally considered a separate performance obligation, as customers

can choose to call in an engineer for installation or to install the equipment themselves. Installation services that are treated as a separate performance obligation include installation of customer premises equipment (CPE), e.g. set-top boxes, setting up in-home WiFi, and installation of customers' own devices. Revenue from installation services is recognized as revenue at a point in time (at completion of the installation).

A contract asset is recognized if the amount of revenue recognized is higher than the amount charged to the customer and the right to payment of the consideration by the customer is conditional. CPE that is considered part of KPN's network is capitalized as part of property, plant and equipment as KPN retains ownership and control over the economic benefits, and is therefore not considered a separate performance obligation nor an identified asset in terms of IFRS 16 (leases).

- Transition and transformation projects for establishing new services to large business customers (for example workspace management services) are considered separate performance obligations if the customer can benefit from the project deliverables on their own and the project deliverables are separately identifiable from other goods or services promised in the contract. An example is the set-up of a new ICT environment with improved functionality for the customer that is separable from the recurring ICT services (no significant integration with KPN systems and transferable to another service provider). If the project deliverables are not sold stand-alone, the transaction price is allocated to both the project deliverables and the recurring services on the basis of costs plus the overall contract margin. This allocation method results in a contract asset or liability if the revenue allocated to the project is higher respectively lower than the one-off project fee invoiced to and paid by the customer. Project revenue is recognized over time during the project phase, using the percentage of completion method. After completion of the project, the contract asset or liability is amortized over the remaining minimum contract period of the recurring services, in principle on a linear basis.

The project is not considered a separate performance obligation if it has no independent value for the customer and is not separable from the recurring services.

- Sale of peripheral equipment and/or software licenses with significant installation or integration with other services delivered by KPN, is not considered a separate performance obligation and recognized as service revenue in the project phase.

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- Revenue for licenses combined with ongoing support and/or integrated with recurring workspace services is recognized over time.
- The Wholesale segment bills customers at (regulated) tariffs that may be disputed by other operators and regulators. KPN only recognizes revenue to the extent it is highly probable that a subsequent significant reversal will not occur. A liability is recognized in case the invoiced revenue is not considered highly probable.

### Non-service revenues

- New subscriptions for telco services may be bundled with the sale and delivery of peripheral equipment. The peripheral equipment is considered a separate performance obligation and is recognized as revenue at a point in time (upon delivery of the equipment). The total transaction price of the bundled contract is allocated to the peripheral equipment and the subscription based on their relative standalone selling prices. A contract asset is recognized if the amount of revenue allocated to the peripheral equipment is higher than the amount charged to the customer upfront if the payment to be received for the peripheral equipment is conditional on the delivery of telco services, whereas a financial receivable is recognized if the payment to be received is unconditional.
- The handsets sold and delivered by third parties, related to KPN subscription contracts, do not qualify as performance obligations for KPN. Handset-related dealer fees result in an unbilled receivable on the Statement of Financial Position, which is decreased when handset instalments are billed to the end-customer.

### Time value and other information

In 2022 and 2023, the financing component was not significant and therefore not recorded.

Generally, the payment term is between 5 days and 30 days.

In 2023, EUR 2m revenue was recognized from variable considerations related to performance obligations satisfied (or partially satisfied) in previous years (in 2022: EUR 4m).

KPN applies the practical expedients provided in IFRS 15 under which disclosure of amounts of consideration allocated to the remaining performance obligations (unsatisfied or partially satisfied) do not need to be disclosed. This applies to contracts with an original expected duration of less than one year or when KPN bills a fixed amount for network services provided. KPN recognizes revenue from network services in the amount to which KPN has a right to invoice the customer and this amount corresponds directly with the value of KPN's performance completed to date.

### Revenues, disaggregated per segment, including interdivision revenues

The disaggregation of the revenues per segment has been restated. Within the Wholesale segment, EUR 12m marketing expenses were restated from cost of goods & services to (negative) mobile service revenues (see Note 2).

€ million	2023	2022 (Restated)
Fixed-Mobile service revenues	1,560	1,494
Fixed-only service revenues	750	758
Postpaid-only service revenues	256	246
Legacy/other service revenues	72	90
<b>Consumer service revenues</b>	<b>2,638</b>	<b>2,588</b>
Non-service revenues <sup>1</sup>	268	269
<b>Total Consumer revenues</b>	<b>2,906</b>	<b>2,857</b>
Access & connectivity <sup>2</sup>	591	555
IT services <sup>3</sup>	62	41
<b>SME service revenues</b>	<b>653</b>	<b>596</b>
Access & connectivity <sup>2</sup>	520	520
IT services & Other <sup>3</sup>	256	255
<b>LCE service revenues</b>	<b>775</b>	<b>775</b>
Access & connectivity <sup>2</sup>	57	74
IT services <sup>3</sup>	49	48
Service management	197	171
<b>Tailored Solutions service revenues</b>	<b>303</b>	<b>292</b>
<b>Business service revenues</b>	<b>1,732</b>	<b>1,664</b>
Non-service & other revenues <sup>1</sup>	101	133
<b>Total Business revenues</b>	<b>1,833</b>	<b>1,797</b>
Mobile service revenues	175	166
Broadband service revenues	319	296
Other service revenues <sup>4</sup>	203	214
<b>Wholesale service revenues</b>	<b>697</b>	<b>676</b>
Non-service revenues	2	1
<b>Total Wholesale revenues</b>	<b>699</b>	<b>677</b>
<b>NOI and Other (incl. eliminations)</b>	<b>1</b>	<b>-19</b>
<b>Total</b>	<b>5,439</b>	<b>5,312</b>

1 Non-service revenues includes the sale of handsets and peripheral equipment and in the business segment also the sale of software licenses.

2 Service revenues for among others mobile, broadband & networking, fixed voice and internet of things.

3 IT services includes cloud & workspace and cybersecurity.

4 Service revenues for among others interconnect traffic, visitor roaming, digital products (messaging, content delivery) and NL-ix (interconnect exchange).

## Consolidated Financial Statements

### Accounting policy: Revenues

The core principle is that revenue is recognized to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which KPN expects to be entitled in exchange for those goods or services. Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to KPN and the amount of revenue and associated costs can be measured reliably.

KPN follows the five-step process of IFRS 15 to recognize revenue. After a contract with a customer has been entered into, the separate performance obligations are identified, which are the distinct goods and services promised to the customer (the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer, and the transfer of goods or services to the customer are separately identifiable from other promises in the contract). Next, the transaction price is determined and allocated to the separate performance obligations, based on relative standalone selling prices (based on our price lists if the goods or services are sold separately). The final step is to recognize revenue when a performance obligation is satisfied. Revenue is recognized either at a point in time or over time. In general, telco and IT services are delivered over time, whereas handsets and peripheral and network equipment, if considered as separate performance obligations, are delivered at a point in time.

Revenue for variable considerations, including revenue under dispute, is recognized only when the revenue is considered highly probable, which in some cases requires significant judgment.

An adjustment for the time value of money is made to a transaction price for the effects of financing if time between recognition of revenue and cash receipt is expected to exceed 12 months and it provides the customer or KPN with a significant benefit.

If KPN transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized in case the earned consideration is conditional. A financial receivable is recognized if KPN's right to an amount of consideration is unconditional (only the passage of time is required before payment of the consideration is due).

KPN recognizes contract liabilities in the Statement of Financial Position for considerations received in respect of unsatisfied performance obligations. Contract liabilities are recognized as revenue when KPN performs under the contract.

In case services or goods are delivered by sub-contractors, KPN determines whether its performance obligation is to provide the specified goods or services itself (KPN acts as a principal) or to arrange for another party to provide those goods or services (KPN acts as an agent), based on the agreed terms and conditions with the customer and the sub-contractor as well as the nature of the goods and services promised to the customer. When KPN acts as an agent, the revenue recognized is not the gross amount but the net amount that KPN is entitled to retain for its services as the agent.

### Accounting policy: Costs to obtain and/or fulfill a contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if KPN expects to recover those costs. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer, regardless of whether the contract is obtained or not. Costs to fulfill a contract are recognized as an asset if:

- The costs relate directly to a contract; and
- The costs generate or enhance resources that will be used in satisfying performance obligations in the future; and

- The costs are expected to be recovered.

Capitalized contract costs are amortized on a linear basis over the period in which KPN transfers the related goods or services to the customer. KPN applies the practical expedient to immediately expense contract costs when the asset that would have resulted from capitalizing such costs would have been amortized within one year or less.

Assets recognized for costs to obtain a contract and costs to fulfill a contract are subject to impairment testing.



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### [4.2] Other income

€ million	2023	2022
Other income	41	50

Other income in 2023 relates to the book gains realized on the sale of assets to Glaspoort B.V. (EUR 31m), the sale of an associated company (EUR 1m) and the sale of various (in)tangible assets (EUR 8m).

Other income in 2022 relates to the book gains realized on the sale of assets to Glaspoort B.V. (EUR 47m) and the sale of various (in)tangible assets (EUR 3m).

#### Accounting policy: Other income

Other income includes net gains on the sale of tangible or intangible assets, net gains on the sale of subsidiaries as well as other gains not related to KPN's ordinary operating activities.

### [5] Personnel expenses

€ million	2023	2022 Restated <sup>1</sup>
Salaries and wages	752	715
Retirement benefits	83	79
Social security contributions	96	92
Share-based payments <sup>2</sup>	14	11
Additional labor capacity	46	47
Own work capitalized	-211	-174
Other (including e.g. training, travel)	42	39
<b>Total personnel expenses</b>	<b>822</b>	<b>809</b>

1 Several charges related to Capex were restated to Own work capitalized (from Other)

2 Refer to the Share Plans paragraph below for details.

Employee redundancy costs of EUR 38m (2022: EUR 23m) are not included in personnel expenses but in other operating expenses (see Note 18).

Number of own personnel (FTE) per segment <sup>1</sup>	31 December 2023	31 December 2022 Restated <sup>2</sup>
Consumer	2,909 <sup>3</sup>	2,538
Business	2,777	2,769
Wholesale	218	222
NOI	2,871	2,960
Other	949	963
<b>Total FTE</b>	<b>9,724</b>	<b>9,452</b>
> Of which discontinued operations	0	0

1 All employees were employed in the Netherlands.

2 Comparative financial information for 2022 has been restated as several smaller units were transferred between segments.

3 The increase was mainly related to insourced personnel.

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### Share plans

KPN has granted shares (equity-settled) and share-based awards (cash-settled) on its shares to members of the Board of Management and senior management. The conditionally granted awards will vest after three years if the employee is still employed by KPN. Vesting of non-financial targets is subject to achieving a cumulative net profit during the vesting period of three years (i.e. a qualifier for vesting). The peer group and the vesting schedule can be found under 'Long-term incentives' in the Remuneration Report.

The targets for the LTI plan are set as follows: 70% financial targets, of which 45% on cumulative free cash flow over the plan period and 25% on relative TSR measured against the STOXX Europe 600 Telecommunications index and 30% non-financial targets, determined at the start of a new plan from the following categories: (i) Sustainability; (ii) Reputation; (iii) Social; (iv) Key business projects; and (v) Market share.

The main features of the awards granted to KPN management are summarized in the following table.

	Board of Management	Senior management	Maximum term	Settlement type <sup>1</sup>	Vesting period	Holding period after vesting of/ until
2019	X	X	6 years	Equity <sup>2</sup>	3 years	3 years
		X	3 years	Cash	3 years	–
2020	X		6 years	Equity <sup>2</sup>	3 years	3 years
		X	3 years	Cash	3 years	–
2021	X		6 years	Equity <sup>2</sup>	3 years	3 years
		X	3 years	Cash	3 years	–
2022	X		6 years	Equity <sup>2</sup>	3 years	3 years
		X	3 years	Cash	3 years	–
2023	X		6 years	Equity <sup>2</sup>	3 years	3 years
		X	3 years	Cash	3 years	–

<sup>1</sup> The cash-settled share awards will be settled in cash and no holding restrictions apply. An exception to the holding period for equity-settled plans is made with respect to shares that were sold upon vesting to cover the tax obligation on the vested shares. After vesting, the holder is able to sell a number of unconditional granted shares only up to the amount necessary to settle the wage taxes liability relating to the profit made on the stock compensation plan. Wage tax in the Netherlands is generally around 50% of the total vested amount.

<sup>2</sup> Including deferred dividend.

The related liability (for cash-settled shares) on 31 December 2023 was EUR 10m (31 December 2022: EUR 10m). This liability is included under Other payables. For the 2020 Share Plan and share-based awards, the service conditions were met in 2023. The intrinsic value at vesting was EUR 13m (2022: EUR 8m).

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The following table presents the number of shares and share-based awards in thousands under the share plans.

	Total 31 Dec 2021	Granted/ additional vesting <sup>1</sup>	Exercised/ Vested	Forfeited	Total 31 Dec 2022	Granted/ additional vesting <sup>2</sup>	Exercised/ Vested	Forfeited <sup>3</sup>	Total 31 Dec 2023 <sup>4</sup>	-of which: Non-vested
2019 Share-based awards Sr. man.	1,757	-	-1,619	-139	-	-	-	-	-	-
2019 Shares BoM/Sr. man.	1,107	-	-1,020	-87	-	-	-	-	-	-
2020 Share-based awards Sr. man.	2,758	-	-	-657	2,101	441	-2,542	-	-	-
2020 Shares BoM	1,809	-	-	-	1,809	380	-2,189	-	-	-
2021 Share-based awards Sr. man.	2,033	-	-	-354	1,679	16	-	-	1,695	1,695
2021 Shares BoM	1,409	-	-	-	1,409	-	-	-52	1,357	1,357
2022 Share-based awards Sr. man.	-	1,740	-	-88	1,652	-	-	-19	1,633	1,633
2022 Shares BoM	-	1,157	-	-	1,157	-	-	-155	1,002	1,002
2023 Share-based awards Sr. man.	-	-	-	-	-	1,790	-	-	1,790	1,790
2023 Shares BoM	-	-	-	-	-	1,187	-	-	1,187	1,187

1 On the basis of a 100% grant. The equity-settled share numbers do not include any deferred dividend during the vesting period. The deferred dividend during the vesting period will be granted in additional shares.

2 At grant date, the fair value is calculated using a Monte Carlo Simulation model. In April 2023 the fair value was EUR 2.79 (2022 grant: EUR 3.26) for the 2023 share-based award (cash-settled) and EUR 3.07 (2022 grant: EUR 3.55) for the 2023 equity-settled share grant for the Board of Management (excluding deferred dividend).

3 At the end of 2023, KPN held the 3rd position with respect to the 2021 share grant and at the end of 2022, KPN held the 4th position with respect to the 2020 share grant. This position and the outcomes of the other targets will lead to 150% vesting in April 2024 of the 2021 share grant. Final TSR measurement for the 2020 share grant was conducted in February 2023 which resulted in 121% vesting in April 2023.

4 The fair value of each cash-settled share-based award was measured on 31 December 2023 using recent strategic plans, forecasts and a Monte Carlo Simulation model, based on the most recent available share price of KPN and its performance compared with peer companies at the moment of valuation (i.e. closing share prices as at 31 December 2023). The TSR related fair value on 31 December 2023 was EUR 5.28 (2022: EUR 3.74) for the 2021 share-based award, EUR 4.77 (2022: EUR 3.68) for the 2022 share-based award and EUR 2.45 for the 2023 share-based award.

The fair value of each award at the grant date is determined using the following assumptions:

Assumptions	2023 LTI	2022 LTI
Risk-free interest rate based on euro government bonds for remaining time to maturity of 2.7 years	3.3%	0.7%
Expected dividend for KPN (based on one year's historical daily data preceding the date of award)	4.1%	4.7%
Expected volatility (PSP grant based on 2.7 years' historical daily data) used for TSR	20.2%	26.3%
Share price at date of award (closing at grant date)	€ 3.31	€ 3.47

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The following paragraphs detail the actual remuneration of the Board of Management. Please refer to the Remuneration Report for the executive pay policy. At KPN, key management consists of the members of the Board of Management and the Supervisory Board.

### Details of actual remuneration Board of Management

The remuneration of the Board of Management, representing the costs incurred by the company measured under IFRS principles, is as follows:

Name current member	Year	Short-term benefits: Salary	Short-term benefits: STI <sup>1</sup>	Share-based: LTI <sup>2</sup>	Post- employment: Pension Cost <sup>3</sup>	Social security and other compensation <sup>4</sup>	Total
J.F.E. Farwerck	2023	892,500	740,597	1,153,237	218,211	32,140	3,036,684
	2022	879,375	716,568	1,108,118	219,036	30,022	2,953,119
H.C. Figuee	2023	688,500	380,878	593,095	131,996	39,278	1,833,747
	2022	678,375	368,493	528,456	116,895	37,160	1,729,379
M.W.M. Snoep	2023	663,000	366,772	571,127	128,979	31,932	1,761,810
	2022	653,250	354,872	550,466	126,138	29,814	1,714,540
C. Vergouw <sup>5</sup>	2023	386,750	213,950	94,203	61,447	16,957	773,307
W. Stammeijer <sup>5</sup>	2023	386,750	213,950	140,466	51,420	9,264	801,851
H. Garssen	2023	510,000	282,132	439,329	91,329	16,690	1,339,480
	2022	502,500	272,978	408,082	82,638	14,572	1,280,770
<b>Total current members</b>	<b>2023</b>	<b>3,527,500</b>	<b>2,198,279</b>	<b>2,991,457</b>	<b>683,382</b>	<b>146,261</b>	<b>9,546,878</b>
	<b>2022</b>	<b>2,713,500</b>	<b>1,712,911</b>	<b>2,595,122</b>	<b>544,707</b>	<b>111,568</b>	<b>7,677,808</b>

1 Actual STI relates to performance in the current year but paid out in the following financial year. Please see the 'Short-term incentives' section in the Rem Report for the actual pay-out levels per target.

2 The amounts in the table represent the cost recognized for shares in 2022 and 2021 based on their fair values at grant date. The fair value of the share-based award is recorded as cost over the vesting period. Please see the 'Long-term incentives' section in the Remuneration Report for a further explanation.

3 The pension costs include the costs for survivor's pension, disability coverage, administration as well as the gross allowances. The fixed gross allowance (for the base pay part above EUR 128,810) in 2023 was, EUR 162,240 for Mr. Farwerck (2022: EUR 159,047), EUR 92,258 for Mr. Figuee (2022: EUR 80,273), EUR 90,094 for Ms. Snoep (2022: EUR 88,578), EUR 41,058 for Ms. Vergouw, EUR 32,719 for Mr. Stammeijer and EUR 60,611 for Ms. Garssen (2022: EUR 53,706).

4 In addition to social security, the stated amounts include allowances that can be considered as indirect remuneration and relates to the value for the private use of the company car.

5 Since appointment to the Board of Management with an effective date of 1 May 2023.

Name former member	Year	Short-term benefits: Salary	Short-term benefits: STI <sup>1</sup>	Share-based: LTI <sup>2</sup>	Post- employment: Pension Cost <sup>3</sup>	Social security and other compensation <sup>4</sup>	Total
J.P.E. Van Overbeke <sup>5</sup>	2023	221,000	122,257	181,421	54,903	8,979	588,559
	2022	653,250	354,872	561,278	154,304	14,558	1,738,262
B. Fouladi <sup>5</sup>	2023	221,000	122,257	181,421	42,320	4,921	571,919
	2022	653,250	354,872	561,278	126,214	12,645	1,708,259
<b>Total former members</b>	<b>2023</b>	<b>442,000</b>	<b>244,514</b>	<b>362,842</b>	<b>97,223</b>	<b>13,899</b>	<b>1,160,478</b>
	<b>2022</b>	<b>1,306,500</b>	<b>709,744</b>	<b>1,122,556</b>	<b>280,518</b>	<b>27,203</b>	<b>3,446,521</b>

1 Actual STI relates to performance in the current year but paid out in the following financial year. Please see the 'Short-term incentives' section in the Remuneration Report for the actual pay-out levels per target.

2 The amounts in the table represent the cost recognized for shares in 2022 and 2021 based on their fair values at grant date. The fair value of the share-based award is recorded as cost over the vesting period. Please see the 'Long-term incentives' section in the Remuneration Report for a further explanation.

3 The pension costs include the costs for survivor's pension, disability coverage, administration as well as the gross allowances. The fixed gross allowance (for the base pay part above EUR 128,810) in 2023 was, EUR 40,310 for Mr. Van Overbeke (2022: EUR 112,117) and EUR 29,338 for Mr. Fouladi (2022: EUR 88,495).

4 In addition to social security, the stated amounts include allowances that can be considered as indirect remuneration and relates to the value for the private use of the company car.

5 Board of Management member until May 2023. No severance was paid out.

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See the Remuneration Report for the number of shares under the share plans per individual board member.

See the Insider Transactions section (p. 84) for stock ownership of members of the Board of Management and Supervisory Board.

### Supervisory Board and key management totals

Please see the Remuneration Report for the actual fee received by each member of the Supervisory Board. The total fee for 2023 is EUR 679,792 (2022: EUR 648,215).

Total key management remuneration amounted to EUR 11,387,148 (2022: EUR 11,772,544), of which EUR 7,252,245 (2022: EUR 7,229,641) for short-term employee benefits, EUR 780,604 (2022: EUR 825,225) for post-employment benefits and EUR 3,354,299 (2022: EUR 3,717,678) for share-based payments.

### Accounting policy: Share-based compensation

For equity-settled plans, the fair value of shares granted to employees is measured at grant date. For cash-settled plans, the fair value of the liability for the awards granted is remeasured at each reporting date and at settlement date.

The costs of share-based compensation plans are determined based on the fair value of the shares and the number of shares expected to vest. On each balance date, KPN determines whether it is necessary to revise the expectation of the number of shares that will vest. The fair value is recognized as personnel expense in profit or loss over the vesting period of the shares against an increase in equity in the case of equity-settled share-based compensation plans and against the recognition of a liability in the case of cash-settled share-based compensation plans.

### [6] Other operating expenses

Other operating expenses increased by EUR 88m to EUR 416m, mainly due to higher energy costs and other inflationary effects. Other operating expenses comprise, among others, a net addition to the restructuring provision (see Note 18).

### Auditor's fees

The fees listed below relate to the services provided to KPN and its consolidated group entities by Ernst & Young Accountants LLP, as well as by other Dutch and foreign-based EY individual partnerships and legal entities, recognized as expenses in the financial year:

€ million	2023	2022
Financial statements audit fees	4.5	4.0
Other assurance fees	1.0	0.8
<b>Total audit fees</b>	<b>5.5</b>	<b>4.8</b>

The financial statements audit fees include the fees for professional services rendered for the audit of KPN's annual financial statements and the annual statutory financial statements of subsidiaries or services that are normally provided by the auditor in connection with the audits.

The other assurance fees include the fees incurred for assurance and related services that are reasonably related to the performance of the audit or review of KPN's Financial Statements, such as revenue and IT-related assurance services and regulatory-related assurance services.

### Accounting policy: Operating expenses

Operating expenses are divided into direct cost (cost of goods and services) and indirect cost (IT/TI, personnel expenses, other operating expenses and depreciation, amortization and impairments).

Cost of goods and services are costs incurred in the context of a sales transaction and include subscriber acquisition and retention costs and traffic expenses. These costs are expensed as incurred, except handset fees paid to dealers and transaction-related dealer commissions that are capitalized and amortized over the contract term. The cost of a handset is expensed when the handset is sold (as incurred), both as an individual sale or as a component of a transaction in combination with a subscription.

Information technology (IT) expenses relate to KPN's IT environment and include licenses and maintenance expenses for software and/or IT hardware when not directly related to a sales transaction. Technical infrastructure (TI) expenses are expenses related to KPN's fixed and mobile networks.

Personnel expenses are all expenses related to KPN's workforce, both related to own employees and external personnel from employment agencies.

Other operating expenses mainly include expenses related to marketing and communication, billing and collection, housing and facilities.

See Note 10, 11 and 19 for the accounting policy regarding depreciation, amortization and impairments.

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### [7] Financial income and expenses

€ million	Notes	2023	2022
<b>Finance income</b>		<b>28</b>	<b>8</b>
Interest on borrowings		-236	-192
Interest expense lease liability	[19]	-21	-18
Interest on other provisions		-2	-1
Other interest expenses		-7	-3
<b>Finance costs</b>		<b>-266</b>	<b>-213</b>
Hedge ineffectiveness		4	10
Amortizable part of hedge reserve		-15	-15
Amortization discontinued fair value hedges		16	18
Derivative financial instruments not qualified for hedge accounting	[13.3]	-9	-11
Exchange rate differences		1	3
Fair value loss on contingent cash receivable Glaspoort	[13.1]	-6	-16
Other		1	-12
<b>Other financial results</b>		<b>-7</b>	<b>-22</b>
<b>Total</b>		<b>-246</b>	<b>-227</b>

Finance income increased by EUR 20m to EUR 28m, mainly due to higher yields on cash and higher interest income on the contingent cash receivable related to Glaspoort.

Finance costs increased by EUR 53m to EUR 266m, which was mainly related to higher interest on floating rate debt instruments, higher utilization of commercial paper throughout the year and interest accrued on the EUR 600m senior bond issued in July 2023. Interest on borrowings included a non-cash amount of EUR 4m (2022: EUR 6m) relating to debt issuance costs including premiums and/or discounts, which are amortized over the remaining life of the respective bonds using the effective interest rate method.

Other financial results increased by EUR 15m to a net cost of EUR 7m (2022: EUR 22m net cost), which is mainly the result of lower fair value loss on the contingent cash receivable related to Glaspoort, bond tender costs incurred in 2022 (EUR 9m included in Other), partly offset by lower gains from hedge ineffectiveness.

### [8] Taxation

#### The Netherlands

The book loss, which is recognized as a result of the sale of E-Plus in 2014 (see schedule net DTA book loss sale of E-Plus), was used to offset KPN's taxable income in the Netherlands in 2014 up to and including 2022, and is used to offset a significant part of KPN's taxable income in the Netherlands and the years thereafter. KPN's unrealized losses as per 2021 are realized in 2022. Due to the realization in 2022, the current tax expense in 2022 is significantly lower compared to 2023.

KPN will apply a temporary mandatory relief from deferred tax accounting for the impacts of the new legislation to implement the global minimum tax (Pillar Two) and will account for it as a current tax (if any). Furthermore, KPN has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in its various jurisdictions. Based on the transitional safe harbor rules, and most recent information available regarding the financial performance of the entities in scope, KPN's effective tax rate is above 15% in the Netherlands and has limited substance in all other jurisdictions (de minimis test or an immaterial exposure) in which it operates. KPN currently estimates that it is not subject to material Pillar Two "top-up" taxes in 2024. Management is not aware of any circumstances under which this estimate might change.

KPN has an agreement with the Dutch tax authorities with respect to the application of the Dutch innovation box tax regime. This is a facility under Dutch corporate income tax law where profits attributable to innovation are taxed at an effective rate of 9.0% (2022: 9.0%). The application of the innovation box resulted in a benefit of EUR 32m over 2023 (2022: EUR 29m).

See Note 21 for the impact of the acquisitions, which are separately liable for income taxes, and disposals of subsidiaries and business units.

#### Germany

As all relevant tax years have been audited, KPN is in the process of dissolving the remaining legal entity.

#### Income tax expense

€ million	2023	2022
Current tax	-93	9
Deferred taxes	-152	-236
<b>Income tax (charge)/benefit from continuing operations</b>	<b>-245</b>	<b>-227</b>

## Consolidated Financial Statements

The reconciliation from the Dutch statutory tax of 25.8% (2022: 25.8%) to the effective tax rate (ETR) of 22.3% (2022: 23.0%) is explained in the following table:

	2023		2022	
	€ million	ETR	€ million	ETR
<b>Profit before income tax from continuing operations excluding associates and joint ventures</b>	<b>1,097</b>		<b>987</b>	
Taxes at Dutch statutory tax rates	-283	25.8%	-255	25.8%
Non taxable income, non deductible expenses	-6	0.5%	-2	0.2%
Participation exemption on the sale of subsidiaries	-2	0.2%	-	0.0%
Innovation tax facilities current year	32	-2.9%	29	-2.9%
Deferred tax related to current year	2	-0.2%	-3	0.3%
Tax benefit perpetual hybrid bonds	10	-0.9%	6	-0.6%
Other	1	-0.1%	-1	0.1%
<b>Income tax benefit/(charge) from continuing operations</b>	<b>-245</b>	<b>22.3%</b>	<b>-227</b>	<b>23.0%</b>

### Deferred tax positions

#### Deferred tax assets

€ million	Tax loss & other carry forwards <sup>1</sup>	Unrealized liquidation losses <sup>2</sup>	Bonds & hedges <sup>3</sup>	Property, plant and equipment (PP&E) <sup>4</sup>	Lease Liabilities <sup>5</sup>	Other	Offset against deferred tax liabilities	Total <sup>6</sup>
<b>Balance at 31 December 2021</b>	-	517	52	81	201	89	-435	506
Income statement benefit/(charge)	-	-	-	-13	11	-18	6	-14
Transfer to current tax	-225	-	-	-	-	3	-	-222
Tax charged to OCI	-	-	-13	-	-	-	3	-10
Other and restate <sup>7</sup>	517	-517	-8	33	7	-41	9	-
<b>Balance at 31 December 2022 (restated)</b>	<b>293</b>	<b>-</b>	<b>31</b>	<b>101</b>	<b>219</b>	<b>35</b>	<b>-417</b>	<b>261</b>
Income statement benefit/(charge)	-	-	-	-13	-5	-2	-101	-122
Transfer to current tax	-36	-	-	-	5	-1	-	-32
Tax charged to OCI	-	-	9	-	-	-	-	9
Other	2	-	-	-3	-	-2	-2	-5
<b>Balance at 31 December 2023</b>	<b>259</b>	<b>-</b>	<b>40</b>	<b>84</b>	<b>218</b>	<b>29</b>	<b>-520</b>	<b>111</b>

1 Net offsettable losses expected to be recovered within the foreseeable future. KPN has a history of recent profits.

2 Unrealized losses became available for offset against taxable profits as from 2022. The offset is unlimited in time.

3 Amounts relate to capitalized costs for tax purposes, derivative positions adjusted for tax purposes and unrealized FX results included in the hedge reserve.

4 Amounts relate to assets depreciated in 5 years for tax purposes and less than 5 years for book purposes and arbitrary depreciation. No DTA is recorded for a taxable amount of EUR 80m (deferred EUR 21m) related to restricted depreciation on real estate.

5 For leases, KPN separately recognizes both deferred tax assets and deferred tax liabilities, based on the underlying temporary difference.

6 Of which EUR 94m to be recovered within 12 months. Recoverability depending on future taxable results. Based on current projections, KPN expects to fully utilize its losses within the foreseeable future.

7 Restate of presentation due to alignment with balance sheet categories.

## Consolidated Financial Statements

### Net DTA book loss on the sale of E-Plus

€ million	Net DTA	Realized	Unrealized	Offset by DTL	Net Loss
<b>Balance at 31 December 2021</b>	<b>517</b>	<b>-</b>	<b>517</b>	<b>-</b>	<b>2,004</b>
Movement 2022	-224	293	-517	-	-870
<b>Balance at 31 December 2022</b>	<b>293</b>	<b>293</b>	<b>-</b>	<b>-</b>	<b>1,134</b>
Movement 2023	-36	-36	-	-	-137
<b>Balance at 31 December 2023</b>	<b>257</b>	<b>257</b>	<b>-</b>	<b>-</b>	<b>997</b>

### Deferred tax liabilities

#### Deferred tax liabilities

€ million	Software development <sup>1</sup>	Goodwill depreciation <sup>2</sup>	PPA <sup>3</sup>	PP&E: Arbitrary depreciation	Right of use assets <sup>4</sup>	Other	Offset against deferred tax assets	Total
<b>Balance at 31 December 2021</b>	<b>83</b>	<b>116</b>	<b>38</b>	<b>-</b>	<b>185</b>	<b>13</b>	<b>-435</b>	<b>-</b>
Income statement benefit/(charge)	-10	1	-8	-	10	1	6	-
Tax charged to OCI	-	-	-	-	-	-3	3	-
Other and restate <sup>5</sup>	-	-	3	-	-	-10	9	2
<b>Balance at 31 December 2022 (restated)</b>	<b>73</b>	<b>117</b>	<b>33</b>	<b>-</b>	<b>195</b>	<b>1</b>	<b>-417</b>	<b>2</b>
Income statement benefit/(charge)	4	-	-7	111	-7	1	-101	-1
Tax charged to OCI	-	-	-	-	-	-	-	-
Other	-	-	1	-	-	-	-2	-1
<b>Balance at 31 December 2023</b>	<b>77</b>	<b>117</b>	<b>27</b>	<b>111</b>	<b>187</b>	<b>1</b>	<b>-520</b>	<b>-</b>

1 Amounts relate to capitalized software costs which are taken as expenses for tax books.

2 Amounts relate to acquired goodwill depreciated for tax purposes (not for book purposes).

3 See Note 21 for the impact of the acquisitions.

4 For leases, KPN separately recognizes both deferred tax assets and deferred tax liabilities, based on the underlying temporary difference.

5 Restate of presentation due to alignment with balance sheet categories.

### Tax loss carry forward

€ million	31 December 2023			31 December 2022		
	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset
Koninklijke KPN – corporate tax <sup>1</sup>	1,003	259	259	1,134	293	293
Other	104 <sup>2</sup>	22	-	104 <sup>2</sup>	22	-
<b>Total KPN Group</b>	<b>1,107</b>	<b>281</b>	<b>259</b>	<b>1,238</b>	<b>315</b>	<b>293</b>

1 Available losses for the fiscal unity (including pre-acquisition losses). The offset of realized losses with future profits is unlimited as from 2021. Furthermore, we refer to "Tax and regulations" in this integrated report on changes regarding the use of losses as from 2022.

Note: the losses (loss E-Plus) are available as from 2022.

2 Losses relating to foreign jurisdictions that are not expected to materialize in foreseeable future.



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### Expiration of the available tax loss carry forward and recognized tax assets

€ million	31 December 2023			31 December 2022		
	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	4	1	-	4	1	-
2027	-	-	-	-	-	-
Later	55	12	-	57	12	-
Unlimited	1,048	268	259	1,177	302	293
<b>Total</b>	<b>1,107</b>	<b>281</b>	<b>259</b>	<b>1,238</b>	<b>315</b>	<b>293</b>

#### Accounting policy: Taxation

##### Current income tax

The current income tax expense is calculated in accordance with the prevailing tax regulations and rates, taking into account non-taxable income and non-deductible expenses. The current income tax expense reflects the amount for the current reporting period that KPN expects to recover from or pay to the tax authorities. Income tax related to items recognized directly in equity/OCI is recorded in equity/OCI and not in profit or loss, with an exception for perpetual hybrid bonds classified as equity.

KPN's management periodically evaluates positions taken in the tax returns regarding situations in which uncertainty on a tax position exists over whether the relevant taxation authority will accept the tax treatment under law. These uncertain tax positions ('UTP') will be recognized if the amount can be reliably estimated and when the chance of a cash outflow is estimated as probable. When these criteria are not met, these positions are classified as contingent liabilities, unless the cash outflow is considered remote.

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### Deferred income tax

Deferred income tax positions are recognized for temporary differences between the tax basis of assets and liabilities and their carrying values. DTAs are recognized for deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. DTAs are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Both the recognized and unrecognized DTAs are reassessed on each reporting date based on available projections. If future taxable profits are insufficiently available, derecognition may become inevitable unless certain exceptions can be applied. DTAs are recorded for deductible temporary differences associated with investments in subsidiaries and associates. They are recorded only to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilized.

DTLs are recognized for all taxable temporary differences except when they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither

the profit or loss reported in the Statement of Profit or Loss nor the taxable profit or loss. Also, no DTLs are recorded for taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax positions are stated at nominal value and are measured at the corporate income tax rates KPN expects to be applicable in the year when the asset is realized or liability is settled based on enacted or substantially enacted tax laws.

If a tax provision is recognized for a UTP that relates to deferred taxes, the UTP will be netted against these deferred taxes. DTAs and DTLs are netted if there is a legally enforceable right to offset current tax assets against current tax liabilities and the DTAs/DTLs relate to income taxes levied by the same taxation authority on the same taxable entity or if, in the case of different taxable entities, there is an intention either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## ● Consolidated Financial Statements

### [9] Earnings per share

The following table shows the income and share data used in the calculations of the basic and diluted EPS.

€ million	2023	2022
Profit for the year from continuing operations	843	766
Profit for the year from discontinued operations	2	-5
<b>Profit for the year</b>	<b>844</b>	<b>761</b>
Profit attributable to non-controlling interests	-	-
Deduction for perpetual capital securities	-40	-18
<b>Adjusted profit (loss) attributable to ordinary shareholders of the company</b>	<b>804</b>	<b>743</b>
<b>Weighted average number of subscribed ordinary shares</b>	<b>3,971,627,920</b>	<b>4,080,828,686</b>
Dilution effects: non-vested shares	4,454,676	5,615,541
<b>Weighted average number of subscribed ordinary shares including dilution effects</b>	<b>3,976,082,596</b>	<b>4,086,444,227</b>

Earnings per ordinary share after taxes attributable to equity holders of the company for the year:

€	2023	2022
Basic (continuing operations)	0.20	0.18
Diluted (continuing operations)	0.20	0.18
Basic (discontinued operations)	-	-
Diluted (discontinued operations)	-	-
Basic (total, including discontinued operations)	0.20	0.18
Diluted (total, including discontinued operations)	0.20	0.18

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Non-vested shares are regarded to have potential dilutive effects on the ordinary shares.

Coupons and carrying amount adjustments on the perpetual hybrid bonds were deducted from the profit attributable to equity holders, since the perpetual hybrid bonds represent equity but do not constitute profit attributable to ordinary shareholders.

The total basic earnings per share include EUR 0.06 (2022: EUR 0.06) tax expenses.

## Consolidated Financial Statements

# Notes to the Consolidated Statement of Financial Position

## [10] Property, plant and equipment

### Statement of changes in property, plant and equipment

€ million	Land and buildings	Plant and equipment	Other tangible non-current assets	Assets under construction	Total
<b>Balance at 1 January 2022</b>	<b>401</b>	<b>4,912</b>	<b>34</b>	<b>118</b>	<b>5,463</b>
Investments	25	881	3	32 <sup>1</sup>	942
Depreciation	-44	-767	-12	-	-823
Impairments and retirements	-2	-8	-	-2	-12
Other	-2	-	-	-	-2
<b>Closing net book value</b>	<b>377</b>	<b>5,018</b>	<b>24</b>	<b>148</b>	<b>5,568</b>
Cost	1,580	9,280	56	148	11,064
Accumulated depreciation/impairments	-1,202	-4,262	-32	-	-5,496
<b>Balance at 31 December 2022</b>	<b>377</b>	<b>5,018</b>	<b>24</b>	<b>148</b>	<b>5,568</b>
Investments	30	858	10	99 <sup>1</sup>	998
Depreciation	-41	-672	-10	-	-723
Impairments and retirements	-2	-9	-	-	-11
Changes in consolidation <sup>2</sup>	-	117	-	-	116
Other	-4	-	-	-	-4
<b>Closing net book value</b>	<b>361</b>	<b>5,312</b>	<b>24</b>	<b>247</b>	<b>5,943</b>
Cost	1,570	9,075	51	247	10,943
Accumulated depreciation/impairments	-1,210	-3,763	-27	-	-5,000
<b>Balance at 31 December 2023</b>	<b>361</b>	<b>5,312</b>	<b>24</b>	<b>247</b>	<b>5,943</b>

1 Includes both investments and transfers to other PPE.

2 Changes in consolidation in 2023 mainly relate to the acquisitions of Primevest (EUR 91m) and Kabeltex (EUR 26m), see also Note 21.

### Estimated useful lives of the principal PPE categories

PPE category	Depreciation period
Land	No depreciation
Buildings	14-33 years
Network equipment	3-7 years
Fiber network infrastructure	30 years
Copper network infrastructure	5-10 years
Office equipment	4-10 years

The assets' residual values and useful lives are reviewed at least annually and adjusted if appropriate.

KPN's strategy includes, among others, accelerating the roll-out of fiber, which affects the depreciation period of all new investments in copper infrastructure. As of 1 January 2019, depreciations of these investments were capped at 10 years.

In early 2020, KPN announced its plans to phase out its copper network after three years starting in early 2023 for existing addresses where fiber service delivery is available as per early 2020, and for the addresses in every then already announced fiber roll-out project under construction. Together with the current fiber roll-out these overlay addresses receive an announcement that copper will be phased out after three years. The depreciation of this part of the copper network was accelerated for an additional amount of EUR 6m in 2023 (2022: EUR 18m).

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### Accounting policy: PPE

PPE are valued at cost less depreciation and impairment. The cost include direct costs (materials, direct labor and work contracted out) and directly attributable overhead costs.

Asset retirement obligations are capitalized as part of the cost of tangible fixed assets and expensed as either depreciation over the assets' estimated useful life or as impairment charges.

PPE are depreciated using the straight-line method, based on estimated useful life, taking into account residual value. Land is not depreciated. PPE are reviewed for impairment whenever events or changes in circumstances indicate that the book value

of the assets concerned may not be recoverable. An impairment loss is recognized for the amount by which the assets' book value exceeds its recoverable amount.

Impairments are reversed if and to the extent that the impairment no longer exists. The recoverable amount is defined as the higher of an assets' fair value less costs of disposal and its value in use.

Interest is capitalized as an increase in PPE if the construction of assets takes a substantial period of time and the amount is material.

## [11] Intangible assets

### Statement of changes in intangible assets with finite lives and goodwill

€ million	Goodwill	Customer relationships	Software acquired from third parties	Software internally generated	Software in development	Licenses	Other	Total
<b>Balance at 1 January 2022</b>	<b>1,432</b>	<b>148</b>	<b>69</b>	<b>283</b>	<b>35</b>	<b>1,032</b>	<b>7</b>	<b>3,006</b>
Investments	7	-	20	192	29 <sup>1</sup>	-	-	247
Changes in consolidation <sup>2</sup>	-	9	-	-	-	-	-	9
Amortization	-	-25	-45	-189	-	-100	-1	-361
Impairments	-	-4	-1	-7	-8	-	-	-19
Reclassifications	-	-	2	-1	1	-	-	2
<b>Closing net book value</b>	<b>1,439</b>	<b>127</b>	<b>45</b>	<b>278</b>	<b>57</b>	<b>932</b>	<b>5</b>	<b>2,884</b>
Cost	2,096	335	136	604	57	1,779	17	5,025
Accumulated amortization/impairments	-657	-207	-92	-326	-	-847	-12	-2,141
<b>Balance at 31 December 2022</b>	<b>1,439</b>	<b>127</b>	<b>45</b>	<b>278</b>	<b>57</b>	<b>932</b>	<b>5</b>	<b>2,884</b>
Investments	11	-	27	229	2 <sup>1</sup>	-	-	269
Changes in consolidation	-	3	-5	5	-1	-	-	2
Amortization	-	-26	-21	-193	-	-100	-1	-341
Impairments	-	-2	-1	-3	-	-	-	-6
Reclassifications	-	-	16	-16	1	-	-	2
<b>Closing net book value</b>	<b>1,451</b>	<b>103</b>	<b>61</b>	<b>300</b>	<b>59</b>	<b>832</b>	<b>4</b>	<b>2,809</b>
Cost	2,108	326	104	601	59	1,779	11	4,989
Accumulated amortization/impairments	-657	-223	-44	-301	-	-947	-7	-2,179
<b>Balance at 31 December 2023</b>	<b>1,451</b>	<b>103</b>	<b>61</b>	<b>300</b>	<b>59</b>	<b>832</b>	<b>4</b>	<b>2,809</b>

1 Includes both investments and transfers to software internally generated.

2 The change in consolidation of EUR 9m relates to the new customer base of Itzos B.V.

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### Goodwill per CGU

€ million	31 December 2023	31 December 2022
Consumer <sup>1</sup>	753	743
Business	663	661
Wholesale	35	35
<b>Total</b>	<b>1,451</b>	<b>1,439</b>

1 Increase of EUR 10m mainly relates to the acquisition of Kabeltex (EUR 10m).

### Goodwill impairment tests

In accordance with IAS 36, KPN assesses goodwill for impairment at the end of each year and when a triggering event occurs. The annual impairment tests as at 31 December 2023 did not indicate that the book value of KPN's goodwill is not recoverable. KPN's market capitalization on 31 December 2023 was higher than the book value of its equity. A test was performed of the recoverable amount of the book value of each cash-generating unit (CGU), based on their value-in-use, which was determined by using the discounted cash flow method.

Key assumptions used in the cash flow projections are estimated EBITDA, Capex, change in working capital and pre-tax weighted average cost of capital (WACC). The cash flow projections are management's best estimate based on the updated strategic plan and extrapolation to terminal values for the years after 2033. Personnel expenses are expected to increase (net, after reduction of FTE's) by around 5% in 2024 and 2025 and to stabilise thereafter. Energy costs are expected to increase by around 2% in 2024 and decline thereafter mainly due to an approximately 8% reduction of energy consumption by 2027. The WACC is calculated using a capital asset pricing model. The terminal growth rate for the period after 10 years is updated consistently in line with the changes in the WACC. In 2023, the WACC was higher compared to 2022 due to an increase in the risk free rate and beta, offset by a lower cost of debt. The higher terminal growth rate is due to the higher WACC.

For all three CGUs, the annual impairment tests in 2023 and 2022 resulted in significant positive headroom as at 31 December 2023 and 31 December 2022.

### Key assumptions in goodwill impairment tests

CGU	EBITDA margin	Capex intensity	Discount rate	Terminal sales growth <sup>1</sup>
Consumer 2023	51% – 54%	18% – 26%	8% – 9%	1.5%
Consumer 2022	49% – 51%	24% – 28%	7% – 8%	0.5%
Business 2023	31% – 37%	13% – 18%	8% – 9%	1.5%
Business 2022	31% – 32%	14% – 16%	7% – 8%	0.5%
Wholesale 2023	69% – 74%	27% – 43%	8% – 9%	1.5%
Wholesale 2022	67% – 73%	34% – 37%	7% – 8%	0.5%

1 Estimates after 10 years.

The EBITDA margins and Capex intensity shown in the table above are the highest and lowest percentages in the period up to 2033 and to determine the terminal value for the period thereafter. The wide variation in Capex intensity is due to high levels of Capex in the coming years related to the fiber roll-out which will be significantly lower as of 2027. The discount rate shown in the table above is the WACC used to determine the value-in-use as at 31 December 2023. The sensitivity analyses on the impairment test, resulting from a change in the key assumptions, showed that the headroom of the CGUs is more than sufficient. The analyses were performed for each key assumption separately. For example, a 1% higher discount rate, a 20% higher Capex, a 1% lower terminal growth rate or a 20% lower EBITDA in each of the CGUs would not lead to a goodwill impairment.

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### Accounting policy: Goodwill and intangibles with finite lives

The excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination is recorded as goodwill. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is carried at cost less accumulated impairment losses and tested for impairment annually or whenever there is an indication that goodwill may be impaired. Goodwill is impaired if the recoverable amount is lower than the book value. The recoverable amount is defined as the higher of the fair value less costs of disposal and the value in use of the CGU concerned. Impairment losses on goodwill are not reversed in the event that circumstances that triggered the impairment have changed.

Licenses and software are valued at cost less amortization and impairment. Amortization is calculated using the straight-line method over the economic useful life and commences at the date that services can be offered (available for use). Internally developed and acquired software which is not an integral part of PPE, is capitalized on the basis of the costs incurred, which includes direct costs and directly attributable overhead costs incurred.

Other intangible assets, such as customer relationships and trade names acquired in business combinations, are capitalized at their fair values at acquisition date and are amortized using the straight-line method over the economic useful life.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. An impairment loss is recognized for the amount by which the book value of the intangible assets exceeds its recoverable amount. Impairments are reversed if and to the extent that the impairment no longer exists. Intangible assets not yet available for use are tested annually for impairment or whenever KPN has an indication that the intangible fixed assets may be impaired. For example, licenses are tested as part of a CGU as licenses do not generate independent cash flows.

The amortization periods of the intangible assets with finite lives are 5-20 years for licenses, 3-5 years for

software and 4-20 years for other intangible assets, such as customer relationships.

### [12] Equity investments accounted for using the equity method

KPN holds several equity investments accounted for using the equity method of which Glaspoort (see below) is the most significant. Other equity investments are not material, individually nor in aggregate. Their combined carrying value at 31 December 2023 is EUR 17m (31 December 2022: EUR 7m) and KPN's share in their net result amounted to nil in 2023 (2022: loss of -1m).

#### Joint venture Glaspoort

Glaspoort is a network company, pursuing an open-access wholesale strategy based on non-discriminatory terms, fostering competition and innovation in the Netherlands.

Glaspoort is classified as a joint venture based on the assessment of ownership and voting power (50/50 with the joint venture partner) and the joint control established through the joint venture agreement between the shareholders. The assessment includes, among others, the following:

- KPN's option to purchase one additional share in Glaspoort. This option is exercisable between the 5<sup>th</sup> and the 8<sup>th</sup> anniversary of the transaction (9 June 2021) provided certain criteria are met, and in any case after the 8<sup>th</sup> anniversary.
- KPN's influence on Glaspoort's relevant activities through KPN's presence in the governance structure.
- KPN is anchor tenant on Glaspoort's network and will also be one of its suppliers through a number of operational contracts between KPN and Glaspoort.

The assessment whether joint control remains in place is reviewed annually.

KPN accounts for its interest in Glaspoort using the equity method in the Consolidated Financial Statements with initial recognition at fair value. The initial fair value has been allocated to equity of Glaspoort, determined under application of KPN's accounting policies, and goodwill. In determining equity, intangible assets of EUR 878m have been recognized in the initial balance sheet of Glaspoort, which mostly relate to contractual relationships held by Glaspoort, with - among others - KPN. These intangible assets are amortized over a period of 30 years. At 31 December 2023 these intangibles have a carrying value of EUR 833m (31 December 2022: EUR 870m).

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In December 2021, KPN, Drepana and Glaspoort signed an agreement on the sale of additional fiber roll-out projects by KPN to Glaspoort for the amount of EUR 170m (pre-tax). KPN recognizes this consideration after start of a project; 50% of the allocated consideration is recognized as other income, the remaining 50% is deferred and recognized over time as part of the result from joint ventures following the requirements of IAS 28 on downstream transactions. At 31 December 2023, all projects have started and so the full transaction value of EUR 170m has been recognized (31 December 2022: EUR 124m). During 2023, KPN recognized EUR 23m in other income related to these additional scope projects (2022: EUR 47m). The deferred gain included in the net book value of the joint venture for these projects is EUR 78m at 31 December 2023 (31 December 2022: EUR 59m).

Payment of the agreed consideration of EUR 170m consisted of an initial prepayment at transaction date of EUR 59m, recognized as contract liability until the related projects start, and a deferred consideration which will be settled in annual installments based on the progress of the roll-out. At 31 December 2023, the deferred consideration to be received by KPN is EUR 59m, of which EUR 31m is considered current (31 December 2022: EUR 80m, of which EUR 51m current). As all projects have started, the contract liability regarding the initial prepayment is nil at 31 December 2023 (31 December 2022: EUR 16m).

The payments received for the sale of additional fiber roll-out projects to Glaspoort (2023: EUR 51m, 2022: nil) are included in the net cash flow from disposals of property, plant and equipment and intangible assets in the consolidated statement of cash flows.

During 2023, Glaspoort received additional share premium contributions from its shareholders. KPN contributed EUR 85m, of which EUR 16m through contribution in kind. Drepana contributed EUR 85m in additional share premiums, of which EUR 4m is to be received by Glaspoort. During 2022, both shareholders contributed cash share premiums of EUR 24m. KPN added the share premium payments to the carrying value of KPN's interest in the joint venture. Glaspoort used part of these funds to finance its fiber roll-out activities and the acquisition of its 50% share in Glasdraad. The contribution in kind resulted in recognition of a gain of EUR 8m through Other income, a EUR 4m (pre-tax) gain included in the result from joint ventures and a EUR 4m deferred gain following the requirements of IAS 28 on downstream transactions.

Summarized financial information of the joint venture, based on IFRS as applied by KPN, and reconciliation with the carrying amount of the investment in the consolidated financial statements, is set out below:

### Summarized statement of financial position of Glaspoort B.V.

€ million	31 December 2023	31 December 2022
Tangible fixed assets	401	217
Intangible assets	990	989
Equity investments	86	-
Other non-current assets	28	43
Current assets	14	24
Net cash and cash equivalents	14	19
Non-current liabilities	-268	-158
Current liabilities	-60	-67
<b>Equity</b>	<b>1,206</b>	<b>1,067</b>
KPN's share in equity	603	533
Goodwill from initial valuation at fair value	15	15
<b>Carrying amount of the investment Equity Method</b>	<b>618</b>	<b>548</b>
Less: Deferred gain on downstream transactions	-82	-59
<b>Carrying amount of the investment</b>	<b>536</b>	<b>489</b>

### Summarized statement of profit or loss of Glaspoort B.V.

€ million	2023	2022
Revenue	30	16
Operating expenses	-17	-7
Depreciation, amortization & impairment expenses	-34	-16
Net finance result	-20	27
Result from joint ventures	-1	-
<b>Profit before tax</b>	<b>-40</b>	<b>19</b>
Income tax expense	9	-5
<b>Profit for the year</b>	<b>-31</b>	<b>14</b>
<b>Total comprehensive income for the year</b>	<b>-31</b>	<b>14</b>
<b>KPN's share of profit for the year</b>	<b>-16</b>	<b>7</b>
Adjustment PY	-	-1
Release deferred gain on downstream transactions (net of tax)	7	2
<b>KPN's total reported result from JV GP</b>	<b>-9</b>	<b>8</b>

Both shareholders have committed to additional share premium contributions. On 31 December 2023, the remaining maximum commitment of each shareholder is EUR 202m, payable to Glaspoort based on funding requirements following its annual budget (31 December 2022: EUR 163m). Neither shareholder has additional funding obligations regarding Glaspoort. Glaspoort has entered into funding agreements with financial institutions to cover its financial commitments, which include its fiber roll-out activities. These funding agreements have been entered into on a non-recourse basis without any guarantees from the shareholders.



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For information on transactions between Glaspoort and KPN and unsettled positions between Glaspoort and KPN, see Note 23. Glaspoort cannot distribute its profits without the consent from the two joint venture partners and not before 2026. After 2026, Glaspoort can distribute dividends only if specific criteria are met.

### Impairment assessment Glaspoort

KPN performed an impairment test and concluded that the fair value less costs of disposal of KPN's investment in Glaspoort is higher than its carrying amount of EUR 536m at 31 December 2023, so no impairment was recognized. The impairment test was based on input obtained from management of Glaspoort,

including the long-term business plan and management's estimate of roll-out scope and progress. The fair value also depends on assumptions of the WACC (6.5%) and the terminal growth rate (1.5%). A reasonably possible change in these assumptions would cause Glaspoort's carrying amount to exceed its recoverable amount. For example, with all other assumptions unchanged, a 0.5% higher WACC would lead to an estimated impairment of EUR 50m, a 0.5% higher WACC in combination with a 0.5% lower terminal growth rate would lead to an estimated impairment of EUR 75m. On the other hand, a 0.5% lower WACC would increase the headroom by approximately EUR 110m, with all other assumptions unchanged.

### Accounting policy: Equity investments accounted for using the equity method

Equity investments accounted for using the equity method include associates and joint ventures.

Associates are entities over which KPN has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in KPN's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects KPN's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of KPN's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, KPN recognizes its share of

any change, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between KPN and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture through KPN's share of the profit (or loss) of associates and joint ventures.

The aggregate of KPN's share of profit or loss of an associate and a joint venture is shown in the statement of profit or loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as KPN. When necessary, adjustments are made to bring the accounting policies in line with those of KPN.

After application of the equity method, KPN determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, KPN determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, KPN calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'share of profit/loss (-) of associates and joint ventures' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal, is recognized in profit or loss.

## Consolidated Financial Statements

### [13] Financial assets and financial liabilities

#### Summary of the financial assets and liabilities at carrying amount and fair value, classified per category

€ million	Notes	31 December 2023		31 December 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at FVPL					
Contingent cash receivable regarding sale Gaspoort	[13.1]	173	173	197	197
Other current financial assets	[13.1]	193	193	100	100
Derivatives	[13.3]	77	77	148	148
Cash and cash equivalents, including classified as held for sale	[15]	609	609	399	399
Financial assets at amortized cost					
Trade and other receivables <sup>1</sup>	[14.1]	459	459	455	455
Financial assets at FVOCI					
Financial receivables handsets	[14.1]	106	106	158	158
Equity investments	[13.1]	90	90	76	76
Total financial assets		1,708	1,708	1,534	1,534
Financial liabilities FVPL					
Borrowings <sup>2</sup>	[13.2]	1,750	1,740	1,643	1,624
Derivatives	[13.3]	261	261	366	366
Financial liabilities at amortized cost					
Borrowings <sup>2</sup>	[13.2]	4,144	4,182	3,725	3,578
Trade and other payables <sup>3</sup>	[20]	981	981	955	955
Total financial liabilities <sup>4</sup>		7,136	7,164	6,689	6,524

1 Excluding prepayments and the financial receivables handsets measured at FVOCI.

2 Borrowings are measured at amortized cost except when the borrowings are included in a fair value hedge (see Note 13.3). The fair value estimation of borrowings uses valuation techniques based on maximum use of observable market data for all significant inputs (level 2). The fair value of borrowings included in a fair value hedge is based on market prices (level 1).

3 Excluding social security and other taxes payable.

4 Excluding lease liabilities.

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### Fair value measurement hierarchy at 31 December 2023

€ million	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVPL</b>				
Contingent cash receivable regarding sale Gaspoort	-	-	173	173
Other current financial assets	193	-	-	193
Derivatives (cross-currency interest rate swap)	-	62	-	62
Derivatives (interest rate swap) and other	-	16	-	16
Cash and cash equivalents, including classified as held for sale	609	-	-	609
<b>Financial assets at FVOCI</b>				
Financial receivables handsets	-	106	-	106
Equity investments:				
Unlisted securities	-	-	90	90
<b>Total assets</b>	<b>802</b>	<b>184</b>	<b>263</b>	<b>1,248</b>
<b>Financial liabilities at FVPL</b>				
Borrowings	1,740	-	-	1,740
Derivatives (cross-currency interest rate swap)	-	71	-	71
Derivatives (interest rate swap)	-	190	-	190
<b>Total liabilities</b>	<b>1,740</b>	<b>261</b>	<b>-</b>	<b>2,001</b>

### Fair value measurement hierarchy at 31 December 2022

€ million	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVPL</b>				
Contingent cash receivable regarding sale Gaspoort	-	-	197	197
Other current financial assets	100	-	-	100
Derivatives (cross-currency interest rate swap)	-	123	-	123
Derivatives (interest rate swap) and other	-	25	-	25
Cash and cash equivalents, including classified as held for sale	399	-	-	399
<b>Financial assets at FVOCI</b>				
Financial receivables handsets	-	158	-	158
Equity investments:				
Unlisted securities	-	-	76	76
<b>Total assets</b>	<b>499</b>	<b>306</b>	<b>273</b>	<b>1,078</b>
<b>Financial liabilities at FVPL</b>				
Borrowings	1,624	-	-	1,624
Derivatives (cross-currency interest rate swap)	-	100	-	100
Derivatives (interest rate swap)	-	266	-	266
<b>Total liabilities</b>	<b>1,624</b>	<b>366</b>	<b>-</b>	<b>1,990</b>

#### Fair value estimation

Level 1: Fair value of instruments traded in active markets and based on quoted market prices.

Level 2: Instrument is not traded in an active market and fair value is determined by using valuation techniques based on maximum

use of observable market data for all significant inputs.

Level 3: One or more of the significant inputs is not based on observable market data; the fair value is estimated using models and other valuation methods.

## Consolidated Financial Statements

### Accounting policy: Financial assets

Financial assets are classified at initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and KPN's business model for managing them.

KPN initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For the purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through other comprehensive income (OCI) with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

### [13.1] Financial assets

#### Other financial asset at fair value through profit or loss

Upon sale in 2021 of the 50% interest in Glaspoort B.V. to Drepana Investments Holding B.V., KPN received a cash consideration upon deal close of EUR 233m and a contingent cash receivable of EUR 234m. The contingent cash receivable, to be received in annual installments based on the roll-out progress of Glaspoort, is classified as a financial asset measured at fair value through profit or loss. The contingent cash receivable was initially valued at EUR 218m. As at 31 December 2023, the carrying value is EUR 173m (2022: EUR 197m), of which EUR 26m is current (2022: EUR 28m). In 2023, the book value increased with interest income of EUR 10m (2022: EUR 8m) and decreased with EUR 6m (2022: EUR 16m) due to a fair value adjustment and EUR 29m (2022: EUR 14m) due to received deferred payment. The fair value adjustment was recognized as a loss in other financial results.

Based on Glaspoort's current roll-out plan, KPN expects the final payment in 2027. The fair value of this contingent receivable is deemed equal to the net present value of the full amount of the installments to be received using the expected roll-out schedule as included in Glaspoort's initial business plan. A weighted average discount rate of 5.9% has been used based on the following elements:

- A base-rate using mid-swap rates to account for the time value of money, plus
- A credit spread mark-up to account for the risk of non-payment based on AA-rated credit curves resulting in a weighted average spread of ~0.3% over a 5-year tenor, plus
- A mark-up to reflect the roll-out risk (mostly the risk of delay).

#### Equity investments measured at fair value through OCI

This includes several minority stakes, mainly of KPN Ventures. In 2023, additional investments for an amount of EUR 28m were acquired (2022: EUR 26m) and EUR 24m investments were sold (2022: EUR 9m). Additional investments and investments sold both include a non-cash amount of EUR 11m of shares received which was part of the consideration for a sales transaction,

These investments were irrevocably designated at fair value through OCI because KPN believes that the fluctuations in the fair value of these investments do not give a fair view of KPN's performance. In 2023, a fair value net gain of EUR 11m was recognized (2022: EUR 10m net gain).

The fair value of the equity investments of KPN Ventures is based, where applicable, on the price of the last fundraising round of the equity investment, investment valuations or the bid made in mergers and acquisitions transactions. The investment valuations take into account forward-looking estimates and judgments about the underlying business, market conditions and other factors.

#### Other current financial assets

Other current financial assets include investments in short-term money market funds of EUR 193m (2022: EUR 100m), which are held at fair value through profit or loss (FVPL). These funds have a low volatility, with an investment objective of preservation of principal. Fair value is based on quoted market prices.

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### [13.2] Financial liabilities

€ million	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Senior eurobonds EUR	3,371	3,290	2,678	2,509
Senior eurobonds GBP	1,431	1,497	1,401	1,408
Senior global bonds USD	610	638	641	628
Subordinated hybrid bonds classified as liability	-	-	136	136
Other borrowings	483	497	511	521
<b>Total borrowings</b>	<b>5,894</b>	<b>5,922</b>	<b>5,368</b>	<b>5,203</b>
<b>&gt; of which: current</b>	<b>497</b>	<b>497</b>	<b>196</b>	<b>196</b>
<b>&gt; of which: non-current</b>	<b>5,397</b>	<b>5,426</b>	<b>5,171</b>	<b>5,007</b>

The fair value for eurobonds, global bonds and hybrid bonds is based on the listed price of the bonds. Other borrowings include commercial paper, cash collateral received on derivatives, bank overdrafts and other loans.

KPN's weighted average interest rate on total outstanding borrowings on 31 December 2023 was 4.1% after swaps (2022: 3.6%). KPN's weighted average interest rate on senior debt on 31 December 2023 was 4.1% after swaps (2022: 3.5%).

#### Senior bonds

million	Nominal	Carrying amount €	Nominal after swap €	Number of bonds
Senior eurobonds EUR	3,581	3,371	3,581	6
Senior eurobonds GBP	1,250	1,431	1,452	2
Senior global bonds USD	595	610	450	1

KPN has a Global Medium-Term Notes program that is unlimited in size and is used to meet medium- to long-term funding requirements. As at 31 December 2023, the total amounts outstanding under this program were EUR 3,581m across six bonds (carrying value EUR 3,371m) and GBP 1,250m across two bonds (carrying value EUR 1,431m, swapped to EUR 1,452m nominal). In addition, KPN has a senior global

bond with USD 595m outstanding (carrying value EUR 610m, swapped to EUR 450m nominal) which was issued under standalone documentation.

On 3 July 2023, KPN issued a EUR 600m 3.875% eurobond under the GMTN program. No senior bonds have been redeemed during 2023.

#### Hybrid bonds

€ million	Nominal	Coupon	Classification	Final maturity	First reset date	Credit rating <sup>1</sup>
EUR perpetual hybrid bond	500	2,000%	Equity	Perpetual	8 Feb 2025	BB+/BB-/Ba2
EUR perpetual green hybrid bond	500	6,000%	Equity	Perpetual	21 Dec 2027 <sup>2</sup>	BB+/BB+/N.a.

<sup>1</sup> Credit rating by S&P/Fitch resp. Moody's.

<sup>2</sup> These hybrid bonds are first callable in the three months period before their respective first reset dates.

As at 31 December 2023, two hybrid bonds are outstanding with an aggregate nominal amount of EUR 1,000m. The hybrid bonds are subordinated debt instruments and are treated for 50% as equity and 50% as debt in KPN's gross and net debt definitions. Both hybrid bonds are classified as equity under IFRS.

On 28 March 2023 KPN redeemed the remaining principal outstanding of the USD hybrid bond on its first call date

(USD 146m, swapped to EUR 113m nominal). This bond was classified as a liability under IFRS and included in borrowings.

KPN may, at its discretion and subject to certain conditions, elect to defer payments of interest on the hybrid bonds. Arrears of interest must be paid if dividends are paid on ordinary shares, if payments are made on other hybrid bonds or in the event of early redemption. KPN does not recognize accruals for coupon payments on the perpetual hybrid bonds of EUR 40m per annum.

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If an accrual had been recognized, the amount would have been EUR 10m on 31 December 2023.

### Other borrowings

KPN has a Euro-Commercial Paper Program under which KPN can issue short-term debt instruments for up to EUR 1 billion. As at 31 December 2023, the outstanding balance of commercial paper amounted to EUR 60m (2022: EUR 60m), issued at an average interest rate of 4.03% (2022: 2.01%).

KPN has a EUR 300m credit facility from the European Investment Bank, which was fully drawn at year-end 2023 and 2022. This loan has a floating interest rate referenced to 3-month Euribor and a single repayment on 2 August 2027. The interest for the current interest period was set at 4.35% per annum.

As at 31 December 2023, other borrowings furthermore included EUR 74m of collateral received as security under derivative financial instruments and EUR 50m borrowings under private placements.

### Accounting policy: Hybrid bonds and borrowings

A critical feature in differentiating a financial liability from an equity instrument is the existence of a contractual obligation of KPN to either deliver cash or another financial asset to the holder or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable.

Hybrid bonds are classified as equity if there is no fixed redemption date and coupon payments are discretionary, i.e. KPN has the option to defer interest payments. Measurement of hybrid bonds is based on the net proceeds obtained through the issuance of these instruments. Coupon payments are recognized directly in equity.

After initial recognition, loans and borrowings that are not part of a fair value hedge, are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the P&L over the period of the borrowings using the effective interest method. The amortized cost is calculated by taking into account any discounts or premiums on acquisition or issuance and transaction costs. The effective interest rate amortization is recognized in the P&L as finance costs.

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### Changes in liabilities arising from financing activities

€ million	Borrowings	Derivative financial instruments	Net liability	Lease liabilities	Net liability, including lease liabilities
<b>Balance at 1 January 2022</b>	<b>6,744</b>	<b>-148</b>	<b>6,596</b>	<b>873</b>	<b>7,469</b>
Exchange differences	20	-23	-2	-	-2
<b>Movements recorded as net cash flows arising from/used in financing activities:</b>					
Repayments of borrowings and settlement of derivatives and repayments of lease liabilities <sup>1</sup>	-1,075	80	-995	-124	-1,119
Issued bonds & loans	-	-	-	-	-
Fair value adjustments	-359	309	-50	-	-50
Other movements <sup>2</sup>	37	-	37	174	211
<b>Balance at 31 December 2022</b>	<b>5,368</b>	<b>218</b>	<b>5,586</b>	<b>923</b>	<b>6,509</b>
Exchange differences	-9	9	-	-	-
<b>Movements recorded as net cash flows arising from/used in financing activities:</b>					
Repayments of borrowings and settlement of derivatives and repayments of lease liabilities <sup>1</sup>	-136	23	-113	-124	-238
Issued bonds & loans	593	-	593	-	593
Fair value adjustments	103	-66	37	-	37
Other movements <sup>2</sup>	-25	-	-25	96	71
<b>Balance at 31 December 2023</b>	<b>5,894</b>	<b>184</b>	<b>6,078</b>	<b>894</b>	<b>6,972</b>

1 In the Consolidated Statement of Cash Flows, this line item includes a net payment of EUR 37m in 2023 (2022: EUR 14m net receipt) regarding cash collateral on derivatives and energy contracts (presented as non-current other receivables). The interest component of the lease payments is presented within cash flow from operating activities.

2 Other movements of borrowings in 2023 include payments of EUR 29m of cash collateral on derivatives and energy contracts (2022: EUR 32m net receipt). Other movements of the derivative financial instruments are predominantly movements in the interest part of cash flow hedges. Other movements of the lease liabilities include interest, additions of new contracts, remeasurements and modifications (see Note 19).

### [13.3] Hedging activities and derivatives

KPN uses derivatives solely for the purpose of hedging underlying exposures. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

€ million	31 December 2023	31 December 2022
Assets (current and non-current)	77	148
Liabilities (current and non-current)	-261	-366
<b>Total derivatives</b>	<b>-184</b>	<b>-218</b>
<b>of which: designated in a hedge relationship</b>	<b>-191</b>	<b>-233</b>
<b>of which: other derivatives not designated in a hedge relationship</b>	<b>7</b>	<b>15</b>

A total gain of EUR 4m due to hedge ineffectiveness was recognized in the P&L in 2023 (2022: EUR 10m). This was mainly due to differences in the valuation of hedging instruments and hedged items due to credit risk and valuation curves in

combination with the cumulative change of the fair value of the hedging instrument becoming greater than the change in the fair value of the hedged item. All hedges continue to be highly effective prospectively.

Derivatives positions are reported on a gross basis and include a credit value adjustment attributable to derivative counterparty default risk. As at 31 December 2023, the cumulative credit value adjustment was EUR 0m (2022: the net liability was lowered by EUR 9m). The change in the credit value adjustment was primarily driven by the change in mark-to-market value of interest rate swaps as a result of lower interest rates. Part of the derivatives portfolio is subject to master netting agreements that allow netting under certain circumstances.

If netting had been applied, the total derivatives asset position would be EUR 29m and the total derivatives liability position would be EUR 212m as at 31 December 2023 (2022: EUR 52m and EUR 270m respectively).

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### Derivatives designated in a hedge relationship

#### Cash flow hedges

Bonds denominated in foreign currencies are hedged with cross-currency swaps. The currency exposure is hedged by effectively fixing the countervalue in the foreign currency to EUR and by hedging the interest rate exposure by swapping the fixed interest rates in foreign currency to fixed interest rates in EUR. There is an economic relationship between the hedged items and hedging instruments as the terms of the cross-currency swaps match the terms of the associated bonds. KPN has established a hedge ratio of 1:1 for the hedging relationships as the quantity of hedged items equals the notional amount of the cross-currency swaps. The hedges are until maturity of the underlying bonds.

KPN has also designated certain EUR interest rate swaps (IRS) as cash flow hedges, used to re-fix the interest on bonds that had previously been swapped to a floating interest rate using fixed-to-floating IRS. During 2023, KPN established such cash flow hedges on IRS that were executed in 2017 and 2018 for the EUR 625m senior bond maturing in April 2025 and the EUR 625m senior bond maturing in September 2028.

For all of the above hedges, KPN meets the criteria of, and also applies, cash flow hedge accounting. The effectiveness of the hedges is determined at inception and on a quarterly basis. To test the hedge effectiveness, KPN uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks. If the cumulative change in fair value of the hedging instrument and hedged item are not equal in absolute terms, the difference will be reported in the P&L to the extent that, in absolute terms, the fair value change of the hedging instrument is greater than the fair value change of the hedged item. Hedge ineffectiveness can arise from:

- Different curves linked to hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movement of the hedging instruments and hedged items
- Changes in the terms of the hedged item or hedge instrument

### Overview of the derivatives designated in cash flow hedge relationships at 31 December 2023 and 31 December 2022

Nominal (receive)	Coupon (receive)	Nominal (pay) (EUR m)	Coupon (pay)	Maturity date	Fair value 2023 (EUR m)	Fair value 2022 (EUR m)
USD 143m	7.000% semi-annual	111	6.359% semi-annual	28-3-2023	-	23
EUR 625m	6-month Euribor (in arrears)	625	3.819% annual	9-4-2025	-10	-
GBP 400m	5.000% annual	480	4.138% annual	18-11-2026	-29	-38
EUR 625m	6-month Euribor	625	3.136% annual	11-9-2028	-19	-
GBP 850m	5.750% annual	971	5.432% annual	17-9-2029	-42	-62
USD 595m	8.375% semi-annual	450	8.517% semi-annual	1-10-2030	62	100
<b>Total</b>					<b>-38</b>	<b>23</b>

### Impact of the cash flow hedges on the Statement of Financial Position

€ million	Notional amount	Carrying amount	Line item in Statement of Financial Position	Change in fair value used for measuring ineffectiveness for the period
<b>As at 31 December 2023</b>				
Cross-currency swaps GBP	1,452	-71	Derivatives	30
Cross-currency swaps USD	450	62	Derivatives	-62
Interest rate swaps EUR	1,250	-29	Derivatives	-29
<b>Total</b>	<b>3,152</b>	<b>-38</b>		<b>-61</b>
<b>As at 31 December 2022</b>				
Cross-currency swaps GBP	1,452	-100	Derivatives	-66
Cross-currency swaps USD	561	123	Derivatives	127
<b>Total</b>	<b>2,013</b>	<b>23</b>		<b>61</b>

The change in fair value of the associated hedged items attributable to the hedged risks resulted in an ineffectiveness gain in 2023 of EUR 3m (2022: EUR 1m loss).



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### Effect of the cash flow hedge in the P&L and OCI

€ million	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized as a gain/(loss) in P&L	Line item in P&L	Amount reclassified from OCI as a gain/ (loss) in P&L	Line item in P&L
<b>Year ended 31 December 2023</b>					
Cross-currency swaps GBP	-28	1	Other financial results	27	Other financial results
Cross-currency swaps USD	63	2	Other financial results	-43	Other financial results
Interest rate swaps EUR	29	-	Other financial results	-	Other financial results
<b>Total</b>	<b>64</b>	<b>3</b>		<b>-17</b>	
<b>Year ended 31 December 2022</b>					
Cross-currency swaps GBP	68	1	Other financial results	-78	Other financial results
Cross-currency swaps USD	-129	-2	Other financial results	101	Other financial results
<b>Total</b>	<b>-62</b>	<b>-1</b>		<b>23</b>	

### Fair value hedges

KPN uses receiver interest rate swaps to swap certain fixed rate eurobonds to floating interest rates. Under the receiver swaps, KPN receives fixed rate interest and pays interest at a variable rate equal to six-month Euribor. KPN applies fair value hedge accounting to hedge the exposure to changes in the fair value of these fixed rate eurobonds against changes in the EUR interest curve.

There is an economic relationship between the hedged item and the hedging instrument, as the terms of the interest rate swaps match the terms of the fixed-rate bonds (i.e. notional amount, maturity and payment dates). KPN has established a hedge ratio

of 1:1 for the hedging relationships as the quantity of hedged item equals the notional amount of the hedging instrument. For these hedges, KPN meets the criteria of, and also applies, fair value hedge accounting. If the cumulative change in the fair value of the hedging instrument and hedged item are not equal in absolute terms, the difference will be recorded in the P&L. The hedge ineffectiveness can arise from:

- Different curves linked to the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movement of the hedging instruments and hedged items
- Changes in the terms of the hedge item or hedge instrument

### Overview of the derivatives designated in fair value hedge relationships at 31 December 2023 and 31 December 2022

Nominal (receive)	Coupon (receive)	Coupon (pay)	Maturity date	Fair value 2023 (EUR m)	Fair value 2022 (EUR m)
EUR 625	0.920% annual	6-month Euribor (fixed in arrears)	9-4-2025	-12	-34
EUR 625	0.907% annual	6-month Euribor	11-9-2028	-42	-72
EUR 700	0.799% annual	6-month Euribor (fixed in arrears)	15-11-2033	-99	-150
<b>Total</b>				<b>-153</b>	<b>-256</b>

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### Impact of the fair value hedges on the Statement of Financial Position

€ million	Notional amount	Carrying amount	Line item in Statement of Financial Position	Change in fair value used for measuring ineffectiveness for the period
<b>As at 31 December 2023</b>				
Interest rate swaps	1,950	-153	Derivatives	103
<b>As at 31 December 2022</b>				
Interest rate swaps	1,950	-256	Derivatives	-331

### Impact of the hedged items on the Statement of Financial Position

€ million	Carrying amount	Change in fair value adjustments	Line item in Statement of Financial Position	Change in fair value used for measuring ineffectiveness for the period
<b>As at 31 December 2023</b>				
Fixed-rate eurobonds 2025, 2028 & 2033	1,745	-103	Borrowings	-101
<b>As at 31 December 2022</b>				
Fixed-rate eurobonds 2025, 2028 & 2033	1,643	308	Borrowings	341

The ineffectiveness recognized in the P&L for the year ended 31 December 2023 was a gain of EUR 1m (2022: EUR 11m gain).

#### Derivatives not designated in a hedge relationship

The fixed-rate eurobonds maturing on 30 September 2024 were swapped to a floating interest rate in 2011 using fixed-to-floating interest rate swaps. Subsequently, in May 2015, KPN swapped the floating rate exposure on these bonds to a fixed rate for the remaining maturity of these bonds and discontinued fair value hedge accounting for the fixed-to-floating interest rate swaps. As a result, the cumulative gain until de-designation is amortized to earnings until maturity of the associated bond. This is offset by

the change in fair value of the outstanding interest rate swaps. The amortization recognized in earnings for 2023 was a gain of EUR 7m (2022: EUR 7m gain) and the remaining balance of the unamortized gain was EUR 6m at 31 December 2023 (2022: EUR 12m). The fair value of the outstanding interest rate swaps was EUR 7m as at 31 December 2023 (2022: EUR 15m) and the change in fair value of these swaps resulted in a P&L loss of EUR 9m in 2023 (2022: EUR 11m loss). Finally, the net interest accrual recognized in the P&L on these swaps was a gain of EUR 8m in 2023 (2022: EUR 9m gain). Therefore, the combined result recognized in the P&L from these derivatives amounted to a gain of EUR 6m in 2023 (2022: EUR 5m gain).

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### Accounting policy: Derivatives and hedging activities

Derivatives are recognized at fair value. Gains and losses arising from changes in fair value are recognized as other financial results during the period in which they arise to the extent that the derivatives have no hedging designation or they are ineffective.

KPN applies IFRS 9 hedge accounting. Derivatives related to loans are designated as either cash flow or fair value hedges.

Offsetting effects are recognized in the P&L.

The hedge documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how KPN will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that KPN actually hedges and the quantity of the hedging instrument that KPN actually uses to hedge that quantity of hedged item.

Changes in the fair value of an effective derivative, which is designated as a fair value hedge, along with the gain or loss on the hedged item that is attributable to the hedged risk, are recorded in the P&L as other financial results. Changes in the fair value of an effective derivative, which is designated as a cash flow hedge, are recorded in OCI for the effective part, until the P&L is affected by the variability in cash flows of the designated hedged item. The ineffective part of the cash flow hedge is recognized as other financial results. If a hedge relationship ceases to be an effective hedge or in case of early redemption of the hedged item, hedge accounting is discontinued prospectively which means that subsequent changes in fair value are recognized in the P&L and the cumulative amount recorded in OCI is released in the P&L as other financial results.

### [13.4] Financial risk management and policies

#### Financing policy

KPN strives for the right balance between investments in the business, shareholder remuneration and a prudent financing policy. It is KPN's policy to utilize excess cash for operational and financial flexibility and/or shareholder remuneration.

The Net Debt / EBITDA ratio is one of the drivers for KPN's credit rating. It is based on the nominal value of borrowings excluding collateral and lease liabilities and includes 50% of the hybrid bonds. KPN remains committed to an investment-grade credit profile and aims for a Net Debt / EBITDA ratio of below 2.5x in the medium term.

The difference between the carrying value and nominal value of borrowings includes: (1) carrying value adjustments resulting from fair value hedges; (2) in case of foreign currency bonds, the difference between the nominal amount at the prevailing spot rate and the swapped nominal amount in EUR; and (3) amortized debt issuance costs including premiums and/or discounts.

€ million	31 December 2023	31 December 2022
Borrowings	5,894	5,368
Perpetual hybrid bonds	1,000	1,000
50% equity credit for hybrid bonds	-500	-500
Less: Cash collateral paid on derivatives	-83	-75
Difference between carrying value and nominal value	73	141
<b>Adjusted gross debt</b>	<b>6,384</b>	<b>5,935</b>
Net cash and cash equivalents	609	399
Short-term investments	193	100
Net Debt <sup>1</sup>	5,582	5,435
Adjusted EBITDA AL	2,420	2,404
<b>Net Debt / EBITDA<sup>2</sup></b>	<b>2.3x</b>	<b>2.3x</b>

1 Net Debt is based on the nominal value of interest-bearing financial liabilities excluding collateral and lease liabilities and taking into account 50% of the nominal value of the hybrid capital instruments, less cash and short-term investments.

2 The Net Debt / EBITDA ratio is Net Debt divided by 12-month rolling Adjusted EBITDA AL.

In 2023, KPN's Adjusted gross debt increased to EUR 6.4bn mainly as a result of the EUR 600m senior bond issued in July 2023, partly offset by the EUR 113m redemption of a hybrid bond. KPN's Net Debt position increased by EUR 147m to EUR 5.6bn. The

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higher gross debt was partly offset by a higher cash position and short-term investments at 31 December 2023 of EUR 802m (2022: EUR 499m). KPN's Net debt / EBITDA ratio remained stable at 2.3x, as the modest increase in Net Debt was offset by higher Adjusted EBITDA AL.

### Financial risk management

KPN is exposed to a variety of financial risks. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on KPN's financial position and performance.

Derivatives are used to hedge certain risk exposures (see Note 13.3).

KPN's key financial risks are:

- Credit and counterparty risk
- Liquidity risk
- Market risk

KPN's Treasury department manages the financial risks according to policies approved by the Board of Management and Supervisory Board. These policies are established to identify and analyze financial risks, set appropriate risk limits and controls, and monitor adherence to those limits.

Geopolitical tensions and the impact of inflation, rising energy and raw material prices, have led to increased volatility in capital markets and periods of deteriorated market liquidity. In addition, central banks' monetary policies led to a significant increase in (volatility of) interest rates. KPN's Treasury department continuously monitors conditions in relevant capital markets and the potential impact on KPN's liquidity position, sources of financing and financial counterparties which all remained within acceptable risk limits. KPN did not suffer any material impact on its liquidity reserves and its ability to raise financing remained very strong, albeit at higher cost levels.

### Credit and counterparty risk

Credit risk arises from the possibility of asset impairment occurring when counterparties are unable to meet their obligations in transactions involving financial instruments. KPN's counterparty policy sets limits for the maximum exposure per counterparty, which are primarily based on credit ratings, investment periods and collateral. The minimum counterparty credit rating (Moody's equivalent) is Baa2 for cash balances and

Baa1 for entering into new derivative transactions. Cash balances used for working capital purposes can also reside at banks with lower credit ratings. Capital preservation is KPN's main priority when investing excess cash.

As at 31 December 2023, KPN's cash balances and short-term investments were held in bank accounts, bank deposits and money market funds with maturities of up to three months. The majority of cash balances were invested with counterparties with a credit rating equivalent to A3 at Moody's or higher, and the counterparties of outstanding derivatives have a credit rating equivalent to Baa1 or higher with Moody's.

KPN mitigates credit risk on counterparties arising from derivative financial instruments and energy futures through collateral support agreements, which results in cash being paid or received as security. This cash collateral is released when derivatives are settled and/or mature. In 2023, the net cash collateral movement was EUR 37m payment (2022: EUR 14m receipt). As at 31 December 2023, KPN's net collateral position was EUR 9m asset (2022: EUR 28m liability). This consists of EUR 74m collateral received from counterparties and EUR 83m collateral posted with counterparties.

Credit risk on trade receivables is controlled using restrictive policies for customer acceptance. Credit management is focused on mobile services. Before accepting certain new customers in this segment, the creditworthiness of prospective clients is checked. In addition, KPN keeps track of the payment performance of customers. If customers fail to meet set criteria, payment issues must be resolved before a new transaction will be entered into.

KPN's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at 31 December 2023, KPN had parent guarantees and bank guarantees outstanding to third parties for various wholly-owned Dutch subsidiaries. The carrying amount of financial assets, including cash, and contract assets represents the maximum credit exposure, which amounts to EUR 1,807m as at 31 December 2023 (2022: EUR 1,643m). On 31 December 2023, the total outstanding bank guarantees amounted to EUR 6m (2022: EUR 6m), which were issued in the ordinary course of business.

See schedule of the allowances for expected losses in Note 14 for information about credit losses on trade and other receivables. There were no other credit losses.

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### Maturity analysis of the financial liabilities based on the remaining contractual maturities on 31 December 2023

€ million	Borrowings				Derivatives			Total
	Bonds and loans	Interest on bonds and loans	Lease liabilities (undiscounted)	Other debt and cash collateral <sup>1</sup>	Derivatives inflow (including interest)	Derivatives outflow (including interest)	Trade and other payables <sup>2</sup>	
2024	431	209	183	51	-214	237	902	1,799
2025	625	180	138	-	-163	190	-	970
2026	460	175	129	-	-609	638	-	794
2027	300	151	107	-	-126	139	-	572
2028	625	145	87	-	-127	141	-	872
2029 and further	4,467	276	345	-	-1,691	1,642	-	5,038
<b>Contractual cash flows</b>	<b>6,908</b>	<b>1,135</b>	<b>990</b>	<b>51</b>	<b>-2,929</b>	<b>2,988</b>	<b>902</b>	<b>10,045</b>

1 Includes commercial paper and assumes settlement of all collateral positions.

2 Excluding accrued interest and social security and other taxes payable.

#### Liquidity risk

Liquidity risk is the risk that KPN will not be able to meet its financial obligations associated with financial instruments as they become due. KPN's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage. Some of the derivatives contain reset clauses or collateral postings at pre-agreed dates, in order to mitigate counterparty exposure during the life of the swap. These reset clauses will result in early euro settlement obligations in cash with the swap counterparty, which could lead to additional cash inflows or outflows before maturity. In order to reduce liquidity risks, the reset clauses or collateral postings are spread over different points in time.

During 2023, KPN paid and/or returned a amount of EUR 37m in collateral (2022: EUR 14m net received) according to pre-agreed settlement schedules and as variation margin for energy futures.

#### Available financing resources

In addition to the available cash and cash equivalents, short-term investments and cash flows from operations, KPN has the following committed financing resources available:

#### Revolving credit facility

KPN has a sustainability-linked revolving credit facility for EUR 1.0 billion provided by twelve relationship banks, originally signed in August 2021. The facility can be used for general corporate purposes and does not contain any financial covenants. Following the exercise of the second extension option during 2023, the final maturity has been extended to 4 August 2028 for EUR 917m of commitments and EUR 83m will mature on 4 August 2027. The facility has a mechanism to adjust the margin based on KPN's performance on predefined sustainability targets on

the roll-out of fiber, reduction in KPN's energy consumption and reduction of carbon emissions in the supply chain. The facility was undrawn as at 31 December 2023 resp. 31 December 2022.

#### Capital resources covenants

KPN's existing capital resources contain the following covenants as at 31 December 2023, which could trigger additional financial obligations or early redemption of the outstanding indebtedness. All senior bonds issued after 1 January 2006 (EUR 5.0bn outstanding as at 31 December 2023) contain a change of control clause. KPN may be required to early redeem if certain changes of control occur and within this change of control period (maximum of 90 days) a rating downgrade to sub-investment grade occurs. The hybrid bonds also contain a change of control clause where a 5% interest step-up would be triggered if a rating downgrade occurs during the change of control period. In such an event, KPN has the possibility to repurchase the hybrid bonds at par. In addition, many of KPN's capital resources contain a covenant prohibiting KPN from entering into any amalgamation, demerger, merger, corporate restructuring or reorganization, unless prior written consent has been given by a majority of the lenders or bondholders or the resulting company assumes all of the rights and obligations with respect to the loans or bonds.

#### Market risk

KPN is exposed to various kinds of market risks in the ordinary course of business. These risks include foreign currency exchange rate risk and interest rate risk.

#### Foreign currency exchange rate risk

Foreign currency risks mainly result from settlement of international telecommunications traffic and purchase of assets and primarily consist of GBP and USD exposure. Foreign currency exchange rate risks related to bonds that are not

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denominated in EUR are hedged into EUR in line with KPN's hedging policies. Group companies and business operations are obliged to hedge their firm commitments and highly predictable anticipated transactions in non-functional currencies by forward exchange contracts.

Accordingly, KPN's Treasury department matches and manages the intercompany and external exposures using forward exchange contracts. No hedge accounting is applied for these hedge instruments.

As at 31 December 2023, more than 97% (2022: more than 95%) of cash and cash equivalents was denominated in the functional currency of the related entities. More than 99% of the net amount of trade receivables and more than 96% of the amount of trade payables was outstanding in the functional currency of the related entities as at 31 December 2023 (2022: more than 99% resp. 95%).

### Interest rate risk and interest rate profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Borrowings, derivatives, cash and cash equivalents are subject to interest rate risk. With regard to interest rate risk exposure, KPN periodically evaluates the desired mix of fixed and floating interest rate liabilities, balancing the benefit of lower interest costs vs. the variability of cash flows. Any interest rate risk exposure longer than one year is considered to be fixed. KPN may use derivative financial instruments to adjust the desired interest rate risk exposure.

During 2023 KPN reduced its exposure to variable interest rates by re-fixing the interest rates on the EUR 625m senior bond maturing in April 2025 and the EUR 625m senior bond maturing in September 2028, using floating-to-fixed interest rate swaps (see cash flow hedges). As at 31 December 2023, 85% of KPN's interest-bearing gross debt (after swaps, excluding bank overdrafts) was at fixed interest rates (2022: 64%).

With a view to the existing and forecasted debt structure, KPN could enter into additional future derivatives to further adjust the mix of fixed and floating interest rate liabilities.

A sensitivity analysis as at 31 December 2023 with regard to interest rate risk on floating interest-bearing liabilities showed that, ceteris paribus, each adverse change of 100 bps in Euribor would hypothetically result in EUR 10m higher interest costs per annum (2022: EUR 23m).

Interest rate benchmarks (Interbank Offered Rates, or IBORs) are reformed and/or replaced by alternative Risk-Free Rates (RFRs). This affects financial instruments on the derivatives and cash markets that operate with the impacted floating reference rates. The three most used IBORs are the European Interbank Offered Rate (Euribor), the London Interbank Offered Rate (Libor) and the Euro Short-Term Rate (ESTR). The transition of USD Libor to Secured Overnight Financing Rate (SOFR) and GBP Libor to Sterling Overnight Index Average (SONIA) had a small impact on the valuation of KPN's cross-currency swaps as these benchmarks are used to value the derivatives with a USD and GBP currency leg.

### Cash flow hedges

KPN carried out a sensitivity analysis as at 31 December 2023 with regard to interest rate and currency risk on the cash flow hedges. KPN applies cash flow hedge accounting on all bonds not denominated in EUR. With all other variables held constant, KPN calculated the hypothetical impact of changes in interest rates based on various scenarios. This would hypothetically result in a higher or lower value of the hedge reserve, which is included in equity attributable to equity holders. In a similar way, KPN calculated the hypothetical impact of changes in the EUR/USD rate and the EUR/GBP rate, holding all other variables constant. The results of the analysis are shown in the table below, indicating the hypothetical impact on the fair value of the cross-currency swaps (excluding the partially offsetting impact on the hedged items).

€ million (before tax)	Change	GBP		USD		Total	
		2023	2022	2023	2022	2023	2022
Change in interest rate	+1%-point	3	6	-2	-5	-	1
	-1%-point	-3	-6	2	5	-1	-1
Change in FX rate	+10%-point	11	6	14	14	24	20
	-10%-point	-13	-7	-17	-17	-29	-25

Prospective effectiveness testing indicates that all cash flow hedges are expected to be highly effective. Consequently, the expected impact on the P&L is immaterial.

### Fair value hedges

KPN carried out a sensitivity analysis on 31 December 2023 with regard to the fair value of interest rate swaps (excluding the partial offsetting impact on the hedged items):

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For the sensitivity analysis on interest rate risk regarding pensions, see Note 17.

€ million	Change	2023	2022
Change in EUR interest rates	+1%-point	-52	-120
	-1%-point	57	123

### Offsetting financial assets and financial liabilities

#### Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

€ million	Gross amount	Financial liabilities offset	Net amount in balance sheet	Not offset: Financial instruments/ Cash collateral	Net amount
<b>31 December 2023</b>					
Cash and cash equivalents	609	-	609	-	609
Collateral <sup>1</sup>	48	-	48	-48	-
Derivatives	77	-	77	-77	-
<b>Total</b>	<b>734</b>	<b>-</b>	<b>734</b>	<b>-125</b>	<b>609</b>
<b>31 December 2022</b>					
Cash and cash equivalents	399	-	399	-	399
Collateral <sup>1</sup>	53	-	53	-53	-
Derivatives	148	-	148	-148	-
<b>Total</b>	<b>600</b>	<b>-</b>	<b>600</b>	<b>-201</b>	<b>399</b>

1 Included in non-current Trade and other receivables.

#### Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

€ million	Gross amount	Financial assets offset	Net amount in balance sheet	Not offset: Financial instruments/ Cash collateral	Net amount
<b>31 December 2023</b>					
Collateral <sup>1</sup>	74	-	74	-52	22
Derivatives	261	-	261	-74	187
<b>Total</b>	<b>335</b>	<b>-</b>	<b>335</b>	<b>-125</b>	<b>209</b>
<b>31 December 2022</b>					
Collateral <sup>1</sup>	103	-	103	-75	28
Derivatives	366	-	366	-126	240
<b>Total</b>	<b>469</b>	<b>-</b>	<b>469</b>	<b>-201</b>	<b>268</b>

1 Included in non-current Borrowings.

For the financial assets and liabilities summarized above, each agreement between KPN and the counterparty allows for net settlement of the relevant financial assets and liabilities when both parties elect to settle on a net basis.

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### Accounting policy: Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported on a net basis on the balance sheet only when there is a current legally

enforceable right to offset the recognized amounts, and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### [14] Trade and other receivables, contract assets and contract costs

#### [14.1] Trade and other receivables

€ million	31 December 2023		31 December 2022	
	Current	Non-current	Current	Non-current
Trade receivables	241	-	245	-
Financial receivables handsets	123	-	174	-
Sales to be invoiced	103	-	107	-
Interest to be received	8	-	9	-
Prepayments	66	21	93	16
Accruals and other receivables	10	90	5	79
<b>Total</b>	<b>553</b>	<b>111</b>	<b>632</b>	<b>95</b>

The financial receivables handsets consist of not yet invoiced installment payments on the handset loans, mainly issued by KPN Finance B.V. A handset sale combined with a postpaid subscription is treated as a consumer loan under the Dutch Financial Supervision Act (Wet op het financieel toezicht, Wft) if the consumer customer repays the handset in monthly instalments and the credit amount is above EUR 250. These handset instalment payments are not conditional on the delivery of the telco services. Therefore, a financial receivable is recognized for the instalments to be received.

In 2023, KPN Finance B.V. assigned EUR 85m outstanding financial receivables handsets to a bank and removed these receivables from the balance sheet as the transfer of the receivables is characterized as a sale because the risks and rewards of ownership of the receivables have been substantially transferred. KPN has provided an indemnity to the bank in case the realized losses on the transferred receivables are exceptionally high. At 31 December 2023, the financial receivables handsets of KPN Finance B.V. (EUR 106m) are measured at FVOCI (2022: EUR 158m). The fair value is the amount at which these receivables could be assigned to the bank (nominal value less deductions for interest and credit risk as agreed).

The non-current other receivables relate for EUR 83m to cash collateral received on derivatives and energy contracts (2022: EUR 75m).

Sales to be invoiced include accrued income related to usage of KPN's network, which is invoiced monthly in arrears.

The fee for projects to be invoiced is accounted for as accrued income if the right to invoice is unconditional and not dependent on the provision of future recurring services.

The carrying amounts of trade and other receivables approximate their fair value. Trade and other receivables are non-interest bearing. Trade receivables are generally on payment terms of 14-30 days.

The aging of the gross trade receivables is as follows:

€ million	31 December 2023	31 December 2022
<b>Trade receivables gross</b>		
Amounts undue	183	189
Past due 0-90 days	45	50
Past due 91-360 days	19	15
More than one year	10	8
<b>Total trade receivables gross</b>	<b>258</b>	<b>262</b>
Provision for credit risk exposure	-16	-17
<b>Total trade receivables net</b>	<b>241</b>	<b>245</b>



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### [14.2] Contract assets and contract costs

€ million	31 December 2023		31 December 2022	
	Current	Non-current	Current	Non-current
Contract assets	68	32	80	29
Costs to obtain a contract	6	35	-	21
Costs to fulfill a contract	1	-	4	-
<b>Total</b>	<b>74</b>	<b>66</b>	<b>84</b>	<b>50</b>

#### Contract assets

A contract asset is recognized if the earned consideration is conditional. This includes:

- Deferred discounts invoiced to customers if the discount is only granted in the first period of the service contract and the discount is recognized on a straight-line basis over the contract term.
- The consideration to be received regarding those additional scope projects sold to Glaspoort B.V. in December 2021 of which the roll-out activities have started, at which point other income is recognized. KPN has received 35% of the total consideration in cash upon closing of the transaction and the remaining amount is received based on the roll-out progress (see Note 12 for the sale to Glaspoort of additional scope projects).
- Installation services and hardware delivered at the start of the contract if the amount of revenue recognized is higher than the amounts charged upfront.
- Transition projects for business customers when the revenue recognized is higher than the amounts invoiced for the transition phase.

Upon invoicing of contracts assets, the invoiced amounts are reclassified to trade receivables.

#### Contract costs

The costs to be capitalized as costs to fulfill a contract are the costs that relate directly to a contract, provided it is probable that these costs will be recovered. Contract costs include:

- Transaction-related dealer fees paid to acquire or retain mobile subscribers.
- Costs incurred during the transition phase of projects for business customers to be able to deliver exploitation services that are not treated as a separate performance obligation. The costs are capitalized as costs to fulfill a contract and expensed in principle on a straight-line basis over the remaining contract term in which the exploitation services are delivered.

### [14.3] Allowances for expected credit losses

Movement schedule of the allowances for expected credit losses:

€ million	Financial		Contract assets	Total
	Trade receivables	receivables handsets		
<b>Balance at 1 January 2022</b>	<b>21</b>	<b>3</b>	<b>-</b>	<b>24</b>
Additions/releases P&L	12	-1	-	11
Usage	-13	-	-	-13
Reclassification to FVOCI	-3	-1	-	-4
<b>Balance at 31 December 2022</b>	<b>17</b>	<b>1</b>	<b>-</b>	<b>18</b>
Additions/releases P&L	10	-	-	10
Usage	-11	-	-	-11
<b>Balance at 31 December 2023</b>	<b>16</b>	<b>1</b>	<b>-</b>	<b>17</b>

The allowance for expected credit losses for trade receivables is based on the aging of the gross amounts and historic losses. For the largest customers, an assessment is done whether or not an additional allowance needs to be recognized.

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### Accounting policy: Trade and other receivables, contract assets and contract costs

Trade and other receivables and contract assets classify as financial assets and are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method less provisions for impairment. An allowance for expected credit losses is recorded for all financial assets and contract assets at initial recognition. This allowance is regularly updated.

The amortized cost is calculated by taking into account any discounts or premiums on acquisition and transactions costs.

The effective interest rate amortization is recognized under finance income or finance costs.

If a financial asset is held within a business model with the objective of both collecting contractual cash flows and selling the financial asset, the financial asset is measured at fair value through other comprehensive income (FVOCI).

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or KPN has transferred the rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (1) KPN has transferred substantially all the risk and rewards of the asset, or (2) KPN has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When KPN has transferred the rights to receive cash flows from an asset or has entered into a pass-through arrangement, KPN evaluates if, and to what extent, KPN has retained the risks and rewards of ownership. The risks and rewards are substantially transferred if more than 90% of the variability of the cash flows with respect to an asset is transferred.

See Note 4 for the accounting policy regarding contract costs.

### [15] Cash and cash equivalents

Cash and cash equivalents consist of highly liquid instruments with initial maturities of three months or less, including balances on bank accounts, bank deposits and prime money market funds.

€ million	31 December 2023	31 December 2022
Cash	96	144
Short-term bank deposits and money market funds	512	255
<b>Total cash and cash equivalents</b>	<b>609</b>	<b>399</b>

The increase in cash and cash equivalents was mainly the result of EUR 886m free cash flow and EUR 480m net funding (including EUR 593m bond proceeds and EUR 113m bond redemptions), partly offset by EUR 587m dividend payments, EUR 300m share repurchases, EUR 98m net payments related to investing activities M&A and Glaspoort, EUR 93m increase in short-term investments, EUR 40m hybrid coupon payments and EUR 37m net outflow of cash collateral on derivatives.

### Accounting policy: Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, AAA-rated prime money market funds, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included in borrowings in current liabilities.

### [16] Equity

#### Limitations in distribution of shareholders' equity

Total distributable reserves as at 31 December 2023 amounted to EUR 2,739m, which includes the perpetual hybrid bonds (2022: EUR 2,818m). For further details on non-distributable reserves, see Note C to the Corporate Financial Statements.

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### Share capital

Authorized capital stock totals EUR 720m divided into nine billion ordinary shares of EUR 4ct each and nine billion preference shares B of EUR 4ct each. At 31 December 2023, a total of 3,947,417,782 ordinary shares were outstanding and fully paid-in. Dutch law prohibits KPN from casting a vote on shares KPN holds (treasury shares). The ordinary shares and preference shares B carry the right to cast one vote each. The ordinary shares are registered or payable to the bearer.

Shareholders may request the company to convert their registered shares to bearer shares, but not vice versa.

### Share buyback

In 2023, KPN repurchased 92,401,811 ordinary shares at an average price of EUR 3.25. Of these shares, 89,901,811 were cancelled in 2023, reducing the number of outstanding shares to 3,947,417,782.

At the 12 April 2023 AGM, shareholders granted the Board of Management the authority to acquire the company's own

ordinary shares for a period of 18 months - starting on 12 April 2023 and ending on 12 October 2024. The number of ordinary shares to be acquired is limited to a maximum of 10% of the issued capital per 12 April 2023. The shares may be acquired, by or on behalf of the company, on the stock exchange or through other means at a price per share of at least the par value and at most the quoted share price plus 10%. The quoted share price is defined as the average of the closing prices of KPN shares as reported in the official price list of Euronext Amsterdam over the five trading days prior to the acquisition date. Resolutions by the Board of Management to acquire the company's own shares are subject to the approval of the Supervisory Board.

Ordinary shares purchased by the company will either be cancelled or held in treasury. At the 12 April 2023 AGM, shareholders granted the Board of Management the authority to reduce the issued capital by cancelling own shares with the approval of the Supervisory Board. The number of shares that may be cancelled is restricted to a maximum of 10% of the issued capital as at 13 April 2023 and may, if desired, be cancelled in one or more phases.

### Other reserves

€ million, unless indicated otherwise	Number of treasury shares	Treasury shares reserve	Hedge reserve	Currency translation reserve	Total Other reserves
<b>Balance at 1 January 2022</b>	<b>77,650,018</b>	<b>-248</b>	<b>-125</b>	<b>15</b>	<b>-358</b>
Movements recorded in OCI (net)	-	-	39	2	41
Share buyback	92,840,654	-300	-	-	-300
Shares canceled	-165,524,811	492	-	-	492
Treasury shares sold and transferred	-1,343,847	14	-	-	14
Other	-	5	-	-	5
<b>Balance at 31 December 2022</b>	<b>3,622,014</b>	<b>-37</b>	<b>-86</b>	<b>17</b>	<b>-106</b>
Movements recorded in OCI (net)	-	-	-26	-	-26
Share buyback	92,401,811	-300	-	-	-300
Shares canceled	-89,901,811	290	-	-	290
Treasury shares sold and transferred	-2,611,126	22	-	-	22
Other	-	8	-2	-	6
<b>Balance at 31 December 2023</b>	<b>3,510,888</b>	<b>-17</b>	<b>-114</b>	<b>17</b>	<b>-114</b>

The additional paid-in capital is exempt from Dutch tax up to an amount of EUR 8,518m at 31 December 2023 (2022: EUR 8,802m).

Movements in the hedge reserve recorded in OCI are net of a tax gain of EUR 9m in 2023 (2022: EUR 14m loss) and in the currency translation reserve net of a tax gain of EUR 0m (2022: EUR 1m gain).

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### Hedge reserve

€ million	31 December 2023	31 December 2022
Effective portion cash flow hedges <sup>1</sup>	-73	-23
Amortizable part <sup>2</sup>	-81	-93
<b>Hedge reserve</b>	<b>-154</b>	<b>-116</b>
Tax effect	40	30
<b>Hedge reserve, net of tax</b>	<b>-114</b>	<b>-86</b>

1 The effective portion of cash flow hedges will be recognized in the P&L in line with the maturities of the related derivatives (see Note 13.3).

2 The amortizable part of the hedge reserve is amortized over the remaining life of the related bonds (between 2016 and 2030). The impact on the P&L will be EUR 15m in 2024.

### Treasury shares reserve

KPN purchased shares in its own capital for delivery upon vesting of equity-settled share plans for management (see Note 5). Votes on purchased shares may not be cast and do not count in determining the number of votes required at a General Meeting of Shareholders. In 2023, 2.5 million shares were purchased for the equity-settled share plans (2022: 1 million). In 2023, 2.6 million shares were sold and transferred in connection with vesting of these plans (2022: 1.3 million).

Treasury shares are accounted for at cost, representing the market price on the acquisition date. The proceeds at delivery of the treasury shares are recognized directly in the other reserves.

### Equity attributable to holders of perpetual hybrid bonds

On 8 November 2019, KPN issued a EUR 500m hybrid bond with a 2.00% coupon and on 21 September 2022 a EUR 500m hybrid bond with a 6.00% coupon, both with a perpetual maturity. These bonds are classified as equity in the Consolidated Statement of Financial Position and valued at net proceeds (see Note 13.2).

### Foundation Preference Shares B KPN

KPN has granted a call option, which is not limited in time, to the Foundation Preference Shares B KPN (the Foundation) to acquire preference shares B. For further information about the Foundation, see chapter 'Corporate governance'.

In KPN's opinion, the call option does not represent a significant fair value due to the fact that the preference shares B, issued after exercise of the call option, bear interest linked to Euribor.

### Dividend per share

At the AGM of Shareholders on 17 April 2024, a final dividend of EUR 9.8ct per share will be proposed in respect of 2023. In August 2023, KPN paid an interim dividend in respect of 2023 of EUR 5.2ct per share, in total EUR 205m, bringing the total regular dividend in respect of 2023 to EUR 15.0ct per share (in total EUR 592m based

on the number of outstanding shares at 31 December 2023 less Treasury shares held by KPN).

These Financial Statements do not reflect the proposal for the remaining dividend payable. In April 2023, KPN paid a final dividend of EUR 9.5ct per share in respect of 2022, in total EUR 382m. The total dividend in respect of 2022 was EUR 14.3ct per ordinary share.

### [17] Retirement benefits

Retirement benefits are provided through a number of defined contribution plans and funded and unfunded defined benefit plans. The most significant plans are described hereafter.

#### KPN main pension plan

KPN's main pension plan covers employees in the Netherlands who are subject to KPN's collective labor agreement and employees with an individual labor agreement, and is externally funded through Stichting Pensioenfonds KPN. This plan is a collective defined contribution pension plan. It is accounted for as a defined contribution plan because KPN has no other obligation than to pay the annual contribution. This is a fixed percentage of the pensionable base for a period of three years. After this three-year period the annual contribution is reassessed based on a fixed and agreed method in which no reflection to past service or the funded status of the fund is included. As of 1 January 2023, a new three-year period has become effective.

On 30 May 2023, the Dutch Senate adopted the new Dutch Pension Act to reform the Dutch pension system. This will impact every employer with a pension scheme in place. In practice, all pension arrangements with employees and contracts with pension providers will need to be renewed. It is expected that the new pension plan will continue to be accounted for as a defined contribution plan. The deadline for transition is 1 January 2028.

#### Getronics UK and US

The Getronics US and UK operations were divested in 2008 and 2012, respectively. The closed and frozen pension plans of the former US and UK operations remained with KPN and are accounted for as a defined benefit plan. The assets of the plans are held separately from KPN in independently administered funds. The UK plan operates under the regulations of the UK Pensions Regulator and the US plan under the provisions of the Employee Retirement Income Security Act (ERISA). The deficit in the plans' funding must be recovered by the investment returns in the plans' assets and contributions by KPN. The pension plans in the UK and US expose KPN to a number of risks, which can have an impact on the future contributions by KPN and the liability recorded in its balance sheet. The most significant risks are summarized below:

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- **Asset volatility risk:** the pension plans' assets are partially invested in equity securities and other return-seeking assets, so the plans' funding levels are exposed to equity market risks. For example, geographic conflicts and interest rate fluctuations could cause significant volatility.
- **Interest rate risk:** a decrease in interest rates will increase the plans' liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- **Inflation risk:** the indexation of part of the accrued benefits in the UK is based on a combination of consumer and retail price indices, so the UK plan is exposed to inflation risk although the indexation is capped.
- **Life expectancy risk:** the plans provide benefits for the life of the participants, so increases in life expectancy will result in an increase in the plans' liabilities.

In the UK, guaranteed minimum pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the additional state pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. The High Court in the UK ruled in 2018 that equalization will be required for affected defined benefit pension schemes. A number of options can be used to equalize, which had not been finalized as at 31 December 2023. The estimated cost of equalization as at 31 December 2023 and 2022 for the UK plan is EUR 6m, which has been recognized as a past service cost in 2018. However, the cost to the UK plan for equalizing heavily depends on a complex interaction between the benefit design and membership profile as well as the method used to equalize, which must be determined by the trustees.

In 2023 and 2022, additional voluntary contributions of EUR 5m and EUR 23m into the US plan were made. KPN has started the process to terminate this plan and settle all of the plan's liabilities. In the course of 2024, participants will be offered a lumpsum payment and subsequently annuities will be purchased from an insurance company for the remaining participants. Subject to, among others, IRS review and Pension Benefit Guarantee Corporation audit, KPN will make a final contribution to the plan in 2024 (estimated at EUR 3m) to fully fund the plan, and the plan termination process is expected to be completed by early 2025.

### Other

KPN has a number of other funded (insured) plans in the Netherlands which are all closed to new entrants. Based on Dutch law, KPN could be required to make contributions if participants of these plans require a value transfer to another pension fund or insurer. However, the risk related to these value transfers is limited and therefore no provision has been recognized for these plans. KPN is not entitled to any excess profits.

In 2022, a new early retirement plan was implemented for a limited group of employees for which an expense of EUR 1m was recorded in 2023 and in 2022.

### Provisions for retirement benefit obligations

The provisions for retirement benefit obligations consist of the net defined benefit liability regarding pension plans and early retirement plans, which are accounted for as defined benefit plans as described above. See the table below for a specification of the balance sheet position.

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€ million	Defined benefit obligation <sup>1</sup>		Fair value of assets		Net defined benefit liability (asset)	
	2023	2022	2023	2022	2023	2022
<b>Balance at 1 January</b>	<b>380</b>	<b>574</b>	<b>-330</b>	<b>-482</b>	<b>49</b>	<b>92</b>
<b>Included in profit or loss</b>						
Operating expense <sup>2</sup>	1	-33	2	37	3	4
Interest expense (income)	18	12	-16	-10	2	2
<b>Included in OCI</b>						
Remeasurements loss (gain):						
Actuarial loss (gain) <sup>3</sup>	12	-141	-	-	12	-141
Return on plan assets excluding interest income	-	-	-12	137	-12	137
Effect of movements in exchange rates	1	-4	-1	3	-	-1
<b>Total</b>	<b>13</b>	<b>-145</b>	<b>-13</b>	<b>140</b>	<b>-</b>	<b>-5</b>
<b>Other</b>						
Employer's contribution	-	-	-22	-43	-22	-43
Benefits paid	-26	-28	26	28	-	-
<b>Balance at 31 December</b>	<b>386</b>	<b>380</b>	<b>-353</b>	<b>-330</b>	<b>33<sup>4</sup></b>	<b>49</b>

1 The measurement date for all defined benefit plans is 31 December.

2 Service costs were EUR 1m and administrative costs EUR 2m in 2023 and EUR 1m and EUR 3m in 2022. Operating expense in 2022 includes settlements (a net loss of EUR 0m) which is a partial transfer of retiree pension liabilities of the US pension fund to an insurance company.

3 The actuarial loss (gain) in 2023 and 2022 consists of demographic assumptions (EUR -1m and EUR 0m), financial assumptions (EUR 10m and EUR -154m) and experience adjustments (EUR 3m and EUR 13m).

4 Of which EUR 2m is a net defined benefit asset included in other financial assets (non-current).

### Defined benefit obligations

#### Actuarial assumptions

The key actuarial assumptions used in the calculation of the defined benefit obligations are as follows:

	31 December 2023			31 December 2022		
	Getronics UK	Getronics US	Other	Getronics UK	Getronics US	Other
Discount rate (%)	4.5	4.7	3.3	4.8	4.9	3.7
Expected salary increases (%)	N/a	N/a	2.1	N/a	N/a	2.0
Expected benefit increases/indexation (%)	2.4-2.9	N/a	0.0	2.3-2.9	N/a	0.0
Life expectancy for pensioners at retirement age:						
Male	21.9	20.7	21.7	21.8	20.7	21.7
Female	24.0	22.7	23.8	23.8	22.6	23.8

The discount rate is based on yield curves of AA corporate bonds with maturities equal to the duration of the benefit obligations and in the applicable currency. As at 31 December 2023, the (weighted) average duration of the defined benefit obligation was 10 years.

Assumptions regarding life expectancy are based on published statistics and mortality tables that include allowances for future improvement in mortality. The mortality table used in the Netherlands is the projected table AG 2022, which includes projected improvement rates varying by year of birth, corrected for fund-specific circumstances. The mortality table used in the

UK is the 97% for males and 102% for females of the SAPS S3PXA tables with CMI 2022 projection with a 1.25% long-term improvement, and in the US the Pri-2012 Total Dataset with Scale MP-2021. The life expectancy at the age of 65 is expected to increase in the next 20 years by between 1 and 2 years in the UK and the US.

#### Sensitivity analysis

The following table shows the approximate impact on the defined benefit obligation of a change in the key actuarial assumptions of 0.5% and in the case of life expectancy of a change of one year.

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€ million	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Discount rate	-18	19	-18	20
Expected salary increases	-	-	-	-
Expected benefit increases	8	-8	7	-8
Life expectancy	13	-13	13	-14

### Plan assets

The assets of all defined benefit pension plans as at 31 December 2023 and 2022 comprise of:

	31 December 2023	31 December 2022
<b>Quoted in active markets:</b>		
Equity securities	18%	14%
Fixed-income securities	49%	55%
Real estate <sup>1</sup>	2%	0%
Commodities <sup>2</sup>	0%	1%
Other	3%	5%
<b>Other:</b>		
Equity securities	0%	0%
Fixed-income securities	8%	0%
Real estate <sup>1</sup>	4%	5%
Other <sup>3</sup>	16%	20%

1 As at 31 December 2023, none of the investments in real estate were located in Europe.

2 Includes investment funds which invest in financial instruments related to commodities such as energy, agricultural products and precious metals.

3 Mainly sub-investment grade corporate credit funds, insurance contracts and hedge funds.

### Strategic investment policies

The strategic asset allocations of the defined benefit plans at year-end 2023 were as follows:

€ million	Getronics UK	Getronics US	Other plans
Equity securities	20%	0%	0%
Fixed-income securities (including inflation-linked bonds)	60%	100%	0%
Other	20%	0%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In 2023, the trustee of the Getronics UK pension fund decided to change the asset allocation to a traditional strategic asset allocation replacing the old allocation based on a return seeking portfolio. The Getronics UK pension fund maintains liability hedge ratios of 80-85% of assets for both interest rate and inflation exposure, resulting in higher hedge ratios as the funded status improves. The Getronics US pension fund has announced its intention to terminate in 2024 and therefore fully hedges its interest rate exposure, whilst it is not exposed to inflation risk. As the UK pension fund invests in global investment funds, a minimal part of these investments could be related to KPN equities. The pension funds do not have direct investments in KPN equities.

### Expected contributions and benefits

In 2023, the total employer's contributions and benefit payments for all defined benefit and defined contribution plans amounted to EUR 104m, consisting of EUR 82m employer's premiums for defined contribution plans, EUR 21m contributions for funded defined benefit plans and EUR 1m payments for unfunded plans.

The amount of employer's contributions in 2024 for the remaining defined benefit pension plans is estimated to be EUR 19m for the funded plans and EUR 1m for the unfunded plan. The total amount of employer's premiums to be paid in 2024 for the defined contribution plans is estimated to be EUR 87m.

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### Accounting policy: Provisions for retirement benefit obligations (pension obligations)

The liability recognized in respect of all pension and early retirement plans that qualify as a defined benefit obligation is the present value of the defined benefit obligation less the fair value of plan assets. KPN uses actuarial calculations (projected unit credit method) to measure the obligations and the costs. For the calculation, actuarial assumptions are made about demographic variables (such as employee turnover and mortality) and financial variables (such as future indexation and the discount rate). The discount rate is determined by reference to market rates. These are interest rates of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid and that have terms to maturity approximating the terms of the related liability. A net defined benefit asset may arise where a defined benefit plan has been overfunded. KPN recognizes a net defined benefit asset in such

a case only when future economic benefits are available to KPN in the form of a reduction in future contributions or a cash refund. Actuarial gains and losses are recognized immediately in OCI.

Past service costs, curtailments and settlements are recognized immediately in the P&L.

The amount of pension costs included in operating expenses with respect to defined benefit plans consists of service cost, past service costs, curtailments and settlements, and administration costs. Net interest on the net defined benefit liability is presented as part of finance costs.

For pension plans that qualify as a defined contribution plan, KPN recognizes contributions as an expense when an employee has rendered service in exchange for those contributions.

### [18] Provisions for other liabilities and charges

€ million	31 December 2023	31 December 2022
Restructuring provision	24	13
Asset retirement obligations	75	75
Other provisions	36	66
<b>Total provisions for other liabilities and charges</b>	<b>135</b>	<b>154</b>
of which: non-current	103	131
<b>of which: current</b>	<b>32</b>	<b>23</b>



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### Statement of changes in provisions

€ million	Personnel	Contractual	Total restructuring	Asset retirement obligation	Other provisions	Total provisions
<b>Balance at 1 January 2022</b>	<b>18</b>	<b>1</b>	<b>19</b>	<b>98</b>	<b>60</b>	<b>177</b>
<b>of which: current portion</b>	<b>18</b>	<b>-</b>	<b>18</b>	<b>2</b>	<b>7</b>	<b>27</b>
Transition impact IAS 37 <sup>1</sup>	-	-	-	-	14	14
Additions	23	1	24	-	1	25
Releases	-	-	-	-20	-3	-24
Usage	-29	-	-30	-2	-7	-40
Other movements, incl. discontinued operations and new business combinations	-	-	-	-1	2	1
<b>Balance at 31 December 2022</b>	<b>11</b>	<b>2</b>	<b>13</b>	<b>75</b>	<b>66</b>	<b>154</b>
<b>of which: current portion</b>	<b>11</b>	<b>-</b>	<b>12</b>	<b>3</b>	<b>8</b>	<b>23</b>
Additions	38	-	39	5	4	47
Releases	-	-	-	-2	-8	-10
Usage	-27	-	-28	-2	-8	-37
Other movements, incl. discontinued operations	-	-	-	-	-18	-18
<b>Balance at 31 December 2023</b>	<b>22</b>	<b>2</b>	<b>24</b>	<b>75</b>	<b>36</b>	<b>135</b>
<b>&lt; 1 year</b>	<b>22</b>	<b>1</b>	<b>23</b>	<b>4</b>	<b>5</b>	<b>32</b>
<b>1-5 years</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>10</b>	<b>19</b>
<b>&gt; 5 years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>21</b>	<b>84</b>

1 Cumulative effect of initially applying the amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets that specify which costs must be included when assessing whether a contract is onerous or loss-making using a 'directly related cost approach'.

#### Restructuring provisions

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts redundancy in exchange for these benefits.

Termination benefits are recognized when KPN is demonstrably committed either to terminating the employment according to a detailed formal plan without the possibility of withdrawal or to providing termination benefits as a result of an individual and accepted offer. Benefits falling due more than 12 months after 31 December are discounted to present value.

#### Asset retirement obligations

The provision for asset retirement obligations (ARO) relates to radio sites and leased buildings and is based on assumptions of the estimated costs of removal, discount rate and estimated period of removal, which vary per type of asset. In 2023, EUR 5m was added to the ARO provision and EUR 2m was released from the ARO provision. In 2022, EUR 20m was released from the ARO provision, mainly because of changes in the discount rates. Of the addition in 2023, EUR 4m was recognized as an increase of the carrying value of the activated asset retirement costs (ARC), which is included in plant and equipment (2022: EUR 19m release recognized as a reduction of the carrying value of the activated ARC).

As defined in the Telecommunications Act, the obligation for landlords to tolerate cables terminates as soon as those cables have been idle for a continuous period of 10 years. Because the date when the cables will become idle is uncertain and KPN is not able to predict whether and when a landlord will place a request for removal, KPN is not able to make a reliable estimate of the impact and therefore no provision was recognized at 31 December 2023 nor at 31 December 2022.

#### Other provisions

Includes provisions for claims and litigations, onerous contracts and warranties and provisions for long-term employee obligations related to jubilee or other long-service employee benefits, long-term disability benefits and, if they are not fully payable within 12 months after the end of the period, bonuses and deferred compensation. The expected costs of these benefits are accrued over the period of employment using an accounting method similar to that for defined benefit pension plans, except that actuarial gains and losses and past-service costs are recognized immediately in the P&L.

In 2023, EUR 18m was released from the other provisions for pilon taxes in Belgium. This relates to discontinued operations and is included in other movements.

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### Accounting policy: Provisions for other liabilities and charges

Provisions for asset retirement obligations, restructuring costs and legal claims are recognized when KPN has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. When these criteria are not met, these positions are classified as contingent liabilities, unless the cash outflow is considered remote.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

## [19] Leasing

### Right-of-use assets

€ million	Mobile network	Fixed network & data centers	Real estate	Vehicles	Other	Total
Accumulated cost	997	89	458	119	14	1,677
Accumulated depreciation & impairment	-445	-71	-272	-80	-5	-872
<b>Balance as at 1 January 2022</b>	<b>553</b>	<b>17</b>	<b>186</b>	<b>40</b>	<b>9</b>	<b>804</b>
Additions	26	-	3	25	4	58
Remeasurement & lease modifications	87	4	27	4	1	123
Depreciation	-57	-7	-31	-24	-3	-121
Impairments	-	-	-16	-	-	-16
<b>Closing net book value</b>	<b>608</b>	<b>14</b>	<b>169</b>	<b>45</b>	<b>11</b>	<b>848</b>
Accumulated cost	1,060	76	472	111	19	1,737
Accumulated depreciation & impairment	-451	-61	-303	-66	-7	-889
<b>Balance as at 31 December 2022</b>	<b>608</b>	<b>14</b>	<b>169</b>	<b>45</b>	<b>11</b>	<b>848</b>
Additions	14	1	3	26	9	53
Remeasurement & lease modifications	23	4	12	1	2	43
Change in consolidation	-	-	-	-	-	-
Depreciation	-65	-7	-30	-21	-3	-126
Impairments	-	-	-2	-	-	-2
<b>Closing net book value</b>	<b>580</b>	<b>13</b>	<b>152</b>	<b>51</b>	<b>19</b>	<b>815</b>
Accumulated cost	1,065	77	484	104	30	1,760
Accumulated depreciation & impairment	-485	-64	-332	-53	-11	-945
<b>Balance as at 31 December 2023</b>	<b>580</b>	<b>13</b>	<b>152</b>	<b>51</b>	<b>19</b>	<b>815</b>
Total estimated lease term at commencement of a lease (in years)	5-15	5-20	5-20	5-7	<5	

## Consolidated Financial Statements

### Lease liabilities

€ million	Mobile network	Fixed network & data centers	Real estate	Vehicles	Other	Total
Non-current lease liability	515	14	180	20	7	736
Current lease liability	83	6	30	17	2	137
<b>Balance as at 1 January 2022</b>	<b>598</b>	<b>20</b>	<b>209</b>	<b>37</b>	<b>9</b>	<b>873</b>
Additions	26	-	3	25	3	57
Remeasurement & lease modifications	81	4	27	4	2	117
Interest	12	1	5	-	-	18
Redemptions	-68	-9	-39	-24	-3	-142
<b>Closing net book value</b>	<b>649</b>	<b>16</b>	<b>205</b>	<b>43</b>	<b>11</b>	<b>923</b>
Non-current lease liability	551	10	174	27	8	770
Current lease liability	97	6	31	16	3	153
<b>Balance as at 31 December 2022</b>	<b>649</b>	<b>16</b>	<b>205</b>	<b>43</b>	<b>11</b>	<b>923</b>
Additions	14	5	3	26	9	57
Remeasurement & lease modifications	19	4	12	2	3	40
Change in consolidation	-	-	-	-	-	-
Interest	14	-	5	1	-	21
Redemptions	-72	-7	-41	-22	-5	-147
<b>Closing net book value</b>	<b>624</b>	<b>19</b>	<b>184</b>	<b>49</b>	<b>19</b>	<b>894</b>
Non-current lease liability	522	11	151	34	14	733
Current lease liability	101	7	33	15	5	162
<b>Balance as at 31 December 2023</b>	<b>624</b>	<b>19</b>	<b>184</b>	<b>49</b>	<b>19</b>	<b>894</b>

The redemptions reflect the total payments made during the year for the lease fees included in the lease liability. The redemption consists of the repayments of the lease liabilities which are presented in the cash flow from financing activities (2023: EUR 124m, 2022: EUR 124m) and the interest paid during the year (2023: EUR 21m, 2022: EUR 18m), which is part of the cash flow from operating activities.

The maturity analysis of the lease liabilities can be found in Note 13.4.

KPN's lease portfolio consists of mobile network (mostly site rentals and mobile towers), fixed network & data centers (technical buildings), real estate (offices and shops), vehicles and other leased assets.

The following amounts are recognized in the profit or loss:

€ million	2023	2022
Depreciation right-of-use assets	-126	-121
Impairment (-) or impairment reversal right-of-use assets	-2	-16
Gain or loss (-) on early terminations	4	7
<b>Total depreciation &amp; impairments presented in the P&amp;L</b>	<b>-124</b>	<b>-131</b>
Interest on lease liabilities	-21	-18
<b>Total amount recognized in profit or loss</b>	<b>-145</b>	<b>-149</b>

In 2023, KPN entered into sale and leaseback transactions for some of its technical buildings. The transactions resulted in a gain of EUR 5m, included in Other income (2022: EUR 2m). The leaseback periods are limited to a period of five years. The impact on the lease liability and right-of-use asset (fixed network) was limited in both years.

The expenses related to short-term vehicle leases (included in Personnel expenses) are not material. KPN does not apply the low-value exemption and does not have contracts with variable lease payments other than variable lease payments dependent on an index or a rate.

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Most of KPN's lease contracts include extension (renewal) or termination options. KPN exercises significant judgment in determining whether these options are reasonably certain to be exercised (see Note 2). The assessments are updated annually or when a significant change in the economic circumstances occurs. Periods covered by renewal options deemed reasonably certain or early termination options that are reasonably certain not to be exercised are included in the total lease liability.

A significant number of KPN's contracts have an unlimited number of extension options. Only those deemed reasonably certain are included in the lease term and therefore the lease liability. A reliable estimate of the potential future lease payments related to periods beyond the lease terms reflected on the balance sheet cannot be provided. This affects mostly the mobile and fixed

network, as well as real estate. Vehicles are generally returned by the end of their term.

### KPN as a lessor

KPN acts as a lessor in a limited number of real estate, mobile site contracts and some specific types of customer premises equipment, all classified as operating leases. These lessor contracts are not material to KPN Group, individually nor in aggregate. The terms are 1-10 years. All leases include a clause to enable upward revision of the lease fees (annual indexation). Rental income recognized in 2023 amounted to EUR 2m (2022: EUR 2m). The future minimum lease receivable under the non-cancellable operating leases as at 31 December 2023 is EUR 4m (31 December 2022: EUR 6m).

### Accounting policy: Leases

#### KPN as lessee

##### Lease liabilities

At the commencement date of a lease (i.e. the date on which the underlying asset of the lease is available for use by KPN), KPN recognizes a lease liability measured at the present value of future lease payments to be made over the term of the lease. This includes fixed fees (including in-substance fixed payments), lease incentives (such as rent-free periods or fee discounts), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. KPN does not have purchase options to be taken into account. Penalties for early termination of a lease are not included when KPN is reasonably certain that the related early termination will not take place.

All contracts of KPN that contain variable lease payments depend on a consumer price index or a rate. However, should other types of fees occur, these variable fees will be accounted for in the operating expenses.

After the commencement date, the lease liabilities increase due to the accrual of interest and decrease due to the payments of the fees due. The lease liabilities are remeasured when a change occurs in the fees due, the lease term deemed reasonably certain and/or changes to the scope of a lease. Upon remeasurement of the lease liability of a contract, the applied discount rate (incremental borrowing rate) is revised unless the

remeasurement relates to a fee change following a change in consumer price index or rate.

The total lease liability recognized is split into a non-current and a current portion. The current lease liabilities reflect only the part of the payments due within one year related to the repayment of the total lease liabilities.

##### Lease term

KPN determined the lease term as the non-cancellable term of a contract together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

KPN applies judgment when assessing if the use of an option is reasonably certain. Factors included are KPN's asset and network strategy, technological developments, and other circumstances that may impose an economic incentive affecting the expected use of an underlying asset. For vehicles, renewal options are not included in the initial assessment of the lease term as KPN's policy prescribes the return of vehicles to the lessor at the end of the lease term.

After the commencement of a lease, KPN reassesses the lease term if there is a significant event or change in circumstances that is within KPN's control and effects KPN's ability to exercise or not to exercise the option to renew or to terminate a lease.

## Consolidated Financial Statements

### Incremental borrowing rate

The implicit discount rates of KPN's leases are not readily available, with the exception for vehicles. KPN applies its applicable incremental borrowing rate to determine the discounted value of the lease liabilities. Upon modification of a lease, the lease liability is remeasured using the applicable discount rate at the date of the remeasurement. KPN's incremental borrowing rates are mainly determined using a risk-free rate combined with a spread reflecting KPN's credit risk. The applicable rate per contract is primarily dependent on the total expected term of a lease at its commencement date (new leases) or the total expected remaining lease term in case of a remeasurement of a lease.

### Right-of-use assets

Right-of-use assets are recognized at commencement date of a lease as counterpart to the lease liabilities. The right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement in the corresponding lease liabilities. The cost of the right-of-use assets includes the initially recognized amount of the corresponding lease liabilities, initial direct costs incurred in obtaining the lease (if any) and lease payments made at or before commencement of the lease. Lease incentives received are deducted from the carrying value of the right-of-use assets.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the underlying asset and the lease term. Right-of-use assets are subject to impairment.

### Short-term leases and leases of low-value assets

KPN does not apply the practical expedients for low-value leases (leases of an underlying asset with a value of less than EUR 5,000) and short-term leases (leases with a total expected term of less than 12 months) except for short-term rental vehicles.

Regarding vehicle leases, KPN applies the practical expedient not to separate non-lease components from lease components. Therefore, the full monthly lease fees are reflected in KPN's Statement of Financial Position. For all types of leased assets, electricity and fuel-related expenses remain part of operating expenses.

### KPN as lessor

Leases where KPN as lessor retains a significant portion of the risk and rewards of ownership of the lease asset are classified as operating leases. The assets remain on the balance sheet and are depreciated over the assets' useful life.

Lease payments received from lessees are recognized as revenue on a straight-line basis over the lease period.

If KPN acts as a lessor in a finance lease, the transaction is accounted for as a normal sale and the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is deferred and recognized as interest over the lease term.

## [20] Contract liabilities, trade and other payables

### Trade and other payables

€ million	31 December 2023		31 December 2022	
	Current	Non-current	Current	Non-current
Trade payables	537	-	591	-
Accrued interest	79	-	52	-
Accrued expenses	345	-	286	-
Social security and other taxes payable	195	-	184	-
Other payables	20	9	27	8
<b>Total</b>	<b>1,177</b>	<b>9</b>	<b>1,140</b>	<b>8</b>

Some of KPN's suppliers participate in Supplier Finance Programs giving suppliers the opportunity to receive earlier payment (from a financial institution), without modifying KPN's payment terms, or providing KPN an extended payment period. As the payment terms under these programs do not materially deviate from customary payment terms in the industry or from the terms agreed with suppliers who do not participate in these programs, the relating liabilities are classified as trade and other payables, and payments are classified as operating cash flow. The Supplier Finance Programs do not impact covenants or KPN's access to (future) borrowings from financial institutions. As at 31 December 2023, the total amount of payables under the three Supplier Finance Programs amounted to EUR 223m (2022: EUR 205m).

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### Contract liabilities

€ million	31 December 2023		31 December 2022	
	Current	Non-current	Current	Non-current
Contract liabilities	169	119	169	130
Of which variable considerations	-	96	-	94

The contract liabilities primarily relate to the consideration received from customers before satisfying performance obligations, such as advances for subscriptions and airtime. KPN recognizes a contract liability for postpaid and prepaid bundled minutes and data increasingly based on the passage of time of these bundles per proposition. The utilization percentage is the actual pro-rata period as a percentage of total credits granted for that period.

A contract liability is also recognized for:

- Mobile connection fees charged to the customer if the connection is not treated as a separate performance obligation.
- Fees invoiced for transition projects for business customers in case the project is not treated as a separate performance obligation. If the transition project is treated as a separate performance obligation, a contract liability is recognized if the amount invoiced is higher than the amount of revenue allocated to the projects.

Contract liabilities are recognized for variable considerations which are not deemed highly probable. The introduction of new mobile consumer propositions in August 2016 caused a change in the VAT calculation methodology, which resulted in a lower remittance of VAT from August 2016 until December 2018. KPN's view is not shared by the Dutch tax authorities. KPN concluded, based on the applicable regulations, that a positive outcome of this dispute is not highly probable and therefore recorded a contract liability for the VAT amount. Additionally, an amount for the corresponding interest amount has been accounted for. A potential final negative outcome of the current court procedure will lead to cash outflow for an amount up to the non-current variable considerations which includes accrued interest. The comparative information 2022 has been restated for the accrued interest.

The year's revenues include the current portion of the contract liability balance at the beginning of the year.

#### Accounting policy: Contract liabilities, trade and other payables

Trade and other payables are classified as 'borrowings' within KPN's financial liabilities. For the accounting policy, see Note 13.

For the accounting policy regarding contract liabilities, see Note 4.

## Consolidated Financial Statements

# Other notes to the Consolidated Financial Statements

## [21] Business combinations

### Changes in consolidation: Acquisitions classified as business combinations

€ million	2023	2022
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>		
Intangible assets	4	9
Property, plant and equipment	26	-
Trade and other receivables, prepayments and accrued income	3	2
Net cash and cash equivalents	-	1
Non-current liabilities	-	-3
Deferred tax liability	-4	-
Trade and other payables and accrued expenses	-1	-2
<b>Total net assets</b>	<b>28</b>	<b>7</b>
<b>Total transaction costs</b>	<b>-</b>	<b>-</b>
Cash consideration	37	13
Contingent cash consideration	-	1
<b>Total consideration</b>	<b>37</b>	<b>14</b>
<b>Goodwill</b>	<b>10</b>	<b>7</b>

#### Kabeltex (2023)

On 30 November 2023, KPN purchased 100% of the shares in Kabeltex. Kabeltex owns fiber networks and an internet service provider on Texel and in the north of North Holland. Kabeltex' fiber networks include approximately 18,000 Homes Passed. KPN will add Kabeltex' fiber networks to its existing offering of wholesale services for fiber. The transaction is accounted for as a business combination because the assets acquired and liabilities assumed constitute a business. The preliminary purchase price allocation resulted in a goodwill of EUR 10m.

The impact of the acquisition on KPN's Group revenues, EBITDA AL and net profit in 2023 is negligible. If the acquisition had taken place at the beginning of the year, Kabeltex would have contributed approximately EUR 5m in revenues and EUR 1m in EBITDA AL.

#### Itzos (2022)

On 30 December 2022, KPN acquired 100% of the shares of Itzos B.V., a Dutch IT provider specializing in integrating healthcare systems and optimizing communication between healthcare providers. The transaction is accounted for as a business combination because the assets acquired and liabilities

assumed constitute a business. The impact of the acquisition on KPN's Group revenues, EBITDA AL and net profit in 2022 is negligible, also if the acquisition had taken place at the beginning of the year.

### Changes in consolidation: Disposals

€ million	2023	2022
<b>Amount of assets and liabilities in the subsidiaries or businesses over which control is lost:</b>		
Intangible assets	2	-
Other non-current assets	3	-
Trade and other receivables, prepayments and accrued income	7	-
Other non-current liabilities	-2	-
Trade and other payables and accrued expenses	-6	-
<b>Total net assets</b>	<b>5</b>	<b>-</b>
Transaction costs	-	-
Allocation of goodwill upon loss of control over a business	-	-
<b>Total costs</b>	<b>-</b>	<b>-</b>
Payment to buyer	-8	-
<b>Total consideration</b>	<b>-8</b>	<b>-</b>
<b>Book loss before income tax</b>	<b>-13</b>	<b>-</b>
Income taxes	-	-
<b>Book loss after income tax</b>	<b>-13</b>	<b>-</b>

On 29 December 2023, KPN sold 100% of the shares of its subsidiary CAM IT to ITQ. The transaction resulted in a net loss of EUR 13m recognized in other operating expenses. During 2022, no subsidiaries were sold.

### Other changes in consolidation

#### Acquisitions not classifying as Business Combinations

On 3 July 2023, KPN purchased the fiber networks of Primevest Capital Partners. These networks, located in The Hague, Rotterdam and Eindhoven added approximately 127,000 Homes Passed to KPN's fiber footprint. The transaction resulted in consolidation of the three legal entities involved. As the assets acquired and liabilities assumed do not constitute a business, the transaction has been accounted for as an asset acquisition and no goodwill has been recognized. The total consideration paid (EUR 97m) has been allocated to the assets acquired and liabilities assumed on a relative fair value basis. The table below indicates the impact of this asset acquisition on KPN's statement of financial position (numbers not included in the table containing the financial impact of business combinations).

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€ million	2023	2022
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>		
Intangible assets	2	-
Property, plant and equipment	91	-
Deferred tax asset	1	-
Trade and other receivables, prepayments and accrued income	3	-
Net cash and cash equivalents	2	-
Trade and other payables and accrued expenses	-2	-
<b>Total net assets</b>	<b>97</b>	<b>-</b>
<b>Total transaction costs</b>	<b>-</b>	<b>-</b>
Cash consideration	97	-
Contingent cash consideration	-	-
<b>Total consideration</b>	<b>97</b>	<b>-</b>

### Intended acquisition of Youfone's Dutch activities

On 22 June 2023, KPN announced its intention to acquire Youfone's Dutch activities. Youfone, a fast-growing telecom operator, is already active on KPN's network with more than 540,000 customers. With this acquisition, KPN materially strengthens its position in the mobile and broadband markets, especially in the faster-growing no-frills segment.

The transaction, which amounts to approximately EUR 200m in value, is subject to customary closing conditions, including competition authority approval. On 14 September 2023, the Netherlands Authority for Consumers and Markets (ACM) has decided that the planned acquisition needs further investigation.

### Impact on cash flow from investing activities

The net cash outflow related to acquisition of and investments in subsidiaries, associates and joint ventures (net of acquired cash) was EUR 118m in 2023 (2022: EUR 37m). This amount includes the net cash consideration related to the acquisition of Kabeltex (EUR 36m), additional share premium contributions to Glaspoort (EUR 70m, see Note 12) and payments related to acquisitions of smaller investments in associates. The net cash outflow of 2022 (EUR 37m) included among others the net cash consideration related to the acquisition of Itzos (EUR 12m) and additional share premium contributions to Glaspoort (EUR 24m).

The net cash inflow from disposal of subsidiaries and associates was EUR 23m in 2023 (2022: EUR 14m). This mainly consists of the received deferred payment of EUR 29m related to Glaspoort (2022: EUR 14m, see Note 131), partly offset by the EUR 8m payment made to the buyer of CAM IT.

### Accounting policy: Business combinations

KPN uses the acquisition method to account for business combinations. The consideration paid is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. When a business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the P&L.

Contingent considerations are recognized at fair value at acquisition date and subsequent changes to the fair value are recognized in the P&L. Contingent considerations classified as equity are not remeasured and subsequent settlement is counted for within equity.

For each business combination, KPN elects to recognize any non-controlling interest in the acquiree either at fair value or at the proportionate share in the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration paid, non-controlling interests recognized and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of KPN's share of the net assets acquired is recorded as goodwill. If negative goodwill occurs (bargain purchase), the difference is recognized directly in the P&L.



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### [22] Commitments, contingencies and legal proceedings

#### Commitments

€ million	Less than 1 year	1-5 years	More than 5 years	Total 31 December 2023	Total 31 December 2022
Capital and purchase commitments	1,168	469	49	1,686	1,074
Guarantees and other	-	-	129	129	135
<b>Total commitments</b>	<b>1,168</b>	<b>469</b>	<b>178</b>	<b>1,816</b>	<b>1,209</b>

The capital and purchase commitments mainly relate to minimum contractual obligations with regard to network operations, mobile handsets and telco services, and lease contracts that have not yet commenced.

Guarantees consist of financial obligations of group companies under certain contracts guaranteed by KPN. A total amount of EUR 129m relates to parent guarantees (2022: EUR 135m). The table presented above does not include KPN's commitment on share premium contributions regarding Glaspoort of EUR 202m (31 December 2022: EUR 163m). See Note 12.

#### Intended acquisition of Youfone's Dutch activities

On 22 June 2023, KPN announced its intention to acquire Youfone's Dutch activities. The transaction is subject to customary closing conditions, including competition authority approval. On 14 September 2023, the Netherlands Authority for Consumers and Markets (ACM) has decided that the planned acquisition needs further investigation. See Note 21.

#### Contingent liabilities

KPN is involved in a number of legal and tax proceedings that have arisen in the ordinary course of its business and in discontinued operations, including commercial, regulatory or other proceedings. KPN periodically carefully assesses the likelihood that legal and tax proceedings may lead to a cash outflow and recognizes provisions in such matters if and when the chance of a cash outflow is estimated as probable and a reliable estimate of the cash outflow can be made. When these criteria are not met, such matters are classified as contingent liabilities, unless the cash outflow is considered remote.

However, the outcome of such proceedings can be difficult to predict with certainty and KPN can offer no assurances in this regard. In some cases, the impact of a legal proceeding may be more strategic than financial and such impact cannot properly be quantified. Below is a description of legal related contingent liabilities that could have a material impact for KPN.

#### Idle cables

See Note 18 for a contingent liability related to idle cables and the accounting policy of provisions.

#### Indemnification

In KPN's Articles of Association and in a further decision by the Board of Management, which was approved by the Supervisory Board, KPN has indemnified the members and former members of KPN's Board of Management and Supervisory Board, as well as a number of KPN's officers and directors and former officers and directors, against liabilities, claims, judgments, fines and penalties incurred by such officer or director as a result of any threatened, pending or completed action, investigation or proceeding (whether civil, criminal or administrative) brought by a third party in relation to acts or omissions in or related to their capacity as officer or director.

The indemnification does not apply to claims and expenses reimbursed by insurers nor to an officer or a director adjudged to be liable for willful misconduct ('opzet') or intentional recklessness ('bewuste roekeloosheid').

### [23] Related-party transactions

KPN considers none of the related-party transactions to be material on an individual basis. Transactions between group companies are not included in the description below as these are eliminated in the Consolidated Financial Statements.

#### Transactions with shareholders

On 13 February 2024, América Móvil, S.A.B. de C.V. (AMX) published in its fourth quarter 2023 report that it owned 14.6% of KPN's ordinary share capital as at 31 December 2023. All transactions in 2023 and 2022 with AMX and its subsidiaries and associated companies were in the ordinary course of business and not significant.

Other shareholdings equaling or exceeding 3% of the issued capital:

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- On 27 December 2023, The Goldman Sachs Group Inc., notified the AFM that it held 3.52% of the shares and voting rights related to KPN's ordinary share capital.
- On 20 November 2023, UBS Group AG notified the AFM that it held 3.31% of the shares and voting rights related to KPN's ordinary share capital.
- On 13 October 2023, Norges Bank notified the AFM that it held 3.10% of the shares and voting rights related to KPN's ordinary share capital.
- On 16 August 2023, BlackRock, Inc. notified the AFM that it held 5.72% of the shares and 6.90% of the voting rights related to KPN's ordinary share capital.
- On 4 August 2023, Amundi Asset Management notified the AFM that it held 3.11% of the shares and voting rights related to KPN's ordinary share capital.
- On 2 August 2022, Capital Research and Management Company notified the AFM that it held 9.70% of the voting rights related to KPN's ordinary share capital.
- On 2 June 2022, The Income Fund of America notified the AFM that it held 4.97% of the shares and voting rights to KPN's ordinary share capital.

To KPN's knowledge, no other shareholder owned 3% or more of KPN's issued share capital as at 31 December 2023. KPN did not enter into agreements with AMX or other shareholders that could have a material impact on KPN's Financial Statements.

### Transactions with associated companies and joint ventures

On 9 June 2021, KPN sold 50% of the shares of its subsidiary Glaspoot B.V. and entered into a joint venture agreement with APG (see Note 12). As of 9 June 2021, KPN's remaining 50% interest in Glaspoot is classified as a joint venture and accounted for using the equity method. KPN is the anchor tenant on the network of Glaspoot and also supplies services to Glaspoot. The value of the services delivered to and acquired from Glaspoot, and its joint venture Glasdraad, amounted to EUR 16m and EUR 23m respectively in 2023 (2022: EUR 15m and EUR 16m respectively). Furthermore, in December 2021, KPN, APG and Glaspoot signed an agreement to extend the scope of the fiber roll-out of Glaspoot. It was agreed that KPN will receive EUR 170m (pre-tax) from Glaspoot for the sale of the additional scope projects in annual installments based on the fiber roll-out starting in 2023. As at 31 December 2023, KPN has received EUR 111m of the total consideration agreed upon (EUR 60m in cash upon closing of the transaction in 2021 and EUR 51m during 2023). During 2023, Glaspoot received additional share premium contributions from its shareholders. KPN contributed EUR 85m, of which EUR 16m through a contribution in kind. Trade and other receivables with respect to Glaspoot as at 31 December 2023 amounted to EUR 2m (2022: EUR 1m), trade payables EUR 5m (2022: EUR 2m), non-current contract assets EUR 28m (2022: EUR 29m), current contract assets EUR 31m (2022: EUR 51m) and no current contract liabilities (2022: EUR 16m).

The following table provides the total value of the transactions by KPN with other associated and non-consolidated companies for the relevant year:

€ million	2023	2022
Sales in the year	16	39
Purchases in the year	8	<1
Trade receivables at 31 December	<1	2
Trade payables at 31 December	<1	<1

### Transactions with directors and related parties

For details of the relationship between directors and the company, see the Remuneration Report section of this Integrated Annual Report. Directors in this respect are defined as key management and relate to those having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. At KPN, key management consists of the members of the Board of Management and the Supervisory Board.

The members of KPN's Board of Management and Supervisory Board or close members of their families are also members of supervisory boards or management boards of other companies or are shareholders of other companies, without having (joint) control, with which KPN maintains relations in the ordinary course of business. All transactions with these companies are performed on an arm's length basis.

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### [24] Legal structure

Name of significant subsidiaries and other principal interests	Country of incorporation
<b>KPN B.V.</b>	
- Broadband Hosting B.V.	Netherlands
- E-Zorg B.V.	Netherlands
- Glaspoort B.V.	Netherlands
- GroupIT B.V.	Netherlands
- RoutIT B.V.	Netherlands
- InSpark Holding B.V.	Netherlands
- InSpark B.V.	Netherlands
- KPN Finance B.V.	Netherlands
- Reggefiber Group B.V.	Netherlands
- Reggefiber Operator B.V.	Netherlands
- Reggefiber tH B.V.	Netherlands
- Netwerk Exploitiemaatschappij B.V.	Netherlands
- Solcon Internetdiensten B.V.	Netherlands
<b>KPN Mobile N.V.</b>	Netherlands
<b>KPN Ventures B.V.</b>	Netherlands
<b>Getronics B.V.</b>	Netherlands
- Getronics Finance Holdings B.V.	Netherlands
- Getronics Pensions UK Ltd.	UK
- Getronics US Operations, Inc.	US
<b>KPN Insurance Company DAC</b>	Ireland

The percentage ownership/voting interest of these entities is 100%, except the joint venture Glaspoort B.V. in which KPN has an interest of 50%.

### [25] Proposed appropriation of result

On outstanding Class B preferred shares, a dividend is paid out equal to the average of the 12-month Euribor increased by 1%. If the 12-month Euribor is no longer determined, the dividend on preference shares will be calculated based on the yield on state loans. Subsequently, subject to the approval of the Supervisory Board, the Board of Management will determine what proportion of net income remaining after payment of the dividend on any Class B preferred shares will be appropriated to the reserves. The part of the profit remaining after the appropriation to the reserves shall be at the disposal of the AGM. No Class B preferred shares were outstanding on 31 December 2023.

The profit of the financial year 2023 that is attributable to equity holders of the company amounts to EUR 844m. On 1 August 2023, a regular interim dividend of EUR 5.2ct per ordinary share was paid (total amount of EUR 205m). On 28 February 2024, the Board of Management, with the approval of the Supervisory

Board, appropriated EUR 252m of the profit 2023 to the other reserves. Taking into account the interim dividend that was paid in August 2023, the remaining part of the profit is available for payment of a final dividend in respect of 2023. The Board of Management, with the approval of the Supervisory Board, will propose to the AGM to pay a final regular dividend of EUR 9.8ct per ordinary share in respect of 2023 (in total EUR 387m based on the number of outstanding shares at 31 December 2023 less Treasury shares held by KPN).

### [26] Subsequent events

KPN reiterates its intention and started to execute its new share buyback program of EUR 200m in 2024.

Furthermore, on 7 February 2024, KPN successfully issued a 3.875% EUR 1.0bn senior unsecured bond maturing on 16 February 2036. Part of the proceeds of the new bond have been used to finance a tender offer to repurchase and cancel part of KPN's two outstanding GBP denominated senior unsecured bonds due in 2026 and 2029. The total tender consideration excluding accrued interest was approximately GBP 465m and settlement took place on 19 February 2024.

América Móvil notified the AFM that it has reduced its stake in KPN to below 3% as per 12 February 2024.

On 23 February 2024, a jury in the 71st District Court of Texas, awarded KPN a material amount in damages for a breach by Samsung of a prior agreement between the parties. The case is still subject to further proceedings and possible appeal and the final outcome is therefore still uncertain. Since it is not deemed virtually certain that this amount will be received, no amounts have been recorded.

## Corporate Financial Statements

# Corporate Statement of Profit or Loss

For the year ended 31 December

€ million	Notes	2023	2022
<b>Total revenues and other income</b>		-	-
Other operating expenses		-5	-8
<b>Total operating expenses</b>		<b>-5</b>	<b>-8</b>
<b>Operating profit</b>		<b>-5</b>	<b>-8</b>
Finance income		16	-1
Finance costs		-240	-193
Other financial results		-4	-2
Intercompany interest (net)		-95	23
<b>Financial income and expenses</b>	<b>[A]</b>	<b>-323</b>	<b>-172</b>
Income from subsidiaries		1,075	884
<b>Profit before income tax</b>		<b>747</b>	<b>704</b>
Income taxes	B	97	56
<b>Profit for the year</b>		<b>844</b>	<b>760</b>

## Corporate Financial Statements

# Corporate Statement of Financial Position

*Before appropriation of current year result*

### Assets

€ million	Notes	31 December 2023	31 December 2022
<b>Non-current assets</b>			
<b>Financial fixed assets</b>			
Investments in subsidiaries		12,647	10,785
Loan to subsidiary		-	-
Derivatives		65	125
Deferred taxes		299	326
Other fixed financial assets		84	76
<b>Total non-current assets</b>	<b>[B]</b>	<b>13,095</b>	<b>11,313</b>
<b>Current assets</b>			
Accounts receivable from subsidiaries	[F]	1,425	1,850
Loan to subsidiary	[B]	-	60
Other receivables and accrued income		9	10
Derivatives		12	23
Income tax receivable		30	75
Other current financial assets		194	101
Cash and cash equivalents		525	314
<b>Total current assets</b>		<b>2,195</b>	<b>2,433</b>
<b>Total assets</b>		<b>15,290</b>	<b>13,746</b>

## Corporate Financial Statements

### Equity and liabilities

€ million	Notes	31 December 2023	31 December 2022
<b>Equity</b>			
Subscribed capital stock		158	161
Additional paid-in capital		7,674	7,960
Treasury shares reserve		-17	-37
Hedge reserve		-114	-86
Legal reserves	[C]	661	670
Retained earnings	[C]	-6,637	-6,769
Equity attributable to holders of perpetual hybrid bonds		990	990
Profit (loss) current year		844	760
<b>Total equity attributable to equity holders</b>		<b>3,558</b>	<b>3,650</b>
<b>Provisions</b>			
Provisions for retirement benefit obligations		2	1
Other provisions		18	20
<b>Total provisions</b>	<b>[D]</b>	<b>20</b>	<b>21</b>
<b>Non-current liabilities</b>			
Loans from subsidiaries	[E]	50	50
Borrowings	[E]	4,974	4,720
Derivative financial instruments		256	366
Other non-current liabilities	[G]	426	455
<b>Total non-current liabilities</b>		<b>5,706</b>	<b>5,591</b>
<b>Current liabilities</b>			
Accounts payable to subsidiaries	[F]	5,308	4,129
Borrowings	[E]	497	196
Derivative financial instruments		5	1
Income tax payable		-	-
Other current liabilities	[G]	117	101
Accruals and deferred income		79	58
<b>Total current liabilities</b>		<b>6,006</b>	<b>4,485</b>
<b>Total equity and liabilities</b>		<b>15,290</b>	<b>13,746</b>

## ● Corporate Financial Statements

# Notes to the Corporate Financial Statements

The principles for the recognition and measurement of assets and liabilities and determination of the result (hereafter referred to as 'accounting policies') of the Corporate Financial Statements of Koninklijke KPN N.V. are the same as those applied to the Consolidated Financial Statements under IFRS (applying the option provided in Article 362 sub 8, Part 9, Book 2 of the Dutch Civil Code). The Consolidated Financial Statements have been prepared in accordance with the IFRS (see Notes to the Consolidated Financial Statements).

Investments in consolidated subsidiaries are measured at net equity value (equity of the subsidiaries based on the equity method and goodwill). The equity method measures assets, provisions and liabilities, and determines profit of the subsidiaries based on the principles applied in the Consolidated Financial Statements.

Expected credit losses, if any, with respect to loans granted to and receivables from consolidated subsidiaries are not recognized in these Corporate Financial Statements.

### Directors' remuneration

See Note 5 Personnel expenses to the Consolidated Financial Statements.

## [A] Financial income and expenses

€ million	2023	2022
<b>Finance income</b>	<b>16</b>	<b>-1</b>
Interest on borrowings	-236	-190
Other	-4	-3
<b>Finance costs</b>	<b>-240</b>	<b>-193</b>
Amortizable part of hedge reserve	-15	-15
Amortization discontinued fair value hedges	16	18
Derivative financial instruments not qualified for hedge accounting	-9	-11
Hedge ineffectiveness	4	10
Other	-	-4
<b>Other financial results</b>	<b>-4</b>	<b>-2</b>
<b>Intercompany interest (net)</b>	<b>-95</b>	<b>23</b>
<b>Total</b>	<b>-323</b>	<b>-172</b>

Finance income in 2022 included negative interest on cash balances.

Intercompany interest was a net cost of EUR 95m in 2023 and a net income of EUR 23m in 2022. The increase in intercompany interest cost is due to an increase in interest rates (-0.5% to 0% in 2022 and 3.0% to 3.3% in 2023). Furthermore, in the course of 2023 certain accounts receivables from subsidiaries were waived (see Note E) which caused an increase in intercompany interest cost (net).

## Corporate Financial Statements

### [B] Non-current assets

€ million	Investments in subsidiaries companies	Loan to subsidiary <sup>1</sup>	Derivatives	Deferred taxes	Other financial fixed assets <sup>2</sup>	Total
<b>Balance at 1 January 2022</b>	<b>9,883</b>	<b>60</b>	<b>212</b>	<b>566</b>	<b>59</b>	<b>10,780</b>
Exchange rate differences	12	-	-	-	-	12
Income from group companies after taxes	884	-	-	-	-	884
Movements paid collaterals	-	-	-	-	18	18
Capital contributions	1	-	-	-	-	1
Reclassification to current	-	-60	-	-	-	-60
Fair value adjustments	-	-	-86	-	-	-86
Use of tax loss carry forward	-	-	-	-224	-	-224
Other	5	-	-	-16	-	-11
<b>Total changes</b>	<b>902</b>	<b>-60</b>	<b>-86</b>	<b>-240</b>	<b>18</b>	<b>534</b>
<b>Balance at 31 December 2022</b>	<b>10,785</b>	<b>-</b>	<b>125</b>	<b>326</b>	<b>76</b>	<b>11,313</b>
Exchange rate differences	-2	-	-	-	-	-2
Income from group companies after taxes	1,075	-	-	-	-	1,075
Increase due to waiver <sup>3</sup>	778	-	-	-	-	778
Movements paid collaterals	-	-	-	-	8	8
Capital contributions	1	-	-	-	-	1
Fair value adjustments	-	-	-60	-	-	-60
Use of tax loss carry forward	-	-	-	-34	-	-34
Other	10	-	-	7	-	17
<b>Total changes</b>	<b>1,862</b>	<b>-</b>	<b>-60</b>	<b>-27</b>	<b>8</b>	<b>1,782</b>
<b>Balance at 31 December 2023</b>	<b>12,647</b>	<b>-</b>	<b>65</b>	<b>299</b>	<b>84</b>	<b>13,095</b>

1 Loan to KPN Finance B.V., which was repayable latest on 28 September 2023, and was subordinated to all other loans, obligations and creditors. Annual interest was 4.6%. At 31 December 2022 this loan was reclassified as a current asset.

2 Other financial fixed assets mainly includes paid collaterals regarding derivative financial instruments and energy contracts.

3 Increase mainly relates to the waiver of the loan payable by KPN Mobile N.V. (see Note F).

### Taxation

The Corporate Financial Statements on behalf of Koninklijke KPN N.V. are prepared as if the company is independently subject to corporate income tax, so excluding the offset of profits within the tax group, of which the entity is the parent.

As a result, the company reports a tax benefit for the tax-deductible interest and no tax on the result of consolidated entities as the tax of these entities is booked at the level of the entity itself.

The company's deferred tax asset represents the future tax relief on taxable profits (within the tax group) due to available losses and is higher than reported on consolidated level, since the asset

can be offset against deferred tax liabilities reported in other entities that are part of the same tax group.

### [C] Equity attributable to equity holders

For a breakdown of equity attributable to equity holders, see the Consolidated Statement of Changes in Equity and related Notes. On 8 November 2019, KPN issued a EUR 500m hybrid bond with a 2.00% coupon and on 13 September 2022 a EUR 500m hybrid bond with a coupon of 6.00%, both with a perpetual maturity. These bonds are classified as equity and valued at net proceeds (see Note 13.2).



## Corporate Financial Statements

### Legal reserves (net of tax)

€ million	Revaluation reserves <sup>1</sup>	Cumulative translation adjustments	Capitalized software development costs <sup>2</sup>	Fair value reserve equity investments	Solvency capital requirement <sup>3</sup>	Total
<b>Balance at 1 January 2022</b>	<b>364</b>	<b>15</b>	<b>109</b>	<b>13</b>	<b>15</b>	<b>516</b>
Addition/release (-) retained earnings	-6	-	139	14	5	152
Exchange rate differences	-	2	-	-	-	2
<b>Balance at 31 December 2022</b>	<b>358</b>	<b>17</b>	<b>248</b>	<b>27</b>	<b>20</b>	<b>670</b>
Addition/release (-) retained earnings	-13	-	18	-14	-	-9
Exchange rate differences	-	-	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>345</b>	<b>17</b>	<b>266</b>	<b>13</b>	<b>20</b>	<b>661</b>

1 Relates to the equity investment in Glaspoort (refer to Note 21 of the Consolidated Financial Statements) and property, plant and equipment of EUR 336m and EUR 9m respectively at 31 December 2023 (2022: EUR 347m and EUR 11m respectively). All amounts net of tax.

2 In 2022, the method to determine the reserve for capitalised development costs was amended and now also includes the costs charged by third parties.

3 This is the amount of funds that KPN Insurance Company DAC is required to hold under the European Union's Solvency II directive.

Pursuant to Dutch law, there are limitations on the distribution of equity attributable to equity holders. Such limitations relate to the subscribed capital stock as well as to legal reserves required by Dutch law as presented above. Dutch law also requires that in determining the amount for distribution, the company's ability to continue to pay its debt must be taken into account. The total distributable reserves, which include the perpetual hybrid bonds, amounted to EUR 2,739m as at 31 December 2023 (2022: EUR 2,818m).

### Retained earnings

#### Movements in retained earnings

€ million	2023	2022
<b>Balance at 1 January</b>	<b>-6,769</b>	<b>-7,311</b>
Change in accounting policy	-	-11
Profit of previous year	760	1,288
Coupon perpetual hybrid bonds	-40	-17
Dividend ordinary shares	-587	-571
Actuarial gain/loss pensions and other post-employment plans (net of tax)	-	5
Fair value adjustment equity investments	11	10
Release/addition legal reserves (except cumulative translation adjustments)	9	-152
Share-based compensation	-17	-9
Reclassifications	-4	-
<b>Balance at 31 December</b>	<b>-6,637</b>	<b>-6,769</b>

### Retained earnings reconciled with the Consolidated Statement of Financial Position

€ million	2023	2022
<b>Retained earnings as per Consolidated Statement of Financial Position</b>	<b>-5,150</b>	<b>-5,356</b>
Revaluation reserves	-345	-358
Capitalized software development costs	-266	-248
Fair value reserve equity investments	-13	-27
Other non-distributable reserves	-20	-20
Profit for the year	-844	-760
<b>Retained earnings as per Corporate Statement of Financial Position</b>	<b>-6,637</b>	<b>-6,769</b>

## Corporate Financial Statements

### [D] Provisions

#### Movements in provisions

€ million	Retirement benefit obligations	Other provisions	Total
<b>Balance at 1 January 2022</b>	-	23	23
Additions/releases to income	1	3	4
Usage	-	-6	-6
<b>Balance at 31 December 2022</b>	1	20	21
Additions/releases to income	1	3	4
Usage	-1	-4	-5
<b>Balance at 31 December 2023</b>	2	18	20

The provisions for retirement benefit obligations relate to early retirement plans (see Note 17 to the Consolidated Financial Statements). Other includes provisions for long-term employee obligations related to jubilee or other long-service employee benefits and long-term disability benefits.

### [E] Loans from subsidiaries and borrowings

The balance as at 31 December 2023 and 2022 of EUR 50m consists of a short-term roll-over loan from KPN Insurance Company DAC, which bears an interest of 6-month Euribor plus 0.3%.

Non-current borrowings as at 31 December 2023 include senior bonds outstanding for EUR 4,975m (2022: EUR 4,720m). Current borrowings as at 31 December 2023 include senior bonds outstanding for EUR 437m (2022: none) and no hybrid bonds outstanding (2022: EUR 136m). On 27 June 2023, KPN issued a new 3.875% EUR 600m senior bond. On 7 March 2023, KPN redeemed the remaining outstanding amount of the 7% USD 600m hybrid bond (EUR 136m). Furthermore, borrowings increased by EUR 40m due to exchange differences and by EUR 1m due to fair value adjustments. See also Note 13.2 to the Consolidated Financial Statements for further information about KPN's senior and hybrid bonds outstanding.

KPN set up a Euro-Commercial Paper Program under which KPN can issue short-term debt instruments for up to EUR 1 billion. As at 31 December 2023, current borrowings include the outstanding balance of commercial paper of EUR 60m (2022: EUR 60m).

### [F] Accounts receivable from and accounts payable to subsidiaries

Koninklijke KPN N.V. operates a cash pool for the KPN Group, which leads to accounts receivable from and accounts payable to subsidiaries. In 2023, the increase in accounts receivable from subsidiaries due to Capex and other investments made by subsidiaries was more than offset by waivers of accounts receivable from subsidiaries for an amount of EUR 778m. Accounts payable to subsidiaries increased, mainly due to cash flows from operating activities generated by subsidiaries. Accounts receivable from subsidiaries (net) at 31 December 2023 includes a current income tax position of the subsidiaries which are included in the fiscal unity of Koninklijke KPN N.V. of EUR 88m. Accounts payable to subsidiaries (net) at 31 December 2023 is offset by a current income tax position of the subsidiaries, which are included in the fiscal unity of Koninklijke KPN N.V. of EUR 139m.

Most of these current accounts have an indefinite duration. The interest is determined annually and based on the 12-month Euribor increased by 0.15% and a risk premium attached by the market to the specific KPN credit risk.

### [G] Other non-current and current liabilities

Other non-current liabilities includes a EUR 300m credit facility from the European Investment Bank, which KPN has fully drawn at year-end 2023 and 2022. This loan has a floating interest rate referenced to 3-month Euribor and a single repayment on 2 August 2027. The interest for the current interest period was fixed at 2.64% per annum. Also included at 31 December 2023 is EUR 74m of collateral received (2022: EUR 103m) as security under derivative financial instruments and energy contracts and EUR 49m borrowings under private placements (2022: EUR 49m).

Other current liabilities consists of VAT payable of the KPN fiscal unity.

## ● Corporate Financial Statements

### [H] Commitments and contingencies

Commitments by virtue of guarantees amounted to EUR 129m (2022: EUR 135m).

KPN has issued several declarations of joint and several liabilities for various group companies in compliance with Article 4:03, Book 2 of the Dutch Civil Code. These declarations of joint and several liabilities for group companies are included in a complete list of subsidiaries and participating interests, which is available at the offices of the Chamber of Commerce in Rotterdam.

Rotterdam, 28 February 2024

Board of Management	Supervisory Board
Joost Farwerck	Gerard van de Aast
Chris Figee	Herman Dijkhuizen
Marieke Snoep	Frank Heemskerk
Chantal Vergouw	Marga de Jager
Wouter Stammeijer	Kitty Koelemeijer
Hilde Garssen	Ben Noteboom
	Edzard Overbeek
	Jolande Sap

## ● Other information

# Statutory provisions on allocation of profit

Under Article 31 of the Articles of Association of KPN, a dividend shall first be paid out on outstanding (if any) Class B preferred shares, equal to the average of the 12-month Euribor increased by 1%. Subsequently, subject to the approval of the Supervisory Board, the Board of Management will determine what proportion of net income remaining after payment of the dividend on any Class B preferred shares will be appropriated to the reserves. The part of the profit remaining after the appropriation to the reserves shall be at the disposal of the AGM. The Board of Management, subject to the approval of the Supervisory Board, shall make a proposal to the AGM for the dividend to be paid. The Board of Management, subject to the approval of the Supervisory Board, may also resolve to distribute an interim dividend. The relevant provisions of Dutch law remain applicable.

## Other information

# Assurance report of the independent auditor on the sustainability information

To: Shareholders and members of the Supervisory Board of Koninklijke KPN N.V.

### Our conclusions

We have performed a limited assurance engagement on the sustainability information for 2023 of Koninklijke KPN N.V. based in Rotterdam (hereinafter KPN or the company). The sustainability information is included in the chapters "Report by the Board of Management" and Appendices 1, 3, 4, 5, 6, 7, 9, 10, 12 and 14 of the accompanying Integrated Annual Report.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information does not present fairly, in all material respects:

- The policy with regard to sustainability matters
- The business operations, events and achievements in that area in 2023 in accordance with the applicable criteria as included in the section Criteria.

Furthermore we have performed a reasonable assurance engagement on selected sustainability information included as part of the sustainability information. The selected sustainability information consists of the CO<sub>2</sub>e emission data 2023 (Scope 1 and 2) of KPN's own operations in the Netherlands and the underlying energy data as included in table "CO<sub>2</sub>e emissions own operations scope 1 and 2 (in kTon)" on page 52 of the Integrated Annual Report.

In our opinion the selected sustainability information is prepared, in all material respects, in accordance with the applicable criteria as included in the section Criteria.

### Basis for our conclusions

We have performed our assurance engagement on the sustainability information in accordance with Dutch law, including Dutch standard 3810N, "Assurance-opdrachten inzake duurzaamheidsverslaggeving" (Assurance engagements relating to sustainability reporting), which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, "Assurance engagements other than audits or reviews of historical financial information". Our responsibilities in this regard are further described in the section "Our responsibilities for the assurance engagement on the sustainability information" of our report.

We are independent of KPN in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

### Criteria

The criteria applied for the preparation of the sustainability information are the GRI Sustainability Reporting Standards (GRI Standards), the Regulation (EU) 2020/852 as supplemented with Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2021/2178, Commission Delegated Regulation (EU) 2023/2485 and Commission Delegated Regulation (EU) 2023/2486 (hereinafter: EU Taxonomy) and the criteria supplementally applied as disclosed in Appendix 1: "About this report", Appendix 3: "Materiality assessment" and section "Scoping and calculation methodologies" in Appendix 10: "Environmental figures" of the Integrated Annual Report 2023.

The sustainability information is prepared in accordance with the GRI Standards. The GRI Standards used are listed in the GRI Content Index as disclosed in Appendix 12: GRI Index of the Integrated Annual Report 2023.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques. Consequently, the sustainability information needs to be read and understood together with the criteria applied.

### Key assurance matters

Key assurance matters are those matters that, in our professional judgement, were of most significance in our assurance engagement of sustainability information. We have communicated the key assurance matter to the Supervisory Board. The key assurance matter is not a comprehensive reflection of all matters discussed. This matter was addressed in

## Other information

the context of our assurance engagement on the sustainability information as a whole and we do not provide a separate conclusion on this matter.

### Estimates and assumptions in Scope 3 CO<sub>2</sub>e missions

<b>Key assurance matter</b>	Inherent to the nature of information on Scope 3 CO <sub>2</sub> e emissions is that it is to a large extent based on estimates and underlying assumptions as disclosed in Appendix 10: "Environmental figures" of the Integrated Annual Report 2023. As such these calculations are complex and some degree of uncertainty will remain. For 2023, KPN restated the previously reported Scope 3 emissions, mainly due to inclusion of the subsidiary Reggefiber, which was acquired in 2014 and not previously reported, and a re-assessment of the allocation of costs to spend-based categories used in the calculation method. KPN also identified in 2023 that the Scope 3 emissions were not completely reported in previous years for category 11 and 13 for the B2B business, and for category 12 and 15 as no reliable data is available. In 2023 they updated the reporting criteria to reflect this. KPN is currently working to improve the data quality of reported scope 3 emissions data. Taking into account the aforementioned, we consider this a key assurance matter.
<b>Our limited assurance approach</b>	We have reviewed the restated information on Scope 3 CO <sub>2</sub> e emissions, including related disclosures. Our limited assurance procedures focused on evaluating the suitability and consistent application of the criteria applied and assessing the reasonableness of the assumptions made and sources from third parties used as well as the related disclosures. We have not performed procedures to validate these assumptions and external sources.
<b>Key observations</b>	Nothing has come to our attention that causes us to believe that the Scope 3 CO <sub>2</sub> e emissions are inaccurate and insufficiently disclosed in the annual report of 2023.

### Corresponding selected sustainability information not assured

The KPI "Realized improvements on corrective action plans" for the period before 2023 has not been part of the assurance engagement. Consequently, the corresponding sustainability information and thereto related disclosures for the period before 2023 are not assured with limited assurance. Our conclusion is not modified in respect to this matter.

### Limitations to the scope of our assurance engagement

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites in the sustainability information are not part of the sustainability

information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusions are not modified in respect of these matters.

### Responsibilities of the Board of Management and the Supervisory Board for the sustainability information

The Board of Management is responsible for the preparation and fair presentation of the sustainability information in accordance with the criteria as included in the section Criteria, including the identification of stakeholders and the definition of material matters. The Board of Management is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the Board of Management regarding the scope of the sustainability information and the reporting policy are summarized in Appendix 1: "About this report" and Appendix 3: "Materiality Assessment" of the Integrated Annual Report.

Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the sustainability reporting process of KPN.

### Our responsibilities

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusions.

Our assurance engagement of the sustainability information is aimed to obtain a limited level of assurance to determine the plausibility of sustainability information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

Our assurance engagement of the selected sustainability information has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material fraud and errors during our assurance engagement.

We apply the Nadere voorschriften kwaliteitssystemen (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding



## ● Other information

compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

For a more detailed description of our responsibilities, we refer to the appendix of this assurance report.

Amsterdam, 28 February 2024

Ernst & Young Accountants LLP

Signed by J. Verhagen

## ● Other information

# Appendix to the assurance report of the independent auditor on the sustainability information

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company
- Evaluating the appropriateness of the criteria applied used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the Board of Management
- Reconciling the relevant financial information with the financial statements
- Reading the information in the annual report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the sustainability information

Our limited assurance engagement of the sustainability information included amongst others:

- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Obtaining an understanding of the procedures performed by the internal audit department and the external subject matter experts of KPN
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Making inquiries of Board of Management and relevant staff at corporate level responsible for the sustainability strategy, policy and results
  - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the sustainability information
  - Assessing the suitability and plausibility of assumptions and sources from third parties used for the calculation underlying the impact data as included in Appendix 10: Environmental figures
- Obtaining assurance evidence that the sustainability information reconciles with underlying records of KPN
- Reviewing, on a limited sample basis, relevant internal and external documentation
- Considering the data and trends in the information submitted for consolidation at corporate level
- Considering the overall presentation and balanced content of the sustainability information
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with the criteria applied

Our reasonable assurance engagement (regarding CO<sub>2</sub>e emission data 2023 (Scope 1 and 2) of own operations in the Netherlands and the underlying energy data) of the selected sustainability information included amongst others:

- Obtaining an understanding of the systems and processes for collecting, reporting, and consolidating the selected sustainability information, including obtaining an understanding of internal control environment relevant to our assurance engagement, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Identifying and assessing the risks that the selected sustainability information is misleading or unbalanced, or contains material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures responsive to those risks, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our opinion. These procedures consisted amongst others of:
  - Making inquiries of Board of Management and relevant staff at corporate level responsible for the sustainability strategy, policy and results
  - Reading minutes of the meetings of Board of Management, of the Supervisory Board and other meetings that are important for the content of the selected sustainability reporting
  - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the sustainability information
- Obtaining assurance evidence that the selected sustainability information reconciles with underlying records of KPN
- Evaluating relevant internal and external documentation, on a sample basis, to determine the reliability of the information in the selected sustainability information
- Evaluating the data and trends in the information submitted for consolidation at corporate level
- Evaluating whether the selected sustainability information is presented and disclosed free from material misstatement in accordance with the criteria applied

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings, including any significant findings in internal control that we identify during our assurance engagement.



## ● Other information

# Independent auditor's report on the audit of the country-by-country reporting included in the Integrated Annual Report 2023

To: the Board of Management of Koninklijke KPN N.V.

### Our opinion

We have audited the country-by-country reporting of Koninklijke KPN N.V. based in Rotterdam, the Netherlands (hereinafter: KPN or the company) included in the Integrated Annual Report in Appendix 11: Tax overview for continuing operations per country ('the country-by-country reporting').

In our opinion the country-by-country reporting 2023 of KPN is prepared, in all material respects, in accordance with the reporting requirements under Disclosure 207-4 of Standard 207: Tax of the Global Reporting Initiative (GRI) as issued by the Global Sustainability Standards Board.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of country-by-country reporting of our report.

We are independent of KPN in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of the basis of accounting

We draw attention to section "Basis for preparation" of the country-by-country reporting, which describes the basis of accounting. The country-by-country reporting is intended for the company's stakeholders and is prepared in accordance with Disclosure 207-4 of GRI 207: Tax. As a result, the country-by-country reporting may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Report on other information included in the Integrated Annual Report

The Integrated Annual Report contains other information in addition to the country-by-country reporting and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information inherent to GRI 207: Tax (as referred to in section "GRI 207: Tax 2019" of Appendix 12):

- Is consistent with the country-by-country reporting and does not contain material misstatements
- Contains the information as required under Disclosure 207-1, Disclosure 207-2 and Disclosure 207-3 of GRI 207: Tax

We have read the other information. Based on our knowledge and understanding obtained through our audit of the country-by-country reporting or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the country-by-country reporting.

The Board of Management is responsible for the preparation of the other information, including the management approach disclosures in accordance with the reporting requirements under Disclosure 207-1, Disclosure 207-2 and Disclosure 207-3 of GRI 207: Tax.

### Description of responsibilities for the country-by-country reporting

#### Responsibilities of the Board of Management for the country-by-country reporting

The Board of Management is responsible for the preparation and fair presentation of the country-by-country reporting in accordance with the reporting requirements under Disclosure 207-4 of GRI 207: Tax. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the country-by-country reporting free from material misstatement, whether due to fraud or error.

## Other information

### Our responsibilities for the audit of the country-by-country reporting

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the country-by-country reporting. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Identifying and assessing the risks of material misstatement of the country-by-country reporting, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management
- Evaluating the overall presentation, structure and content of the country-by-country reporting, including the disclosures
- Evaluating whether the country-by-country reporting represent the underlying transactions and events from material misstatement

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

### Communication

We communicate with the Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 28 February 2024

Ernst & Young Accountants LLP

Signed by J. Verhagen

## ● Other information

# Independent auditor's report: Report on the audit of the financial statements 2023 included in the Integrated Annual Report 2023

To: the shareholders and Supervisory Board of Koninklijke KPN N.V.

### Our opinion

We have audited the financial statements 2023 of Koninklijke KPN N.V. based in Rotterdam, the Netherlands (hereinafter: KPN or the company). The financial statements comprise the Consolidated and Corporate Financial Statements.

In our opinion:

- The accompanying Consolidated Financial Statements give a true and fair view of the financial position of KPN as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying Corporate Financial Statements give a true and fair view of the financial position of KPN as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The Consolidated Financial Statements comprise:

- The Consolidated Statement of Financial Position as at 31 December 2023
- The following statements for 2023: the Consolidated Statement of Profit or Loss, the Consolidated Statements of Other Comprehensive Income, Changes in Equity and Cash Flows
- The notes comprising material accounting policy information and other explanatory information

The Corporate Financial Statements comprise:

- The Corporate Statement of Financial Position as at 31 December 2023
- The Corporate Statement of Profit or Loss for 2023
- The notes comprising a summary of the accounting policies and other explanatory information

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of KPN in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### Our understanding of the business

KPN is a telecommunications and IT provider in the Netherlands, offering fixed and mobile telephony, fixed and mobile broadband internet and TV to retail and business customers. KPN offers in the Netherlands infrastructure and network-related IT solutions to business customers. KPN also provides wholesale network services to third parties. KPN is head of a group of entities of which almost all operating activities are located in the Netherlands. We have tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

## Other information

### Materiality

<b>Materiality</b>	€ 45,000,000 (2022: € 45,000,000)
<b>Benchmark applied</b>	2.0% of adjusted earnings before interest, tax, depreciation and amortization after lease (adjusted EBITDA AL).
<b>Explanation</b>	We considered that users of the financial statements of a for-profit entity typically focus on operating performance, particularly profit before tax. Furthermore, we note that in KPN's external communications, EBITDA AL is commonly used to report on its financial performance. Considering these aspects, we have concluded that EBITDA AL is the most appropriate and stable benchmark for KPN to base our materiality upon. We determined materiality consistent with last year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 2.25 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### Scope of the group audit

KPN is at the head of a group of entities. The financial information of this group is included in the Consolidated Financial Statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on the more significant segments, including Consumer, Business, Wholesale and Network, Operations and IT ("NOI"). We performed ourselves full scope audit procedures on the financial information of these segments. At other group entities we performed specific audit procedures or review procedures. We audited the group consolidation and the financial disclosures at the company's head office.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the Consolidated Financial Statements.

#### Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the telecom industry. We included specialists in the areas of IT audit, forensics, sustainability, treasury, share based payments and income tax

and have made use of our own valuation experts in the areas of derivatives and impairment testing and actuaries for pensions.

We performed our audit in cooperation with Internal Audit of KPN, leveraging their in-depth knowledge of KPN and work performed. We agreed on the joint coordination of the audit planning, the nature and scope of the work to be performed, reporting and documentation. We evaluated and tested the relevant work performed by Internal Audit to satisfy ourselves that the work was adequate for our purposes and established what work had to be performed by our own professionals.

#### Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO<sub>2</sub>e reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets (stranded assets) and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO<sub>2</sub>e footprint.

The Board of Management summarized the KPN's commitments and obligations, and reported in the Report by the Board of Management how KPN is addressing climate-related and environmental risks. As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures. Furthermore, we read the Report by the Board of Management and considered whether there is any material inconsistency between the included non-financial information and Appendix 3: Materiality Assessment, and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2023.

## Other information

### Our focus on fraud and non-compliance with laws and regulations

#### Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the Board of Management's (hereinafter: management) process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to section "Compliance and risk" of the Report of the Board of Management for management's fraud risk assessment and section "Audit Committee" of the "Supervisory Board Report" in which the Supervisory Board reflects on the fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures

and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in section "Significant accounting estimates, judgments and assumptions made by management" of Note 2 to the financial statements amongst others with respect to goodwill and the joint venture Glaspoort. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

### Presumed risks of fraud in revenue recognition

<b>Fraud risk</b>	We presumed that there are risks of fraud in revenue recognition, including risk of management override of controls. We evaluated that the revenue cycle with respect to large corporate customers with integrated solutions within the business segment in particular give rise to such risks. This revenue cycle consists of large KPN clients that acquire several types of different services. These clients generally have separate contracts per type of services, however they receive one monthly invoice. This requires, a partially manually, assessment on both occurrence and completeness of the invoicing of these services and recording of these revenues. As such there is a higher risk of manipulation in preparing these invoices and deriving related contract liability positions. These revenues are disclosed in note 4.1 to the financial statements.
<b>Our audit approach</b>	We involved forensic specialists and performed among others the following audit procedures, directed specifically to this fraud risk: <ul style="list-style-type: none"> <li>• We updated our understanding of the revenue recognition process, including the company's accounting policies and practices for revenue recognition in accordance with IFRS 15, Revenue from Contracts with Customers, performed walkthroughs of the revenue classes of transactions and evaluated the design of controls in this area</li> <li>• We tested the effectiveness of the control framework (e.g. quality assurance office) as implemented by KPN by reviewing the procedures performed by KPN Risk Management and KPN Audit and we conducted re-performance and independent testing as well</li> <li>• We performed additional detailed substantive procedures amongst others, reconciliation of services delivered with invoices and contracts, substantive analytical procedures and cut-off testing</li> </ul>

We considered available information and made enquiries of relevant executives, directors (including the CFO, KPN Audit,

KPN Risk Management, legal, compliance, human resources and segment management) and the Supervisory Board.

## Other information

### Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with management, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

### Our audit response related to going concern

As disclosed in section "Basis of preparation" in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining

professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter Recognition of deferred tax assets which was included in our last year's auditor's report, is not considered a key audit matter for this year as the uncertainty reduced, amongst others due to realization of a significant part of the deferred tax assets up to and including 2022.

## Valuation of goodwill

<b>Risk</b>	Under IFRS, it is required to annually test the amount of goodwill for impairment. KPN's disclosures about goodwill are included in Note 11. No impairments of goodwill were recorded during 2023. The valuation of goodwill is considered a key audit matter as the related asset amounts are significant (€ 1,451 million as per December 2023) and the assessment process itself is complex and requires judgment. The impairment test includes assumptions about future market and economic conditions and were important for our audit.
<b>Our audit approach</b>	As part of our audit of the impairment test prepared by KPN we compared forecasted revenue and profit margins for all (groups of) cash generating units with the approved KPN strategic plan. We also verified the key assumptions used to which the outcome of the impairment test is most sensitive and reviewed the company's statement that the headroom of the (groups of) CGU's is more than sufficient and therefore no sensitivity analysis needs to be disclosed. Our audit procedures included, among others, using EY valuation specialists to assist us in verifying the assumptions and methodologies used by KPN and evaluating the historical accuracy of management's estimates that drive the assessment, such as strategic plans and expected growth rates.
<b>Key observations</b>	We concur with management that there is no need for impairments of goodwill and we agree with the disclosures.

## Other information

### Valuation Joint Venture Glaspoort

<b>Risk</b>	<p>On 9 June 2021 the transaction with Drepana Investments Holding B.V., an investment entity managed by APG, was closed which related to the participation in a joint venture, Glaspoort B.V., to roll out a fiber network in specifically identified areas in the Netherlands. The goodwill and intangibles relating to Glaspoort B.V. are included in the carrying amount of Glaspoort of € 536 million as per 31 December 2023.</p> <p>As disclosed in Note 12, KPN determines whether objective evidence exists that the investment in the joint venture is impaired and subsequently determines whether the recoverable amount is lower than the carrying amount. The valuation is based on the successful roll out of the fiber networks for wholesale customers. The Dutch fiber market is facing more challenging conditions due to both increased interest rates and the continuous risk of overbuild. There might be delays in roll out and higher Capex compared to the business plan due to increases in accompanying costs but also due to i.e. resource constraints. Therefore valuation of the joint venture Glaspoort is considered a key audit matter. Incorrect application of valuation models and/or key assumptions when determining the valuation may result in significant misstatements in the valuation of the joint venture and resulting impairment losses, if any.</p>
<b>Our audit approach</b>	<p>As part of our audit of the impairment test prepared by KPN we compared forecasted revenue and profit margins for Glaspoort within the different scenarios of the business plan of Glaspoort. We also challenged the key assumptions to which the outcome of the impairment test is most sensitive and verified that the sensitivity analysis relating to these key assumptions is properly disclosed. Our audit procedures included, among others, using EY valuation specialists to assist us in verifying the assumptions and methodologies used by Glaspoort and KPN and evaluating the historical accuracy of management's estimates that drive the assessment, such as strategic plans and expected growth rates.</p>
<b>Key observations</b>	<p>The headroom reduced compared to previous year and is sensitive to key assumptions used in the valuation. We refer to the sensitivity analysis as included in Note 12. We concur with the valuation of the joint venture by management and agree with the disclosures.</p>

### Reliability of IT systems, including security, cybercrime and data privacy

<b>Risk</b>	<p>The reliability of IT systems, including security, cybercrime and data privacy is considered a key audit matter as it is pervasive for KPN's activities and financial reporting.</p> <p>At KPN, processes are highly automated and KPN continuously invests in simplification and improvement of IT systems. Reliability and security of IT systems are thereby high on the agenda of KPN and for that purpose KPN's internal control framework includes several controls to ensure proper access and change management of its IT systems.</p>
<b>Our audit approach</b>	<p>As part of our audit, we have reviewed the quality of KPN's IT systems and the controls embedded therein with a purpose to express an opinion on the financial statements.</p> <p>With respect to cybersecurity, we obtained an understanding of KPN's security and privacy organization as well as cyber risk management in relation to KPN's cyber threat landscape. For this purpose, we performed our own procedures and reviewed the work done by KPN Risk Management and KPN Audit. Since this is highly specialized work, our audit team includes IT specialists.</p>
<b>Key observations</b>	<p>With respect to our IT general control testing, especially around the Change Management process, we performed various additional IT substantive procedures to derive to the conclusion that the IT processes are reliable.</p>

### Report on other information included in the Integrated Annual Report

The Integrated Annual Report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The Board of Management and the Supervisory Board are responsible for ensuring that the Remuneration Report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

## ● Other information

### Report on other legal and regulatory requirements and ESEF

#### Engagement

We were engaged by Supervisory Board as auditor of KPN on 9 April 2014, as of the audit for the year 2015 and have operated as statutory auditor ever since that date.

#### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

#### European Single Electronic Reporting Format (ESEF)

KPN has prepared the Integrated Annual Report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the Integrated Annual Report prepared in the XHTML format, including the (partially) marked-up Consolidated Financial Statements as included in the reporting package by KPN, complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the Integrated Annual Report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Integrated Annual Report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of KPN's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the Integrated Annual Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF

- Examining the information related to the Consolidated Financial Statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

### Description of responsibilities regarding the financial statements

#### Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

#### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance



## Other information

with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 28 February 2024

Ernst & Young Accountants LLP

Signed by J. Verhagen



# Appendices

## ● Appendices

# Appendix 1: About this report

### Scope

The Integrated Annual Report was published on 29 February 2024.

The scope of the information in this report covers the KPN Group and subsidiaries in which KPN has a majority shareholding. This scope is the same as the previous year's report. Unless stated otherwise, references to KPN should be read as referring to the KPN Group. The entities that KPN reports on financially are the same as those it reports on non-financially. For our non-financial information, we include new acquisitions in our report as of the first full year of ownership, unless indicated otherwise. Non-financial information for divestments that occurred during the reporting year is excluded for the full year. A full list of entities included in KPN's Integrated Annual Report can be found in this appendix.

The data in this report refers to KPN's performance and not to that of our subcontractors, unless stated otherwise. The full scope of the financial information is reported in the Financial Statements (p. 106). The reporting frequency of this report, in which KPN's financial and non-financial reporting are merged, is annual and the current period runs from 1 January 2023 to 31 December 2023. The report specifically reviews developments and performance in 2023 and is based on topics identified as material for KPN. The described scope applies to all material topics. Aspects of a more static nature (such as management approaches to our ESG themes and our stakeholders) or with less reporting priority (such as the list of external memberships) are included in the GRI index (p. 245).

The Report of the Board of Management consists of p. 4 to 60 including Appendix 7 EU Taxonomy. For a list of top risks we refer to Appendix 8.

### Reporting criteria

The purpose of this report is to inform stakeholders about KPN's role in society, in connection with the main strategic objectives and targets. Stakeholders are defined as all people and organizations affected by KPN's operations or with whom a relationship is maintained, such as employees, governments and regulators, the investor community, suppliers, customers and society. The section Stakeholder dialogue in appendix 3 provides more information on stakeholder approach for specific stakeholder groups.

In preparing this Integrated Annual Report, we have taken the principles of the International Integrated Reporting Council (IIRC) into account. We comply with the EU Directive Non-Financial

Reporting Directive (NFRD) and, where possible, we made some steps in preparation of the Corporate Sustainability Reporting Directive (CSRD), which will be effective as of 2024. We have also taken the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into account. For the sustainability information included in this report, KPN follows the Global Reporting Initiative (GRI) Standards - Option 'in accordance with', the Regulation (EU) 2020/852 as supplemented with Commission Delegated Regulations (EU) 2021/2139, 2021/2178, 2023/2485 and 2023/2486 (hereinafter; EU Taxonomy) and self-developed reporting criteria as disclosed in Appendix 1: About this report and Appendix 14: Glossary. The Option - 'in accordance with' of the GRI Standards means that KPN reports on all general standard disclosures and all specific standard disclosures related to identified material topics. We have taken the SASB standards into account, see Appendix 13 SASB index (p.254). KPN recognizes the importance of disclosure on environmental, social and governance matters. We do so by integrating disclosure of this information with other financial and non-financial information, based on materiality considerations, in this Integrated Annual Report.

The process for defining the material topics and report content, as well as the list of material topics, is described in the materiality determination, see Appendix 3 Materiality assessment, p.201. The results of this assessment (list of material topics for KPN, including their reporting priority) determine which GRI standards are set out in this report and which indicators are featured only on the website or in the GRI index. The overview can be found in the GRI index (p. 245).

Quantitative data concerning the workforce and financial results set out in this report has been collected using our financial data management system. The remaining data has been collected using a standardized questionnaire that was completed with data from information management systems by the responsible business units. The Internal Audit and Corporate Control departments used the consistency and availability of supporting evidence as the basis for their assessment of the data reported at group level. Validation criteria set out in advance were also used to assess the data.

### External assurance

EY was engaged as an independent assurance provider to perform an assurance engagement with the aim of obtaining reasonable assurance on CO<sub>2</sub>e emission data 2023 (scope 1 and 2) of own operations in the Netherlands and the underlying energy data presented in this report, as well as KPN's country-by-country reporting (Appendix 11) and limited assurance on other



## Appendices

sustainability information as disclosed in the following chapters and appendices:

- Chapters in the 'Report by the Board of Management'
- Appendices 1: About this report, 3: Materiality assessment, 4: Non-financial information, 5: TCFD, 6: NFRD, 7: EU Taxonomy, 9: Social figures, 10: Environmental figures, 12: GRI index and 14: Glossary.

The key social and environmental figures, which are available in Appendices 9 and 10, are also part of this report. This report provides more detailed numbers on key figures that reflect on material topics within the report (such as CO<sub>2</sub>e emissions and electricity consumption). This report also contains prospective information, such as ambitions, strategy, targets and expectations. Inherent to this information is that actual future results may be different from the prospective information and as such may be uncertain. Therefore, the assumptions and feasibility of this prospective information are not covered by the external assurance.

The Audit Committee approved every engagement of the external auditor, after pre-approval by the internal auditor, in

order to avoid potential breaches of the external auditor's independence. For more details we refer to the Independent auditor's report on the audit of the country-by-country reporting included in the Integrated Annual Report 2023 (p. 186).

### Reporting ambitions

KPN adheres to several reporting benchmarks, such as MSCI, Sustainalytics and CDP. In this way, our performance and way of reporting can be compared to peers and expectations from the industry and other stakeholders. We have long been a constituent of the World Index of the Dow Jones Sustainability Index (DJSI), but in the past years increasingly learnt that investors and analysts value other benchmarks even more. We therefore decided to shift our focus more to those benchmarks. Besides meeting all legal reporting requirements such as the expected CSRD, our reporting ambitions for the coming years are: to keep reporting in line with the IIRC framework and in accordance with GRI standards and SASB; to keep reporting on material topics; to report more on qualitative and quantitative value creation for society; and to maintain a leading position in several benchmarks like the MSCI, Sustainalytics and CDP.

### KPN subsidiaries and significant participations per 31-12-2023

LEGAL ENTITY NAME	COUNTRY OF RESIDENCE	(ultimate) OWNERSHIP (%)	TYPE	NUMBER OF OWN PERSONNEL (FTE)
KPN B.V.	Netherlands	100%	Operational company	5,001-10,000
Broadband Hosting B.V.	Netherlands	100%	Operational company	11-100
Cloud EEN Holding B.V.	Netherlands	20%	Holding company	-
Cloud EEN B.V.	Netherlands	20%	Operational company	11-100
cNect Holding B.V.	Netherlands	35%	Operational company	11-100
Digitenne B.V.	Netherlands	100%	Operational company	-
E-Zorg B.V.	Netherlands	100%	Operational company	-
Getronics PinkRoccade Overheidspersoneel B.V.	Netherlands	100%	Operational company	<10
GroupIT B.V.	Netherlands	100%	Holding company	-
Inspark Holding B.V.	Netherlands	100%	Holding company	-
InSpark B.V.	Netherlands	100%	Operational company	101-500
IS Group LLC	US	100%	Dormant	-
Itzos B.V.	Netherlands	100%	Operational company	11-100
KPN Finance B.V.	Netherlands	100%	Finance / Insurance company	-
Routit B.V.	Netherlands	100%	Operational company	-
Solcon Internetdiensten B.V.	Netherlands	100%	Operational company	11-100
SuperVision B.V.	Netherlands	51%	Operational company	-
Talk & Vision Holding B.V.	Netherlands	100%	Holding company	-
Talk & Vision B.V.	Netherlands	100%	Operational company	-
Talos Labs B.V.	Netherlands	100%	Operational company	-
Reggefiber Group B.V.	Netherlands	100%	Holding company	-
Reggefiber Operator B.V.	Netherlands	100%	Operational company	-
Reggefiber ttH B.V.	Netherlands	100%	Operational company	-
Netwerk Exploitiemaatschappij B.V.	Netherlands	100%	Operational company	-

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LEGAL ENTITY NAME	COUNTRY OF RESIDENCE	(ultimate) OWNERSHIP (%)	TYPE	NUMBER OF OWN PERSONNEL (FTE)
PCIF NL 1 S.à.r.l.	Luxembourg	100%	Operational company	-
PCIF NL 3 S.à.r.l.	Luxembourg	100%	Operational company	-
PCIF NL 4 S.à.r.l.	Luxembourg	100%	Operational company	-
Kabeltex B.V.	Netherlands	100%	Operational company	11-100
Glasvezelnetwerk Hollands Kroon B.V.	Netherlands	100%	Operational company	-
Glasvezelnetwerk Noordkop B.V.	Netherlands	100%	Operational company	-
Glasvezelnetwerk Texel B.V.	Netherlands	100%	Operational company	-
Netwerk Exploitiemaatschappij Nuenen B.V.	Netherlands	5%	Operational company	-
Glaspoort B.V.	Netherlands	50%	Operational company	11-100
GlasDraad B.V.	Netherlands	25%	Operational company	-
Getronics B.V.	Netherlands	100%	Holding company	-
Getronics Finance Holdings B.V.	Netherlands	100%	Holding company	-
Getronics Pensions UK Ltd	UK	100%	Pension company	-
Getronics Pensions UK Trustee Ltd	UK	100%	Pension company	-
Getronics US Services, Inc.	US	100%	Holding company	-
Getronics US Operations, Inc.	US	100%	Pension company	-
KPN Insurance Company DAC	Ireland	100%	Finance / Insurance company	-
KPN Mobile Holding B.V.	Netherlands	100%	Holding company	-
E-PCPM Geschäftsführungs GmbH i.L. <sup>1</sup>	Germany	100%	Dormant	-
KPN Mobile N.V.	Netherlands	100%	Holding company	-
KPN Mobile Germany III B.V.	Netherlands	100%	Holding company	-
KPN Ventures B.V.	Netherlands	100%	Holding company	-

<sup>1</sup> in liquidation

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### Appendix 2: Alternative performance measures

In the discussion of KPN's financial results, a number of alternative performance measures (non-GAAP figures) are used to provide readers with additional financial information that is regularly reviewed by management. These non-GAAP figures should not be viewed as a substitute for KPN's financial results as determined in accordance with IFRS, which are presented in KPN's Consolidated Financial Statements. Also, the additional information presented is not uniformly defined by all companies, including KPN's peers. Therefore, the non-GAAP figures presented may not be comparable with similarly named numbers and disclosures by other companies. In addition, readers should be aware that certain information presented is derived from amounts determined under IFRS, but is not in itself an expressly defined GAAP measure. Such non-GAAP measures should not be viewed in isolation or as an alternative to an equivalent GAAP measure.

KPN's management considers these non-GAAP figures, combined with GAAP performance measures and in conjunction with each other, the 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.

All non-GAAP figures are based on continuing operations unless stated otherwise. KPN's main non-GAAP figures are explained hereafter.

#### EBITDA

KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including impairments) of intangible assets. Note that KPN's definition of

EBITDA deviates from the literal definition of earnings before interest, taxes, depreciation and amortization 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.

€ million	2023	2022 (restated)
<b>Total revenues and other income</b>	<b>5,480</b>	<b>5,362</b>
Cost of goods & services	-1,383	-1,367
Personnel expenses	-822	-809
Information technology/Technical infrastructure	-310	-298
Other operating expenses	-416	-328
<b>Total operating expenses (excl. D&amp;A)</b>	<b>-2,931</b>	<b>-2,802</b>
<b>EBITDA</b>	<b>2,548</b>	<b>2,560</b>

#### Adjusted revenues and adjusted EBITDA after leases (Adjusted EBITDA AL)

Adjusted revenues are derived from revenues (including other income), adjusted for the impact of incidentals. Incidentals are non-recurring transactions which are not directly related to day-to-day operational activities at or over EUR 5m, unless significant for the specific reportable segment.

Adjusted EBITDA AL is derived from EBITDA, adjusted for the impact of restructuring costs and incidentals ('adjusted') and for lease-related expenses ('after leases' or 'AL'). Lease-related expenses in this definition are the depreciation and impairment expenses of right-of-use assets and interest on lease liabilities, as well as the gains or losses arising upon remeasurement or (early) termination of a lease.

#### Key items between reported and adjusted revenues

€ million	FY 2023 reported	Incidentals	FY 2023 adjusted	FY 2022 reported (restated)	Incidentals	FY 2022 adjusted (restated)	y-on-y reported	y-on-y adjusted
Consumer	2,906	-	2,906	2,857	-	2,857	1.7%	1.7%
Business	1,833	-	1,833	1,798	-	1,798	1.9%	1.9%
Wholesale	699	-	699	677	-	677	3.2%	3.2%
Network, Operations & IT	64	31	33	72	47	25	-11%	30%
Other (incl. eliminations)	-23	-	-23	-43	-	-43	-46%	-46%
<b>KPN Group</b>	<b>5,480</b>	<b>31</b>	<b>5,448</b>	<b>5,362</b>	<b>47</b>	<b>5,315</b>	<b>2.2%</b>	<b>2.5%</b>

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### Revenue incidentals

€ million	Segment	2023	2022
Book gain on sale of assets to joint venture (Glaspoort B.V.)	NOI	31	47
<b>Total revenue incidentals</b>		<b>31</b>	<b>47</b>

### Key items between reported and adjusted EBITDA AL

€ million	2023	2022	y-on-y
<b>EBITDA</b>	<b>2,548</b>	<b>2,560</b>	<b>-0.5%</b>
Incidentals	22	31	-29%
Restructuring	-38	-24	58%
<b>Lease-related expenses</b>			
Depreciation right-of-use assets	-124	-131	-4.8%
Interest lease liabilities	-21	-18	15%
<b>Adjusted EBITDA after leases</b>	<b>2,420</b>	<b>2,404</b>	<b>0.6%</b>

### EBITDA AL incidentals

€ million	Account	2023	2022
Book gain on sale of assets to joint venture (Glaspoort B.V.)	Revenue	31	47
Impairment right-of-use assets	Depreciation right-of-use assets	-	-16
Book loss on sale of a subsidiary	Other operating expenses	-13	-
Release of provisions	Other operating expenses	3	-
<b>KPN Group</b>		<b>22</b>	<b>31</b>

### Free cash flow (FCF)

FCF is defined as cash flow from continuing operating activities plus proceeds from disposals of property, plant & equipment (PP&E) minus capital expenditure (Capex) and adjusted for repayments of lease liabilities. KPN defines Capex as investments in PP&E and software. Please note that KPN's Capex definition differs from Capex as defined by the EU Taxonomy discussed in Appendix 7.

€ million	2023	2022
<b>Net cash flow provided by operating activities from continuing operations</b>	<b>2,242</b>	<b>2,188</b>
Capex	-1,248	-1,206
Proceeds from real estate	16	4
Repayments of lease liabilities	-124	-124
<b>Free cash flow from continuing operations</b>	<b>886</b>	<b>862</b>

### Operational free cash flow

Operational free cash flow is defined as adjusted EBITDA AL minus capital expenditure (Capex).

€ million	2023	2022
<b>Adjusted EBITDA AL</b>	<b>2,420</b>	<b>2,404</b>
Capex	-1,248	-1,206
<b>Operational free cash flow</b>	<b>1,172</b>	<b>1,199</b>

### Leverage ratio

KPN defines its leverage ratio as net debt (excl. lease liabilities) divided by the 12-month rolling adjusted EBITDA AL. The ratio is adjusted for major changes in the composition of the KPN Group (acquisitions and disposals) when applicable.

Net debt is defined as gross debt less net cash and short-term investments. Gross debt is defined as the nominal value of interest-bearing financial liabilities representing the net repayment obligations in EUR, excluding derivatives, related collateral and leases, and taking into account 50% of the nominal value of the hybrid capital instruments.

For the calculation of KPN's leverage ratio, see Note 13.4 to the Consolidated Financial Statements.

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# Appendix 3: Materiality assessment

### Chapter contains information on material topics

- Full description double materiality assessment

### CSRD - Corporate Sustainability Reporting Directive CSRD

January 2023, the CSRD entered into force. As this has a large impact on the disclosures within the 2024 Board of Management report, we immediately started a CSRD implementation project. Based on the scope of the available agnostic sector European Sustainability Reporting Standards (ESRS) we launched working groups with various internal specialists for each individual standard. A steering group was formed consisting of subject matter experts, who are representatives of various departments such as HR, CPO, GCO, GBS, CSR, EMG, IT, Data office, External Reporting etc, chaired by the CFO. One of the major components of the CSRD is performing a double materiality assessment.

### Double Materiality Assessment 2023 – Process description

In 2023, KPN performed a double materiality assessment (DMA) based on the requirements of the GRI. In order to prepare for the upcoming CSRD requirements the principles from the ESRS were taken as inspiration to assess which sustainability matters, including impacts, risks and opportunities, are material. The Double Materiality Assessment is the first step in defining the mandatory requirements in the European Sustainability Reporting Standards (ESRS), which must be reported on from FY2024. To prepare for CSRD compliant reporting KPN assessed its current reporting state against the ESRS based on the material matters it identified. We built a roadmap with initiatives ranging from defining the scope, updating policies and updating the measurement of the progress towards targets.

### We took the following steps:

#### *Impact materiality assessment:*

1. Preparing long-list with possibly material topics based on CSRD
2. Determining medium-list with possible material topics for KPN + scoring methodology
3. Determining stakeholder representatives within KPN + kick-off
4. Scoring all topics on medium-list by stakeholder representatives
5. Performing sanity check on outcomes by project team and Steerco
6. Determining threshold impact materiality by Steerco
7. Validating impact materiality outcomes by Steerco
8. Finalizing DMA by Board of Management

#### *Financial materiality assessment*

1. Leveraging the output and methodology of the risk assessment on Strategic Plan 2022/2023
2. Brainstorming with CFO Team on:
  - ESG risks that negatively impact the value of KPN
  - ESG opportunities that positively impact the value of KPN
3. Calculating all scenarios using 'driver model KPN'
4. Plotting all scenarios on heat map based on likelihood and impact
5. Validating heat map and determining threshold financial materiality with CFO Team
6. Validating financial materiality outcomes by Steerco
7. Finalizing DMA by Board of Management

In order to ensure completeness of sustainability matters considered in the double materiality assessment, KPN started with the list of matters that should be considered conform ESRS 1 and complemented this by potential material matters included in our materiality assessment 2022. The scope of the DMA expands beyond our own operations and also includes the upstream and downstream value chain.

From both an impact (i.e. inside-out) and financial (i.e. outside-in) perspective the list of potential sustainability matters have been assessed by internal stakeholders, who were selected based on their expertise and knowledge of KPN's value chain. The stakeholders represent the various internal and external stakeholder groups, including employees, government and regulators, investors, suppliers, business, retail and wholesale customers and society including affected communities. Impact materiality is defined by scoring the scale, scope and irremediable character (for negative impacts only) on a five grade scale. For potential impacts, the stakeholders also had to assess the likelihood that the impact would be of relevance to KPN.

We matched the outcomes of this assessment with a variety of external resources from several stakeholders by linking all resources to the applicable item in the list of material topics. This 'sanity check' confirmed the outcomes of the impact assessment and added one topic that was deemed less material in the assessment but very important in this check: business conduct. We decided to add this topic to the material topics.

The results of the assessment were consolidated based on the guidance provided by the ESRS on how to calculate impact and financial materiality and presented to the Steering Committee for validation. A sustainability issue is marked as material when the impact and/or financial materiality score exceeds the pre-defined threshold. Eleven sustainability matters have been



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marked material and eight topics were based on the calculated outcome (See below matrix for a visualization of the outcome). In two cases, an ESRS subtopic was not deemed material, but one of the underlying sub-subtopics was. As noted above, we added *Business conduct* based on our sanity check, and we decided to add those topics to the material topics as well. These were ESRS S1 Own Workforce – Equal treatment – *Diversity within the own workforce* and S4 Consumers and end-users – Access to information – *Privacy for company's consumers and end-users*. At the same time, we noticed that S2 Workers in the value chain – Working conditions is a material topic, but sub-subtopic *Freedom of association and collective bargaining* is not, so we moved that topic to not-material.

Some topics were removed or mapped differently as compared to previous years. This is applicable to the following items:

- Circular resource management is adjusted to 03 Circular economy
- GHG emissions is adjusted to Climate change
- Supplier management and selection is adjusted to 04 Working conditions in the value chain, 04A Working conditions in the value chain: Freedom of association & Collective bargaining, 09 Other work related rights in the value chain and 17 Equal treatment for workers in the value chain
- Working conditions is adjusted to 05 Working conditions own workforce, 11 Equal treatment own workforce and 11A Equal treatment: diversity within the own workforce and 19 Privacy at work for own workforce
- Health and safety EMF radiation was adjusted to 10 Affected communities
- Compliance and Business ethics is adjusted to 12 Business conduct

'Social investments and partnerships' and 'Fair taxes' were not selected as separate material or other topics this year. However, those topics may be covered by other topics on the list.

Financial materiality has been assessed by the members of the CFO Team. The CFO team consists of financial experts who represent all departments of KPN. They scored the potential financial effect of identified risks and opportunities on KPN's

cash flows, position, financial performance, in the short-, medium- and long-term. Also, the likelihood of occurrence of the risk or opportunity determines whether a sustainability matter is material from a financial perspective.

As a starting point, we took the scenario analyses from 2022 that were carried out for the 2023 strategic plan and jointly checked the list of 'possible extreme events' for completeness and need to supplement, if necessary. We used the topics that are identified as potentially material in the CSRD as an inspiration. The members of the CFO team then defined the risks, opportunities and drivers/assumptions for different topics, such as the environment, our own workforce, the customers and business conduct.

Then the outcome, presented in a heatmap was discussed, including all scenarios. The material topics together with their definitions were determined. As we had a large amount of items, some of which were deemed very sensitive, we decided to cluster topics.

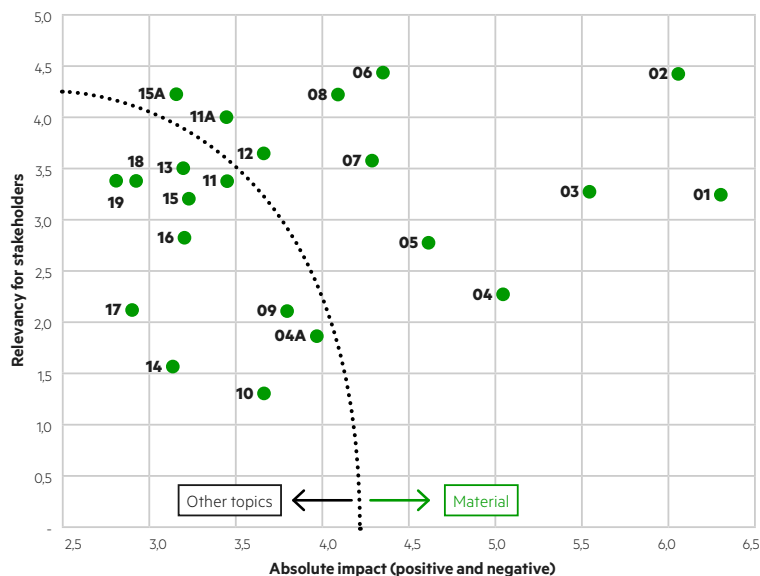
Looking at the outcomes of both the impact and the financial materiality assessment, we decided to publish two matrices: one for the impact assessment and one for the financial assessment as this does more justice to the content and wording of the topics discussed in the assessments. The Board of Management approved the material matters identified. The matrices and the description of the material topics can be found in the chapter Value creation model and material topics and in the text below.

The double materiality assessment is performed according the terminology of the CSRD, therefore the title of the material topics are slightly changed. This accounts for the topics circular economy (before circular resource management), climate change (before GHG emissions), working conditions in the value chain (before working conditions), working conditions of our own workforce (before working conditions), diversity within the own workforce (before working conditions), business conduct (before compliance & business ethics) and privacy for company's consumers and end-users (cybersecurity, data & information protection).

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### Outcome impact materiality assessment

#### Absolute impact (positive and negative) and Relevancy for stakeholders

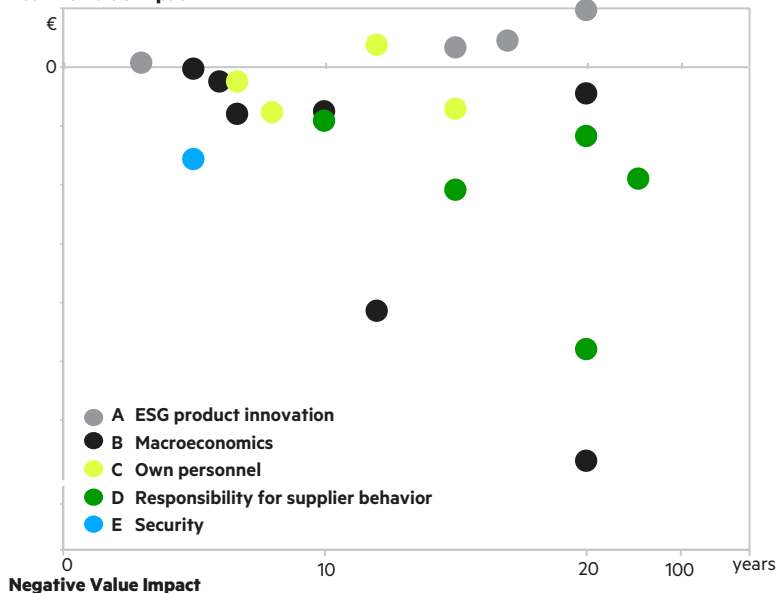


#### Legenda

- 01 Circular economy
- 02 Cybersecurity, data & information protection
- 03 Climate change
- 04 Working conditions in the value chain
- 04A Working conditions in the value chain: Freedom of association & Collective bargaining
- 05 Working conditions own workforce
- 06 Network quality
- 07 Customer value
- 08 Sustainable ICT solutions & product innovation
- 09 Other work related rights in the value chain
- 10 Affected communities
- 11 Equal treatment own workforce
- 11A Equal treatment: diversity within the own workforce
- 12 Business conduct
- 13 Inclusion of consumers and end users
- 14 Water and marine resources
- 15 Access to information, other topics for consumers and end users
- 15A Access to information, privacy for company's consumers and end users
- 16 Facilitating innovation
- 17 Equal treatment for workers in the value chain
- 18 Safety of consumers and end users
- 19 Privacy at work for own workforce

### Financial Materiality Matrix

#### Positive Value Impact



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### Stakeholder dialogue

KPN is in continuous dialogue with a diverse set of stakeholders, with equally diverse interests and motivations. This includes the positive and negative impacts that affect stakeholders. These dialogues take place on different levels within our organization and are often part of our daily business. Members of the Board of

Management attend the most important stakeholder dialogues, at which a variety of stakeholders are present. The table below provides insight into all the interactions we had with different stakeholders including our response and actions. In addition to discussing the positive and negative impacts of our material topics, we also work with stakeholders to formulate next steps.

Stakeholder group	What they expect	How we engage (incl. frequency)	Main topics in 2023	Our response
<b>Employees</b>	Employees expect us to provide opportunities for a dynamic workplace where they can continuously grow & develop to make sure they are a good fit for their current jobs as well as future jobs they may aspire to. For them, this translates to an attractive, diverse and inspiring work environment where several aspects come together (physical, technology, learning and development); simplicity in data, organization, technology and processes; transparency in the organization, and from leadership an eye for well-being, a recognizable culture and values, and excellent development opportunities. New generations expect generational awareness, dynamic career perspectives, continuous feedback, mentoring and coaching, empowerment, purpose and agility.	To some, the changing conditions in the world and the labor market may feel like a threat. That is a natural reaction and we see it as our responsibility as an employer to both create awareness of the consequences of the fast-changing environment and encourage and enable people to seize the opportunities this offers. In KPN's HR function is increasingly using data, digital tools, robotization and AI to create an employee experience that responds to increasing consumerism and will result in alternative employment relations. We engage with our employees at least twice a year through an extensive survey and smaller surveys throughout the year. Lastly, we frequently organize dialogues between our Board of Management and employees to facilitate discussions on several themes.	<ul style="list-style-type: none"> <li>- Diversity, Equity and Inclusion to ensure that everyone feels welcome, can be who they are and participate on an equal level</li> <li>- Culture based on our culture manifest that stands for full attention for our customers, thinking big and acting now and working together is winning together</li> <li>- Leadership based on our leadership profile – giving purpose, engaging people, delivering performance- Maximize internal mobility with continuous support on personal development</li> <li>- Focus on future skills and capabilities, rationalization and standardization</li> <li>- Employee well-being and vitality by providing a healthy work environment and providing instruments that foster well-being.</li> </ul>	<ul style="list-style-type: none"> <li>- We continued our efforts to provide instruments for our employee vitality including continuing our Open-Up service, organizing a month of well-being, paying extra attention to initiatives to achieve a healthy work-life balance</li> <li>- We continued our efforts to be a diverse and inclusive workplace including organizing Diversity Days, achieving an equal gender balance in our Board of Management, setting up a neurodiversity network, organizing events by our different employee networks (e.g. international womens day), continuing our Growth mentoring program, and acquiring our aspirant status PSO</li> <li>- We launched our culture manifest that describes how we work and behave with each other</li> <li>- We continued to invest in and develop in our employees in (future) skills with an enlarged digital L&amp;D offer</li> <li>- We continued our "A Good Conversation" initiative between employees and manager that go way beyond tasks and performance to include well-being</li> </ul>
<b>Government and regulators</b>	The government and regulators expect us to run infrastructure and services considered as very important to the Dutch economy and Dutch society at large and to create coverage of high-speed networks. One of their goals is to create a level playing field and protect the interests of end-users. They therefore expect us to comply with applicable rules and regulations on various topics, including fair competition, safety, consumer protection, privacy etc. They also expect us to be climate responsible and transparent in our communication.	We proactively engage with the government and regulators. We engage in a continuous dialogue to explain our efforts and results. We also work together with (local) and regional governments on the roll-out of our networks, innovation (e.g. IoT) projects, cybersecurity, sustainability, energy generation, and cost savings.	<ul style="list-style-type: none"> <li>- Avoiding non-compliance</li> <li>- Integrity and transparency</li> <li>- Continued concerns around national cybersecurity</li> <li>- Network roll-out (both fiber and mobile) in agreement with local governments, and compliance with various regulations</li> </ul>	<ul style="list-style-type: none"> <li>- We continued our compliance efforts through clear and practical legal advice, clear operating procedures and related control frameworks, compliance training, culture programs, and clear and safe ways to report potential misconduct</li> <li>- We interact closely with ACM with regard to compliance, incidents and potentially different views on interpretation of the law</li> <li>- We engage with local governments on the best way to roll out our networks in their jurisdiction.</li> </ul>
<b>Investor community</b>	The investor community – financial markets in general, our shareholders, debt investors and research analysts – expects us to be extensive and transparent. We should be clear and consistent in	We organize key corporate events such as the Annual General Meeting of Shareholders and Capital Markets Day, and we meet with (potential) investors, analysts and credit rating agencies during (virtual) roadshows and conferences.	<ul style="list-style-type: none"> <li>- Execution of our Accelerate to Grow strategy</li> <li>- Our new Connect, Activate, Grow strategy to create long-term value in the interests of all KPN stakeholders</li> <li>- Progress on fiber roll-out and overbuild risk</li> <li>- The competitive environment</li> </ul>	<ul style="list-style-type: none"> <li>- KPN organized a Capital Markets Day in November '23; displaying our strategy for the coming years. Overall, views on the CMD have been , with attendees describing the presentation as clear, simple and appealing.</li> <li>- KPN had meetings with several (potential) investors, analysts and credit rating agencies</li> </ul>

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Stakeholder group	What they expect	How we engage (incl. frequency)	Main topics in 2023	Our response
	communicating our financial and operational performance, strategy, objectives, and outlook, and transparent about environmental, social and corporate governance topics, including executive remuneration. Their main interest is our commitment to creating value. They want timely and accurate updates and ample opportunity to seek clarification and ask questions.	We also provide relevant company information through timely press releases and regular publications such as our quarterly results and Integrated Annual Report.	<ul style="list-style-type: none"> <li>- The impact of rising inflation and energy prices- Shareholder returns including share buybacks</li> <li>- Leverage profile including bond redemptions, bond tender offer and new issuance</li> <li>- Acquisitions of Primevest and Youfone (still subject to regulatory approval)</li> <li>- Reappointments current board members and appointments of new board members</li> </ul>	<p>during (virtual) roadshows and conferences. We also provided relevant company information through our quarterly results and Integrated Annual Report.</p> <ul style="list-style-type: none"> <li>- The fiber roll-out run rate has maintained a good pace, and has a proven and attractive return profile</li> <li>- Group service revenue growth continued to develop favorably throughout the year, with positive signs across all segments. We realized a growing adjusted EBITDA and free cash flow.</li> <li>- We paid a final dividend over 2022 and intend to pay a regular dividend per share of EUR 15.0 cents over 2023. We completed a EUR 300m share buy back in 2023 as part of our structural return of additional capital to our shareholders.</li> <li>- We issued a senior bond with an eight-year maturity which further strengthened KPN's liquidity position and increased the average maturity of KPN's outstanding debt. Additionally, we redeemed the remaining outstanding principal amount of the USD hybrid bond which has been refinanced in 2022.</li> </ul>
<b>Suppliers</b>	Our suppliers expect to maintain a long-term commitment and cooperation with us. Furthermore, they expect simple contracts, fair prices, acceptable payment terms and compliance with the core principles of data protection. Together we should look for opportunities regarding sustainable cost reduction.	KPN has a central corporate procurement organization that is responsible for contracting deals with suppliers. We make sure the principles of our suppliers' CSR policies are in line with our own. Also, we are in touch with our suppliers and invite them to our bi-annual supplier event. We partner with them on sustainable solutions and on carbon reduction. We are also a member of the JAC, an association of 27 telecom operators that aims to verify, assess and develop CSR implementation across the manufacturing centers of important multinational suppliers.	In 2023 we have implemented a digital tender system with a standardized decision matrix and automatic scoring. The CSR evaluation criteria in the decision matrix have a weight of 10% and include questions on circularity, emissions and social/ethical aspects.	<ul style="list-style-type: none"> <li>- Together with our suppliers we implemented sustainable solutions that resulted in cost reductions, as well as reductions in energy, emissions and material use</li> <li>- We aim for all suppliers, we do business with, to comply with the KPN Supplier Code of Conduct or have their own equivalent code. Our Code of Conduct helps to ensure that all our suppliers are committed to conducting their business in a manner that is ethical, legal environmentally friendly, respectful of human rights and socially responsible, as well as adhering to JAC standards</li> <li>-KPN has integrated the EcoVadis assessment result (Scorecard). This is an evaluation of how well a company has integrated the principles of CSR into their business and management system. The assessment is part of our tender process.</li> <li>- Suppliers classified as high risk are subject to JAC audits carried out by an independent third-party auditor. For all the non-conformities we encountered, we draw up specific corrective action plans (CAPs) that include resolution procedures and timetables</li> <li>- We engage with suppliers on carbon-reduction in the value chain, among others via the EcoVadis carbon action module, CDP Supplier Engagement Program and the JAC workstream Climate Change</li> </ul>
<b>Business customers</b>	Customers expect KPN to help them with the digital transformation within their companies. They want sincere and proactive advice that meets their specific needs.	We talk to our business customers every day via account managers, service managers, in our XL stores, our contact centers and our Business Partners.	<ul style="list-style-type: none"> <li>- Digital Dutch Experience</li> <li>- Improve customer experience and loyalty</li> <li>- Migrations of customers to our target portfolio</li> </ul>	<ul style="list-style-type: none"> <li>- We continued a large- scale roll-out of fiber including high-speed internet business parks</li> <li>- We continue to inspire our customers with our online Digital Dutch platform. We co-create content with our customers to inspire others with our customers in the podcast</li> </ul>

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Stakeholder group	What they expect	How we engage (incl. frequency)	Main topics in 2023	Our response
	Business customers also expect effortless IT solutions and there is a growing customer demand for continuous accessibility, as well as fast and reliable fixed and mobile connections. When problems do occur, they expect KPN to solve them adequately and demonstrate customer-centric behavior.	We give customer the opportunity for 'Advies op Afstand', an online video solution for contact. We also engage with them through customer panels, quarterly market research and workshops connecting customers' strategies with KPN, as well as social media through our B2B platform, The Digital Dutch. We engage through our Customer Experience Lab in which we test the needs and experience of the customers. We closely monitor our business customers' satisfaction and loyalty through NPS.		Digital Heroes and proactively engage with our customers in other Dutch forums - Growth in professional services supported by integrated solutions at KPN's larger customers
<b>Consumer customers</b>	Our retail customers expect the certainty of failure-free and secure networks, easy to use products and processes, and good online and offline customer service. They also want their loyalty to be acknowledged and appreciated through sincere and proactive advice about the best possible subscriptions that meet their needs. They want KPN to make investments that improve not only their own lives, but also benefit society as a whole.	We communicate 24/7 with our customers on our front ends (through customer service, our engineers, in our stores and on social media). Both reactive as well as pro-active. We collect and monitor requested and unrequested customer feedback on a daily basis and share these customer voices throughout the company. We also use external panels for our Brand NPS and RepTrak to objectively monitor our reputation. We also engage in one-on-one conversations with customers; online, but also physically in our dedicated Experience Lab, and on the street.	- Fiber roll-out; more urban areas means more complex customer journeys. - Competitive market; deep discounts for new customers; loyal customers seeking recognition beyond deep discounts. - Introduction of new TV product (TV+) based on Android Platform	- Fiber roll-out: Fiber program: shorter lines between network and commercial departments to create smoother and shorter customer journeys - Introduction VoorJou program, Fixed customers got free speed upgrades, Double Mobile data for FMC customers, (proactive and reactive) renewal offers for loyal customers - TV+ product: weekly updates on platform based on customer feedback to improve User Experience and stability
<b>Society</b>	Society expects us to have a positive influence on Dutch society. They expect us to be socially and environmentally responsible and to be a good corporate citizen. They want products and services that help to solve social and environmental issues. They also expect us to be a frontrunner in sustainability and other societal issues by creating sustainable partnerships. KPN has the potential to lead debates, e.g. on privacy and security.	We are active in working groups initiated by NGOs and participate in or liaise with organizations such as the European Telecommunications Network Operators' Association (ETNO), Joint Alliance for CSR (JAC), Platform for the European Telecom Industry (ETIS), the International Telecom Union (ITU), the Global Compact Foundation and the Dutch Association of Investors for Sustainable Development (VBDO). We organize an annual meeting with stakeholders to discuss our contribution to society and the desired next steps.	Topics discussed with our societal partners were: - Development of a biodiversity policy - Improving human rights in the value chain - Accelerate diversity and digital inclusion - Professionalization of circularity and the way to net-zero - Advocacy and lobbying	- We launched our first biodiverse point of presence (PoP) - We developed an improved Human Rights statement - We have included special conditions in the collective labor agreement to promote inclusion and diversity - We collaborate on international standards for circularity - We deploy our thought leadership on security to help make the Netherlands safer

### How we engage with policymakers

KPN actively engages with policymakers in politics and government, and sponsors activities that help to generate public debate around the consequences of digitalization, as well as

develop actions to address them. For KPN, as a predominantly Dutch operation, policy is primarily shaped in Brussels and The Hague. The focus of our engagement is therefore aimed at policymakers in these cities. To increase relevance with

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policyholders, our aim is to cooperate as much as possible with other like-minded companies. As such, KPN participates in trade organizations active in the Netherlands as well as at a European level, and contributes to these organizations.

These contributions account for the majority of the disclosed amounts in the table below. The sums apportioned to Brussels are part of the sums disclosed in the Transparency Register to which KPN has subscribed from the start. The Transparency Register also encompasses an estimation of cost of staff. KPN also participates in global organizations like GSMA, which aims to develop the mobile industry worldwide, and which engages with policyholders in Europe and elsewhere.

Finally, KPN contributes to ITU. This is a standardization body and United Nations agency, not a trade organization, and is therefore not included in the sums presented.

KPN does not financially, or in any other way, support political parties or candidates for political positions. KPN does engage with national and regional authorities through knowledge-sharing to facilitate informed regulatory policy measures. KPN contributes to sector organizations representing the interests of KPN in specific fields. Management upholds strict standards on ethical and transparent behavior.

Employees who are politically active must ask for permission if they have paid political functions, for example if they are a member of municipal or regional councils. KPN's policy has always been to approach policyholders directly, rather than using external public affairs agencies to speak on its behalf.

KPN presents the amount of money spent on public affairs in three categories. We do not disaggregate these figures further, as we are not at liberty to divulge our contributions to individual organizations.

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Type of Trade organization	Geographic scope	Spend in 2023 in EUR	Focus of membership (non-exhaustive)
Trade bodies representing the interests of mobile operators worldwide	Global	31,320	Develop the mobile industry worldwide with a focus on a level playing field and predictability of the law. Create common standards and encourage sustainable innovation
Trade body representing Europe's telecommunications network operators	The European Union	70,813	Create a level playing field within the EU based on an unambiguous and predictable legal situation Focus on the European Electronic Communications Code, the General Data Protection Regulation, ePrivacy, and the Privacy Shield
Trade body representing industry and employers in the Netherlands	The Netherlands and the European Union	340,462	Monitor and influence nationwide issues that are of importance across sectors. Examples include creating a prosperous investment and fiscal climate, and a digital agenda
Trade association for IT, telecom and internet companies	The Netherlands	33,700	Monitor, influence and increase awareness of (issues in) the digital economy, for example on continuity and security and privacy
Trade association in the technology industry	The Netherlands	75,000	Monitor and influence national policies in particular for the manufacturing industries, such as healthcare, metallurgy, micro-conductor and digital
Trade association for the positioning of the Netherlands' defense- and safety-related industry	The Netherlands	35,843	Monitor and influence national policies specifically in the field of national security
Trade body and knowledge center representing commercial users of electricity and water in the Netherlands	The Netherlands and the European Union	24,284	Representing the interests of small, medium and larger organizations that use water and electricity on a professional basis
Trade body representing the interests of the cybersecurity sector	The Netherlands and the European Union	19,448	Aims to increase the digital resilience of the Netherlands and to increase the quality and transparency within the growing cybersecurity sector
Coalition formed to stimulate AI	The Netherlands	20,000	Coalition bringing together organizations to facilitate an organized approach with regard to AI
Platform for information society	The Netherlands	20,000	Neutral platform where government, knowledge institutions, business and civil society organizations collaborate on public-private partnerships and share knowledge about the responsible design of our digitalizing society
Cluster in the security domain	The Netherlands	22,000	Network of businesses, governments and knowledge institutions, which work together on knowledge development and innovation in security
Association for data-driven marketing	The Netherlands	9,885	Association advocating responsible data-driven marketing, unlocking the potential within the regulatory framework
Association for healthcare technology	The Netherlands	3,150	Healthcare association advocating actual care issues to increase the knowledge and quality of the healthcare industry
Trade body representing Europe's largest industrial and financial groups	The European Union	25,000 <sup>1</sup>	Senior business advisory board, officially consulted by EU institutions and national governments on sector-specific European economic matters
Trade body representing tax advisers in the Netherlands	The Netherlands	1,660	Association of university-educated tax advisers in the Netherlands. Submits extensive commentaries on proposed Dutch tax laws

<sup>1</sup> Contribution over 2023 is paid in 2022

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### Appendix 4: Non-financial information

The tables below provide an overview of KPN's non-financial information KPIs, with references to the specific chapter in this Integrated Annual Report for qualitative explanations. References were also made to the strategic pillar, GRI and impact on SDG.

To limit the number of goals and achieve more focus, we mark a number of KPIs as 'discontinued'. However, we will continue to be active in these areas.

Reference	Strategic ESG pillar				GRI reference	Impact/ SDG
Customer value					Customer interaction: Own indicator	9. Industry, infrastructure and innovation
					Customer privacy, data and information protection: own indicator	10. Reduced inequalities 11. Sustainable Cities and Communities
Performance indicator	Target 2023	Result 2023	Result 2022	Result 2021	Target 2024	Target 2025
NPS consumer total	20	17	15	16	19 <sup>1</sup>	N/a
NPS business total	4	5	2	4	6 <sup>1</sup>	N/a
% eligible chronically ill children provided with a KPN Klasgenoot	100%	100%	100%	100%	100%	100%
End-to-end standalone 5G mobile core network	Live	Live with ongoing PoCs <sup>2</sup>	N/a	N/a	Discontinued	N/a
Innovation theme: Digital services aggregation	New consumer cloud infotainment service	2	N/a	N/a	Discontinued	N/a
Innovation theme: Cybersecurity-4ALL	New internet security and privacy solution for every customer	2	N/a	N/a	Discontinued	N/a
Innovation theme: Mission and business critical	Multiple connected ambulances	0	N/a	N/a	Discontinued	N/a

<sup>1</sup> As from 2024 NPS will be calculated on a 12 month average.

<sup>2</sup> PoCs: Proof of Concepts



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Reference	Strategic ESG pillar				GRI reference	Impact/ SDG	
Network infrastructure	Responsible					Network quality, reliability & availability: Own indicator	9. Industry, Infrastructure and Innovation 11. Sustainable Cities and Communities
	Performance indicator	Target 2023	Result 2023	Result 2022	Result 2021	Target 2024	Target ≥2025
	Fiber footprint¹	>50%	57%	49%²	43%³	>60%	~80% (2026)
	# mobile sites modernized and 5G ready	Completed	5,319	5,072	4,000	Discontinued	
	5G population coverage	98%	98%	96%	81%	99%	99,5%
	Service availability fixed internet	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
	Service availability mobile	99.9%	99.98%	99.98%	99.99%	99.9%	99.9%
	% of 5G traffic where a minimum downlink user throughput requirement of 6 Mbit/s is met	N/a	N/a	N/a	N/a	98.5%	N/a
	Download speed experience⁴	146 Mbps	166 Mbps	146 Mbps	139 Mbps	170 Mbps	200 Mbps

1 Together with Glaspoort

2 2022 figure restated

3 2021 figure restated

4 Downlink throughput 4G/5G in Mbps (Ookla Speedtest App)

Reference	Strategic ESG pillar					GRI reference	Impact/ SDG
Safeguarded privacy and security	Responsible					Customer privacy, data and information protection: Own indicator	9. Industry, Infrastructure and Innovation 11. Sustainable Cities and Communities
	Performance indicator	Target 2023	Result 2023	Result 2022	Result 2021	Target 2024	Target 2025
	% of Dutch population who believe their data is safe with KPN	70%	61%	69%	66%	65%	N/a
	% of technical employees who are SecurX certified	95% <sup>1</sup>	60%	N/a	N/a	3,500 <sup>2</sup>	N/a
	% of SME KPN EEN customers that activates safe internet	62.5%	62%	52.1%	41.5%	69%	75%

1 In TDO (Networks, B2B Solutions & CISO)

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

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Reference	Strategic ESG pillar					GRI reference	Impact/ SDG
<b>Sustainable employability</b>	Inclusive					Supplier selection and security: Own indicator	5. Gender Equality 8. Decent Work and Economic Growth
Performance indicator	Target 2023	Result 2023	Result 2022	Result 2021	Target 2024	Target 2025	
Overall % of women at KPN in the Netherlands	24%	22%	22%	22%	24.5%	25%	
% Women sub top <sup>1</sup>	33.5%	27.5%	30%	N/a	34.5%	35%	
% of participants apprenticeship company found a paid job within 3 months in- or outside KPN	60%	38%	57%	N/a	Discontinued	N/a	
Digital touchpoints and customer journeys for consumers accessible in accordance with WCAG standards	N/a	N/a	N/a	N/a	N/a	~60%	
PSO certification	Aspirant Status	Aspirant Status	N/a	N/a	Aspirant Status	Basic Level	
Employee survey score for engagement	82%	83%	81%	82%	84%	85%	

<sup>1</sup> Direct reports to the Board of Management in management positions

Reference	Strategic ESG pillar					GRI reference	Impact/ SDG
<b>Environmental performance</b>	Leverage & expand superior network					Materials, effluents and waste	12. Responsible Consumption and Production
Performance indicator	Target 2023	Result 2023	Result 2022	Result 2021	Target 2024	Target 2025	
% fossil-free cars added to company fleet in reporting year (lease pool + engineers)	95%	98%	95%	90%	98%	99%	
Scope 1: Direct emissions (CO <sub>2</sub> e in kTon)	N/a	9	12	13	9	8	
Scope 2: Indirect emissions (CO <sub>2</sub> e in kTon)	N/a	154	207	241	150	148	
Scope 3: Value chain emissions (CO <sub>2</sub> e in kTon)	N/a <sup>1</sup>	759	771	824	759	2030: 599 (2030: -45% vs 2014, 2030: -41% vs 2015) 2040: 101 (2040: -90% vs 2015)	
Reduction of electricity consumption of KPN Group compared to 2010 (in GWh)	462	446	478	502	445	2025: 440 < 400 GWh in 2030 (2030: -48% vs baseline 2010)	
% collected customer premises equipment	92%	87%	87% <sup>2</sup>	89% <sup>2</sup>	87%	92%	
Waste reduction: % reuse and recycling	85%	87%	87% <sup>3</sup>	85%	86%	86%	
Circular B2B Services	6	5	N/a	N/a	Discontinued	N/a	

<sup>1</sup> Target 2023 is not applicable, as it was in percentage and prior to restate (-38% vs 2014)

<sup>2</sup> Results 2021 and 2022 have been restated, see Appendix 10 for details

<sup>3</sup> Result 2022 has been restated, see Appendix 10 for details

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Reference	Strategic ESG pillar					GRI reference	Impact/ SDG
Responsible supply chain	Responsible					Supplier selection and security governance: Own indicator	12. Responsible Consumption and Production 17. Partnership for the Goals
	Performance indicator	Target 2023	Result 2023	Result 2022	Result 2021	Target 2024	Target 2025
	% high risk Tier I, Tier II and Tier III suppliers audited	40%	66%	45%	46%	45%	50%
	EcoVadis spend coverage (% of spend covered by EcoVadis assessments)	N/a	76%	70%	N/a	80%	80%
	% realized improvements on corrective action plans	85%	98%	94%	98%	90%	90%

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# Appendix 5: TCFD

## Taskforce on Climate-related Financial Disclosures

KPN recognizes the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) as an important step in providing transparency on climate strategy. As in previous

years, we have mapped TCFD elements to this report (see sections on environmental performance, responsible supply chain and related appendices). KPN's risk framework is described in the chapter Compliance and risk (p. 71) and Appendix 8: List of top risks (p. 221) contains the list of top risks.

TCFD element	TCFD recommendation	KPN reporting on TCFD guidelines
Governance	Describe the governance of Board of Management related to climate-related risks and opportunities.	Corporate Governance (p.63) Compliance and risk (p.71)
	Describe the role of management on the judgement and governance of climate-related risks and opportunities.	Corporate Governance (p.63) Compliance and risk (p.71) Appendix 8: List of top risks (p.221)
Strategy	Describe the climate-related risks and opportunities as described on short, mid-term and long-term timeframe.	Strengths, weaknesses, opportunities and threats (SWOT) (p.9) Compliance and risk (p.71) Appendix 8: List of top risks (p.221)
	Describe the impact of climate-related risks and opportunities on business activity, strategy and financial planning of the organization.	Compliance and risk (p.71) Appendix 8: List of top risks (p.221)
	Describe the agility of the strategy, taking climate-related scenarios into account, amongst others a scenario to stay within the 2-degrees Celsius limit for global warming.	Our performance: Environmental performance (p.50) Compliance and risk (p.71) Appendix 8: List of top risks (p.221) We performed scenario analysis on long-term energy pricing taking the impact of CO <sub>2</sub> e-price regulation into account.
Risk Management	Describe the climate-related risks and opportunities as described on a short, midterm and long-term timeframe.	Compliance and risk (p.71) Appendix 8: List of top risks (p.221)
	Describe the processes the organization uses to manage climate-related risks and opportunities.	Compliance and risk (p.71) Appendix 8: List of top risks (p.221)
	Describe how processes for the identification, assessment and management of climate-related risks are integrated into the risk approach of the organization.	Compliance and risk (p.71) Appendix 8: List of top risks (p.221)
Metrics and targets	Describe the organizational processes for identification and assessment of climate-related risks.	Compliance and risk (p.71) Appendix 8: List of top risks (p.221)
	Report on scope 1, 2 and 3 emissions.	Our performance: Environmental performance (p.50)
	Report on performance to climate-related objectives.	Our performance: Environmental performance (p.50)

Mid 2023, the ISSB issued its first two IFRS sustainability disclosure standards (the ISSB standards IFRS S1 and IFRS S2). These (not mandatory) standards are aligned with TCFD Recommendations on governance, strategy, risk management, and metrics and targets, and will be effective as of 1 January 2024.

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# Appendix 6: NFRD

## EU Directive: Disclosure of non-financial information and diversity information

Requirements EU Directive	Subtopic	Chapter / Page reference (starting page)
A brief description of the business model	The business environment	Our purpose and the world around us (p. 7) Strategy and key performances (p. 11) Our valuable assets and resources (p. 22)
	Organization and structure	Strategy and key performances (p. 11) Our valuable assets and resources (p. 22)
	Markets where the undertaking operates	Our purpose and the world around us (p. 7) Strategy and key performances (p. 11) Our valuable assets and resources (p. 22)
	Objectives and strategies	Strategy and key performances (p. 11) Our valuable assets and resources (p. 22)
	Main trends and factors that may affect the undertaking's future development	Our purpose and the world around us (p. 7)
Relevant social and personnel matters (e.g. HR, safety, etc.)	A description of the policies pursued, including due diligence	Our value for stakeholders: Employee value (p. 39)
	The outcome of those policies	Our value for stakeholders: Employee value (p. 39)
	Principle risks in own operations and within value chain	Our value for stakeholders: Employee value (p. 39) Appendix 8: List of top risks (p. 221)
	How risks are managed	Appendix 8: List of top risks (p. 221)
	Non-financial key performance indicators	Our value for stakeholders: Employee value (p. 39)
Relevant environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence	Our performance: Environmental performance (p. 50)
	The outcome of those policies	Our performance: Environmental performance (p. 50)
	Principle risks in own operations and within value chain	Our performance: Environmental performance (p. 50) Appendix 8: List of top risks (p. 221)
	How risks are managed	Compliance and risk (p. 71) Appendix 8: List of top risks (p. 221)
	Non-financial key performance indicators	Our performance: Environmental performance (p. 50)
Relevant matters with respect for human rights (e.g. labor protection)	A description of the policies pursued, including due diligence	Our value for stakeholders: Employee value (p. 39) Our performance: Responsible supply chain (p. 57)
	Principle risks in own operations and within value chain	Our value for stakeholders: Employee value (p. 39) Our performance: Responsible supply chain (p. 57) Appendix 8: List of top risks (p. 221)
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence	Maintaining effective risk management (p. 71) Our performance: Environmental performance (p. 50)
	The outcome of those policies	Our value for stakeholders: Employee value (p. 39)
	Principle risks in own operations and within value chain	Compliance and risk (p. 71) Our value for stakeholders: Employee value (p. 39)
	How risks are managed	Compliance and risk (p. 71) Our value for stakeholders: Employee value (p. 39)
	Non-financial key performance indicators	Compliance and risk (p. 71) Our value for stakeholders: Employee value (p. 39)
Insight into diversity (Board of Management and Supervisory Board)	A description of the policies pursued	Our value for stakeholders: Employee value (p. 39) Supervisory Board report (p. 89)
	Diversity targets	Our value for stakeholders: Employee value (p. 39) Supervisory Board report (p. 89)
	Description of how the policy is implemented	Our value for stakeholders: Employee value (p. 39) Supervisory Board report (p. 89)
	Results of the diversity policy	Our value for stakeholders: Employee value (p. 39) Supervisory Board report (p. 89)
		Supervisory Board report (p. 89)

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# Appendix 7: EU Taxonomy

## General

In 2019, the European Commission presented the Green Deal of the European Union, setting the course for more sustainable investments to reach a climate-neutral economy by 2050 – an economy with net-zero greenhouse gas (GHG) emissions, with a reduction of 55% already implemented in 2030. An important purpose of the EU Action Plan on Sustainable Finance is to steer cash flows towards sustainable investments. In this context, the EU Taxonomy Regulation became effective mid-2020 (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, which up to now have been supplemented and amended by Commission Delegated Regulations (EU) 2021/2139, 2021/2178, 2023/2485 and 2023/2486). This EU Taxonomy-Regulation is intended to serve as a standardized and mandatory classification system to determine which economic activities are considered as 'environmentally sustainable'.

The EU published a catalog of sustainable activities in the manner of the EU Taxonomy ('EU Catalog') for six environmental objectives:

- climate change mitigation
- climate change adaptation
- sustainable use of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

By the current Delegated Regulations, it is determined which economic activities can be considered in general. By implementing the first stage of the EU's taxonomy, reporting on eligibility for potentially sustainable activities in 2021 we concluded that the impact of this current framework in relation to the first two environmental objectives is very limited given KPN's business model.

As of 2022, it was required to report if eligible activities can be considered 'environmentally sustainable', i.e. Taxonomy-aligned. This depends on certain criteria that have to be fulfilled. These technical screening criteria determine the conditions under which an economic activity qualifies as contributing substantially to one of the two, then available, environmental objectives and determine whether that economic activity causes no significant harm to any of the other environmental objectives and comply with minimum safeguards. As of June 2023 the last four objectives have been added. Regarding the new available activities prescribed, this has very little impact on KPN.

We performed an analysis based on the activities and criteria as described in the relevant Delegated Act for each theme to determine substantial contribution and substantiate the do no significant harm criterion. The third criterion is compliance with minimum social safeguards: here we performed an analysis on three relevant levels: product level, KPN organizational level and responsible supply chain level.

## Judgments and assumptions made by management regarding the EU Taxonomy

Based on our assessment of compliance to the current EU Taxonomy Regulation, we conclude that various aspects are open to multiple interpretations. In order to comply to the EU Taxonomy disclosure obligations, management has made judgments and assumptions. We concluded that we have eligible activities in two out of six environmental objectives. We conclude that the following economic activities described in the EU Taxonomy apply to KPN as eligible:

### Climate change mitigation eligible activities:

- 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles
- 8.2 - Data driven solutions for GHG emissions reductions

### Transition to a circular economy eligible activities:

- 5.1 - Repair, refurbishment and remanufacturing

### Climate change mitigation alignment analysis

Climate change mitigation means the process of holding the increase in the global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels, as laid down in the Paris Agreement. Below we describe the nature of our Taxonomy eligible and aligned economic activities.

To determine whether the eligible activities are Taxonomy-aligned, the activities were assessed to the 3 alignment criteria:

1. Substantial contribution (SC) to Climate change mitigation.
2. Does not do significant harm (DNSH) to Climate change adaptation, nor to Transition to a circular economy and/or Pollution prevention and control.
3. Compliance with minimum safeguards.

### Transport by motorbikes, passenger cars and light commercial vehicles (6.5)

Based on our assessment for 'Transport by motorbikes, passenger cars and light commercial vehicles', we concluded that our Capex amount on full electric lease-cars increased to EUR 23m (2022: EUR 23m). KPN continues to further transform its leased car fleet

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to fossil fuel free cars. The first criteria of substantial contribution to climate change mitigation was met as electric vehicles have lower emissions than the limit allowed in the technical screening criteria. KPN's car lease contracts include maintenance and repair. After ending the lease contract cars are returned and sold by the lease company on the second hand market, which proves the activity does no significant harm to the objective transition to a circular economy. With regard to pollution prevention, electric vehicles have lower exhaust of emissions. According to our assessment the tyres do not comply to the EU Regulation 2020/740 and cannot qualify as an aligned economic activity.

### Data driven solutions for GHG emissions reductions (8.2)

Prior year we reported Capex on specific customer premises equipment as eligible and aligned. This economic activity is considered an enabling activity and it complies with all the technical screening criteria of economic activity 8.2. It ensures lower lifecycle GHG emissions through lower energy consumption compared to best performing alternative solution or technology. One of our modems has been assessed as being more energy efficient versus previous models. The related Capex spend in 2023 is EUR 15m (2022: EUR 40m). The decrease was mainly caused by sufficient stock levels. And, as a result of a higher installed base more customer premises equipment were refurbished.

In case of the investments in customer premises equipment, the first criteria of substantial contribution to climate change mitigation was met by referring to the content of their product passports (verified by an independent third party) or supplier self-declaration. The customer premise equipment do not significant harm to the other environmental objectives which is evidenced by performing a climate risk and vulnerability assessment. Compliance to minimum safeguards is enforced by suppliers accepting the KPN Supplier Code of Conduct, verifying suppliers operations by performing audits by a third party (JAC) and in case of short comings by corrective actions (see also chapter Our performance: Responsible supply chain). Furthermore, KPN complies with the UN Guiding Principles, by integrating these principles in our Code of Conduct and what we require from our suppliers (see also chapter Compliance and risk).

### Circular economy analysis of eligible activities

- 5.1 Repair, refurbishment and remanufacturing. KPN has material eligible activities related to repair and refurbishment of customer premise equipment. The related Opex spend in 2023 is less than EUR 1m. The related Capex spend in 2023 is EUR 8m.

### Accounting policy EU Taxonomy

Please refer to the accounting policy EU Taxonomy in this appendix for the calculation of the EU Taxonomy Turnover, Capex and Opex. The accounting policy includes references to the related line items in the Consolidated Financial Statements. We made sure to avoid double counting between the various

reporting categories and between the objectives relevant for KPN. We did this by making a systematical analysis on all activities listed per objective and crosschecking the eligible activities across the reporting categories and objectives. All eligible and aligned investments in customer premises equipment are included in the Consolidated Financial Statements in Note 10 as investments in plant & equipment. Additions related to acquisitions through business combinations and expenses incurred as part of a Capex plan are not applicable.

We did not include our Joint Venture Glaspoort in our disclosure, as KPN does not have control over this entity. We did not report impact separately as Glaspoort's main activities relate to fiber roll-out which is currently not eligible.

With the proceeds of the issuance of the EUR 500m perpetual green hybrid bond, KPN will finance or refinance projects with positive environmental impact. However, the purpose of financing is not specific for identified Taxonomy-aligned activities and therefore does not have an impact on the EU Taxonomy Capex KPI.

## Conclusion

### EU Taxonomy Capex KPI

The total value of the EU Taxonomy Capex amounts to EUR 1,426m (2022: EUR 1,250m). For the reporting year 2023, ~3% of KPN's EU Taxonomy Capex activities qualifies as eligible. This relates to electric lease cars and certain customer premises equipment. The change of 1% eligible Capex is due to the addition of spend related to repair and refurbishment under the new objective circular economy. Only ~2% of our EU Taxonomy Capex activities qualify as aligned, which consists of certain customer premises equipment (new products). According to our assessment our electric lease cars do not meet the do no significant harm criteria and alignment of Repair, refurbishment and remanufacturing is to be reported as of 2024. We have concluded that the roll-out of fiber is currently not eligible, however we believe this is an important enabler for climate change mitigation, also providing significant electricity savings compared to copper in our core network.

### EU Taxonomy Opex KPI

KPN identified material eligible activities related to repair and refurbishment of customer premise equipment. The related Opex spend in 2023 is less than EUR 1m. Hence, KPN has 0% eligible Opex, as a result this activity is not disclosed in the table on the next page(s). The total value of the EU Taxonomy Opex amounts to EUR 310m (2022: EUR 298m).

### EU Taxonomy Turnover KPI

We concluded that KPN's eligible EU Taxonomy Turnover is relatively small, as KPN's core economic activities are not

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described in the Delegated Acts on the six environmental objectives. We investigated our turnover on ICT Solutions helping our customers to reduce GHG emission, for example our network which enables customers to work from home, or any of our IoT solutions. KPN's turnover relevant for the EU Taxonomy from IoT does not impact the reported percentage (<0.5%) and therefore is not reported as eligible.

In addition, as electronic communications networks (telecommunication) as such are not included as an activity under the current coverage of the Taxonomy delegated act it is not able to qualify our fiber roll-out activities as environmentally sustainable under the EU Taxonomy Regulation. Industry alignment on treatment of this topic is ongoing.

The total value of the KPN's turnover amounts to EUR 5,439m of which 100% non-eligible activities (2022 restated: EUR 5,312m of which 100% non-eligible activities).

The amount and proportion of eligible, aligned and non-eligible activities are reported in the tables on the next pages.

### Accounting policy EU Taxonomy

EU Taxonomy Turnover is defined as Revenue as disclosed in Note 4 of the Consolidated Financial Statements.

EU Taxonomy Capex definition differs from KPN's Capex definition in Appendix 2. EU Taxonomy Capex consists of the following components: Property, plant and equipment investments and PPE changes in consolidation, in case of acquisitions of business combinations (Note 10 of the Consolidated Financial Statements), Intangible assets investments and Intangible assets changes in consolidation, in case of acquisitions of business combinations (Note 11 of the Consolidated Financial Statements) and Leasing, Right-of-use assets additions (Note 19 of the Consolidated Financial Statements).

EU Taxonomy Opex definition differs from KPN's Opex definition in Appendix 2 and as reported in the operating expenses in our Consolidated Financial Statements. EU Taxonomy Opex consists of the following components: research & development costs, building renovation costs, short-term leases, maintenance and repair costs and all other direct costs necessary to service the asset.

### Extent of eligibility and alignment per environmental objective

	Proportion of Capex / Total Capex		Proportion of OpEx / Total OpEx		Proportion of Turnover / Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	1%	3%	0%	0%	0%	0%
CCA	0%	0%	0%	0%	0%	0%
WTR	0%	0%	0%	0%	0%	0%
CE	0%	1%	0%	0%	0%	0%
PPC	0%	0%	0%	0%	0%	0%
BIO	0%	0%	0%	0%	0%	0%



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### EU Taxonomy Capex table

FY 2023	2023	Substantial Contribution Criteria								DNSH criteria ('Does Not Significantly Harm')								% of Taxon. aligned (A.1.) or eligible (A.2.) Capex 2022	Category enabling activity	Category transitional activity
Economic Activities	Code	Capex% of Capex, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards					
	EUR m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Investments in customer premises. Data driven solutions for GHG emissions reductions	CCM 8.2	15	1%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	~3%	E		
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		15	1%	100%	0%	0%	0%	0%	0%	-	Y	Y	Y	Y	Y	Y	~3%			
Of which Enabling		15	1%	100%	0%	0%	0%	0%	0%	-	Y	Y	Y	Y	Y	Y	100%	E		
Of which Transitional		-	0%	0%						N/a	N/a	N/a	N/a	N/a	N/a	N/a	0%		T	
A.2. Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL												
Repair, refurbishment and remanufacturing	CE 5.1	8	1%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/a			
Transport by motorbikes, passenger cars and light commercial vehicles: -Electric lease cars	CCM 6.5	23	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%			
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		31	2%														2%			
A. Capex of Taxonomy eligible activities (A.1 + A.2)		46	3%														5%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy non-eligible activities		1,388	97%																	
TOTAL		1,434	100%																	

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### EU Taxonomy Opex table

FY 2023	2023		Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')							% of Category Taxononabling aligned activity (A.1.) or eligible (A.2.) turnover, 2022	Category transitional activity
Economic Activities	Code	OpEx	% of Opex, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards		
	EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
No activities identified	-	0%														0%		
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	-	0%														0%		
Of which Enabling																	E	
Of which Transitional																		T
A.2. Taxonomy eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities)																		
No activities identified	-	0%														0%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	-	0%														0%		
A. Opex of Taxonomy eligible activities (A.1 + A.2)	-	0%														0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Opex of Taxonomy non-eligible activities	310	100%																
TOTAL	310	100%																

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### EU Taxonomy Turnover table

FY 2023	2023	Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')													
Economic Activities	Code	Turn-over	% of Turn-over, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	% of Category Taxononabling aligned activity (A.1.) or eligible (A.2.) turnover, 2022	Category transitional activity				
		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable acitivities (Taxonomy-aligned)																						
No activities identified		-	0%															0%				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		-	0%															0%				
Of which Enabling																		E				
Of which Transitional																				T		
A.2. Taxonomy eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities)																						
No activities identified		-	0%															0%				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%															0%				
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		-	0%															0%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
Turnover of Taxonomy non-eligible activities		5,439	100%																			
TOTAL		5,439	100%																			

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# Appendix 8: List of top risks

Category	Risk	Countermeasures	Evaluation
Fast-changing market conditions: strong competition	<p>KPN faces strong competition on services and network access from current competitors as well as new market entrants and OTT players. Competition in Consumer, Business and Wholesale markets can occur based on price, content, increase of investment in customer acquisition or retention costs, subscription options, coverage and service quality. Most of our services are increasingly based on technology standards, limiting the possibilities for differentiation from competitors. Our competitive position could be threatened by actions of competitors, e.g. in the roll-out of fiber networks or in the adoption of pricing strategies. These factors could lead to lower prices/ARPU, lower profitability and lower market shares.</p> <p><b>Impacted strategic objective</b> Connect with our customers to deliver on their needs Activate our best network, platforms, partners &amp; assets</p>	<ul style="list-style-type: none"> <li>Implement a superior network in the Netherlands by: <ul style="list-style-type: none"> <li>Rolling-out fiber at a fast pace for Consumer and Business Market (by KPN or its joint venture), increasing availability of high access speeds and improving in-home WiFi coverage</li> <li>Enabling the latest innovative mobile technologies by capacity management through the whole network</li> <li>Preparing for new network architectures that match future demand/capacity growth</li> </ul> </li> <li>Offer fixed-mobile converged services and competitive price/ portfolio combinations, such as Household 3.0 portfolio for Consumer Market (CM), and KPN EEN SME and Smart Combinations for Business Market (BM)</li> <li>Offer high quality of service to customers to improve NPS</li> <li>Maintain focus on high-value customers in both Consumer and Business Market</li> <li>Launch targeted household approach and offer Household 3.0 portfolio. Apply market segmentation/personalisation strategy (e.g. below the line promotions, personalized offerings)</li> <li>Introduce new innovative products and services to meet changing customer needs, such as SuperWiFi, cloud storage, Smart Home and security services</li> <li>5G field labs, Innovation &amp; Partnerships team and proof of concepts (e.g. in software-defined networks and network function virtualization) to test new technologies with customers</li> <li>Simplify, digitalize and streamline the operating model, including portfolio rationalization. This will lead to improved time-to-market, better quality of service and a simplified and agile organization. Additionally, it will lead to a structural lower level of operational costs and will enable swift response to new market developments</li> <li>Strengthen distribution power with business partners, online channels, and shops; implement the best digital omni-channel experience with a mobile-first and app-centric customer approach (MijnKPN app)</li> <li>Partnerships and cooperation with OTT players including third-party services such as gaming, content (CM) and Office, Azure (BM)</li> <li>Improve customer loyalty and customer experience by optimizing and digitalizing customer journeys, use of AI and implementing advanced data-analytics programs</li> <li>Always-on network: with our new, reversed on-demand access concept, a new customer simply logs on and the network is automatically updated for the specific customer services; leading to a better customer journey as well as a more robust and efficient delivery</li> </ul>	<p><b>Likelihood:</b> High <b>Impact:</b> High <b>Trend:</b> Increasing Risk</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Market shares, net adds</li> <li>Group service revenues</li> <li>ARPU, ARPA</li> <li>Number of (#) fiber homes passed/activated</li> <li>NPS</li> </ul>
Fast-changing market conditions: disruptive technologies or business models	<p>KPN's business model and financial performance could be affected by disruptive technologies or business models, changing customer preferences and entrance of new players (including big tech companies and companies that provide telecom services via satellite or Fixed Wireless Access). KPN's response to new technologies (such as artificial intelligence, quantum computing, software-defined networks, alternative network providers, integrated optics, eSIM, terahertz technologies, cloud propositions and metaverse), changing customer behavior, and market developments and its ability to successfully and/or timely introduce new competitive products or services, are essential to KPN's performance and profitability in the long run.</p>	<ul style="list-style-type: none"> <li>Implement a superior network in the Netherlands by: <ul style="list-style-type: none"> <li>Rolling-out fiber at a fast pace for Consumer and Business Market (by KPN or its joint venture), increasing availability of high access speeds and improving in-home WiFi coverage</li> <li>Enabling the latest innovative mobile technologies by capacity management through the whole network</li> <li>Preparing for new network architectures and metaverse ready networks that match future demand/capacity growth (e.g. telco business case for edge infrastructure)</li> </ul> </li> <li>Develop new services, business models and pricing models</li> <li>Offer fixed-mobile converged services and competitive price/ portfolio combinations, such as Household 3.0 portfolio for Consumer Market (CM) and KPN EEN SME and Smart Combinations for Business Market (BM)</li> <li>Offer high quality of service to customers to improve NPS</li> <li>Continue the exploration of how KPN can adequately and timely respond to changes in the (telecommunications) market and</li> </ul>	<p><b>Likelihood:</b> Medium-high <b>Impact:</b> High <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Revenues existing business (Mobile, Fixed, TV, etc) and new business</li> <li>Market shares of alternative network providers</li> </ul>

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Category	Risk	Countermeasures	Evaluation
	<p>The introduction of new products and services such as new propositions may not be successful and/or timely. This could lead to lower profitability as well as lower market shares.</p> <p><b>Impacted strategic objective</b></p> <p>Connect with our customers to deliver on their needs</p> <p>Activate our best network, platforms, partners &amp; assets</p> <p>Grow sustainably by modernizing and simplifying our business</p>	<p>value chain by implementing new business initiatives, in line with KPN's strategy</p> <ul style="list-style-type: none"> <li>Develop partnerships with OTT players, hyperscalers and network suppliers and monitor these partnerships on profitability</li> <li>Simplify, digitalize and streamline the operating model, including portfolio rationalization. This will lead to improved time-to-market, better quality of service and a simplified and agile organization. Additionally, it will lead to a structural lower level of operational costs and will enable swift response to new market developments</li> <li>5G field labs, Innovation &amp; Partnerships team and proof of concepts (e.g. in software-defined networks and network function virtualization) to test new technologies with customers</li> <li>KPN Ventures: scout, invest in and create cooperations with innovative technology companies to enhance innovation in key areas such as Internet of Things, smart home, cybersecurity, cloud computing, data services, digital healthcare, mobile/video (OTT) services and networking technology (e.g. integrated optics)</li> <li>Strategy and roadmap for future use of quantum computing and satellite networks</li> </ul>	
Operational and quality-related incidents	<p>KPN's services, technical infrastructure and IT may be vulnerable to damage, service interruptions, operational issues and loss/theft or manipulation of customer data. These incidents could be caused by failures in the network systems, power supplies, failures, bugs in and unsuccessful implementation of supporting computer systems, disasters (e.g. fire, flooding, space weather), human errors, lack of staff with specific knowledge and skills, supplier failures, pandemics and absenteeism, sabotage, terrorism or legacy systems. During pandemics or other crises, our customers and society rely heavily on our networks and services, making them more sensitive and vulnerable to network disruptions.</p> <p>Continued climate changes in the future could lead to rising river and sea levels, extreme rainfall, flooding or extreme heat; these weather conditions could also disrupt our systems, networks and services.</p> <p>Such incidents could have a negative impact on society, the quality of our services, reputation, profitability and customer satisfaction.</p> <p><b>Impacted strategic objective</b></p> <p>Connect with our customers to deliver on their needs</p> <p>Activate our best network, platforms, partners &amp; assets</p> <p>Grow sustainably by modernizing and simplifying our business</p>	<ul style="list-style-type: none"> <li>Implement a superior network, including a resilient design of our networks in the Netherlands by: <ul style="list-style-type: none"> <li>Accelerating fiber roll-out for Consumer and Business Market (by KPN or its joint venture), increasing availability of high access speeds and improving in-home WiFi coverage</li> <li>Enabling the latest innovative mobile technologies by capacity management through the whole network</li> <li>Preparing for new network architectures that match future demand/capacity growth</li> </ul> </li> <li>Simplify and streamline operating model: acceleration of simplification, automation and digitalization program for improved quality of service</li> <li>Monitor performance of technical infrastructure (e.g. traffic growth and utilization rate), IT (predictive analysis of required maintenance), and network components, connections and platforms, and also improve (insight in) network redundancy</li> <li>Continuous improvement of operational and security processes and systems (including problem management) and improvement of technical workforce in capacity, knowledge and skills</li> <li>Business continuity management of all assets for continuous delivery of commercial services and internal IT/IT</li> <li>Insurance agreements to cover liability claims of customers or third parties in case of service interruptions</li> <li>Continued implementation of the regularly updated KPN Security Policy, which is aligned with acknowledged standards (NIST, ISO, OWASP, CIS benchmarks, etc)</li> <li>Perform scenario analyses for climate change: assess the effects of climate change (such as flooding or heating risks) on our critical infrastructure and implement additional protective measures where necessary</li> <li>KPN's activities to acquire annual recertification for ISO, including e.g. ISO14001</li> <li>Security Compliance function which provides insight in the actual security posture (including business continuity) and demonstrates compliance to the RDI (Rijksinspectie Digitale Infrastructuur) and other external stakeholders</li> <li>Large-scale automation will improve reliability of our networks and services, driving costs down over time</li> </ul>	<p><b>Likelihood:</b> Medium</p> <p><b>Impact:</b> High</p> <p><b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>NPS NL</li> <li>Network availability</li> <li># Major incidents</li> <li>Damage per incident per service</li> <li># fiber homes passed and connected</li> </ul>
Strategic transformation	<p>KPN may not make sufficient progress in realizing the necessary simplification and transformation actions, for example by phasing out legacy networks and systems, by simplifying our processes and services, by digitalizing our business, by organizational transformation (more lean and flat), by post-merger integration of our acquisitions</p>	<ul style="list-style-type: none"> <li>Define a long-term vision for KPN's future (e.g. 'KPN in 2027')</li> <li>Lean operating model: Simplification, Digital &amp; Personalization, IT rationalization, copper switch off, energy reduction, innovation, always-on automatization and organization. This will lead to improved time-to-market, better quality of service and a simplified and agile organization. Additionally, it will lead to a structural lower level of operational costs</li> </ul>	<p><b>Likelihood:</b> Medium-high</p> <p><b>Impact:</b> Medium</p> <p><b>Trend:</b> Increasing risk</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Opex reduction</li> </ul>

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Category	Risk	Countermeasures	Evaluation
	<p>or by strengthening our capabilities and culture. These actions must lead to necessary cost reductions, increased agility (e.g. less complexity and improved time-to-market of new innovative services), increased digitalized operations and higher quality of services (e.g. higher NPS and first-time right).</p> <p>To realize our digital ambitions and cost reductions, KPN could make use of artificial intelligence (AI). The incorrect use of AI or inaccurate results of AI algorithms could lead to reputational or financial damage for KPN.</p> <p>Global pandemics or other crises could delay the implementation of restructurings and consequently lead to lower cost savings in the medium term. If KPN cannot realize simplification and transformation in time, we may not be able to adequately respond to actions of our competitors and could lead to lower cost savings, less room for new Capex and lower profitability in future.</p> <p><b>Impacted strategic objective</b> Activate our best network, platforms, partners &amp; assets Grow sustainably by modernizing and simplifying our business</p>	<ul style="list-style-type: none"> <li>• Rationalization of networks, IT, products and services, data centers and technical infrastructure</li> <li>• Increased use of standard (cloud) building blocks in networks and services</li> <li>• Focused innovation and govern innovations and simplification at executive level; strong planning of new innovation, simplification and organizational improvement projects</li> <li>• Implement project to develop and use AI in KPN's operations (e.g. customer service) with adequate management attention and due care; implement responsible (generative) AI policy</li> <li>• Leverage KPN Ventures to gain access to co-owned scaleups that provide innovative, state-of-the-art solutions and thereby accelerate innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Progress on modern operating model programs</li> <li>• # Fiber homes passed and connected</li> </ul>
Sustainability: Environmental topics	<p>KPN may fail to meet rising stakeholder expectations relating to energy, emissions, sustainability and biodiversity. This could lead to loss of customers, loss of profitability in the future and reputational damage.</p> <p><b>Impacted strategic objective</b> Generic, staying frontrunner in ESG</p>	<ul style="list-style-type: none"> <li>• Embed sustainability in execution of our corporate strategy</li> <li>• Maintain KPN's climate-neutral performance</li> <li>• Continued efforts on reducing energy usage and emissions for our own operations (e.g. by phasing out copper network) and in the supply chain (net-zero in 2040). Use alternative energy sources, e.g. via solar panels on technical buildings and wind farms on sea</li> <li>• Implement circular operations and services to reduce our footprint, e.g. by collecting customer equipment for reuse and recycling, increasing the longevity of our products and use less virgin materials, avoid single-use plastics and lower risk on critical raw materials</li> <li>• Continue KPN's CO<sub>2</sub>e-reduction objectives as approved by the Science Based Targets Initiative (SBTI) in line with the climate goals of the Paris Agreement</li> <li>• Measure avoided emissions enabled for KPN customers</li> <li>• Strong focus on ESG in the value chain and a proactive approach towards topics with increased societal interest, such as climate change and circularity</li> <li>• External communication program about KPN's activities on corporate social responsibility, sustainability, energy management, and the benefits for KPN's stakeholders, such as customers and Dutch society</li> <li>• Together with Groene Netten and Naturalis Biodiversity Center KPN is working on the mapping of opportunities to enhance biodiversity. This could affect the land use, air quality, water use and soil at our own operations and in our supply chain</li> <li>• Implement and adhere to the requirements of the EU Corporate Sustainability Reporting Directive and other sustainability regulations</li> <li>• Cooperate with suppliers that are assessed by Ecovadis and that have their targets approved by SBTi</li> <li>• Management remuneration linked to sustainability</li> </ul>	<p><b>Likelihood:</b> Low <b>Impact:</b> Low <b>Trend:</b> Increasing risk</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>• Energy consumption</li> <li>• Carbon emissions (Net-zero in 2040)</li> <li>• Circularity (long-term goal: close to 100% as of 2025)</li> <li>• Percentage of waste</li> <li>• Percentage of suppliers with Ecovadis and CDP score</li> <li>• Ranking in MSCI, Sustainalytics, CDP or similar ratings</li> </ul>
Sustainability: Social topics	<p>KPN respects and protects human rights in all our business dealings. KPN may not have full insight in all business practices of our (national and international) contracted partners and their relationships and may not be able to effectuate sufficient control. As a consequence, KPN may not be able to comply with human rights regulations and</p>	<ul style="list-style-type: none"> <li>• Embed sustainability in execution of our corporate strategy</li> <li>• Strong focus on ESG in the value chain and a proactive approach towards topics with increased societal interest, such as human rights</li> <li>• External communication program about KPN's activities on corporate social responsibility and the benefits for KPN's stakeholders such as customers and Dutch society</li> </ul>	<p><b>Likelihood:</b> Low <b>Impact:</b> Low <b>Trend:</b> Increasing Risk</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>• N/A</li> </ul>

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	<p>standards in all parts of its supply chain. This could lead to loss of customers, loss of profitability in the future and reputational damage.</p> <p>KPN promotes social and digital inclusion. However, KPN may not be able to fulfill our purpose to connect everyone in the Netherlands; some customer groups may not be able to understand, use or afford our services or may not be able to contact KPN in a way they prefer.</p> <p><b>Impacted strategic objective</b> Generic, staying frontrunner in ESG</p>	<ul style="list-style-type: none"> <li>Implement and adhere to the requirements of the EU Corporate Sustainability Reporting Directive and other sustainability regulations</li> <li>Cooperate with suppliers that are assessed by Ecovadis</li> <li>Cooperate with organizations such as the Responsible Mining Initiative (support responsible sourcing of minerals from conflict-affected and high-risk areas) and Responsible Business Alliance (promote corporate social responsibility in global supply chains)</li> <li>Promote human rights in the supply chain, e.g. via: <ul style="list-style-type: none"> <li>KPN's human-rights board, chaired by a member of BoM, that monitors adherence of human rights regulations by KPN and its suppliers</li> <li>Supplier Code of Conduct, containing requirements relating to a.o. human rights and labor conditions; the Code is based on the UN Guiding Principles on businesses and human rights</li> <li>Perform due diligence of suppliers via EcoVadis (only Tier 1 suppliers) and CSR risk assessments</li> <li>Onsite audits by the Joint Alliance on CSR (JAC) at (high risk) suppliers</li> <li>Implementation of a human-rights statement</li> <li>Implementation of a grievance mechanism that is available for all workers in the value chain around the globe (via independent party of SpeakUp)</li> </ul> </li> <li>Promote social and digital inclusion, e.g. via KPN Klasgenoot, KPN Mooiste Contact Fonds and adherence to Web Content Accessibility Guidelines (WCAG) standards in developing our websites and services and adherence to the requirements of the EU Accessibility Act for our products and services</li> <li>Management remuneration linked to sustainability</li> </ul>	
Information and cybersecurity threats	<p>Unauthorized access, modification, and disclosure of customer and/or company assets/data. This risk could be caused by:</p> <ul style="list-style-type: none"> <li>Malicious actions and attacks by actors such as nation-states, organized criminals, hackers, terrorists and insiders</li> <li>Vulnerabilities in KPN's systems, applications or platforms</li> <li>Technological developments such as quantum computing.</li> </ul> <p>The risk could lead to:</p> <ul style="list-style-type: none"> <li>Loss or leakage of confidential information (KPN and customer data)</li> <li>Disruption of our telecom services to customers</li> <li>Reputation damage, high remedial costs, fines, loss of customers, declining results of operations</li> <li>Increased regulation and supervision thereof</li> </ul> <p><b>Impacted strategic objective</b> Generic; Activate our best network, platforms, partners &amp; assets</p>	<ul style="list-style-type: none"> <li>Annually evaluated KPN Security Policy (KSP), which is aligned with acknowledged standards (NIST, ISO, OWASP, CIS benchmarks, etc) and regulations.</li> <li>Implementation of baseline security measures according to the KSP and continuous improvement of the related security processes and procedures</li> <li>Performance of central security processes such as Penetration Testing, Permanent Vulnerability Management, Security Monitoring and Incident Response</li> <li>Role-based security awareness of technical workforce and training of personnel to increase security knowledge</li> <li>Collection and analysis of security-threat information to take informed actions and prevent or reduce the impact of such threats</li> <li>Cybersecurity exercises to improve response readiness</li> <li>Security Compliance function, which provides insight in the actual security posture and demonstrates compliance to the RDI (Rijksinspectie Digitale Infrastructuur) and other external stakeholders</li> <li>Knowledge and threat-intelligence sharing with the NCSC (National Cyber Security Centre), leading Dutch and EU telecom operators, vendors, the global CERT community (Computer Emergency Response Team) and CISO Circle of Trust.</li> <li>Proactive stakeholder and reputation management including dialogue with regulators, national security agencies and decision-makers</li> <li>Insurance agreements to cover liability claims of customers or third parties in case of cyber attacks</li> <li>Increase external cybersecurity footprint by investing in external cyber security relations (Circle of Thrust, government, EU)</li> </ul>	<p><b>Likelihood:</b> High <b>Impact:</b> High <b>Trend:</b> Increasing risk</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li># and severity of security alerts and incidents</li> <li># and severity of expired KSP exceptions</li> <li># and severity of network &amp; asset vulnerabilities</li> </ul>
Regulatory compliance	<p>KPN may face issues in relation to non-compliance with regulation, including – but not limited to – telecommunications, privacy and consumer protection regulations. These incidents can lead to fines or have a negative impact on KPN's reputation and relationship with regulators and/or supervisors.</p>	<ul style="list-style-type: none"> <li>Centralized organizations for compliance and risk management</li> <li>Compliance training sessions for staff and management, for example e-learning about the company codes for all KPN staff in the Netherlands</li> <li>Proactive internal compliance investigations</li> <li>Surveys and culture improvement programs</li> </ul>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Fines</li> </ul>

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	<p><b>Impacted strategic objective</b></p> <p>Generic</p>	<ul style="list-style-type: none"> <li>Improving and maintaining a robust internal control framework dedicated to complying with specific regulations</li> <li>Ringfencing wholesale within KPN's organization</li> <li>Quarterly compliance report to Board of Management</li> </ul>	<ul style="list-style-type: none"> <li># compliance incidents reported to regulator</li> <li>Results of annual compliance survey</li> </ul>
Tax	<p>Tax risks:</p> <ul style="list-style-type: none"> <li>Adverse decisions or interpretations of tax authorities on pending disputes or changes in tax treaties, tax laws, OECD guidelines, EU Directives and other rules could have a material adverse effect on KPN's net result and cash flow</li> <li>Notwithstanding the fact that KPN is committed to being fully compliant with the relevant laws and regulations and adheres to its tax strategy and policy (see ir.kpn.com), some of KPN's tax positions could be perceived negatively by the political environment and society, which could lead to reputational damage</li> <li>With regard to WBSO and Innovation Box benefits: KPN has a volatile number of eligible hours for WBSO, mainly due to Divestments, Mergers &amp; Acquisitions and lower qualifying Capex budgets for innovation</li> <li>If business results do not meet expectations, KPN's net DTA may have to be impaired.</li> <li>The introduction of new mobile consumer propositions in August 2016 caused a change in the VAT calculation methodology, which resulted in a lower remittance of VAT from August 2016 until December 2018. KPN's view is not shared by the Dutch tax authorities. KPN concluded, based on the applicable regulations, that a positive outcome of this dispute is not highly probable and therefore recorded a contract liability for the VAT amount. Additionally, an amount for the corresponding interest amount has been accounted for. A potential final negative outcome of the current court procedure will lead to cash outflow for an amount up to the non-current variable considerations which includes accrued interest</li> </ul> <p><b>Impacted strategic objective</b></p> <p>Generic</p>	<ul style="list-style-type: none"> <li>Act in line with our company-wide tax strategy and tax policy</li> <li>Continuous monitoring of internal control framework for key tax risk areas</li> <li>Maintain good working relationships with tax authorities and provide them with required information if and when relevant</li> <li>Tax planning, while remaining compliant with all relevant laws, regulations and international standards</li> <li>If (taxable) profits do not develop according to plan, timely action/tax planning is needed to avoid impairment (loss) of DTA</li> <li>Defending KPN's position through court procedures</li> </ul>	<p><b>Likelihood:</b> Medium-high <b>Impact:</b> High <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Effectiveness of tax control framework</li> <li>Effective tax rate</li> </ul>
Electromagnetic fields	<p>Although there is no scientific evidence that electromagnetic fields of (mobile) equipment or base stations pose health risks, a change in this view could expose us to significant claims and litigations, a severe drop in our mobile business or high compliance costs of new laws and regulations (e.g. major changes in our mobile networks). Public perception of electromagnetic fields or actions of anti-5G movements (including litigations) could delay the roll-out of mobile networks or disrupt our (critical) communications equipment, which could lead to service interruptions and higher costs of operations.</p> <p><b>Impacted strategic objective</b></p> <p>Generic</p>	<ul style="list-style-type: none"> <li>Monitor national and international scientific research on the effects of electromagnetic fields on health, provide data to longitudinal and other research</li> <li>Strict adherence to all national and international standards for electromagnetic fields</li> <li>Increase pressure on government (EU -via GSMA- and national) to steer the EMF debate</li> <li>Provide adequate and scientific information to the public regarding the effects of electromagnetic fields</li> <li>Start of escalation procedures and continuous consultation with police, local authorities, industry representatives (Monet) and owners of mobile sites for preventive and protective measures (e.g. surveillance) to protect mobile sites</li> </ul>	<p><b>Likelihood:</b> Very low <b>Impact:</b> High <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <p>Research developments</p>
Impact of new regulations	<p>New regulatory decisions in the EU and the Netherlands regarding the telecom and technology industry could affect KPN's future operations and profitability, such as decisions regarding continuity,</p>	<ul style="list-style-type: none"> <li>Proactive stakeholder and reputation management including dialogue with regulators (e.g. with ACM based on KPN's open access wholesale policy), national security agencies and decision makers</li> </ul>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium-high <b>Trend:</b> Stable</p>



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	<p>end-user protection, level playing field in access regulation and between telco and internet players, (national) security, spectrum auctions and the use of AI.</p> <p>ACM may explore the possibility to regulate access on the basis of a new provision in the EEC (European Electronic Communications Code) regarding symmetric access. We consider it unlikely that KPN can be forced to grant access in the basis of this provision.</p> <p>In addition, newly enacted general legislation of national or international regulators (e.g. in the area of ESG and Corporate Governance) could also affect KPN's future operations and profitability.</p> <p><b>Impacted strategic objective</b> Generic</p>	<ul style="list-style-type: none"> <li>Proactive open access wholesale offer to ACM and market (KPN's commitments regarding wholesale access to fiber are declared binding until 2030 by ACM)</li> <li>Periodic report to Board of Management on status of new laws and regulations, and where necessary scenario analyses on the possible impact for KPN</li> <li>Legal proceedings where deemed necessary</li> <li>Dedicated program to implement new regulations in a structured and effective manner</li> </ul>	<p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Regulatory developments (NL, EU)</li> </ul>
Uncertainty about future monetization of high investments	<p>The telecom and ICT market is characterized by strong competition, accelerating changes in customer behavior, accelerating technological developments, increasing price pressure and exposure to shrinking markets. Due to these developments, high investments in our assets such as technical infrastructure (access and core networks), IT infrastructure, licenses and goodwill may not be recovered as KPN's business models to generate revenue and cash flow streams could change in future. Also, changes in assumptions such as profitability, network penetration, long-term growth and discount rate could negatively affect the value of cash-generating units. These factors could lead to impairments of tangible assets, such as mobile and fixed networks, and of intangible assets, such as licenses and goodwill.</p> <p><b>Impacted strategic objective</b> Activate our best network, platforms, partners &amp; assets Grow sustainably by modernizing and simplifying our business</p>	<ul style="list-style-type: none"> <li>Strong Capex planning, supported by data-driven decision-making process and based on ROCE and NPV analyses</li> <li>Cross- and upselling of new services such as IoT, cloud, security and content to add value to our connectivity and access portfolio (BM) and deep-selling of telecom services in households (CM)</li> <li>Focus on high-value customers and growth of customer base, offer strong converged propositions and high quality of services and networks</li> <li>Customer lifetime value (CLV) steering by monitoring end-to-end profitability of services and business lines</li> <li>Long-term vision on our networks, to optimize and align future investments (both timing, size and technology) with our commercial portfolio, market developments and financial performance</li> <li>Continuous increase of efficiency in roll-out of new networks</li> <li>KPN Connect, Activate &amp; Grow strategy; continuous monitoring of realization strategic business plans and performance, e.g. utilization and return on investments</li> <li>Develop strategic partnerships and investigate options for network sharing</li> <li>Implement a solid investment policy</li> <li>Monitor profitability of the cash-generating units and network penetration</li> <li>Leverage KPN Ventures to gain access to co-owned scaleups that provide innovative, state-of-the-art solutions and thereby accelerate innovation</li> </ul>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium-high <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>ROCE</li> <li>Capex as % of revenues</li> <li>Network utilization</li> <li>CLV</li> <li>Group service revenues</li> </ul>
Delay of roll-out new networks	<p>To meet future customer needs and stay ahead of our competitors, KPN must continuously invest in its infrastructure to upgrade, modernize and simplify its networks and supporting systems.</p> <p>The modernization of our networks (e.g. fiber roll-out) could be delayed, for example due to higher costs, lack of construction capacity (e.g. caused by lack of skilled personnel), complexities in the roll-out of fiber in higher buildings in cities, negotiations with municipalities, pandemics or other crises, or initiatives of (new) competitors. A delay in the roll-out could subsequently impede our network rationalization initiatives, for example the phase out of our copper network.</p> <p>Also, if KPN cannot generate sufficient cash flows in the future (e.g. due to lower number of activation of new customers on our networks or strong competition) or if KPN's capital position declines (e.g. deteriorating net debt/EBITDA ratio), we are not able to realize and finance the required investments. This could subsequently lead to a</p>	<ul style="list-style-type: none"> <li>Close long-term contracts with suppliers and contractors to safeguard construction capacity for the near term, including a flexpool of tactical partners</li> <li>Apply new innovative techniques and procedures for fast roll-out of fiber networks</li> <li>Develop strategic partnerships (e.g. Glaspoort) and investigate options for network sharing</li> <li>Continuous monitoring of realization of strategic business plans and performance, e.g. growth of EBITDA and FCF, network utilization, and return on investments</li> <li>Strong Capex planning, supported by data-driven decision-making process and based on NPV analyses</li> <li>Perform ROCE (return on capital employed) analyses on current and future investments</li> <li>Monitoring and steering activities of MT Fiber and 1Fiber accelerate program</li> <li>Selected acquisition of local fiber networks</li> <li>Implement own team of engineers to realize HC connections</li> </ul>	<p><b>Likelihood:</b> Medium-high <b>Impact:</b> High <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li># homes passed</li> <li># homes connected</li> <li># homes activated</li> </ul>

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	<p>higher churn of customers, declining market shares and to lower revenues and profitability in future.</p> <p><b>Impacted strategic objective</b> Connect with our customers to deliver on their needs Activate our best network, platforms, partners &amp; assets</p>		
Spectrum auctions	<p>Participation in spectrum auction in the Netherlands in 2024 (3.5 GHz): in acquiring the required frequency blocks, KPN may have to pay a high price for – or may not be able to acquire – the required spectrum.</p> <p><b>Impacted strategic objective</b> Connect with our customers to deliver on their needs Activate our best network, platforms, partners &amp; assets</p>	<ul style="list-style-type: none"> <li>Thorough preparation by experienced KPN team and external experts; extensive simulation of auctions</li> <li>Investigate alternative combinations of spectrum and advanced techniques to meet customer demands</li> <li>Prudent financial policies to secure adequate funding</li> <li>Proactive stakeholder management and dialogue with regulators and decision-makers, to minimize delays and ensure that the 3.5 GHz spectrum can be used for 5G in the whole of the Netherlands as quickly as possible and to ensure that all uncertainties are resolved by the Ministry before the auction starts</li> <li>Reviews of Internal Audit department on the spectrum auction business case, decision documents and auction preparation</li> </ul>	<p><b>Likelihood:</b> Medium <b>Impact:</b> High <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>KPN spectrum position relative to competitors,</li> <li>EUR/megahertz (MHz)/pop, also benchmarked against foreign auctions</li> </ul>
New business initiatives	<p>KPN may not be able to sufficiently grow and monetize new business initiatives and opportunities in the near future, which may jeopardize KPN's profitability.</p> <p><b>Impacted strategic objective</b> Connect with our customers to deliver on their needs Activate our best network, platforms, partners &amp; assets Grow sustainably by modernizing and simplifying our business</p>	<ul style="list-style-type: none"> <li>Focused innovation initiatives such as IoT and 5G, new business as well as strategic partnerships and cooperation with OTT players to ensure KPN meets the changing customer needs and adapts to a dynamic market</li> <li>5G field labs, KPN innovation playground and proof of concepts (e.g. in software-defined networks and network function virtualization) to test new technologies with customers</li> <li>Innovation &amp; Partnerships team to incorporate innovation/growth themes in KPN's strategy</li> <li>Focus innovation on six innovation and growth themes (digital services aggregation, cybersecurity4all, converged hybrid working, secure data exchanges, mission &amp; business critical and network as a platform). The Innovation &amp; Partnerships team will work on the execution of these themes together with the business and technology departments. The KPN startup community, KPN Ventures and M&amp;A scope will also be predominantly focusing on these six themes going forward</li> <li>KPN startup community to co-operate with startups and scout new innovative technologies &amp; solutions and selective acquisition thereof</li> <li>KPN Ventures to form partnerships with innovative companies</li> <li>Allocate Capex budgets for innovative new business</li> <li>Well-guided migration of customers from legacy to new innovative portfolio</li> <li>Accelerate digitization of processes and customer services to foster swift development and roll-out of new innovations</li> </ul>	<p><b>Likelihood:</b> Medium-high <b>Impact:</b> Medium <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Revenues new business</li> <li>Take up 5G services</li> <li>Incubator budget</li> </ul>
Financing KPN	<p>KPN requires solid access to (debt) capital markets to finance its operations and refinance its outstanding debt. The pressure on KPN's financial framework may increase in the event of higher net debt levels and/or lower profitability. In that case, KPN might not be able to maintain its current credit ratings, which could negatively affect pricing and availability of financing resources.</p> <p><b>Impacted strategic objective</b> Maintain solid financial position and shareholder distribution policy</p>	<p>KPN ensures solid access to debt capital markets by:</p> <ul style="list-style-type: none"> <li>Commitment to an investment-grade credit profile</li> <li>Maintaining a strong liquidity position and prefunding debt redemptions</li> <li>Monitoring and forecasting of metrics used by rating agencies</li> <li>Maintaining discipline in allocating capital to investment opportunities and shareholder remuneration</li> </ul>	<p><b>Likelihood:</b> Low <b>Impact:</b> Medium <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Credit ratings</li> <li>Net debt/EBITDA ratio</li> <li>Liquidity forecast</li> <li>Rating metrics (used in credit rating)</li> <li>Dividend pay-out ratio, total shareholder remuneration</li> <li>Interest cover ratio</li> </ul>
Volatile financial markets	<p>Uncertainty or changes in financial markets could negatively affect pricing and availability of KPN's funding sources.</p>	<ul style="list-style-type: none"> <li>Cash-flow forecasting to ensure sufficient liquidity headroom in both normal and stressed market circumstances</li> <li>Maintaining a varied maturity profile, limiting the amount of debt maturing in any one calendar year</li> </ul>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium <b>Trend:</b> Increasing risk <b>Monitoring KPI:</b></p>

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Category	Risk	Countermeasures	Evaluation
	<p><b>Impacted strategic objective</b></p> <p>Maintain solid financial position and shareholder distribution policy</p>	<ul style="list-style-type: none"> <li>Financing upcoming debt maturities well ahead of their maturity</li> <li>Maintaining sufficient liquidity reserves in the form of cash and/or committed credit facilities</li> <li>Managing the mix of floating and fixed interest rates</li> <li>Diversification in funding sources</li> <li>Maintaining relationships with diversified groups of financial counterparties of good credit quality</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity forecast</li> <li>Redemption profile</li> <li>Fixed/floating interest rate mix</li> <li>Interest cover ratio</li> </ul>
Reliance on suppliers and their products and services, third-party risks, international supply-chain issues	<p>KPN relies heavily on products and services of external suppliers. This reliance relates to adequate telecommunications equipment, software and IT services, and contractors' ability to build and roll-out telecommunications networks, as well as suppliers' ability to deliver technical support. This reliance could potentially lead to unbalanced supply-demand relationships and could lead to an inability to obtain the products and services at a competitive price and quality.</p> <p>Suppliers could be unable to deliver the required products and services to KPN due to:</p> <ul style="list-style-type: none"> <li>Scarcity in lack of skilled personnel (high attrition)</li> <li>Sanctions that are imposed by governments on specific countries (e.g. Russia) or specific suppliers (e.g. as a result of breaches of legislations)</li> </ul> <p>This could lead to disruption of our processes and lower quality of our services to customers.</p> <p>The scarcity, in combination with volatile energy prices, have already led to higher prices and could lead to prices increasing further in the future.</p> <p>Furthermore, we identify the risk of an inappropriate level of back-to-back contracting with regards to customer requirements on e.g. price and services in supplier agreements.</p> <p>Suppliers or their employees could breach relevant legislation such as data protection, security, privacy, IPR, human rights and/or environmental laws, which could negatively impact KPN's reputation.</p> <p><b>Impacted strategic objective</b></p> <p>Activate our best network, platforms, partners &amp; assets</p> <p>Note: Suppliers have a significant role in the realization of KPN's strategic objectives, including staying an ESG frontrunner</p>	<ul style="list-style-type: none"> <li>Establishing a strong and centralized demand and contract management organization that defines, enforces and monitors compliance of suppliers with terms of contracts and preparation of re-transition plans as fall-back scenario</li> <li>Continuously monitor the availability and timely delivery of critical products and services with key suppliers and update business continuity plans accordingly. Proactively discuss with suppliers any risk mitigating measures to timely safeguard KPN's supply chain</li> <li>Simplification of the supplier landscape in line with KPN's strategy and cost focus</li> <li>Evaluation of outsourced activities on effectiveness and efficiency and (where applicable) preparation of a re-transition plan for insourcing</li> <li>Include the possibility to terminate contracts based on non-performance and, in that case, migration of the activities to other suppliers</li> <li>Include a right-to-audit clause in supplier contracts and the possibility to conduct regular audits</li> <li>Monitor compliance of suppliers with the KPN Security Policy</li> <li>Align customer contract requirements with supplier contract requirements (this alignment is part of the governance rules for outsourcing), in line with requirements and policies of General Counsel Office</li> <li>We expect all our suppliers to sign our Supplier Code of Conduct and KPN will monitor compliance with this code</li> <li>For high risk suppliers, perform audit procedures to evaluate suppliers' compliance with international standards for human rights and environmental laws. Monitoring of timely follow-up on main audit findings</li> <li>Promote transparent pricing and way of doing business</li> <li>Secure long-term commitments with contractors and key suppliers for business critical products and services, e.g. for fiber roll-out</li> <li>Prepare fall-back scenarios (e.g. dual sourcing contracts from different geographical regions) when suppliers are not able to deliver their products and services due to effects of pandemics, natural disasters or geopolitical circumstances</li> </ul>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Medium-high <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Spend development: % spend at top 20 suppliers</li> <li>JAC audit results</li> </ul>
Employment, diversity and talent	<p>KPN may not be able to attract and retain qualified and diverse staff members especially in domains such as technology, IT, engineers and security. This could lead to insufficient competency and capacity in KPN's workforce, but also to higher workload and increasing labor costs.</p> <p>If KPN does not meet the diversity goals and 'social return' requirements, this could impact KPN's future profitability (e.g. lower results in business market for public sector), customer satisfaction and reputation. Although attrition is higher than in previous years, it is in line with market standards. However, the higher attrition levels in combination with a lower inflow of (younger) staff members in recent years, led to more unbalanced company demographics (i.e. increasing average age of staff). In the long term this could lead to loss of knowledge and</p>	<ul style="list-style-type: none"> <li>Improve skilled and talented workforce by: <ul style="list-style-type: none"> <li>Innovative and inspiring talent management programs to attract and maintain qualified staff (both from the Netherlands and abroad)</li> <li>Discover new talent and make KPN more attractive for talented employees across the organization</li> <li>Maintain a strong employer identity and accompanying labor market strategy to attract external staff with the right capabilities</li> <li>Promote technical education initiatives at high schools and universities to attract new and diverse workforce</li> <li>Targeted development programs to attract hires on specific areas such as security and cloud</li> </ul> </li> <li>Clear communication to (key) staff about KPN's strategy and value their opinions</li> <li>Sustainable employability and mobility: support employees in acquiring different skills, enabling them to find a new role inside or outside KPN</li> </ul>	<p><b>Likelihood:</b> Medium-high <b>Impact:</b> Medium <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Employee engagement</li> <li>% women within KPN from several perspectives</li> </ul>

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Category	Risk	Countermeasures	Evaluation
	<p>continuity concerns, making KPN less attractive for younger/more diverse talent. We will need to anticipate in our talent strategy, sourcing model and strategic workforce management to mitigate possible long-term impacts.</p> <p><b>Impacted strategic objective</b> Generic; Staying frontrunner in ESG</p>	<ul style="list-style-type: none"> <li>• Maintain or improve employee engagement and attractiveness as employer</li> <li>• Continued implementation of KPN's policy to improve diversity in KPN's workforce</li> <li>• Implementation of a strategic plan on inclusion and social return</li> <li>• Implement strategic workforce management for KPN wide operations</li> <li>• Develop a total reward strategy and aiming for a competitive salary and benefits package</li> <li>• Increase recruitment efforts (expansion of recruitment team) and campaigns externally</li> <li>• Increase focus on internal development and skill building</li> <li>• Investigate sourcing strategies to attract and develop new talents</li> </ul>	
Adverse macro-economic conditions	<p>The economic climate could deteriorate in the near term, for example due to the impact of inflation and rising prices in assets, raw materials and energy, increasing interest rates, geopolitical tensions (e.g. war in Ukraine and US-China tensions), pandemics, continued political uncertainties in Europe, increasing protectionism, climate change (e.g. resulting in extreme weather conditions and rising sea levels) and other crises. This could lead to declining spending of customers in both the Consumer and Business market (downtrading) and higher bad debt, and will consequently lead to lower future revenue growth, profitability and cash flows.</p> <p><b>Impacted strategic objective</b> Generic</p>	<ul style="list-style-type: none"> <li>• Close monitoring of and swift response to new market developments and trends, for example by drafting contingency plans such as plans for cost-cutting initiatives and restructurings</li> <li>• Simplify &amp; streamline operating model: acceleration of simplification and digitalization program. This will lead to improved time-to-market, better quality of service and a simplified and agile organization. Additionally, this will also lead to a structurally lower level of operational costs</li> <li>• Seizing new opportunities by innovation and introduction of new services, to compensate for declining telecom and IT businesses</li> <li>• Closely monitor payment terms, increase of bad debt and bankruptcies within customer base</li> <li>• Closely monitor customer trading down</li> </ul>	<p><b>Likelihood:</b> Medium-high <b>Impact:</b> Medium <b>Trend:</b> Increasing risk</p> <p><b>Monitoring KPI</b></p> <ul style="list-style-type: none"> <li>• Order intake, sales</li> <li>• Organic revenue growth</li> <li>• Bad debt, deferred customer payments</li> <li>• Opex levels</li> </ul>
Pandemics	<p>Global epidemics or pandemics such as COVID-19 and the accompanying containment measures could have several adverse effects on our business in the coming years:</p> <ul style="list-style-type: none"> <li>• Lower business revenues, for example caused by lower roaming revenues and cancellations or postponement of sales contracts in business market (e.g. IT projects)</li> <li>• Increasing interruptions in the continuity and quality of our services, for example caused by sick leave of key personnel or disruptions in the international supply chain leading to shortage of network equipment or devices</li> <li>• Lower operational cash flows due to increasing bad debt in Consumer, Wholesale or Business market</li> </ul> <p>Overall, the risk could lead to lower profitability of our operations and declining customer satisfaction.</p> <p><b>Impacted strategic objective</b> Generic</p>	<ul style="list-style-type: none"> <li>• Implement a superior network including a resilient design of our networks in the Netherlands, to offer our customers reliable and robust telecom services</li> <li>• Hire trained staff that are committed to delivering a high quality of customer services amid the challenging conditions of a pandemic</li> <li>• Offer excellent remote customer services e.g. via video chats or helpdesks</li> <li>• Accelerate the digitalization program for improved digital customer journeys and quality of service</li> <li>• Continuously assess our revenue risk profile and focus on services that are relevant for customers during a pandemic, such as broadband, security and videoconferencing services</li> <li>• Implement protective and preventive measures for engineers and shop personnel; implement strong network facilities for office staff to work from home</li> <li>• Corporate Pandemic team that co-ordinates, in close cooperation with Board of Management, the necessary actions in response to national virus developments and new regulations</li> <li>• Continue the execution of cost-saving programs, to offset declining revenues. Revisit roaming contracts and improve working capital management</li> <li>• Prepare fall-back scenarios and dual sourcing contracts (from different geographical regions) when suppliers are not able to deliver their products and services due to effects of pandemics or containment measures</li> </ul>	<p><b>Likelihood:</b> Medium <b>Impact:</b> Low-medium <b>Trend:</b> Decreasing risk</p> <p><b>Monitoring KPI</b></p> <ul style="list-style-type: none"> <li>• Order intake, sales</li> <li>• Group service revenue growth</li> <li>• Bad debt, deferred customer payments</li> </ul>
High risk vendors: Geopolitical developments for suppliers, which could trigger security, business continuity	<p>Geopolitical volatility, driven by rising international tensions, protectionism and security concerns, may impact our ability to do (sourcing) business in any part of the world. These concerns could lead to bans and other sanctions on suppliers of hardware and software from countries with offensive cybersecurity activities. Such sanctions could significantly impact the supply chain and products of those suppliers and consequently could also harm KPN's availability, innovation roadmap,</p>	<ul style="list-style-type: none"> <li>• Conduct frequent threat analyses and closely monitor latest global and political developments in general and specifically US and EU actions regarding suppliers from countries with offensive cybersecurity activities</li> <li>• Perform scenario analyses during network and solution design to assess potential implications of geopolitical developments for suppliers and impact thereof on associated risks</li> <li>• Prepare fall-back scenarios and policies if KPN can no longer acquire or use hardware and software from specific suppliers and avoid reliance on single vendors or countries for critical or vital services</li> </ul>	<p><b>Likelihood:</b> High <b>Impact:</b> High <b>Trend:</b> Increasing risk</p> <p><b>Monitoring KPI:</b> N/A</p>

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Category	Risk	Countermeasures	Evaluation
and reputational risks	<p>and use of network equipment. Additionally, public opinion of these vendors and the use of their services could lead to reputational damage and loss of consumer or business customers.</p> <p>The Dutch government or other regulating bodies may impose additional security requirements or ultimately ban a vendor in order to mitigate or prevent possible security issues that some vendors (or the originating countries) could bring for Dutch society. If KPN is forced to switch from suppliers, we can no longer use equipment from our current vendors in (parts of) our networks; it could lead to concentration risks (only a smaller number of suppliers is able to deliver the required equipment and services) and consequently to higher and unexpected investment and maintenance costs in future. Next to that, compliance with security regulations could lead - also for existing suppliers - to higher costs for KPN.</p> <p><b>Impacted strategic objective</b> Connect with our customers to deliver on their needs Activate our best network, platforms, partners &amp; assets Grow sustainably by modernizing and simplifying our business</p>	<ul style="list-style-type: none"> <li>Implement new governmental regulations by defining KPN's critical assets and implementing technical and process security measures in order to sustain trusted service delivery</li> <li>Ensure good relations and exchange with relevant national security agencies and political decision-makers</li> <li>Maintain strong PR and communication with customers and other stakeholders regarding the use of equipment from specific suppliers and KPN's high security standards</li> <li>Maintain structural risk management and governance processes for high risk vendors in the sourcing and tender processes to be able to respond to global and political developments for vendors and their country of origin</li> <li>Include the possibility to terminate contracts due to geopolitical developments and governmental decisions</li> <li>In the longer term, consider using open source and standardized network equipment and interfaces to limit reliance on specific suppliers or proprietary hardware and software</li> <li>Maintain the KPN Security Policy and monitor continuous compliance with security requirements</li> </ul>	
Inflation	<p>KPN could be faced with increasing inflation and cost levels in the near future. The rising inflation is caused by high energy prices, scarcity of equipment/raw materials (refer to risk Reliance on suppliers and their products and services) and scarcity in labor capacity, but also by other factors such as monetary policies of central banks (changes in monetary easing, and current and future interest rate hikes), changing foreign exchange rates, higher lease expenses, global economic recovery, climate change, geopolitical tensions and international conflicts. Additionally, KPN and our suppliers could be faced with increasing wages and salaries in the near future. Also, if we raise our prices as a result of inflation, customers may no longer be able to afford KPN's services.</p> <p>The actual inflation on acquired products and services and on salaries &amp; wages could be higher than initially forecasted, leading to lower results and cash flows. With regards to supplier contracts, it is likely that the inflation will exceed the indexation thresholds. KPN may not be able to (1) fully offset resulting cost increases, and (2) to pass on (a part of) the higher costs to our customers. Consequently, the higher costs could have a material adverse effect on KPN's Opex and Capex levels, results of operations, cash flows and financial condition.</p> <p><b>Impacted strategic objective</b> Generic</p>	<ul style="list-style-type: none"> <li>Close long-term contracts with suppliers with fixed price agreements</li> <li>Close hedge and other forward contracts for energy and other materials where possible</li> <li>Increase breadth of supplier base, renegotiate terms and conditions with existing suppliers</li> <li>Increase - where possible - our tariffs and subscription rates, e.g. in line with Consumer Price Indices</li> <li>Limit the increase of interest costs by managing the mix of floating and fixed interest rates (the majority of our debt has fixed rates) and by maintaining a well-spread debt-redemption profile</li> <li>Implement cost saving and efficiency programs to limit cost increases where possible</li> </ul>	<p><b>Likelihood:</b> High <b>Impact:</b> Medium-high <b>Trend:</b> Stable risk</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Consumer Price Indices</li> <li>Opex and Capex levels</li> <li>EBITDA and FCF</li> </ul>
Energy prices and availability	<p>Energy supply in the Netherlands could not be sufficiently available in future to meet KPN's energy needs; additionally, energy prices and energy taxes could further rise to levels that energy sources are no longer affordable. The shortages or high prices could be caused by capacity issues in local grids, international conflicts that could hamper the supply</p>	<ul style="list-style-type: none"> <li>Close hedge and other forward contracts for energy where possible</li> <li>Use alternative energy sources, e.g. via solar panels on technical buildings. In December 2022, KPN signed an agreement with Eneco that from 2027 to purchase green wind energy from a new to be built wind farm in the North Sea</li> <li>Explore new smart energy storage technology to store and manage energy in an efficient and responsive manner</li> </ul>	<p><b>Likelihood:</b> Low <b>Impact:</b> High <b>Trend:</b> Stable</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Energy prices</li> <li>Geopolitical</li> </ul>

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Category	Risk	Countermeasures	Evaluation
	<p>of oil, gas or other energy sources, shortages in national or European backup systems and severe weather conditions. Furthermore, the transition to sustainable energy sources could lead to shortages due to increasing demand for electricity or network congestions. Energy shortages could lead to service interruptions or lower service quality in future, and subsequently to lower customer satisfaction and results of operations.</p> <p><b>Impacted strategic objective</b> Generic</p>	<ul style="list-style-type: none"> <li>Reduce energy to the max: <ul style="list-style-type: none"> <li>Migrate customers from copper network to energy efficient fiber network</li> <li>Optimize mobile network as much as possible, e.g. by adopting traffic-based power consumption</li> <li>Rationalize data centers and optimize virtualization</li> <li>Optimize energy use in metro core locations (e.g. reduce cooling systems)</li> <li>Reduce number of office and technical buildings where possible</li> <li>Diminish dependence on gas in technical buildings</li> </ul> </li> </ul>	<p>developments and conflicts</p> <ul style="list-style-type: none"> <li>Energy reduction</li> </ul>
Fraud risks	<p>KPN may encounter different forms of frauds, like asset misappropriation (internal, external (telecom fraud), and financial statement/reporting fraud. Such frauds could be caused internal staff and/or external actors, due to perceived pressure and rationalisation and then exploiting missing or failing internal-control procedures in our processes and systems.</p> <p>The frauds could lead to financial damage (e.g. high remedial costs), misstatements in our external reporting, loss of trust by stakeholders, reputational damage and increased scrutiny from law enforcement and regulatory bodies.</p> <p><b>Impacted strategic objective</b> Generic</p>	<ul style="list-style-type: none"> <li>Prevent: <ul style="list-style-type: none"> <li>Maintain fraud risk governance (including policies and code of conduct)</li> <li>Compliance training and awareness sessions for staff and management, for example e-learnings about the company codes for all KPN staff in the Netherlands</li> </ul> </li> <li>Detect: <ul style="list-style-type: none"> <li>Maintain internal control frameworks to prevent and detect all kind of fraud incidents in a timely and adequate way</li> <li>For telecom fraud: monitoring activities of staff supported by dedicated IT</li> <li>Implementation of a grievance mechanism that is available for all workers in the value chain (via independent party of SpeakUp)</li> </ul> </li> <li>Response: <ul style="list-style-type: none"> <li>Investigations by Corporate Security Office, Compliance, Privacy &amp; Ethics and KPN Audit regarding (suspicion of) fraud incidents</li> </ul> </li> </ul>	<p><b>Likelihood:</b> Low <b>Impact:</b> Medium-high <b>Trend:</b> Stable risk</p> <p><b>Monitoring KPI:</b></p> <ul style="list-style-type: none"> <li>Prevent: <ul style="list-style-type: none"> <li>Fraud awareness (culture pulse)</li> </ul> </li> <li>Detect: <ul style="list-style-type: none"> <li># fraud cases, average size and nature of frauds, financial damage</li> <li>Effectiveness of control frameworks, # and nature of deficiencies</li> </ul> </li> <li>Response: <ul style="list-style-type: none"> <li>Average leadtime of fraud investigations</li> </ul> </li> </ul>

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### Appendix 9: Social figures

KPN is a company based in the Netherlands and this is our only country of operation. Therefore the numbers in this Appendix refer to this region. An employee is an individual who is in an employment relationship with KPN according to national law or practice. According to the Dutch and European law (AVG and GDPR), we are not allowed to register ethnic nor racial background, nor are we allowed to register nationality. For the determination of the Social Figures we measure the headcount and FTEs for the end of our reporting period. Only the internships are measured throughout the whole year due to the fact that an internship last shorter than a year in most cases. Tables 1, 6 and 8 below include data of KPN and its subsidiaries, all other tables do not include data of KPN's subsidiaries.

**Table 1: Total number of employees (in FTE and number)**

	2023		2022		2021	
	FTE	Number	FTE	Number	FTE	Number
Overall	9,724	10,410	9,452	9,975	9,699	10,285

**Table 2: Gender proportion among employees (in FTE and number, both as % of total)**

	2023		2022		2021	
	FTE	Number	FTE	Number	FTE	Number
Male	79.5	77.8	79.5	77.9	80.0	78.2
Female	20.5	22.2	20.5	22.1	20.0	21.8

**Table 3: Employee contract type (in % of total number of employees)**

	2023	2022	2021
Permanent	91.5	97.1	97.5
Temporary	8.5	2.9	2.5
Part-time	32.6	27.5	28.4
Full-time	67.4	72.5	71.6

**Table 4: Composition of employees per age category (in % of total number of employees)**

	2023	2022	2021
< 30 years	12.2	7.4	7.1
30 - 50 years	48.0	49.6	51.2
> 50 years	39.8	43.0	41.7

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**Table 5: Remuneration difference and gender proportion in % between men and women per management level**

	2023			2022		
	Difference	Male	Female	Difference	Male	Female
Overall workforce	191	778	22.2	2.2	78	22
PLA	2.09	72.7	27.3	2.2	73	27
Sub Top <sup>1</sup>	2.26	72.5	27.5	0.5	71	29
Scale 12 and higher	2.01	81.7	18.3	3.0	82	18

<sup>1</sup> Direct reports to the Board of Management in management positions

**Table 6: Employees covered by a collective labor agreement (in % of total number of employees)**

	2023	2022	2021
Workforce represented in a formal joint management-worker health & safety committee	99.1	99.0	98.9
Collective labor agreement <sup>1</sup>	93.3	93.1	93.2

<sup>1</sup> Employees who are not covered by CLA are employees under a personal labor agreement

**Table 7: Employee training (in average hours and euro per FTE)**

	2023	2022	2021
Hours/FTE	80.6	37.2	54.8
Euro/FTE	1,342	1,552	1,499

**Table 8: Employee turnover (in % of total number of employees)**

	2023	2022	2021
Intake	12.6	7.5	1.1
Exit	8.5	10.7	11.4

**Table 9: Accident and fatality rate**

	2023	2022	2021
Accidents (% of total employee number)	0.41	0.45	0.38
Fatality rate (accidents per 100 FTE)	0	0	0

**Table 10: Absentee rate (per 100 FTE)**

	2023	2022	2021
Absentee rate	5.0	5.7	4.6



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**Table 11: Other type employees (number of employees)**

	2023	2022
Workers who are not employees and whose work is controlled by KPN <sup>1</sup>	3,004	3,735
Internships	167	111
Workers with non guaranteed hours	0	0

1 External personnel from employment agencies

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# Appendix 10: Environmental figures

### Note

As outlined in the Combined Independent Auditor's Report and assurance report (p. 186), this Appendix is part of the assurance scope of EY's assurance procedures over KPN's 2023 sustainability information. The targets KPN has set related to resource use and circular economy, are not required by legislation. However, these targets are set in order to avoid resource depletion, circulate products and materials (at their highest value) and eliminate waste and pollution.

### Scope and calculation methodologies

#### Scope and calculation of reported emissions

The report includes reporting on CO<sub>2</sub>e emissions in the chapter Our performance: Environmental performance (p. 50) and this Appendix. Avoided emissions enabled for KPN customers using our ICT services is estimated at 311 kTon CO<sub>2</sub>e and 110 tons of PM<sub>10</sub>. KPN enables teleworking to its customers by providing an internet connection. See Appendix 10 for further information on our methodology to measure direct emissions (scope 1), indirect emissions (scope 2), value chain emissions (scope 3) and estimated avoided emissions enabled for KPN customers. Scope 1 and 2 are reported in line with the GHG Protocol. Scope 3 is as much as possible based on the information available in line with the GHG Protocol.

We identified in 2023 that the Scope 3 emissions were not completely reported in previous years for category 11 and 13 for the B2B business as no reliable data is available. For returned products sold (category 12) the estimated emissions are included in CAT 1 and 9 based on the spend method as reliable process based data is not available. Emissions of not collected products are not included as reliable data is not available. Scope 3 emissions from Investments (category 15) have not been reported for equity investments smaller or equal to 50% as Scope 1 and 2 emissions and EEIO data of most of these investments are not available. In 2023 we updated the reporting criteria to reflect this. We are working on improving the data quality of reported scope 3 emissions.

KPN uses the operational control approach when reporting CO<sub>2</sub>e emissions. Carbon dioxide (CO<sub>2</sub>e) is the most relevant GHG for KPN. Where available, CH<sub>4</sub> and N<sub>2</sub>O are taken into consideration in the GHG emissions information. KPN applies the CO<sub>2</sub>e emission factors from co2emissiefactoren.nl as published in the year of reporting. The term 'CO<sub>2</sub>e emissions' is used to refer to the GHG emissions reported on. These are stated in CO<sub>2</sub>e equivalents.

#### Scope 1 – Direct emissions

- Fuel consumption of the lease vehicle fleet (employees' passenger vehicles and commercial vehicles)
- Heating of buildings (gas)
- Consumption of coolants for air conditioning and/or cooling
- Fuel consumption of emergency power generators

#### Scope 2 – Indirect emissions

- Electricity consumption of the fixed and mobile networks, data centers, offices and shops
- District heating
- District cooling

The accuracy of the electricity consumption data is a key factor in the reliability of the CO<sub>2</sub>e emissions calculations. In the data-collection process, a number of factors affect the accuracy of the collected data. In general, data originating from direct measurements and recordings or invoices, including measurements from third parties, are the most accurate.

The net Scope 2 emissions are market-based and calculated based on the well-to-wheel (WTW) CO<sub>2</sub>e emissions factors for renewable electricity. For renewables (wind, biomass, solar), the WTW values are all zero. The CO<sub>2</sub>e emissions of the well-to-tank (WTT) phase are accounted for in our Scope 3 emissions (category 3 – fuel and energy-related activities). Both the location-based and market-based Scope 2 emissions can be found in Our performance: Environmental performance (p. 50).

Electricity providers estimate the consumption for part of our network operations - as monthly meter readings are not always conducted - so there is some uncertainty around the accuracy and completeness of our energy consumption. To improve the accuracy, transparency and reliability of our energy data, we are migrating to remote readable meters, reviewing administrative processes and updating profiles with our electricity providers.

#### Scope 3 – Other indirect emissions:

- Emissions in the upstream value chain (during the production phase of products, services and equipment at suppliers)
- Emissions in the downstream value chain (during the use phase, including recycling and disposal of the products, services and equipment)

The results are presented in Our performance: Environmental performance (p. 50). We have used two main methodologies to calculate Scope 3 emissions: the spend-based method, which takes procurement data and calculates the emissions within an environmentally extended input output (EEIO) model to

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assess the emissions, and the process-based method, which uses quantity-based data to evaluate the emissions associated with specific activities, e.g. kWh of energy usage or quantity of materials purchased to manufacture goods. In both cases, we used actual data covering January to December.

CO<sub>2</sub>e emissions of CAT5 waste could not be calculated with the spend-based approach. Spend on waste services is integrated with spend of service partners. Hence, the CO<sub>2</sub>e emissions are not disclosed separately, but included in CAT1 and CAT2. B2B downstream emissions are not yet included in the reported CAT 11 and 13 figures.

### Scope 3 emissions restated

Each year, all parameters used in the Scope 3 calculations are checked whether new values are available or not. We updated the spend definition from purchase order data to invoice data, refined the allocation to spend based categories and restated for these effects. We have corrected the application of industry specific emission factors. Also we learned our participation Reggefiber was not properly included in the calculations, which has been corrected whereby the figures of Reggefiber are included as of the beginning of base year 2014. We identified in 2023 that the Scope 3 emissions were not completely reported in previous years for category 11 and 13 for the B2B business as no reliable data is available. For returned products sold (category 12) the estimated emissions are included in CAT 1 and 9 based on the spend method as reliable process based data is not available. Emissions of not collected products are not included as reliable data is

not available. Scope 3 emissions from Investments (category 15) have not been reported for equity investments smaller or equal to 50% as Scope 1 and 2 emissions and EEIO data of most of these investments are not available. In 2023 we updated the reporting criteria to reflect this. We are working on improving the data quality of reported scope 3 emissions.

In July 2023 the GSMA, in cooperation with GeSI and ITU, published the Scope 3 Guidance for Telecom Operators. Our conclusion for this reporting year was that no material changes were required.

We updated the coverage to 99% of all KPN business units and subsidiaries (based on Opex/Capex) by including Inspark Holding, Inspark B.V. and Solcon B.V. Given ongoing updates of external guidelines we anticipate further enhancements will remain relevant in future reporting years.

We determined that the differences with previously reported Scope 3 emissions are considered significant enough to make restatements. For example, the Scope 3 emissions over 2022 are 30% higher than the emissions previously reported. We have restated all three previous years, including the base year 2014 and 2015. Please refer to table 7 for the Scope 3 emissions and the effect of the restatement.

The following table describes the calculation of emission methods and coverage.

Scope CO <sub>2</sub> e	Standard	Coverage	Approach	Reported	Assurance	Sources and additional information
Scope 1	GHG Protocol Scope 1 Guidance	98% of all KPN business units and subsidiaries (Opex/FTE)	Operational control approach	Gross and Net Scope 1 emissions	Reasonable	co2emissiefactoren.nl January 2023 Gold standard and REDD+ forest compensation projects
Scope 2	GHG Protocol Scope 2 Guidance	98% of all KPN business units and subsidiaries (Opex/FTE)	Operational control approach	Market- and Location-based Scope 2 emissions	Reasonable	co2emissiefactoren.nl January 2023 100% renewable electricity (wind farms)
Scope 3 Cat: 1, 2, 9	GHG Protocol Scope 3 Guidance	99% of all KPN business units and subsidiaries (Opex/Capex)	Spend-based (Environmentally Extended Input Output data (EEIO) approach)	Scope 3 emissions	Limited	UK DEFRA 2011 (Indirect emissions from the supply chain) and CBS Statline The EEIO-factors are corrected for inflation.
Scope 3 Cat: 3, 6, 7, 11, 13	GHG Protocol Scope 3 Guidance	99% of all KPN business units and subsidiaries (Opex/Capex)	Process- and activity-based	Scope 3 emissions	Limited	co2emissiefactoren.nl January 2023 Emissions Cat 11 and 13 of used electricity by B2C customers with location based scope 2 factor (grid mix). B2B customer emissions not yet included and are being assessed.

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### Estimated avoided emissions enabled for KPN customers

The estimated avoided emissions enabled for KPN customers are based on specific calculations. The results are presented in Our

performance: Environmental performance (p. 50) and in Table 9 in this Appendix.

Estimated avoided emissions	KPN methodology	Source external information
Avoided travel through teleworking enabled by KPN network	The avoided CO <sub>2</sub> e emissions enabled for KPN customers are estimated based on the following main assumptions <ul style="list-style-type: none"> <li>• Market share of broadband subscribers (limited change vs previous year)</li> <li>• % Teleworkers: 41.8% (previous year: 41%)</li> <li>• Average working hours at home per week per teleworker: 74 (previous year: 15.5)</li> <li>• % Travel with car: 69.8% (previous year: 52.7%)</li> </ul>	Publicly available statistics and reports from Statistics Netherlands (CBS), Kennisinstituut voor Mobiliteitsbeleid (KIM), ECN, Netbeheer Nederland, Milieu Centraal, RVO, Telecompaper and other sources
PM <sub>10</sub> emissions	The avoided PM <sub>10</sub> emissions enabled for KPN customers are estimated based on the following main assumptions. <ul style="list-style-type: none"> <li>• Particulate matter per car kilometer: 0.00002 kg/km (previous year: Ecoinvent 3.0 - 0.00043 kg/km. CBS - 0.00002 kg/km)</li> <li>• Particulate matter per public transport kilometer: 0.00010 kg/km (previous year: Ecoinvent 3.0 - 0.00028 kg/km. CBS - 0.00010 kg/km)</li> <li>• Particulate matter per kWh: 0.00025 kg/kWh</li> <li>• Particulate matter per kWh off-shore wind: 0.00005 kg/kWh</li> <li>• Particulate matter per m<sup>3</sup> - heating: 0.00170 kg/m<sup>3</sup></li> </ul>	Ecoinvent 3.0. CBS (restate 2020-2022 and update 2023)

All parameters are reviewed on annual basis by KPN for updates. In case of changes or new services are introduced in estimation methods, we involve external consultants. In the PM<sub>10</sub> calculation for 2023, we made a more accurate estimation of car and public transport by using CBS sources, and restated PM<sub>10</sub> of 2020-2022.

For the parameters saved on office space and the extra electricity and gas consumption at home when working at home (rebound effect), the values used in the teleworking savings calculation are based on averages. We use the average between the lowest and highest reported value in reports and research. Cost savings are based on the average fuel, electricity and gas prices published by Statistics Netherlands (CBS) and Milieu Centraal.

With this metric we aim to present the impact of teleworking, which will vary from year to year. The KPI is partially dependent on assumptions which can not be influenced by KPN, such as % teleworkers, average working hours at home and % travel by car. Therefore, we have chosen not to set a target for this metric, but follow year on year trends.

### Scope and calculations for KPI % reuse and recycling

The KPI % reuse and recycling covers the outflow of KPN materials and waste destined to be reused, recycled, incinerated or landfilled. This means the scope includes, but is not limited to:

- Regular waste streams from KPN offices and operations
- Obsolete (end-of-use) equipment and inventory coming from KPN operations, offices and shops
- Obsolete (end-of-use) customer-premises equipment and mobile phones that are collected via KPN return programs and processed by KPN or on KPN's behalf

The scope therefore does not include obsolete (end-of-use) customer-premises equipment, mobile phones and related packaging that are not collected via KPN return programs. In this case, the customer is responsible for disposing of this in accordance with the law, regulations and local waste-collection procedures.

The outflow of materials and waste is reported in table 10. The following disposal methods are reported with reference to GRI-306-2: reuse (i), recycling (ii, iii), incineration (iv, v) and landfill (vii). The other disposal methods, i.e. deep well injection (vi), on-site storage (viii) and other (ix), do not apply. The waste disposal method is mostly determined by selected service partners and their waste-disposal contractor, which are challenged on methods and performance. As part of our circular ambitions, we promote reuse over recycling and incineration with energy recovery over landfill to minimize ecological impacts. Service partners report the waste volumes (tons) on a monthly or quarterly basis. These volumes are allocated to the four types of disposal method based on processing rates (%) from direct information or public information. The KPI % reuse and recycling is then calculated by dividing the tons reuse and recycling by the total volume. We restated the values in table 10 for 2020-2022 due to incomplete data in fiber roll-out domain.

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### Scope and calculations for Circular Transition Indicator

The scope of the KPN Circularity Indicator for 2023 for consumer market is as follows:

- Residential: KPN owned customer premise equipment for TV (set-top boxes, remote controls, Digitenne) and internet (modems, routers, media converters)
- Mobile: SIM-cards
- Packaging: KPN specific packaging added to the consumer market products by KPN (logistics partners).

KPN's Circular Transition Indicator is based on the methodology of the Circular Transition Indicator (CTI) framework of the World Business Council for Sustainable Development (WBCSD). The calculations include the inflow, and outflow indicators under the "close the loop" indicator set, and the recovery type indicator under the "optimize the loop" indicator set of the CTI framework. The outflow indicator of the CTI framework is adapted by only using the actual recovery rate to determine the outflow circularity and the aggregated circularity performance. The potential recovery is used for internal reference and used in calculating the aggregate circularity performance.

This metric currently covers approximately 70% of the spend on new products of the consumer market segment in 2023, excluding mobile handsets and one-off promotional products.

### Collected equipment

The return rate for modems, Digitenne tuners and TV set-top boxes is based on the total number of returns (numerator) and the total number sent and delivered to customers minus the delta installed base of internet and tv (denominator) in the reporting year.

### Scope and calculations for B2B services prepared for circularity

The scope of this metric is set to B2B services in target portfolio which include hardware (i.e. customer premise equipment and SIM-cards) owned by KPN or a third party on behalf of KPN. The metric consists of substantiating the following three pillars:

1. Contract - circular clauses in vendor contracts: the Supplier Code of Conduct, circular requirements for products and requirements on outflow of obsolete equipment, products and waste for service providers.
2. Process - circular process flows with product collection (where viable) and sustainable reuse and recycling.
3. Measuring - measuring (circular) inflow and (circular) outflow of the hardware. The measures follows the same principles as described above ("calculations for Circular Transition Indicator").

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### Environmental figures

**Table 1: Energy consumption (in PJ)**

	2023	2022	2021	2020	2010 (base year)
The Netherlands	1.869	2.036	2.156	2.444	3.662
KPN non-NL Entities	-	-	-	-	0.217
<b>KPN Group</b>	<b>1.869</b>	<b>2.036</b>	<b>2.156</b>	<b>2.444</b>	<b>3.879</b>
Energy directly consumed	0.169	0.207	0.199	0.246	-
Energy indirectly consumed	1.700	1.829	1.958	2.199	-
<b>KPN Group</b>	<b>1.869</b>	<b>2.036</b>	<b>2.156</b>	<b>2.444</b>	<b>3.879</b>
<b>% Reduction compared to base year</b>	<b>-52%</b>	<b>-48%</b>	<b>-44%</b>	<b>-37%</b>	

**Table 2: Electricity consumption (in GWh)**

	Target 2030 Compared to base year	Target 2024 Compared to base year	2023	2022	2021	2020	2010
Network			426	456	480	548	697
Offices & Shops			20	22	22	24	72
<b>KPN Group</b>	<b>400</b>	<b>445</b>	<b>446</b>	<b>478</b>	<b>502</b>	<b>573</b>	<b>769</b>
<b>% Reduction compared to base year</b>	<b>-48%</b>	<b>-42%</b>	<b>-42%</b>	<b>-38%</b>	<b>-35%</b>	<b>-26%</b>	

**Table 3: Fuel consumption, lease vehicle fleet**

	Unit	2023	2022	2021	2020	2010 base year
Petrol, diesel and LPG	1,000 liter	2,054	3,110	3,389	4,311	16,597
<b>% Reduction compared to base year</b>		<b>-88%</b>	<b>-81%</b>	<b>-80%</b>	<b>-74%</b>	
CNG	kg	339	392	312	198	0
Electric	MWh	7,032	3,847	2,399	1,891	0

**Table 4: Other Energy consumption**

	Unit	2023	2022	2021	2020
Natural gas	1,000 m3	1,770	2,089	2,361	2,746
Heating purchased	GJ	17,114	24,466	28,068	23,531
Cooling purchased	GJ	76,429	84,041	97,711	97,191
Diesel for emergency power generators	1,000 liter	70	91	107	140

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**Table 5: CO<sub>2</sub>e emissions own operations Scope 1 and 2 (in kTon)<sup>1</sup>**

	Target 2024-2050	2023	2022	2021	2020	2010 base year
Scope 1 KPN NL	0	0	0	0	0	58.8
Scope 2 KPN NL	0	0	0	0	0	35.9
KPN non-NL entities	0	0	0	0	0	25.0
<b>KPN Group</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119.7</b>

<sup>1</sup> The reported emissions in the table are net scope 1 and scope 2 market based. In the table in section CO<sub>2</sub>e emission and energy management (p. 52) both net and gross scope 1 emissions are reported as well as the location and market based scope 2 emissions

**Table 6: Energy efficiency and Carbon intensity indicators target**

	target 2024	2023	2022	2021	2020	2010
Ton CO <sub>2</sub> per Gb/s KPN Netherlands (2010=100)	0	0	0	0	0	100
GWh per Gb/s Network Netherlands (2010 =100) <sup>1</sup>	2.1	2.3	2.7	3.0	3.9	100

<sup>1</sup> 2020-2022 figures have been restated as a result of more accurate network traffic data

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**Table 7: CO<sub>2</sub>e emissions Scope 3 (in kTon) KPN the Netherlands<sup>1</sup>**

	Target 2040 compared to base year	Target 2030 compared to base year	Target 2024 compared to base year	2023	2022	2021	2020	2015 <sup>2</sup>	2014 base year
CAT1 Purchased goods and services				378.1	360.0	365.2	359.4	475.2	524.1
CAT2 Capital goods				209.1	201.7	227.7	235.3	228.1	268.9
CAT3 Fuel and energy related activities				8.6	9.5	10.2	11.6	130.1	95.3
CAT4 Upstream transportation and distribution				-	-	-	-	-	-
CAT5 Waste generated in operations				0.0	-	0.0	0.0	0.1	0.2
CAT6 Business travel				3.2	0.9	0.6	0.9	3.0	3.2
CAT7 Employee commuting				2.1	0.8	1.0	2.9	16.7	19.8
CAT8 Leased assets				-	-	-	-	-	-
CAT9 Downstream transportation and distribution				12.3	13.7	16.7	18.2	16.6	18.7
CAT10 Processing of sold products				-	-	-	-	-	-
CAT11 Use of sold products				19.7	23.7	23.0	21.8	4.5	4.1
CAT12 End-of-life				-	-	-	-	-	-
CAT13 Downstream leased assets				126.4	160.2	179.7	180.7	138.3	156.1
CAT14 Franchises				-	-	-	-	-	-
CAT15 Investments				-	-	-	-	-	-
<b>Total CO<sub>2</sub>e emissions</b>	<b>net-zero</b>	<b>599.0</b>	<b>759.4</b>	<b>759.4</b>	<b>770.6</b>	<b>824.0</b>	<b>830.7</b>	<b>1,012.5</b>	<b>1,090.3</b>
<b>Total upstream CO<sub>2</sub>e emissions</b>				<b>601.0</b>	<b>572.9</b>	<b>604.6</b>	<b>610.0</b>	<b>853.1</b>	<b>911.5</b>
<b>Total downstream CO<sub>2</sub>e emissions</b>				<b>158.4</b>	<b>197.6</b>	<b>219.4</b>	<b>220.6</b>	<b>159.4</b>	<b>178.9</b>
<b>% Reduction compared to base year 2014</b>	<b>net-zero</b>	<b>-45%</b>	<b>-30%</b>	<b>-30%</b>	<b>-29%</b>	<b>-24%</b>	<b>-24%</b>	<b>-7%</b>	
% Reduction compared to 2015	net-zero	-41%	-25%	-25%	-24%	-19%	-18%		
Previously reported total CO <sub>2</sub> e emissions					593.9	658.2	682.6	850.0	941.3
Impact of restatement compared to previously reported total CO <sub>2</sub> e emissions					30%	25%	22%	19%	16%

<sup>1</sup> Figures 2014 base year and subsequent years have been restated, see section "Scope 3 emissions restated" in this Appendix 10

<sup>2</sup> 2015 is included as part of validation of our net-zero target by the Science Based Target Initiative

**Table 8: Other environmental impacts KPN Group**

	Unit	Target 2024	2023	2022	2021	2020
<b>Materials usage</b>						
Cable length	1,000 km		~691	~679	~660	~618
Paper consumption	Tons		216	186	233	201
% FSC or PEFC	%		100%	100%	100%	100%
Coolants (e.g. R407C and R417A)	kg		399	518	538	661
<b>Water consumption</b>						
Offices and shops	1,000 m <sup>3</sup>		26.5	39.6	38.7	49.2
Operations	1,000 m <sup>3</sup>		76.8	57.3	33.6	34.7
<b>KPN Group</b>	<b>1,000 m<sup>3</sup></b>	<b>100.0</b>	<b>103.2</b>	<b>96.9</b>	<b>72.3</b>	<b>83.9</b>



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**Table 9: Estimated avoided energy consumption and CO<sub>2</sub>e emissions enabled for KPN customers by usage of KPN**

	Target 2024	Result 2023	Result 2022	Result 2021	Result 2020
<b>Estimated avoided energy consumption (in PJ)</b>					
Teleworking (enabled by KPN connectivity) <sup>1</sup>		3.830	3.432	6.345	9.494
Dematerialisation <sup>2</sup>		0.000	0.000	0.202	0.170
KPN Audioconferencing <sup>3</sup>		0.000	0.000	0.009	0.077
KPN Videoconferencing <sup>3</sup>		0.000	0.000	0.001	0.027
KPN Hosting services <sup>2</sup>		0.001	0.009	0.014	0.020
KPN iTV Cloud solution		0.016	0.015	0.016	0.014
Total estimated avoided energy consumption		<b>3.847</b>	<b>3.455</b>	<b>6.588</b>	<b>9.802</b>
Total energy consumption KPN		1.869	2.036	2.156	2.444
% Avoided energy consumption compared to energy consumption KPN <sup>1</sup>	Discontinued	<b>206%</b>	<b>170%</b>	<b>306%</b>	<b>401%</b>
<b>Estimated avoided CO<sub>2</sub>e-emissions (in kTon)</b>					
Teleworking (enabled by KPN connectivity) <sup>1</sup>		308.6	307.3	499.9	728.0
Dematerialisation <sup>2</sup>		0.0	0.0	13.5	11.9
KPN Audioconferencing <sup>3</sup>		0.0	0.0	0.6	5.3
KPN Videoconferencing <sup>3</sup>		0.0	0.0	0.1	1.8
KPN Hosting services		0.0	1.1	1.7	2.6
KPN iTV Cloud solution		1.9	2.3	2.4	2.4
Total estimated avoided carbon emissions		<b>310.6</b>	<b>310.7</b>	<b>518.2</b>	<b>751.9</b>
<b>Avoided Particulate matter emissions (PM<sub>10</sub>) in tons</b>					
Total avoided PM <sub>10</sub> emissions <sup>4</sup>		110	26	79	140

1 Increased due to higher % travel with car (52.7 to 69.8%), higher % teleworkers (41 to 41.8%), higher commuting distance (33.1 to 35.2), and larger working population (9.4 mln to 9.7 mln). Large increase is compensated by lower average amount of working hours at home per week for teleworkers (16h to 7h), and lower % broadband connections.

2 The impact of KPN on dematerialisation has been evaluated and deemed outdated. Examples were decrease in usage of newspapers, CD's, and DVD's. The remaining impact of KPN on dematerialisation is minimal, and therefore the amount since 2022 has been set at 0.

3 KPN's Audioconferencing and video conferencing services are terminated in 2022, due to substitutions. Examples are Microsoft Teams, Zoom, and Skype.

4 2020-2022 figures have been restated as result of updating CBS source for particulate matter per car kilometer and public transport.

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**Table 10: Circular information on reuse, recycling and disposal<sup>1</sup>**

		Target 2024	Result 2023	Result 2022	Result 2021	Result 2020
<b>Total outflow</b>						
<b>Total volume non-hazardous materials &amp; waste</b>	<b>ton</b>		<b>12,737</b>	<b>11,340</b>	<b>10,667</b>	<b>10,042</b>
Reuse	ton		1,481	1,000	1,011	1,018
Recycling	ton		9,651	8,796	8,111	7,272
Incineration	ton		1,407	1,360	1,377	1,597
Landfill	ton		198	184	168	155
<b>Total volume hazardous materials &amp; waste</b>	<b>ton</b>		<b>374</b>	<b>919</b>	<b>576</b>	<b>379</b>
Reuse	ton		-	5	10	1
Recycling	ton		326	821	474	307
Incineration	ton		43	67	72	62
Landfill	ton		5	26	19	9
<b>Total volume</b>	<b>ton</b>		<b>13,111</b>	<b>12,259</b>	<b>11,243</b>	<b>10,421</b>
% Reuse	%		11%	8%	9%	10%
% Recycling	%		76%	78%	76%	73%
<b>% Reuse and Recycling</b>	<b>%</b>	<b>86%</b>	<b>87%</b>	<b>87%</b>	<b>85%</b>	<b>83%</b>
% Incineration	%		11%	12%	13%	16%
% Landfill	%		2%	2%	2%	2%
<b>Collected equipment</b>						
Modems and TV settop boxes	%		<b>87%</b>	<b>87%</b> <sup>2</sup>	<b>89%</b> <sup>2</sup>	<b>86%</b>
Mobile phones	%		8%	4%	4%	4%

<sup>1</sup> Restated values for waste 2020-2022 due to incomplete data in fiber roll-out domain

<sup>2</sup> We improved the data quality and refined our assumptions. As a result 2021-2022 figures have been restated

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# Appendix 11: Tax overview for continuing operations per country

Tax overview for  
continuing  
operations per  
country<sup>1</sup>

In € million or FTE		Total unrelated income <sup>2</sup>	Total related income	Profit before tax excl. Associates and joint ventures	Corporate income tax expense	ETR	Corporate income tax cash flow	Corporate income tax receivable/ payable CY	Other tax cash flow mainly VAT & payroll	Property plant and equipment <sup>3</sup>	Employees end of year (FTE)	ECTR
NL	2023	5,500	469	1,104	-245	22.2%	-49	16	-1,050	5,943	9,724	8.5%
(Regular operating activities)	2022	5,348	475	993	-227	22.8%	-85	-	-1,071	5,568	9,452	6.5%
DE	2023	-	-	-	-	0.0%	-	-	-	-	-	0.0%
(Regular operating activities)	2022	-	-	-	-	0.0%	-	-	-	-	-	0.0%
IRL	2023	-	8	2	-	11.6%	-	-	-	-	-	12.5%
(Main activity: insurance)	2022	-	8	1	-	16.8%	1	1	-	-	-	13.1%
UK <sup>4</sup>	2023	-	-	-10	-	0.0%	-	-	-	-	-	0.0%
(Main activity: pension)	2022	-	-	-4	-	0.0%	-	-	-	-	-	0.0%
USA <sup>4</sup>	2023	-	-	-	-	0.0%	-	-	-	-	-	0.0%
(Main activity: pension)	2022	-	-	-3	-	0.0%	-	-	-	-	-	0.0%
Total	2023	5,500	477	1,097	-245	22.3%	-49	16	-1,050	5,943	9,724	8.5%
	2022	5,348	482	987	-227	23.0%	-84	1	-1,071	5,568	9,452	6.5%

1 An overview of all KPN's legal entities is published on the companies website.

2 Unrelated income is the total of revenues and (other) financial income. FY2022 is restated.

3 Tangible assets other than cash and cash equivalents.

4 See Note 17 Retirement benefits.

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# Appendix 12: GRI index

KPN has reported in accordance with the GRI standards for our reporting period. KPN only included the GRI Topic Standards which are relevant to the organization.

GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
<b>GRI 2: General Disclosures 2021</b>				
<b>1. The organization and its reporting practices</b>				
	2-1	Organizational details	About this report (p. 196) General notes to the Consolidated Financial Statements (p. 113) Legal structure of the company (p. 61)	
	2-2	Entities included in the organization's sustainability reporting	Appendix 1: About this report (p. 196) Appendix 10: Environmental figures (p. 235)	
	2-3	Reporting period, frequency and contact point	Appendix 1: About this report (p. 196) Backcover (p. 0 )	
	2-4	Restatements of information	General notes to the Consolidated Financial Statements (p. 113) Appendix 4: Non-financial information (p. 209) Appendix 10: Environmental figures (p. 235)  Information on other (general) restatements are made at the place in the report where the restatement is mentioned	
	2-5	External assurance	Independent auditor's report on the audit of the country-by-country reporting included in the Integrated Annual Report 2023 (p. 186) Appendix 1: About this report (p. 196)	
<b>2. Activities and workers</b>				
	2-6	Activities, value chain and other business relationships	General information (p. 113) Our purpose and the world around us (p. 7) Delivered on the ambitions of our Accelerate to Grow strategy (p. 11) Our value for stakeholders: Customer value (p. 24) Our performance: Network infrastructure (p. 43) Central innovation (p. 33) Our transition to net-zero (p. 50) Our performance: Responsible supply chain (p. 57)	
	2-7	Employees	Our value for stakeholders: Employee value (p. 39) Appendix 9: Social figures (p. 232)	
	2-8	Workers who are not employees	Our value for stakeholders: Employee value (p. 39) Appendix 9: Social figures (p. 232)	
<b>3. Governance</b>				
	2-9	Governance structure and composition	Corporate governance (p. 61) Composition of the Board of Management (p. 81) Composition of the Supervisory Board (p. 85) Supervisory Board Report (p. 89)	
	2-10	Nomination and selection of the highest governance body	Corporate governance (p. 61) Supervisory Board Report (p. 89)	
	2-11	Chair of the highest governance body	Corporate governance (p. 61) Composition of the Board of Management (p. 81) Composition of the Supervisory Board (p. 85) Supervisory Board Report (p. 89)	
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance (p. 61) Compliance and risk (p. 71) Appendix 3: Materiality assessment (p. 201)	
	2-13	Delegation of responsibility for managing impacts	Corporate governance (p. 61)	

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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
	2-14	Role of the highest governance body in sustainability reporting	Corporate governance (p. 61) Appendix 3: Materiality assessment (p. 201)	
	2-15	Conflicts of interest	Corporate governance (p. 61) Supervisory Board Report (p. 89) Remuneration Report (p. 95) See for more information our IR website: <a href="https://ir.kpn.com/websites/kpn/English/7030/supervisory-board.html">https://ir.kpn.com/websites/kpn/English/7030/supervisory-board.html</a>	
	2-16	Communication of critical concerns	Compliance and risk (p. 71)	The nature and number of critical concerns raised during 2023 cannot be communicated, as this concerns sensitive information.
	2-17	Collective knowledge of the highest governance body	Supervisory Board Report (p. 89)	
	2-18	Evaluation of the performance of the highest governance body	Corporate governance (p. 61) Supervisory Board Report (p. 89)	
	2-19	Remuneration policies	Composition of the Board of Management (p. 81) Composition of the Supervisory Board (p. 85) Remuneration Report (p. 95)	
	2-20	Process to determine remuneration	Corporate governance (p. 61) Composition of the Board of Management (p. 81) Supervisory Board Report (p. 89) Remuneration Report (p. 95)	
	2-21	Annual total compensation ratio	We monitor the ratio in annual total compensation for our employees in the main country of operation, the Netherlands. The basis for determining the ratio is the pension base salary, which includes all fixed components of the salary of our employees. For the calculation, we use the annualized salary as paid in the reporting year. This is not by definition a full time salary, part time salaries are also included. All bonuses paid during 2023 are included in the calculation, including the value of vested shares or phantom shares received by employees in the reporting year.  For the reporting year 2023, the annual total compensation of the highest paid individual to the median annual total compensation is 61.56/1. The total annual compensation of the highest paid individual is predominately defined by incentives. Consequently this results in highly fluctuating total annual compensation year-on-year even though base payments remains unchanged.  The annual total compensation of the highest paid individual increased with 39.4% in 2023 (compared with 2022) and the annual total compensation of the median increased with 2.3% in 2023 (compared with 2022). The ratio of the percentage increase of the highest paid individual to the increase of the median annual total compensation of 2023 is 17.39/1	
<b>4. Strategy, policies and practices</b>				
	2-22	Statement on sustainable development strategy	Introduction by the CEO (p. 4) Supervisory Board Report (p. 89)	
	2-23	Policy commitments	Our value for stakeholders: Employee value (p. 39) Our performance: Environmental performance (p. 50) Compliance and risk (p. 71)  The most important charters, principles, or other initiatives to which KPN subscribes or which KPN endorses are: UN Global Compact, UN Declaration on Business and Human Rights, International Labor Organization, OECD Guidelines for Multinational Enterprises, Principles of the World Economic Forum, RE100. For our approach to EMF and more information and context, see: <a href="https://www.overons.kpn/en/kpn-in-the-netherlands/our-network/health">https://www.overons.kpn/en/kpn-in-the-netherlands/our-network/health</a> For more information, see our Code of Conduct and the KPN SpeakUp Line: <a href="https://ir.kpn.com/websites/kpn/English/7050/code-of-conduct.html">https://ir.kpn.com/websites/kpn/English/7050/code-of-conduct.html</a>	

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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
	2-24	Embedding policy commitments	Corporate governance (p. 61) Tax and regulations (p. 66) Compliance and risk (p. 71) Supervisory Board Report (p. 89)	
	2-25	Processes to remediate negative impacts	Our value for stakeholders: Customer value (p. 24) Our value for stakeholders: Employee value (p. 39) Our performance: Environmental performance (p. 50) Appendix 8: List of top risks (p. 221)	
	2-26	Mechanisms for seeking advice and raising concerns	Our value for stakeholders: Customer value (p. 24) Compliance and risk (p. 71) Employees can seek advice and report violations on ethical and lawful behavior by contacting the KPN Helpdesk Security, Compliance and Integrity. All reports made to this helpdesk are registered.  Reports on possible violations of the KPN Code of Conduct or subcodes (which include all company policy on ethical and lawful behavior) are registered by the KPN Helpdesk Security, Compliance and Integrity. In 2023, 1,537 reports on possible violations have been registered. In 136 occasions, these were followed by corrective measures. KPN does not register the number of complaints about breaches of the company Code or other ethical issues at the helpdesks, social media and <a href="mailto:esg@kpn.com">esg@kpn.com</a> For the Code and more information on anonymous reporting, see: <a href="https://ir.kpn.com/websites/kpn/English/7050/code-of-conduct.html">https://ir.kpn.com/websites/kpn/English/7050/code-of-conduct.html</a>	
	2-27	Compliance with laws and regulations	Bribery and corruption (p. 78) We had no significant monetary fines or non-monetary sanctions for non-compliance with environmental laws and regulations. Also we had no significant monetary fines for non-compliance with laws and regulations concerning the provision and use of products and services. We had a EUR 380,000 monetary fines for non-compliance with other laws and regulations, however no other non-monetary sanctions. There were 5 legal actions for anti-competitive behavior, anti-trust and monopoly practices, 0 incidents of non-compliance concerning marketing communications and 1 legal action for non-compliance with customer information regulation.	
	2-28	Membership associations	Our most important memberships are: ETNO, Green Grid, Mobility Management Task Force, UN Global Compact, ITU, NL Digital, ECP  For more information and the most recent overview of memberships, see: <a href="https://www.overons.kpn/en/kpn-in-the-netherlands/sustainability/working-together">https://www.overons.kpn/en/kpn-in-the-netherlands/sustainability/working-together</a>  For information on trade organizations, see: Appendix 3: Materiality assessment (p. 201)	
	2-29	Approach to stakeholder engagement	Appendix 3: Materiality assessment (p. 201)  KPN does not engage with stakeholders exclusively as part of the report preparations process, although all stakeholders input is considered to be of potential value to the report. KPN wants to know what topics stakeholders deem important and actively respond to their rising demands.	
	2-30	Collective bargaining agreements	Our value for stakeholders: Employee value (p. 39) Appendix 9: Social figures (p. 232)	
<b>Material topics</b>				
<b>GRI 3: Material Topics 2021</b>				
	3-1	Process to determine material topics	Appendix 3: Materiality assessment (p. 201)	
	3-2	List of material topics	Appendix 3: Materiality assessment (p. 201)	
<b>Material sustainable topic - impact assessment</b>				

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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
<b>Circular economy</b>	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Our performance: Environmental performance (p. 50) Corporate governance (p. 61) See: <a href="https://www.overons.kpn/downloads/KPN-Environmental-Policy.pdf">https://www.overons.kpn/downloads/KPN-Environmental-Policy.pdf</a> Appendix 3: Materiality assessment (p. 201) Appendix 4: Non-financial information (p. 209) Appendix 8: List of top risks (p. 221) Appendix 10: Environmental figures (p. 235)	
	Own indicator	% reuse and recycling	Appendix 10: Environmental figures (p. 235)	
	Own indicator	Circular B2B Services	Appendix 4: Non-financial information (p. 209)	
	Own indicator	Circular Transition Indicator	Our performance: Environmental performance (p. 50)	
<b>Cybersecurity, data &amp; information protection</b>	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Our value for stakeholders: Customer value (p. 24) Our performance: Environmental performance (p. 50) Our performance: Safeguarded security and privacy (p. 46) Corporate governance (p. 61) Appendix 3: Materiality assessment (p. 201) Appendix 4: Non-financial information (p. 209) Appendix 8: List of top risks (p. 221)	
<b>GRI 418: Customer Privacy 2016</b>	Own indicator	Technical employees who are SecurX certified	Appendix 4: Non-financial information (p. 209)	
	Own indicator	SME KPN EEN customers that activates safe internet	Appendix 4: Non-financial information (p. 209)	
<b>Climate Change</b>	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Our performance: Environmental performance (p. 50) Corporate governance (p. 61) See: <a href="https://www.overons.kpn/downloads/KPN-Environmental-Policy.pdf">https://www.overons.kpn/downloads/KPN-Environmental-Policy.pdf</a> Appendix 3: Materiality assessment (p. 201) Appendix 4: Non-financial information (p. 209) Appendix 8: List of top risks (p. 221) Appendix 10: Environmental figures (p. 235)	
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	Our performance: Environmental performance (p. 50)	
	305-2	Energy indirect (Scope 2) GHG emissions	Our performance: Environmental performance (p. 50)	
	305-3	Other indirect (Scope 3) GHG emissions	Our performance: Environmental performance (p. 50)	
<b>Working conditions in the value chain</b>	3-3	Management of material topics	Corporate governance (p. 61) Our performance: Responsible supply chain (p. 57) See: <a href="https://www.overons.kpn/downloads/KPN_Supplier_Code_of_Conduct_2022.pdf">https://www.overons.kpn/downloads/KPN_Supplier_Code_of_Conduct_2022.pdf</a> Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	Own indicator	% high risk Tier I, Tier II and Tier III suppliers audited	Appendix 4: Non-financial information (p. 209)	
	Own indicator	% realized improvements on corrective action plans	Appendix 4: Non-financial information (p. 209)	
	Own indicator	% of spend coverage on suppliers have EcoVadis and/or CDP scores	Appendix 4: Non-financial information (p. 209)	
<b>Working conditions of our own workforce</b>	3-3	Management of material topics	Our value for stakeholders: Employee value (p. 39) Connecting everyone in the Netherlands to a sustainable future (p. 20) Employee participation (p. 65) Human rights in the value chain (p. 60) Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	

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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
	Own indicator	Employee score for engagement	Actively supporting employee well-being (p. 39)	
<b>Network quality</b>	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Our performance: Network infrastructure (p. 43) Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	Own indicator	FtTH Footprint of the Netherlands, together with GP	Appendix 4: Non-financial information (p. 209)	
	Own indicator	# mobile sites modernized and 5G ready	Appendix 4: Non-financial information (p. 209)	
	Own indicator	% 5G coverage in NL	Appendix 4: Non-financial information (p. 209)	
	Own indicator	Service availability fixed internet	Appendix 4: Non-financial information (p. 209)	
	Own indicator	Service availability mobile	Appendix 4: Non-financial information (p. 209)	
<b>Customer value</b>	3-3	Management of material topics	Our value for stakeholders: Customer value (p. 24) Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	Own indicator	Net Promoter Score (NPS) - Business	Our value for stakeholders: Customer value (p. 24)	
	Own indicator	Net Promoter Score (NPS) - Consumer	Our value for stakeholders: Customer value (p. 24)	
	Own indicator	RepTrak	Reputation and recognition (p. 31)	
<b>Sustainable ICT solutions &amp; Product innovation</b>	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Our value for stakeholders: Customer value (p. 24) Central innovation (p. 33) Our performance: Environmental performance (p. 50) Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	Own indicator	Avoided emissions enabled for KPN customers using our ICT services	Connecting everyone in the Netherlands to a sustainable future (p. 20)	
<b>Diversity within the own workforce</b>	3-3	Management of material topics	Our value for stakeholders: Employee value (p. 39) Connecting everyone in the Netherlands to a sustainable future (p. 20) Compliance and risk (p. 71) Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	Own indicator	Overall % women at KPN	Our value for stakeholders: Employee value (p. 39)	
	Own indicator	% women subtop	Our value for stakeholders: Employee value (p. 39)	
	Own indicator	% women on KPN Boards	Our value for stakeholders: Employee value (p. 39)	
<b>Business conduct</b>	3-3	Management of material topics	Corporate governance (p. 61) Compliance and risk (p. 71) Tax and regulations (p. 66) Additional information on compliance and business ethics can be found on our website in subcode 2 - How we interact with third parties: <a href="https://ir.kpn.com/websites/kpn/English/7050/code-of-conduct.html">https://ir.kpn.com/websites/kpn/English/7050/code-of-conduct.html</a>  Appendix 3: Materiality assessment (p. 201) Appendix 4: Non-financial information (p. 209) a: Tax definition (fair taxes) – see appendix 3: Materiality assessment definition TTC - appendix 14: Glossary and details in Tax contribution report b&c: impact & boundary and limitation: • See Tax profile and current tax position • Stakeholder engagement – Appendix 3: Materiality assessment ,	



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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
			website tax strategy and principles and Stakeholder engagement and forward looking	
			• Appendix 1: About this report (p. 196) – Dutch and Legacy investments (Germany, UK, US & Ireland)	
	Own indicator	Employees trained to detect and prevent corruption	Compliance and risk (p. 71) We had 10,288 employees trained to detect and prevent corruption	
	Own indicator	Reports on violation of KPN Code of Conduct subcodes	There were 1,537 reports on violation of KPN CoC subcodes	
	Own indicator	Reported incidents concerning discrimination on aggression involving employees	Our value for stakeholders: Customer value (p. 24)	
Privacy for company's consumers and end-users	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Our value for stakeholders: Customer value (p. 24) Our performance: Safeguarded security and privacy (p. 46) Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	418-1	Substantiated complaints regarding breaches of customer privacy	In 2023, we received 423 reported incidents concerning privacy and reported 55 data leaks concerning personal data to the Dutch Data Protection Authority (AP)	
	Own indicator	% of the Dutch population who believe their data is safe with KPN	Appendix 4: Non-financial information (p. 209) Our performance: Safeguarded security and privacy (p. 46)	
<b>Material sustainable topic - financial assessment</b>				
Own personnel	3-3	Management of material topics	Our value for stakeholders: Employee value (p. 39) Connecting everyone in the Netherlands to a sustainable future (p. 20) Employee participation (p. 65) Human rights in the value chain (p. 60) Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	Own indicator	Employee score for engagement	Actively supporting employee well-being (p. 39)	
	Own indicator	Overall % women at KPN	Diversity and inclusion (p. 41)	
	Own indicator	% women on KPN Boards	Diversity and inclusion (p. 41)	
Responsibility for supplier behavior	3-3	Management of material topics	Corporate governance (p. 61) Our performance: Responsible supply chain (p. 57) Our performance: Responsible supply chain (p. 57) See: <a href="https://www.overons.kpn/downloads/KPN_Supplier_Code_of_Conduct_2022.pdf">https://www.overons.kpn/downloads/KPN_Supplier_Code_of_Conduct_2022.pdf</a>  Appendix 3: Materiality assessment (p. 201) Appendix 8: List of top risks (p. 221)	
	Own indicator	% high risk Tier I, Tier II and Tier III suppliers audited	Appendix 4: Non-financial information (p. 209)	
	Own indicator	% realized improvements on corrective action plans	Appendix 4: Non-financial information (p. 209)	
Security	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Our value for stakeholders: Customer value (p. 24) Our performance: Environmental performance (p. 50) Our performance: Safeguarded security and privacy (p. 46) Corporate governance (p. 61) Appendix 3: Materiality assessment (p. 201) Appendix 4: Non-financial information (p. 209) Appendix 8: List of top risks (p. 221)	

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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
	Own indicator	% of the Dutch population who believe their data is safe with KPN	Appendix 4: Non-financial information (p. 209)	
	Own indicator	Technical employees who are SecurX certified	Appendix 4: Non-financial information (p. 209)	
	Own indicator	SME KPN EEN customers that activates safe internet	Appendix 4: Non-financial information (p. 209)	
<b>Other topics</b>				
<b>Circular economy</b>	Own indicator	Collected equipment modems and TV settop boxes	Appendix 10: Environmental figures (p. 235)	
	Own indicator	Collected equipment mobile phones	Appendix 10: Environmental figures (p. 235)	
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	KPN is a service provider and not a production company. The materials consumed are therefore limited.	
	301-2	Recycled input materials used	Our performance: Environmental performance (p. 50)	
	301-3	Reclaimed products and their packaging materials	Our performance: Environmental performance (p. 50) Appendix 10: Environmental figures (p. 235)	
			This indicator supports Principles 8 and 9 of the UN Global Compact.	
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	Appendix 10: Environmental figures (p. 235)	
	302-2	Energy consumption outside of the organization	Appendix 10: Environmental figures (p. 235)	
	302-3	Energy intensity	Appendix 10: Environmental figures (p. 235)	
	302-4	Reduction of energy consumption	Appendix 10: Environmental figures (p. 235)	
<b>GRI 303: Water and effluents 2018</b>	303-3	Water withdrawal	Appendix 10: Environmental figures (p. 235). Only applies to third party freshwater.	
	303-4	Water discharge	Only applies to third-party water released to municipal water treatment facilities (same volume assumed as reported under 303-3).	
	303-5	Water consumption	Appendix 10: Environmental figures (p. 235)	
<b>GRI 306: Waste 2020</b>	306-3	Total volume non-hazardous materials & waste	Appendix 10: Environmental figures (p. 235)	
	306-3	Total volume hazardous materials & waste	Appendix 10: Environmental figures (p. 235)	
	Own indicator	Materials usage	Appendix 10: Environmental figures (p. 235)	
	Own indicator	Water consumption	Appendix 10: Environmental figures (p. 235)	
<b>GRI 305: Emissions 2016</b>	Own indicator	% reduction of energy consumption of KPN Group compared with 2010	Appendix 10: Environmental figures (p. 235)	
	Own indicator	Climate-neutral own operations	Our performance: Environmental performance (p. 50)	
	Own indicator	Energy consumed by KPN	Appendix 10: Environmental figures (p. 235)	
	Own indicator	Reduction of value chain CO <sub>2</sub> e (scope 3) compared to base year 2015	Appendix 10: Environmental figures (p. 235)	
<b>Working conditions in the value chain</b>	Own indicator	# Grievances human rights	There were 0 reports concerning human rights violations involving an employee in our operations	

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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
Working conditions of our own workforce	Own indicator	# high risk suppliers	Appendix 4: Non-financial information (p. 209)	
	Own indicator	Contracted suppliers	Our performance: Responsible supply chain (p. 57)	
	Own indicator	Full-time domestic personnel	Social figures (p. 232)	
	Own indicator	Average training cost in EUR per FTE	Social figures (p. 232)	
	Own indicator	Overall % women at KPN	Diversity and inclusion (p. 41)	
	Own indicator	% women on KPN Boards	Our value for stakeholders: Employee value (p. 39)	
Sustainable ICT solutions & Product innovation	Own indicator	People graduated from the apprenticeship project with poor labor market prospects	Our value for stakeholders: Employee value (p. 39)	
	Own indicator	Partnering research centers and universities	Our valuable assets and resources (p. 22)	
	Own indicator	Partnering innovative startups and entrepreneurs	Our valuable assets and resources (p. 22)	
Taxes	Own indicator	KPN Ventures fund size	Our valuable assets and resources (p. 22)	
	207-1	Approach to tax	a-i: For our Tax strategy & principles, see: <a href="https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html">https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html</a> a-ii: BoM statement & frequency - see Tax profile and current tax position and Statement by the Board of Management and Responsibility a-iii&iv: Regulatory compliance respectively business & ESG- see Tax profile and current tax position and website tax strategy and principles ( <a href="https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html">https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html</a> )	
GRI 207: Tax 2019	207-2	Tax governance, control, and risk management	a-i&ii: see Tax profile and current tax position and website tax strategy and principles ( <a href="https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html">https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html</a> ) a-iii: tax risk appetite - see Tax profile and current tax position, 3. Define risk appetite and Appendix 8: List of top risks a-iv: evaluation tax governance by representative of the Board - see Tax profile Tax profile and current tax position b: tax integrity - see Tax profile and current tax position, c: tax assurance process - see Independent auditor's report on the audit of the country-by-country reporting included in the Integrated Annual Report 2023	
	207-3	Stakeholder engagement and management of concerns related to tax	i-ii-iii: tax authorities, advocacy on tax & other engagements - see Stakeholder engagement and forward looking and website tax strategy and principles ( <a href="https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html">https://ir.kpn.com/websites/kpn/English/7070/tax-strategy-_-policy.html</a> )	
	207-4	Country-by-country reporting	See Appendix 11: Tax overview for continuing operations per country	
	201-4	Financial assistance received from government	See governmental allowances in Tax contribution report	
	3-3	Management of material topics	Connecting everyone in the Netherlands to a sustainable future (p. 20) Central innovation (p. 33) Compliance and risk (p. 71) Appendix 3: Materiality assessment (p. 201)	
ESG Product Innovation	Own indicator	Patent families in KPN portfolio	Central innovation (p. 33)	

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GRI Standard	#	GRI Disclosure	Relevant section	Omission <sup>1</sup>
<b>Marco-economic/geopolitics</b>	3-3	Management of material topics	Value creation model and material topics (p. 16) Introduction by the CEO (p. 4) Regulation affects our business (p. 70) Appendix 3: Materiality assessment (p. 201)	
<b>Economic performance</b>	3-3	Management of material topics	Introduction by the CEO (p. 4) Strategy and key performances (p. 11) Our value for stakeholders: Shareholder value (p. 34) Corporate governance (p. 61)	
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	Strategy and key performances (p. 11) Our value for stakeholders: Shareholder value (p. 34)	
	201-2	Financial implications and other risks and opportunities due to climate change	Our performance: Environmental performance (p. 50) Compliance and risk (p. 71) Appendix 10: Environmental figures (p. 235)  KPN discloses all material carbon emissions, climate governance and management approach, including the financial implications of risks regarding climate change and the costs of mitigating actions for the CDP (Carbon Disclosure Project). Find our 2023 disclosure at <a href="https://cdp.net/en">https://cdp.net/en</a>	
	201-3	Defined benefit plan obligations and other retirement plans	Financial Statements (p. 106)	
	201-4	Financial assistance received from government	KPN does not receive significant financial assistance from the government.	
	Own indicator	Money spent on donations, sponsoring and community projects	Sponsorships (p. 31)	
<b>Anti-corruption</b>	3-3	Management of material topics	Compliance and risk (p. 71)	
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	Compliance and risk (p. 71)	
	205-2	Communication and training about anti-corruption policies and procedures	Compliance and risk (p. 71)	
	205-3	Confirmed incidents of corruption and actions taken	Compliance and risk (p. 71) We identified 238 internal fraud cases	
	Own Indicator	Employees trained to detect and prevent corruption	Compliance and risk (p. 71) We had 10,288 employees trained to detect and prevent corruption	

<sup>1</sup> All topics described in the GRI are applicable or not material for our operations

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### Appendix 13: SASB index

Topic	SASB Code	Metric	Response
Activity metrics	TC-TL-000.A	Total number of mobile accesses (millions)	11.3
	TC-TL-000.B	Total number of fixed line accesses (millions)	0.2
	TC-TL-000.C	Number of fixed broadband subscribers (millions)	4.3
	TC-TL-000.D	Network traffic in petabytes	N/a <sup>1</sup>
Topic	SASB Code	Metric	Response
Environmental footprint of operations	TC-TL-130a.1	Total energy consumed (GJ)	1,868,370
		Percentage of grid electricity out of total energy consumption	0,873
		Percentage renewable energy out of total energy consumption	0,914
Data privacy	TC-TL-220a.1	Description of policies and practices relating to behavioral advertising and customer privacy	KPN is aware of the fact that we must carefully manage two separate and often conflicting priorities: data as a valuable revenue source versus privacy. We have a reputation to uphold where it concerns the safety of customer data. We believe that customer privacy must be a core value when doing business. As such, we have made promises to our customers on how we use their data. One of our core promises is that we do not sell data of our customers to third parties. Our second promise is that if we want to use traffic data for commercial purposes (which is not secondary use, but primary use after consent), we only do so after we have received unambiguous consent of the customers. Customers can, at all times, revoke their consent. KPN has procedures in place for consent and revocation and customers are informed through the KPN Privacy Statement. As such we provide transparency on our processing of customer data.
	TC-TL-220a.2	Number of customers whose information is used for secondary purposes	For our use of customer data, we refer to our Privacy Statement, see <a href="https://www.kpn.com/algemeen/missie-en-privacy-statement/privacy-statement.htm">https://www.kpn.com/algemeen/missie-en-privacy-statement/privacy-statement.htm</a>
	TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Monetary losses in the form of fines by regulators resulting from privacy breaches: EUR 0 Monetary losses in the form of fines ruled by the court resulting from privacy breaches: EUR 0
	TC-TL-220a.4	Number of law enforcement requests for customer information	It is prohibited by law to publish the number of government requests either publicly or sharing this figure on a confidential basis for benchmarks.
			This question concerns obligations under the law of Telecommunications and the handling of warrants received by KPN, based on the Criminal Procedure Code, i.e. Intelligence and Security services, described in the "Telecommunications Security Data Decree": <a href="https://wetten.overheid.nl/BWBR0015808/2018-05-01">https://wetten.overheid.nl/BWBR0015808/2018-05-01</a>
			Reporting on the scope is reserved for and responsibility of the Ministry of Justice and Security and the Ministry of Internal Affairs and Kingdom Relations. In general, Dutch judicial law has a commitment to notify persons if information concerning these persons has been collected. See <a href="https://wetten.overheid.nl/BWBR0015808/2018-05-01">https://wetten.overheid.nl/BWBR0015808/2018-05-01</a> on the Decree on data security by public telecommunication providers.
			Number of customers whose information was requested
			See "Number of law enforcement requests for customer information"
Data security	TC-TL-230a.1	Percentage resulting in disclosure	98.8%
		Number of data breaches	58 For this indicator, we use the definition as relevant for the jurisdiction(s) in which KPN is active. This definition is broader than the standard definition used by SASB.
		Percentage involving personally identifiable information	For 2023, it is not possible to report on this KPI yet.
		Number of customers affected	For this indicator, we use the definition as relevant for the jurisdiction(s) in which KPN is active. This definition is broader than the standard definition used by SASB. KPN is not able to report on this number due to the practical implications.

## Appendices

			Cybersecurity remains a high priority, as cybersecurity attacks by nation states, phishing, ransomware and supply chain attacks are becoming increasingly sophisticated. To protect our systems and data, and those of our customers, we are constantly vigilant.
	TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Our Chief Information SecurityOffice (CISO) is organized into four teams. Together with the operational security officers throughout the company, they work according to the KPN Security Lifecycle, which is based on the NIST cybersecurity framework: identify, protect, detect, respond and recover. CISO sets a KPN Security Policy to prevent vulnerabilities and incidents. The CISO Red Teamof ethical hackers conducts security testing of new products and proactively identifies vulnerabilities across the organization. The CISO Blue Team is responsible for continuously monitoring our networks and infrastructures, and detecting security threats and vulnerabilities in a timely manner from within our Security Operations Center (SOC). As part of the Blue Team, the KPN Computer Emergency Response Team (KPN-CERT) provides rapid incident response, while the CISO Monitoring & Reporting team is responsible for security compliance monitoring and security analytics and reporting.
Product end-of-life management	TC-TL-440a.1	Weight, in <i>metric tons</i> , of materials recovered through product take-back programs and recycling services	844
		Percentage (%) of recovered materials (from takeback programs) that are reused	47%
		Percentage (%) of recovered materials (from takeback programs) that are recycled	43%
		Percentage (%) of recovered materials (from takeback programs) that are deposited in landfills	0%
Competitive behavior & open internet	TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	EUR 0
	TC-TL-520a.2	Actual average sustained download speed in Mbps of own and commercially partnered content	902 <sup>2</sup>
		Actual average sustained download speed in Mbps of nonassociated content	902 <sup>2</sup>
	TC-TL-520a.3	Description of risks and opportunities associated with net neutrality, paid peering, zero rating and related practices	KPN acts in accordance with the the EU Regulation 2015/2120 of the European Parliament regarding measures concerning open internet access (net neutrality). Both paid peering and zero rating are of less importance to KPN, as also stated by the ACM, since we do not have placed 'zero rated offers' in the market and the ACM has not established significant problems regarding these topics in the Dutch market.
	TC-TL-550a.1	Average system outage frequency (fixed line network)	Broadband: 0.22 Mobile: 0.11
Average duration of customer interruption (fixed line network)		Broadband: 1.22 Mobile: 1.73	
Managing systemic risks from technology disruptions	TC-TL-550a.2		At KPN, we are doing the best we can to avoid outages or other service disruptions. The bigger the impact, the more measures are taken to minimize the chances of something going wrong, with procedures being ready for every service disruption one could think of. For common service disruptions we have automated reboots programmed to minimize the impact of the disruption.
		Discussion of systems to provide unimpeded service during outages	In the event that any loss of service distribution does occur, KPN makes us of the Be Alert classification matrix to determine the urgency of the disruption of Major Incidents. This classification, by means of colour coding, happens on the basis of the amount of impact and the importance of the service that is malfunctioning. In order to minimize the negative experience for customers, we proactively inform clients about the disruption to inform them that we are aware of the problem and that we are working towards a solution.

<sup>1</sup> SASB definition is not in line with KPN's value for network traffic

<sup>2</sup> The average maximum download speed that we report is the predicted technical speed, based on the best available technologies, per address. Figures are based on year-end data

## ● Appendices

# Appendix 14: Glossary

## 4G

Fourth-generation mobile system, a standard for wireless communication delivering high-speed data for mobile phones and data terminals.

## 5G

Fifth-generation mobile system, a standard for wireless communication delivering high-speed data for mobile phones and data terminals, exceeding 4G speeds. 5G targets high data rates, reduced latency, network slicing, higher system capacity and massive device connectivity.

## 5G population coverage

The standard for measuring the voice coverage of the mobile network, is the percentage of the population in the Netherlands with coverage on the 5G voice network.

## A

### ACM (Authority for Consumers and Markets)

The ACM acts as a regulator in the Netherlands and is responsible for monitoring compliance with antitrust rules.

### Adjusted EBITDA AL

Adjusted EBITDA AL (adjusted EBITDA after leases) are derived from EBITDA and are adjusted for the impact of restructuring costs and incidentals and for lease costs, including depreciation of right-of-use assets and interest on lease liabilities. Incidentals are non-recurring transactions of EUR 5m or more unless significant for the specific reportable segment, which are not directly related to day-to-day operational activities.

### Adjusted revenues

Adjusted revenues are derived from revenues (including other income) and are adjusted for the impact of restructuring costs and incidentals. Incidentals are non-recurring transactions of EUR 5m or over unless significant for the specific reportable segment, which are not directly related to day-to-day operational activities.

### ADR (American depository receipt)

Negotiable security that represents securities of a foreign company and allows that company's shares to trade in the U.S. financial markets.

### AI (artificial intelligence)

AI is the intelligence demonstrated by machines.

## ARPA (average revenue per address)

ARPA is the sum of connection fees, monthly fixed subscription revenues, traffic revenues and gross service-provider revenues less related discounts during a one-month period, divided by the average number of addresses during that month. Gross service-provider revenues represent revenues generated by third-party providers. KPN accounts for the net part as gross service-provider revenues.

## ARPU (average revenue per user)

ARPU is the sum of connection fees, monthly fixed subscription revenues, traffic revenues and gross service-provider revenues less related discounts during a one-month period, divided by the average number of customers during that month. Gross service-provider revenues represent revenues generated by third-party providers. KPN accounts for the net part as gross service-provider revenues.

## Average 4G and 5G download speed

The average download speed is based on the results of a speedtest that customers initiate on 4G and 5G with their smartphone. Robot measurements and customers using networks other than KPN's are excluded from the results.

## Average maximum download speed broadband fixed

The average maximum download speed that we report is the predicted technical speed, based on the best available technologies, per address. Figures are based on year-end data.

## B

### B2B (Business-to-Business)

Commercial transactions between businesses. Referring to our business market related activities.

### B2C (Business-to-Consumer)

Commercial transactions between KPN and our customers (end-users). Referring to our consumer market related activities.

### BCF (business control framework)

The BCF contains all corporate policies and guidelines that are mandatory for KPN segments and entities. It forms the cornerstone of the governance of the KPN Group.

### Broadband

Broadband refers to telecommunication that provides multiple channels of data over a single communications medium, typically using some form of frequency or wave division multiplexing.

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### C

#### Capex (capital expenditure)

Investments in property, plants, equipment (PPE) and software. Please note that EU taxonomy's Capex definition differs from KPN's Capex definition. EU taxonomy Capex consists of the following components: PPE investments and PPE changes in consolidation in case of acquisitions of business combinations, Intangibles investments and Intangibles assets changes in consolidation in case of acquisitions of business combinations and Right-of-use assets additions.

#### CDP (Carbon Disclosure Project)

The CDP is a joint initiative of investors worldwide that questions and benchmarks listed companies on their approach to climate change.

#### Churn (calculated on an annual basis)

The number of customers no longer connected to an operator's network divided by the operator's customer base.

#### Circular economy

The circular economy is a generic term for an industrial economy that is producing no waste and pollution and in which material flows are of two types: biological nutrients, designed to re-enter the biosphere safely, and technical nutrients, which are designed to circulate at high quality in the production system without entering the biosphere.

#### Circular inflow

Renewable inflow from sustainably managed resources and which is used at a rate in line with natural cycles of renewability or inflow which is non-virgin.

#### Circular Outflow

Outflow that is designed and treated in a manner that ensures products and materials have a full recovery potential and extend their economic lifetime after their technical lifetime and that is demonstrably recovered.

#### CLA

Collective Labor Agreement

#### Climate-neutral

For KPN, climate-neutral means operating with zero net CO<sub>2</sub>e emissions.

#### Cloud Gaming

Cloud gaming is a form of cloud computing and offers services in the field of computer games.

#### Cloud services

Cloud services are standardized IT capability (services, software or infrastructure) delivered via internet technologies in a pay-per-use, self-service way.

#### CO<sub>2</sub>e

Carbon dioxide equivalent, is a standard unit for measuring carbon footprints. The idea is to express the impact of each different greenhouse gas in terms of the amount of CO<sub>2</sub>e that would create the same amount of warming. That way, a carbon footprint consisting of different greenhouse gases can be expressed as a single number.

#### CSR (corporate social responsibility)

CSR, to KPN, is the integrated vision of entrepreneurship, in which the company takes responsibility and creates value in economic (profit), ecological (planet) and social (people) terms. We incorporate CSR into our business and by doing so, take our social responsibility and contribute to societal challenges.

#### CSRD (Corporate Sustainability Reporting Directive)

The CSRD covers all relevant Environmental, Social and Governance elements and aims to increase investments in truly sustainable activities across the European Union. The CSRD will replace the existing reporting requirements of the EU's Non-Financial Reporting Directive (NFRD). The Directive shall apply from 1 January 2024 for financial years starting on or after 1 January 2024.

#### Customer base

Customer base is the total number of subscribers.

### D

#### DEFRA (UK Department for Environment, Food & Rural Affairs)

DEFRA has published conversion factors to calculate greenhouse gas emissions.

#### DJSI (Dow Jones Sustainability Index)

The DJSI series is a collection of indices that track the performance of companies that are frontrunners in terms of CSR. The DJSI is based on an analysis of corporate economic, environmental and social performance. There are several sub-indices based on geographical parameters.

### E

#### EBITDA AL (EBITDA after leases)

EBITDA AL are derived from EBITDA and adjusted for lease costs, including depreciation of right-of-use assets and interest on lease liabilities.



## ● Appendices

### EBITDA

Operating result before depreciation and impairments of property, plant and equipment and amortization and impairments of intangible assets.

### EcoVadis

EcoVadis is an international platform that assesses the material CSR impacts of companies. Purchasing organizations can integrate EcoVadis assessment results (Scorecards) into their day-to-day business practices driving their organization to make more sustainable procurement decisions, while positively incentivizing trading partners that align with their sustainability practices.

### EcoVadis spend coverage

% of total KPN spend (from previous year) represented by suppliers that have shared their EcoVadis assessment result (Scorecard) with KPN. The suppliers we invite for an EcoVadis assessment are selected in the beginning of the reporting year based on full spend of the previous year.

### Edge Computing

Distributed paradigm that brings computation and data storage closer to the sources of data.

### EEIO (environmentally extended input output data)

EEIO models estimate energy use and/or GHG emissions resulting from the production and upstream supply chain activities of different sectors and products. The resulting EEIO emissions factors can be used to estimate cradle-to-gate GHG emissions for a given industry or product category. EEIO models are derived by allocating national GHG emissions to groups of finished products based on economic flows between industry sectors.

### Employee Survey Score for engagement

The outcome of a human resources (HR) survey that measures the level of enthusiasm and dedication a worker feels towards their job. This survey consists of questions regarding employee engagement but also topics such as leadership, well-being, a safe work environment and feedback & development. Employee engagement is calculated by combining the results of a selection of questions resulting in a score from 1% till 100% with indicating 1% as the lowest and 100% as the highest engagement score.

### Employees trained to detect and prevent corruption (KPI)

The total number of employees trained in anti-corruption during the reporting and prior year. Corruption is the abuse of entrusted power for private gain and includes practices such as bribery, fraud, extortion, collusion, conflict of interest, and money laundering. The total number of employees consist of own employees on payroll working in active duty at the end of the reporting period, excluding external agency staff (temporary employees from an external agency who are not on payroll).

### ESG (Environmental, Social and Governance)

ESG refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.

## F

### FCF (free cash flow)

FCF is defined as cash flow from continuing operating activities plus proceeds from real estate, minus capital expenditure (Capex), being expenditure on PP&E and software and adjusted for repayments of lease liabilities.

### FTE (full-time equivalent)

The equivalent of the number of employees with a full-time contract. FTEs are calculated compared to the standard number of contract hours per employment group within KPN.

### FttH (Fiber to the Home)

FttH is defined as an access network architecture in which the final part of the connection to the home also consists of optical fiber.

### FttH households

As of 2023, the definition is changed and figures are restated accordingly. FttH households are defined as premises to which an operator can connect in a service area. Since fiber is available, at least, within reach of the premises property boundary. This extended definition (civil ready) includes additional households, on top of the traditional reported homes passed, that are covered by fiber through street presence, which we also use in our commercial approach and correspond with other operators. The impact of the change in definition on the reported KPI is minimal.

## G

### Gbps (Gigabit per second)

A gigabit is a unit denoting the speed of data transfer. It is the speed in billions of bits per second.

## ● Appendices

### GHG (Greenhouse Gas) Protocol

The GHG Protocol is a multi-stakeholder partnership of business, non-governmental organizations (NGOs), governments and others that develop internationally accepted GHG accounting and reporting standards for organizations.

### GHz

Gigahertz is a frequency unit that measures the number of cycles per second and is used to indicate the different spectrums of our mobile network.

### Green electricity

Green electricity is electricity from renewable sources. KPN only uses wind energy and electricity from biomass that does not compete with food production.

### GRI (Global Reporting Initiative)

The Global Reporting Initiative is an organization that publishes international standards for CSR reporting.

## H

### High risk supplier

Our procurement process includes an assessment of all new contracted suppliers, classifying them based on the potential social and environmental risk their operations, products and services represent. We assess this risk based on three parameters: geographical areas, spend and potential environmental impact of a supplier's operations, products or services. We strive to audit suppliers classified as high risk periodically and these social audits are carried out by an independent third-party auditor.

## I

### IIRC (International Integrated Reporting Council)

Worldwide non-profit organization that has developed a technical standard for companies that want to account for the value they add to this world as a company.

### IPCC (Intergovernmental Panel on Climate Change)

The IPCC is a UN-established body that assesses and synthesizes scientific information on climate change, providing comprehensive reports to guide policymakers worldwide. Operating on a consensus-based approach, the IPCC plays a pivotal role in shaping international strategies for addressing and mitigating the impacts of climate change.

### ISO (International Organization for Standardization)

This organization is responsible for international management standards such as ISO 14001, ISO 140064-1, ISO 27001 and ISO 22301 (mentioned in this report).

### IoT (Internet of Things)

The Internet of Things connects objects such as garbage bins or cars via a chip with the internet. This offers many opportunities, such as Smart City solutions.

### IT

IT refers to information technology.

### iTV (Interactive TV)

With iTV, the customer can easily choose when, where and which programs to watch.

## J

### JAC (Joint Alliance for CSR)

The JAC is a cooperation of European telecommunication operators (including KPN) focusing on the social, ethical, and environmental conditions across their supply chains. In March 2022, more than ten years after its inception, the JAC (Joint Audit Cooperation) has transitioned into a legal entity with the new name of 'Joint Alliance for CSR'.

## K

### KPI (Key Performance Indicator)

Key performance indicators measure the performance of the organization, teams and individual employees.

### KPN Mooiste Contact Fonds

This KPN foundation supports societal initiatives aimed at stimulating social contact, by combining people and technological resources to best advantage.

## L

### LCE

LCE refers to large corporate enterprises.

### LGBTQIA+

Lesbians, gays, bisexuals, transgenders, queers, intersexuals, asexuals and people with other sexual and/or gender identity. KPN Pride is an inclusive community for LGBTQIA+, and all colleagues (including heterosexuals) who are interested in LGBTQIA+ subjects related to the KPN workforce.

## M

### M2M (machine-to-machine)

Direct communication between devices using any communications channel, including wired and wireless.

## ● Appendices

### Market share

Market share is the percentage or proportion of the total available market that is being serviced by KPN. These figures are based on externally available market data, which may not be completely accurate, and may partially be based on estimates.

### Mbps (Megabits per second)

A megabit is a unit denoting the speed of data transfer. It is the speed in millions of bits per second. The bandwidths of broadband networks are often indicated in Mbps.

### MHz (megahertz)

MHz is one million hertz (a unit of frequency).

### Modernized site

A site is considered to be modernized when the equipment is being replaced by future-proof equipment that is also able to handle 5G traffic. The number of modernized sites is calculated by the number of sites equipped with our new mobile network technology.

### MSCI (Morgan Stanley Capital International)

Sustainable ranking intended to measure a company's resilience to long-term, financially relevant ESG risks.

## N

### Nature inclusive

Nature inclusive refers to a way of working that also benefits nature and is working within the boundaries of nature.

### NOI (Net Operating Income)

It is a measure used to analyze the profitability of our income-generating properties. It is calculated by subtracting operating expenses from the total income generated by the property.

### Non-conformities

Non-conformities are identified when a supplier is found to be in breach of any of the JAC Supply Chain Sustainability Guidelines that form the set of common requirements expected from the ICT industry.

### NOPLAT

NOPLAT refers to net operating profit less adjustments for taxes.

### Normalized ETR

Normalized effective tax rate (ETR) is defined as the total ETR excluding incidentals (such as return to provisions), major changes in the composition of the group, changes in (de-)recognition of deferred taxes and changes in tax law.

### Notice and Take Down code

A code that specifies how organizations have to deal with reports of unlawful content on the internet. Content is removed by the host following notice. Notice and take down is widely operated in relation to copyright infringement, as well as for libel and other illegal content. We are committed to removing content related to Child Sexual Abuse Material within 24 hours after notification by our national hotline, Expertisecentrum Online Kindermisbruik (Expertise Center for Online Child Abuse).

### NPS (Net Promoter Score)

NPS is a metric for measuring customer loyalty, based on whether customers would recommend KPN to someone else. The NPS results included in this report are measured, calculated and provided by Kantar (a leading market-research company). NPS is based on direct customer input, with the key question being whether a customer would recommend KPN to someone else. Depending on the score they give, the customer is classified as a 'promoter' or a 'detractor'. The NPS is calculated by subtracting the percentage of 'detractors' from the percentage of 'promoters'. The result is displayed as an absolute number instead of a percentage, within a range of -100 to +100. In this report, all NPS results refer to Q4 of the respective year, based on a three-month rolling average (December 2023 is based on October 2023, November 2023 and December 2023). The NPS Consumer and NPS Business reflect a weighted average based on 2021 revenues. NPS Business combines this with EBITDA margins for segments.

## O

### OECD (Organization for Economic Cooperation and Development)

An international organization that works to establish evidence-based international standards and find solutions to a range of social, economic and environmental challenges.

### OTT (over-the-top)

In broadcasting, over-the-top content (OTT) refers to the delivery of audio, video, and other media over the internet for which no subscription to a traditional cable or satellite operator is required. A famous example is WhatsApp, which is replacing text messaging.

## P

### PLA

Personal labor agreement

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### PSO certification

The certification of the Prestatieladder Socialer Ondernemen (the Social Entrepreneurship Performance ladder) is a scientifically substantiated quality mark of TNO (an independent not-for-profit research organization), which objectively measures and makes visible the extent of socially responsible business.

## R

### RDI (Dutch Authority for Digital Infrastructure)

The Dutch Authority for Digital Infrastructure (Rijksinspectie Digitale infrastructuur) advises on laws and regulations regarding the availability and reliability of digital infrastructure.

### RepTrak

RepTrak has been developed by the RepTrak Company and is used as a method to calculate the reputation score of companies worldwide. The RepTrak methodology also measures the drivers of reputation and the consequences for supportive behavior. The RepTrak Company's policy is to adjust all RepTrak scores by standardizing them against the aggregate distribution of all scores obtained from the RepTrak Company's Annual Global RepTrak Reputation Score Standardization has the effect of lowering scores in countries that tend to over-rate companies, and has the effect of raising scores for companies in countries that tend to rate companies more negatively. All RepTrak scores are culturally standardized. This means that all RepTrak results are comparable across countries, industries and over time. Every month, the progress on the key attributes that stimulate reputation and supportive behavior is measured. The results are based on a minimum of 500 respondents per company each quarter. The data collection method is an online interview of 20 minutes. The qualified respondents have to be familiar or very familiar with the company. The RepTrak Company started using an updated cultural bias adjustment procedure on 1 January 2011, whereby the cultural adjustment analysis was rebased based on the latest reputation scores. Because KPN was already in the middle of setting KPIs, we asked the RepTrak Company to report KPN's reputation scores using the 'old' cultural bias adjustment analysis. Hence, this report shows 'unrebased' reputation scores for KPN. KPN reports the fourth quarterly average in the report.

### Responsible Minerals

These minerals include scarce minerals and conflict minerals. Conflict minerals are minerals mined under conditions of armed conflicts and human rights issues. These minerals are used in a variety of products, including consumer electronic devices such as mobile phones.

### Return on capital employed (ROCE)

Return on capital employed 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.

### Roaming

Transfer of mobile traffic from one network to another, referring to the exchange of international mobile traffic.

## S

### Safe data

The KPI regarding the percentage of the Dutch population that believe their data is safe with KPN is based on research performed by an external marketing research company. To measure this, we conduct an annual survey in which we ask the Dutch population to choose 3 companies of which they think their data is safe with.

### Scope 1

Direct greenhouse gas emissions occurring from sources that are owned or controlled by an organization.

### Scope 2

Indirect greenhouse gas emissions from the generation of purchased electricity, heating or cooling consumed by an organization.

### Scope 3

Other indirect greenhouse gas emissions as a consequence of the activities of the company, but occurring from sources not owned or controlled by an organization.

### SDGs (Sustainable Development Goals)

On 25 September 2015, countries within the United Nations adopted 17 goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved in 2030. Also known as Global Goals.

### SecurX certified

% of own personnel working in the TDO departments Network, B2BS and CISO, who attended the SecurX training and passed the SecurX Foundation exam resulting in a certificate. The SecurX Foundation certificate does not expire. In the calculation, employees who passed the SecurX Foundation exam before July 2023 are excluded from the mandatory SecurX training, as this was determined as mandatory after this period.

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### Service revenues

Service revenues are defined as the aggregate of connection fees, monthly subscription fees and traffic fees.

### SME (small and medium enterprises)

Sector generally consisting of enterprises with up to 250 employees.

### Soho (Small office home office)

This term refers to a small office of about 1 to 10 people or a home office.

### SpeakUp Line

An anonymous reporting option for employees and external persons, where reports can be made by phone or via a safe and secure website. The KPN SpeakUp Line is hosted and made available by an independent organization.

### Stakeholder

Stakeholders are the people or organizations with an interest in the company, such as customers, employees, shareholders, suppliers, governments and media.

### Subscriber

A subscriber is defined as an end-user with a connection to the mobile or fixed networks and/or service platforms of KPN.

## T

### Tailored Solutions

Offering customization to the business customer at any point in its digital journey.

### TCFD (Task Force on Climate-related Financial Disclosures)

The Financial Stability Board (FSB), an international regulator in the financial world, created the TCFD in 2015 to improve and increase reporting of climate-related financial information.

### Tier I, II and III suppliers

Tier I Suppliers are your direct suppliers. Tier II suppliers are your suppliers' suppliers or companies that subcontract to your direct suppliers. Tier III suppliers are the suppliers or subcontractors of your tier 2 suppliers.

### Tier standards (I to IV)

Telecommunications Infrastructure Standard for data centers. Tier levels describe the availability of data at a location. The higher the tier, the greater the availability. Tier IV is the highest level and entails independent dual-powered cooling and expected data availability of 99.995% or higher.

### TSR (total shareholder return)

A measure of the performance of different companies' stocks and shares over time. TSR is calculated from the growth in capital from purchasing a share in the company, assuming that the dividends are reinvested each time they are paid. This growth is expressed as a percentage as the compound annual growth rate.

### TTC (total tax contribution)

Total tax contribution is the total tax amount born or collected by KPN generated through its operations.

## V

### VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling)

The Dutch Association of Investors for Sustainable Development (VBDO) works to create a sustainable capital market, a market that considers not only financial criteria but also non-financial, social and environmental criteria. VBDO's vision is to increase sustainability awareness among companies and investors.

### Virgin materials

Materials sourced directly from nature in their raw form, such as wood or metal ores. Manufacturing products using virgin materials uses much more energy and depletes more natural resources, as opposed to producing goods using recycled materials.

### Virtualization

The separation of the physical hardware and the functions to run the network in software.

## W

### WBSO (Wet Bevordering Speur- en Ontwikkelingswerk)

The WBSO is a subsidy that is intended for every entrepreneur in the Netherlands who conducts research into technological innovations.

### Weighted downtime

The weighted downtime concerns the average monthly time period in which a combination of KPN platforms and systems is inaccessible to clients due to major incidents, weighted by the impact of this downtime.





# Colophon

# Colophon

## For additional information

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## Concept and design

Born05  
[www.born05.com](http://www.born05.com)

## Online

Please visit our Integrated Annual Report  
website: [www.kpn.com/annualreport](http://www.kpn.com/annualreport)

## Forward-looking statements and management estimates

Certain of the statements we have made in this Integrated Annual Report are 'forward-looking statements'. These statements are based on our beliefs and assumptions and on information currently available to us. They include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance or expense improvements and the effects of future legislation or regulation.

Forward-looking statements include all statements that are not historical facts and can be identified by the use of forwardlooking terminology such as the words 'believe', 'expect', 'plan', 'intend', 'anticipate', 'estimate', 'predict', 'potential', 'continue', 'may', 'will', 'should', 'could', 'shall', or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. No undue reliance should be put on any forward-looking statements. Unless required by applicable law or applicable rules of the stock exchange on which our securities are listed, we have neither the intention nor an obligation to update forwardlooking statements after distribution of this Integrated Annual Report. All market share information in this financial report is based on management estimates based on externally available information, unless indicated otherwise.

The terms 'we', 'our' and 'us' are used to describe the company.

We always aim to further improve our CSR activities and reporting. Therefore, we highly appreciate your feedback, questions and comments on our Integrated Annual Report and CSR activities. Please contact [esg@kpn.com](mailto:esg@kpn.com).



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