Environmental policy KPN
Our transition plan to a net zero organization and supply chain

Our environmental strategy

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

Our services also enable our customers to become more sustainable, i.e. via remote working. In addition we believe that a Telecom company like KPN is well positioned to play a strategic role in the energy transition by providing real time data solutions for energy related assets with in our own Network as well as to 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 Climate Agreement of Paris and the European Green Deal (eg Fit for 55). Our strategy is aimed at our contribution to limit global warming to 1.5 °C. We have drawn up this environmental policy and have integrated it into our business operations and throughout our value chain.

Our long term goals

Our long term target is to reach net-zero emissions by 2040. Our initial Science Based Target was approved in February 2017. We have increased our ambition to net zero. Therefore this target is currently under re-validation with the Science Based Targets Initiative. Our target is to reduce our emissions by a minimum of 90% compared to a 2015 baseline and we will neutralize remaining embedded emissions.
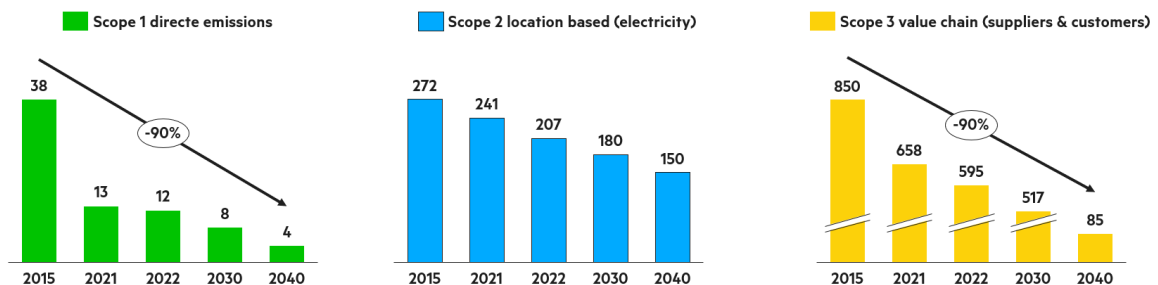

Figure 1.
KPN emissions for scope 1, 2 and 3 in kTon CO_2e vs 2015. Note: Scope 2 marketbased is zero from 2015.

Decarbonization levers, climate mitigation actions and locked-in emissions

<u>**Scope 1 (direct emissions):**</u>

Our scope 1 emissions mainly relate to the conversion of our fleet to fossil fuel free. Next to this we use gas for heating of our buildings and a limited use of diesel for no break installations.

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

- We will reduce the CO_2e emissions from our company-car fleet by limiting our inflow to fossil fuel-free vehicles by 2025. We will reach this goal by conversion to electric cars in lease arrangement for our own personnel and in part by using HVO-100 (biodiesel) fueled cars for engineers.
- We continue to transition from gas based heating to electrical heating for smaller buildings. For larger buildings and offices we still have a challenge to convert from gas to electric installations.
- We currently still have emissions relating to no break installations in our network. The usage of these installations is limited to testing and potential power down incidents. We continue to explore alternatives like application of biodiesel in no break installations or battery-based solutions.

Scope 2 emissions (electricity)

Our scope 2 emissions mainly relate to electricity usage of our network, offices and stores.

Goal: retain zero emissions based on 100% renewable energy

- Our energy usage has been based 100% renewable energy since 2011 and we have committed to do so until at least 2050. 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 transfers to using less than 400 GWh by 2030.
- We are updating our energy mix by committing to Hollandse Kust West Windpark for 15 years (close to 55% of long term required capacity and build solar panels on technical buildings.

Scope 3 value chain (suppliers & customers)

Our scope 3 emissions reflects our impact in the value chain relating to production, transport, usage and end of life of the equipment we buy from suppliers and products we provide to our customers.

The most important drivers in the value chain emission (scope 3) are:
- households which will use more green electricity over time
- suppliers becoming CO_2e neutral

Other drivers include:
- usage of customer equipment at home (related to fiber roll-out and usage of sleep-modes)
- circularity of equipment
- improve of measurement (eg actual energy used by B2B equipment)
- logistics in the value chain

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

We will reduce our scope 3 emissions with a minimum of 90% compared to a baseline in 2015 and will compensate the remainder. As intermediate target we have a target of 45% reduction in 2030 vs 2014.

Upstream value chain
- We stimulate our key suppliers become net-zero based on approved Science Based targets before 2040 via procurement selection criteria and applying supplier engagement programs from worldwide platforms like CDP and Ecovadis (aiming for 90% coverage of our supply chain). In that way we stimulate the conversion of our suppliers to using renewable energy in our value chain.
- We collaborate in industry bodies like GSMA, JAC, ETIS as all major telecom companies will demand net zero strategies of their suppliers to reach their own goals.
- Some locked-in emissions may occur before 2040 as not all of our suppliers operate in circumstances where a 100% green grid is available to them near local operations.

Downstream value chain

- We ask our suppliers to continue to improve the energy efficiency of the equipment we provide to our customers, which is part of our scope 3 emission footprint. Our customers have the option to use eco-modes on TV equipment at home.
- Some emissions will be continue to be locked in the value chain as inhome equipment needs to use energy and not all of our customers are able to use 100% green energy in The Netherlands.
- Even though we report avoid emissions of our services (scope 4), but will not substract the positive impact made via our services to reach net zero. In 2022 the Energy savings by customers compensated for over almost 1,5 times of KPN Group's own scope 2 emissions in 2022.

Circular economy

- We embrace the principles of a circular economy in our believe that renewable materials are the other key lever next to the transition to renewable energy. These principles can be summarized as re-use to avoid usage of virgin materials, extend lifetime as much possible by design and aim to reach zero waste. Where possible we aim to influence the design of the products we use.
- We implemented the Circular Transition Framework, starting with consumer market as scope which led to a circularity score of 78%, based on materials flow in and out of our value chain. For outflow we reached 87% re-used or recycled materials. We collected 90% of customer premises equipment in 2022 and aim for 95% per 2025.
- We face challenges in our ambitions to become circular. Reuse & recycling has limited upside due to lifecycle changes/replacement. The design of Consumer products currently mainly options on outside casings. Collecting product based insights is very data intensive and hard to compare between vendors (underlying calculations to calculate carbon may vary per solution)

Embedding the transition plan in our strategy

ESG (Environmental Social Governance) criteria are embedded in KPN's strategy and organizational structure. ESG themes are defined and approved by the Board of Management, including their ambitions. Our double materiality assessment based on CSRD requirements is ongoing. Every ESG theme is assigned to a member of the senior management team who, as theme owner, is responsible for stakeholder dialogue, targets, progress and results. The theme owners report to KPN's corporate social responsibility (CSR) Manager, who is responsible for the overall reporting, approach and cohesion. The CSR Manager reports to the Director of Corporate Communication & CSR, who in turn reports to the CEO. Four times a year, ESG data is included in the overall set of business KPIs that is reported to and discussed with the Board of Management. 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. This year we will install a ESG committee in the Supervisory board.

Further details on governance and risk are in our Integrated Annual Report chapter Compliance and risk.

Operational Control

The scope of our environmental policy applies to KPN and all its subsidiaries. When a corporation uses the operational control approach, it will report on everything where it or one of its subsidiaries has complete authority to create and apply operating policies. This is the most typical method for establishing boundaries.

The advantage of an operational control approach is that it focuses on your ability as an organization to influence or minimize the carbon emissions it produces. After determining its organizational boundary, an organization must develop an operational boundary, which will determine the scope of three types of GHG emissions within that organizational boundary.

Reporting on progress of our transition plan and assurance

We monitor progress and publish the main results and indicators of our environmental performance in our Annual Integrated Report and Quarterly Results. These results and indicators are assured internally (by our internal audit department) as well as externally (by the external auditor of the Annual Report). Further information is available on: https://overons.kpn/en/kpn-in-the-netherlands/sustainability

Process of assessing of risks & opportunities

- We recognize, measure and document the impacts – both positive and negative – that our operations, services and products have on the environment.
- We guarantee that, at the very least, we comply fully with all the environmental legislation, anticipate future legislation and, where possible and practicable, go further than the statutory requirements. We also demand that our suppliers do so, and we monitor their compliance.
- We set-up adequate management systems for designing, developing, maintaining and managing our operations to prevent and limit the impact on the environment and monitor progress and compliance. These systems covers all relevant aspects (energy, CO_2e emissions, waste and water) and are integrated in our environmental management system which is ISO 14001 certified.

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

Value chain approach

- We use a value chain approach for identifying environmental impacts. In general this means that besides our operations, we also focus on our impact upstream and downstream.
- We have environmental criteria for selecting suppliers and partners, and procuring products and services. These criteria cover the entire life cycle and include circularity. We aim for all suppliers we do business with to comply with the KPN Supplier Code of Conduct.
- We actively engage with our key suppliers via projects and circular contract clauses. In addition, we apply ITU standard L.1023 criteria for comparing circular solutions in RFPs.
- We develop new advanced services, solutions and products that are economically and ecologically sustainable and help our customers to reduce their environmental impacts. By enabling our customers for the new way of living and working, we help them save energy.
- We identify and measure the risks in the supply chain and implement improvement plans, both directly in cooperation with suppliers and in international partnerships and agreements.
- We make sustainability part of the assessment criteria for potential mergers and acquisitions.

Stakeholder engagement

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