

**TERMS OF REFERENCE
OF THE STRATEGY & ORGANIZATION COMMITTEE
OF THE SUPERVISORY BOARD
OF ROYAL KPN N.V.**

As approved by the Supervisory Board on 7 December 2017

0. INTRODUCTION

- 0.1 These terms of reference have been drawn up by the Supervisory Board pursuant to clause 5 of the By-Laws of the Supervisory Board.
- 0.2 The Strategy & Organization Committee (“the Committee”) is a standing committee of the Supervisory Board.
- 0.3 These Terms of Reference and the composition of the Committee are posted on the Company’s website.
- 0.4 Certain capitalised or uncapitalised terms used but not defined in these terms of reference have the meanings given to them in the By-Laws of the Supervisory Board and the List of Definitions attached to those By-Laws as Annex 1.

1. PURPOSE

- 1.1 The purpose of the Committee is to work with the Board of Management to prepare and review topics concerning the strategy for long-term value creation of the Company in advance of the meetings of the Supervisory Board. The most important objective thereby, is to provide the Supervisory Board with options in terms of strategic avenues going forward. The Committee will facilitate in-depth industry debates in the Supervisory Board based on solid analyses and scenario development of the customer, technologies, regulation and competition. Furthermore, the Committee will support management to develop a long term storyline for the company, also in order to endure the strategy throughout the company.
- 1.2 The Committee will thereto meet with members of the Board of Management and their direct reports and staff to assess the qualitative and quantitative work performed by management.
- 1.3 The Committee will also review whether the organizational model and skills support the approved strategy.

2. COMPOSITION

- 2.1 The Committee shall consist of at least 3 members. All members of the Committee must also be members of the Supervisory Board. More than half of the members of the Committee shall be independent within the meaning of clause 1.5 of the By-Laws of the Supervisory Board.¹
- 2.2 The members of the Committee shall be appointed and may be replaced at any time by the Supervisory Board. In composing the Committee, the Supervisory Board shall aim to ensure that the majority of the members of the Committee shall be familiar with the industry of the company, and shall have (international) experience in that industry.

¹ Dutch Corporate Governance Code, best practice provision 2.3.4

- 2.3 The Supervisory Board shall appoint one of the members of the Committee as chairman of the Committee.
- 2.4 The term of office of a member of the Committee will generally not be set beforehand. It will, inter alia, depend on the composition of the Supervisory Board as a whole and that of other committees from time to time, provided that membership rotation shall be effected where practicable.
- 2.5 The Company Secretary shall act as secretary to the Committee. The secretary may delegate his duties, or parts thereof, under these Terms of Reference, to a deputy appointed by him in consultation with the chairman of the Committee.

3. DUTIES AND POWERS

- 3.1 The Committee has the following duties:
- (a) The Committee will work with the Board of Management on (the annual update of) the Company's strategy and its annual plan in preparation of discussion in the Supervisory Board, as well as the process and timing thereof.
 - (b) The Committee will also discuss with the Board of Management the current strategic topics, including such items as M&A, substantial deviations to investments plans, business models, changes in technology and marketing strategy and modification to the delivery engine. The most relevant topics will be set on the basis of an on-going dialogue between the Supervisory Board and the Board of Management and will be incorporated in the agenda of the Committee.
 - (c) The Committee will furthermore work with the Board of Management to discuss the best organizational topstructure for implementing the Company's strategy, and make recommendations on this to the Supervisory Board and/or Board of Management.
- 3.2 The Committee may only exercise such powers as are explicitly attributed or delegated to it by the Supervisory Board and shall not exercise powers beyond those exercisable by the Supervisory Board as a whole.
- 3.3 The Committee may, in exercising its duties, seek the assistance or advice of one or more experts, at a price and conditions to be agreed by the Committee in consultation with the Chairman, at the expense of the Company.

4. MEETINGS

- 4.1 The Committee shall meet as often as required for a proper functioning of the Committee, and for that purpose shall meet at least twice a year. The meetings shall as much as possible be scheduled annually in advance. The Committee shall meet ad hoc if this is deemed necessary by the chairman of the Committee, or by two other members of the Committee.

- 4.2 Meetings of the Committee are in principle called by the secretary of the Committee in consultation with the chairman of the Committee. Save in urgent cases, to be determined by the chairman of the Committee, the agenda for the meeting shall be made available to all members of the Committee as early as possible, and where possible at least seven calendar days before the meeting. Supporting documentation shall be made available as soon as possible.
- 4.3 The Committee shall decide if and when the members of the Board of Management should attend (part of) its meetings. In addition, other individuals, including company or independent experts, may be invited to attend (parts of) meetings of the Committee.
- 4.4 Each member of the Committee has the right to cast one vote. All resolutions must be adopted by an absolute majority of the votes cast. If there is a tie in voting, the chairman of the Committee shall have a casting vote.
- 4.5 The secretary of the Committee or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting of the Committee.
- 4.6 The Committee shall exercise utmost discretion when making written records of its deliberations and recommendations.

5. REPORTING TO THE SUPERVISORY BOARD

- 5.1 The Committee shall, as soon as possible after its meeting, report to the Supervisory Board on its deliberations and findings, including major developments in the area of its responsibilities.²
- 5.2 The minutes of the meetings of the Committee shall be circulated among all members of the Supervisory Board once available.
- 5.3 Every Supervisory Board member shall have unrestricted access to all records of the Committee.

6. MISCELLANEOUS

- 6.1 The chairman of the Committee (or one of the other Committee members) shall be available to answer questions regarding the Committee's activities at the annual General Meeting of Shareholders.
- 6.2 The Committee shall review and reassess the adequacy of these Terms of Reference periodically, report its assessment to the Supervisory Board and recommend, where appropriate, any proposed changes to the Supervisory Board.
- 6.3 The Supervisory Board can at all times amend these Terms of Reference and/or revoke any powers granted by it to the Committee.

² Dutch Corporate Governance Code, best practice provision 2.3.5

- 6.4 Clause 24 of the By-Laws of the Supervisory Board shall apply by analogy to the Committee, while for the application of these Terms of Reference the powers of the Supervisory Board or the chairman of the Supervisory Board referred to in that Clause shall be considered powers of the Supervisory Board or the chairman of the Supervisory Board.
- 6.5 The annual report of the Supervisory Board as referred to in the By-Laws of the Supervisory Board shall state the composition of the Committee, the number of meetings held by the Committee, the attendance rate of each of the members of the Committee³, and the main issues dealt with at these meetings.

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³ Dutch Corporate Governance Code, best practice provision 2.4.4.