

GRI index

GRI code	Core or additional Indicator	Indicator	Details/reference
STANDARD INFORMATION			
Profile			
Strategy and analysis			
1.1		Statement from the most senior decision maker about the relevance of sustainability to the organization and its strategy	Foreword by the CEO, pp. 2 – 3
1.2		Key impacts, risks and opportunities	Foreword by the CEO, pp. 2 – 3 Overview results and objectives, pp. 8 – 11 Section 1.2 Our role in society, pp. 15 – 16 Section 1.4 Our CSR themes, p. 18 Section 1.6 Embedding CSR within the organization: Governance, p. 19
Organizational profile			
2.1		Name of the organization	KPN
2.2		Primary brands, products, and/or services	Annual Report, chapter 'KPN's Operations', pp. 14 – 25
2.3		Operational structure	Annual Report, chapter 'Corporate Governance', pp. 47 – 51 and chapter 'KPN's Operations' pp. 14 – 25
2.4		Location of headquarters	The Hague
2.5		Number and names of countries where the organization operates	Annual Report, chapter 'Who we are and what we stand for', p. 5
2.6		Nature of ownership and legal form	Annual Report, chapter 'Corporate Governance', p. 47
2.7		Markets served	Annual Report, chapter 'KPN's Operations', pp. 14 – 25
2.8		Scale of the organization	Annual Report, chapter 'Consolidated financial statements', pp. 72 – 77 'Financial key figures', pp. 6 – 7
2.9		Significant changes during the reporting period regarding size, structure, or ownership	Annual Report, note 27, p. 118 Appendix 6.3 Scope of this report, p.54
2.10		Awards received in the reporting period	Section 1.1 Objectives and results, p. 14 Section 1.2 Our role in society, p. 16 Section 4.7 Carbon Disclosure Project, p. 44 Section 5.3 Secure Internet, p. 50
Report parameters			
Report profile			
3.1		Reporting period	2010
3.2		Date of most recent previous report	Monday, February 22, 2010
3.3		Reporting cycle	Annual
3.4		Contact point for questions regarding the report or its contents	mvo@kpn.com
Report scope and boundary			
3.5		Process for defining report content	Appendix 6.3 Scope of this report, p.54
3.6		Boundary of the report	Appendix 6.3 Scope of this report, p.54

3.7	Limitations on the scope or boundary of the report	Appendix 6.3 Scope of this report, p.54
3.8	Basis for reporting that can significantly affect comparability	Appendix 6.3 Scope of this report, p.54
3.9	Data measurement techniques and the bases of calculations	Appendix 6.3 Scope of this report, p.54 Footnotes below tables In principle, data is reported for the last three reporting periods. If data for three years is not available, data is reported for two years.
3.10	Effect of any re-statements of information provided in earlier reports	Appendix 6.3 Scope of this report, p.54 Footnotes below tables
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	Appendix 6.3 Scope of this report, p.54 Footnotes below tables
GRI Content Index		
3.12	Table with GRI content index	Web site
Assurance report		
3.13	Policy and current practice with regard to seeking external assurance for the report	Appendix 6.3 Scope of this report, p.54 Appendix 6.4 Assurance report, p. 55
Governance, Commitments and Engagement		
Governance structure		
4.1	Governance structure	Annual Report, chapter 'Corporate Governance', pp. 47 – 51 Section 1.6 Embedding CSR within the organization: governance, p. 19
4.2	Function of the Chair of the highest governance body	Annual Report, chapter 'Corporate Governance', pp. 47 – 51
4.3	Number of members of the highest governance body that are independent and/or non-executive members	Annual Report, chapter 'Corporate Governance', pp. 47 – 51
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Annual Report, chapter 'Corporate Governance', p. 52
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives and the organization's performance (including social and environmental performance)	Annual Report, 'Remuneration and Organizational Development Report', p. 60 CSR is a component of our corporate strategy. Partly for this reason KPN has made a link between CSR and the remuneration awarded to senior management. The Management Board member with responsibility for CSR is evaluated on the basis of the quality of the reporting on this subject. Targets have been set for managers in a position to influence one or more of the three themes. This is the case, for example, for the themes of Responsible Energy Use and Diversity.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Annual Report, chapter 'Remuneration and Organizational Development Report', Duties and Activities of the Committee, p. 61
4.7	Process for determining the qualifications and expertise of the members of the highest governance body	Annual Report, chapter 'Corporate Governance', pp. 47 – 51

4.8	Statements of mission or values, codes of conduct and principles relevant to economic, environmental, and social performance	<p>Company Code and Whistleblower Policy</p> <p>KPN's company code is designed to ensure that KPN acts in an ethically responsible fashion and according to law. The code is based on our core values: personal, trustworthy and simple. These core values form the basis of our day-to-day operations and apply to all our business processes and external contacts.</p> <p>In order to facilitate application of the company code in our employees' day-to-day operations we have formulated sub codes covering four clusters which provide concrete rules of conduct for specific areas:</p> <ol style="list-style-type: none"> 1. integrity 2. competition 3. insider trading 4. safety and information security <p>Supplementing the codes of conduct KPN has a whistleblower procedure, an integrity review protocol and a policy on fraud. The whistleblower procedure permits employees to report cases of fraud, suspicion of fraud, non-compliance with the rules or lapses in ethical conduct. These reports may be made anonymously and may be made in writing (by letter or by or on the Internet) or via the Integrity Line, from inside or outside the Netherlands and in various languages.</p> <p>The company code and whistleblower policy can be found at http://www.kpn.com/corporate/overkpn/investor-relations/corporate-governance/bedrijfscode.htm.</p> <p>Supplier Code of Conduct</p> <p>KPN wants to promote sustainability in the supply chain by purchasing from suppliers that comply with our labor and environmental criteria. Our Supplier Code of Conduct (SCoC; available on www.kpn.com/leverancier) sets down our social and environmental requirements. This code is based on values laid down in the United Nations Charter and the core conventions of the International Labour Organization (ILO). We expect our suppliers in turn to request their own suppliers to comply with the code. This is set down in the code and its objective is to push further down the supply chain.</p> <p>Section 1.2 Our role in society, pp. 15 – 16 Section 1.4 Our CSR themes, p. 18 Section 1.5 Compliance, integrity and compliance with the Dutch Telecommunications Act, pp. 18 - 19</p>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	<p>Annual Report, chapter 'Risk Management', pp. 40 – 43 and chapter 'Who we are and what we stand for', pp. 5 – 9</p> <p>Section 1.6 Embedding CSR within the organization: governance, p. 19</p>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	<p>Annual Report, 'Remuneration and Organizational Development Report', pp. 58 – 59</p> <p>Section 1.6 Embedding CSR within the organization: governance, p. 19</p>

Commitments to external initiatives		
4.11	Application of the precautionary principle	Annual report chapter 'Risk management' pp. 40 – 43
4.12	Externally developed economic, environmental and social charters, principles or other initiatives that the organization endorses	<p>Every man, woman and child, wherever they are in the world, has fundamental human rights. KPN respects and endorses the fundamental human rights laid down in international agreements such as the UN Declaration of Human Rights.</p> <p>KPN has signed the United Nations Global Compact. We thereby endorse the ten principles of this initiative and we have undertaken to respect human rights, to offer good labor conditions and to make an active contribution to environmental protection and anti-corruption. Every year, KPN will issue a progress report in relations to the Global Compact as part of the Sustainability Report. Details will be given in that report of the measures that have been taken to implement the ten principles.</p> <p>KPN applies the internationally recognized minimum social standards according to the International Labour Organization (ILO) and the OECD.</p>
4.13	Memberships in associations and/or national/international advocacy organizations	<p>In the context of its sustainability policy KPN takes an active part in national and international networks. This helps in being able to compare our social performance with that of other companies and to strengthen them by interchanging experiences and ideas.</p> <p>KPN is a member of many networks, including:</p> <ul style="list-style-type: none"> • GeSi • ETNO • Green Grid • Telewerkforum • Global Compact • Taskforce Mobiliteitsmanagement • Mijn Kind Online is Founding Partner of Digivaardig & Digibewust <p>We also aim to cooperate in social projects in markets in which we are active. For example, the subsidiary KPN Group Belgium is a partner of UNIZO (Unie van Zelfstandige Ondernemingen). KPN's German subsidiary E-Plus is associated with:</p> <ul style="list-style-type: none"> • M2M Alliance • Next Generation Mobile Network Allianz • Digitale Stadt Düsseldorf • Freiwillige Selbstkontrolle Multimedia-Diensteanbieter • Informationszentrum Mobilfunk • Stiftung Digitale Chancen
Stakeholder engagement		
4.14	List of stakeholder groups engaged by the organization.	Section 1.3 In discussion with our stakeholders, pp. 16 – 17 Appendix 6.3 Scope of this report, p.54

4.15		Identification and selection of stakeholders	<p>KPN selects stakeholders for internal and external stakeholder dialogs on the basis of their relevance to the IT sector and KPN's three CSR themes. They are also organizations or persons (or their representatives) with whom we have a formalized contractual or business relationship, such as customers, investors, employees and suppliers. A major additional criterion is whether they had previously indicated their desire to be involved in KPN's CSR policy.</p> <p>The other category of stakeholders concerns social organizations with which we do not have a business relationship, but whose views we value because KPN's operations impact on the interests they represent. We very much wish to engage in dialog with authoritative, influential organizations, such as the World Wildlife Fund or the Nationaal Ouderenfonds, an organization representing senior citizens in the Netherlands. It exceeds our capacity to open up the dialog to every social organization that works on a particular subject.</p> <p>Section 1.3 In discussion with our stakeholders, pp. 16 – 17 Appendix 6.3 Scope of this report, p.54</p>
4.16		Approaches to stakeholder engagement.	Section 1.3 In discussion with our stakeholders, pp. 16 – 17
4.17		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded	Section 1.3 In discussion with our stakeholders, pp. 16 – 17
PERFORMANCE INDICATORS			
Economic performance indicators			
		Management approach	Annual report, chapter 'Who we are and what we stand for', pp. 5 – 9 and chapter 'Financial and operating review', pp. 30 – 39
Economic performance			
EC1	Core	Direct economic value generated and distributed	<p>Annual report, chapter 'Financial and operating review', pp. 30 – 39</p> <p>'Financial key figures', pp. 6 – 7 Section 5.5 Sponsoring, p. 51</p>
EC2	Core	Financial implications and other risks and opportunities for the organization's activities due to climate change	<p>Chapter 4, Responsible Energy Use, pp. 38 – 45</p> <p>This indicator supports Principle 7 of the UN Global Compact.</p>
EC3	Core	Coverage of the organization's defined benefit plan obligations	Annual Report, note 22, pp. 110 – 114
EC4	Core	Significant financial assistance received from government	KPN does not receive any significant financial assistance from government.
Market presence			
EC5	Additional	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	<p>KPN operates primarily in countries in Western Europe (92% based on a FTE calculation) and complies with the legal minimum wage requirements.</p> <p>This indicator supports Principle 1 of the UN Global Compact.</p>

EC6	Core	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	This indicator is not reported. KPN is a service provider. KPN has no operations that have a significant impact on the local economy.
EC7	Core	Procedures for local hiring	KPN has no specific procedures for local hiring. This indicator supports Principle 6 of the UN Global Compact.
Indirect economic impacts			
EC8	Core	Development and impact of infrastructure investments and services provided primarily for public benefit	KPN operates primarily in countries in Western Europe (92% based on FTE coverage) and is a service provider. This indicator is therefore not material.
Environmental Performance Indicators			
		Management approach	<p>Care for the environment is an integral part of KPN's business operations. Our environmental policy focuses on making our products and services sustainable (in line with the people-planet-profit principle). The environmental policy is set out in our environmental statement. KPN aspires to limit the environmental impact of its products and services, from the production phase to the disposal phase. The responsible use of energy is at the forefront of this.</p> <p>The IT industry is one of the world's major energy consumers. Our sector is directly responsible for two per cent of global CO₂emissions. The IT industry sells millions of mobile phones and IT equipment that put a burden on scarce natural resources.</p> <p>We also know that the use of IT resources is more likely to expand than decline in the future. KPN sees it as its responsibility as market leader to promote energy savings and innovation in the chain. We are convinced that the IT industry can use less energy. But the greatest contribution IT is making to an energy-efficient world comes from the IT solutions in other sectors. KPN believes in green IT and makes sure it happens by maximizing energy efficiency while reducing its CO₂emissions. On the other hand we can enable others to use energy more efficiently and cut down on their emissions by offering them our products and services. This is the case, for example, when implementing software that improves logistic processes and for our products and services in the area of the New Way of Working that help to reduce car mileage. KPN aims to be climate neutral by 2020. This means that on balance we will not emit any CO₂. We wish to achieve this through a number of steps, such as saving on energy, increasing the energy efficiency of our network and that of our data centers and using green energy. CO₂ compensation is the last step.</p> <p>The CSR Steering Committee, working together with the Energy Management Group, determines KPN's energy and environmental policy. KPN's Energy Management Group develops energy-saving measures and has a voice in the purchase of green energy. A separate Steering Committee has been set up for this purpose, meeting every two months. All important business units of KPN in the Netherlands are represented on the committee.</p>

			<p>Major decisions are submitted to KPN's Management Board for approval. The business unit managers are responsible for executing the measures decided on and report on the subject to the Energy Management Group. The Energy Management Group monitors implementation of energy policy and reports on the subject to the CSR Steering Committee. The executive chairing the Energy Management Group also sits on the CSR Steering Committee as the Responsible Energy Use Program Director.</p> <p>Section 4.1 Objectives and results, pp. 38 - 39 Section 4.6 Environmental management, p. 44</p> <p>This indicator supports Principles 7, 8 and 9 of the UN Global Compact.</p>
Materials			
EN1	Core	Total amount of materials used by weight and volume	<p>Appendix 6.1 Other core environmental data, p. 52</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>
EN2	Core	Percentage of materials used that are composed of waste from external sources	<p>Appendix 6.1 Other core environmental data, p. 52</p> <p>This indicator supports Principles 8 and 9 of the UN Global Compact.</p>
Energy			
EN3	Core	Direct energy consumption by primary energy source	<p>Appendix 6.1 Other core environmental data, p. 52</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>
EN4	Core	Indirect energy consumption by primary source	<p>Section 4.2 Energy-saving initiatives, pp. 39 – 41 Appendix 6.1 Other core environmental data, p. 52</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>
EN5	Additional	Energy saved due to conservation and efficiency improvements	<p>Section 4.2 Energy-saving initiatives, pp. 39 – 41</p> <p>This indicator supports Principles 8 and 9 of the UN Global Compact.</p>
EN6	Additional	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions achieved	<p>Section 4.2 Energy-saving initiatives, pp. 39 – 41 Section 4.3 Green energy, pp. 41 - 42 Section 4.5 Green IT services, p. 44</p> <p>This indicator supports Principles 8 and 9 of the UN Global Compact.</p>
EN7	Additional	Initiatives to reduce indirect energy consumption and reductions achieved	<p>Section 4.2 Energy-saving initiatives, pp. 39 – 41</p> <p>This indicator supports Principles 8 and 9 of the UN Global Compact.</p>
Water			
EN 8	Core	Total water withdrawal by source	<p>Appendix 6.1 Other core environmental data, p. 52</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>

Biodiversity			
EN11	Core	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	KPN's operations are assessed for their possible impact on biodiversity. This analysis shows that most of KPN's operations have either no impact or only a negligible impact on biodiversity. KPN takes measures to diminish any expected effects. If KPN undertakes operations in or close to vulnerable ecosystems, their impact on biodiversity is part of the legal procedure.
EN12	Core	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	These indicators supports Principle 8 of the UN Global Compact.
Emissions, effluents and waste			
EN16	Core	Total direct and indirect greenhouse gas emissions by weight	Section 4.3 Green energy, pp. 41 – 43 This indicator supports Principle 8 of the UN Global Compact.
EN17	Core	Other relevant indirect greenhouse gas emissions by weight	KPN's operations do not cause any significant emissions of other greenhouse gases of importance. This indicator supports Principle 8 of the UN Global Compact.
EN18	Additional	Initiatives to reduce greenhouse gas emissions and reductions achieved	Section 4.2 Energy-saving initiatives, pp. 39 – 41 Section 4.3 Green energy, pp. 41 – 42 This indicator supports Principles 7, 8 and 9 of the UN Global Compact.
EN19	Core	Emissions of ozone-depleting substances by weight	Appendix 6.1 Other core environmental data, p. 52 This indicator supports Principle 8 of the UN Global Compact.
EN20	Core	NO, SO, and other significant air emissions by type and weight	KPN's operations do not cause any significant emissions of these gases. This indicator supports Principle 8 of the UN Global Compact.
EN21	Core	Total water discharge by quality and destination.	KPN uses mostly tap water for its office and for cooling its data centers. This is drained away via the sewer system. Appendix 6.1 Other core environmental data, p. 52 This indicator supports Principle 8 of the UN Global Compact.
EN22	Core	Total weight of waste by type and disposal method	Appendix 6.1 Other core environmental data, p. 52 This indicator supports Principle 8 of the UN Global Compact.

EN23	Core	Total number and volume of significant spills	<p>This indicator is not material for KPN. KPN is a service provider with primarily an office orientation. KPN's operations do not cause any significant leakages that might damage the surrounding area.</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>
Products and services			
EN26	Core	Initiatives to compensate the environmental impact of products and services and the magnitude of such compensation	<p>Section 4.2 Energy-saving initiatives, pp. 39 – 41 Section 4.3 Green energy, pp. 41 – 42 Section 4.5 Green IT services, p. 44</p> <p>This indicator supports Principles 7, 8 and 9 of the UN Global Compact.</p>
EN27	Core	Percentage of products sold and their packaging materials that are reclaimed by category	<p>Section 4.4 Sustainable procurement program, pp. 43 – 44 KPN enables customers to dispose of their old mobile phones by handing in to our stores or sending them off free of charge for reuse or recycling. Other products are not reclaimed.</p> <p>This indicator supports Principles 8 and 9 of the UN Global Compact.</p>
Compliance			
EN28	Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<p>Section 1.5 Compliance, integrity and compliance with the Dutch Telecommunications Act, p. 19</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>
Transport			
EN29	Additional	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and of transporting members of the workforce	<p>Section 4.2 Energy-saving initiatives, pp. 39 – 41 Section 3.2 The New Way of Working at KPN, p. 33</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>

Labor Practices and Decent Work Performance Indicators

Management approach

We want our employees to take pride in KPN and feel involved in the company. We want the best and brightest to choose KPN because KPN offers them the best chances of development. KPN believes that we can reinforce this pride and involvement through corporate social responsibility. A key building block supporting our policy of motivating and keeping our people involved in KPN consists of giving them the space to work as a volunteer on the social projects run by the Mooiste Contact Fonds. We make efforts to multiply our employee's range of abilities, for example by training. We promote diversity in our workforce.

Diversity

KPN wants its workforce to be a reflection of society. We also want more groups in society to perceive us as an attractive employer. This will widen our ability to recruit the cream of talent. The trend towards an ageing population emphasizes the importance of the company being able to attract the widest range of people. Greater diversity means attracting – and retaining – more women, more people from a variety of cultural backgrounds, people with a physical impairment and older people. KPN is in the first instance focusing on women. We believe that this group is where there is the greatest urgency and that much can be achieved.

Employability

Its purpose is to ensure our employees' skills remain up to standard and to improve them, thus enhancing their employability, whether or not within KPN Nederland. This fits in with our belief that the contributions made by our employees come from their skills. Nowadays there is less value to having a fixed job lasting the one's entire working life. Attention has shifted to the skills and employability of employees as affording them maximum security in terms of ensuring their position on the labor market, both now and in the future.

Health

In the interest of promoting our employees' health and avoiding stress and sources of ill health, KPN Nederland employees may also use their individual employability budget for a lifestyle check. This is a brief check-up covering living habits and fitness and terminating with tips for a healthier lifestyle.

The divisional Human Resources (HR) departments run these arrangements and programs. All major business units possess their own HR department which advises line management and corporate departments on HR issues.

			<p>Line management bears operational responsibility for ensuring that we are a good employer. At KPN group level Corporate HR is responsible for initiating projects and new policy initiatives relevant to our segments. Regular joint discussions are held with HR staff members to review policy development in order to foster consistency in HR policy at KPN.</p> <p>A KPN Nederland HR director sits on the CSR Steering Committee. KPN's Diversity Policy is run by the Diversity Director. She is assisted by the Diversity Steering Committee that meets every month. This Steering Committee is composed of one Supervisory Board member, one Management Board member, the Human Resources Directors of KPN Nederland and Getronics Nederland, and the Directors of the Business units. The HR departments direct diversity policy in the other subsidiaries.</p> <p>Section 2.1 Objectives and results, p. 22 Section 2.4 Our people, pp. 25 – 29</p> <p>This management approach supports Principles 1, 3 and 6 of the UN Global Compact.</p>
Employment			
LA1	Core	Total workforce by employment type, employment contract and region	Section 2.4 Our people, p. 27 Appendix 6.2 Other core social data, p. 53
LA2	Core	Total number and rate of employee turnover	Section 2.4 Our people, pp. 25 and 29 This indicator supports Principle 6 of the UN Global Compact.
Labor/Management Relations			
LA4	Core	Percentage of workers covered by a collective bargaining agreement	Section 2.4 Our people, p. 29 This indicator supports Principles 1 and 3 of the UN Global Compact.
LA5	Core	Minimum notice period(s) regarding operational changes	In cases of significant organizational changes KPN tries to give people proper advance notice. Wherever this is set down within KPN, notice varies between 1 and 6 weeks. This indicator supports Principle 3 of the UN Global Compact.
Occupational Health and Safety			
LA7	Core	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	Section 2.4 Our people, pp. 25 and 29 This indicator supports Principle 1 of the UN Global Compact.
LA8	Core	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	Section 2.4 Our people, p. 28 This indicator supports Principle 1 of the UN Global Compact.
LA10	Core	Average hours of training per year per employee by employee category	Section 2.4 Our people, p. 29
LA11	Additional	Programs for skills management and lifelong learning	Section 2.4 Our people, p. 28

Diversity and equal opportunity			
LA13	Core	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership	<p>Section 2.4 Our people, p. 27 Appendix 6.2 Other core social data, p. 53</p> <p>This indicator supports Principles 1 and 6 of the UN Global Compact.</p>
LA14	Core	Ratio of basic salary of men to that of women per employee category	<p>An initial examination performed at KPN Nederland in 2009 showed that there was no difference in KPN Nederland's basic pay grades awarded to men and women. We will investigate further the implications of a detailed comparison of the data and report our findings in the medium term.</p> <p>This indicator supports Principles 1 and 6 of the UN Global Compact.</p>
Human Rights Performance Indicators			
		Management approach	<p>KPN respects and subscribes to the fundamental human rights laid down in international agreements such as the UN Declaration of Human Rights. KPN undertakes to honor the human rights of its employees and customers. Some of the business we conduct, as is the case with Getronics International, is performed in countries where guarantees of compliance with human rights requirements are less watertight than is the case for our home markets in Europe. Naturally the KPN corporate code applies to these business units as well. They are obliged to adhere to the law and the ethical values concerning the approach to be taken to employees and staff.</p> <p>KPN employees can put any queries they may have about the content and observance of the company code to the Security & Integrity Helpdesk. The helpdesk is open 24 hours a day, 7 days a week. A Compliance Officer who can help employees with questions has been appointed for every supporting code. Employees can report cases of undesirable conduct to the help desk. The category includes sexual harassment and intimidation, aggressive behavior, discrimination and bullying. Reports may be made anonymously if desired. Employees may also report cases of working relationships that have gone wrong. If needed and desired, they are referred to a confidential adviser.</p> <p>The type of measure is determined on a case by case basis. The company code and the supporting codes lay down possible measures that may consist of a warning, a reprimand, suspension, removal from function or dismissal. In principle, fraud, theft and serious or repeated violation of the rules result in dismissal.</p> <p>We expect our suppliers also to respect human rights. Our Suppliers Code of Conduct sets down our social and environmental requirements. Human rights are of course part of the social rights on which we assess suppliers. More information about the Supplier Code of Conduct can be found at www.kpn.com/leverancier</p>

Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	<p>Section 4.1 Objectives and results, pp. 38 – 39 Section 4.4 Sustainable procurement program, pp. 43 – 44 http://www.kpn.com/leverancier</p> <p>This indicator supports Principles 1, 2, 3, 4, 5 and 6 of the UN Global Compact.</p>
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	<p>Section 4.1 Objectives and results, pp. 38 – 39 Section 4.4 Sustainable procurement program, pp. 43 – 44 http://www.kpn.com/leverancier</p> <p>This indicator supports Principles 1, 2, 3, 4, 5 and 6 of the UN Global Compact.</p>
Non-discrimination		
HR4	Core Total number of incidents of discrimination and actions taken	<p>KPN employees can put any queries they may have about the content and observance of the company code to the Security & Integrity Helpdesk. Employees can report cases of undesirable conduct to the help desk. The category includes sexual harassment and intimidation, aggressive behavior, discrimination and bullying. Reports may be made anonymously if desired. Employees may also report cases of working relationships that have gone wrong. If needed and desired, they are referred to a confidential adviser.</p> <p>In 2010 seven cases of discrimination were reported to KPN. Disciplinary measures are taken against employees who do not comply with the company codes and sub codes. The type of measure is determined on a case by case basis. The company code and the supporting codes lay down possible measures that may consist of a warning, a reprimand, suspension, removal from function or dismissal. In principle, fraud, theft and serious or repeated violation of the rules result in dismissal.</p> <p>This indicator supports Principles 1, 2 and 6 of the UN Global Compact.</p>
Freedom of association and collective bargaining		
HR5	Core Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	<p>KPN operates primarily in countries of Western Europe (92% based on FTE) where freedom of expression is protected under the Works Council Act and the right to trade union membership.</p> <p>This indicator supports Principles 1, 2 and 3 of the UN Global Compact.</p>

Child labor			
HR6	Core	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	<p>KPN respects and subscribes to the fundamental human rights laid down in international agreements such as the UN Declaration of Human Rights. KPN undertakes to honor the human rights of its employees and customers. We expect our suppliers also to respect human rights.</p> <p>Some of the business we conduct, as is the case with Getronics International, is performed in countries where guarantees of compliance with human rights requirements are less watertight than is the case for our home markets in Europe. Naturally, the KPN company code applies to these business units as well. They are obliged to adhere to the law and the ethical values concerning the approach to be taken to employees and staff.</p> <p>For more information about suppliers and CRS please visit www.kpn.com/leverancier</p> <p>This indicator supports Principles 1, 2 and 5 of the UN Global Compact.</p>
Forced and compulsory labor			
HR7	Core	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	<p>KPN respects and subscribes to the fundamental human rights laid down in international agreements such as the UN Declaration of Human Rights. KPN undertakes to honor the human rights of its employees and customers. We expect our suppliers also to respect human rights.</p> <p>Some of the business we conduct, as is the case with Getronics International, is performed in countries where guarantees of compliance with human rights requirements are less watertight than is the case for our home markets in Europe. Naturally, the KPN company code applies to these business units as well. They are obliged to adhere to the law and the ethical values concerning the approach to be taken to employees and staff.</p> <p>For more information about suppliers and CRS please visit www.kpn.com/leverancier</p> <p>This indicator supports Principles 1, 2 and 4 of the UN Global Compact.</p>
Community Performance Indicators			
Management approach		<p>Company Code and Whistleblower Policy</p> <p>KPN's company code is designed to ensure that KPN acts in an ethically responsible fashion and according to law. The code is based on our core values: personal, trustworthy and simple. These core values form the basis of our day-to-day operations and apply to all our business processes and external contacts. Our supplier code of conduct translates our CSR policy down the supply chain.</p>	

In order to facilitate application of the company code in our employees' day-to-day operations we have formulated sub codes covering four clusters which provide concrete rules of conduct for specific areas:

1. integrity
2. competition
3. insider trading
4. safety and IT security.

KPN employees can put any queries they may have about the content and observance of the company code to the Security & Integrity Helpdesk. The helpdesk is open 24 hours a day, 7 days a week. A Compliance Officer who can help employees with questions has been appointed for every supporting code. Employees can report cases of undesirable conduct to the help desk. The category includes sexual harassment and intimidation, aggressive behavior, discrimination and bullying. Reports may be made anonymously if desired. Employees may also report cases of working relationships that have gone badly wrong. If needed and desired, they are referred to a confidential adviser. The type of measure is determined on a case by case basis. The company code and the supporting codes lay down possible measures that may consist of a warning, a reprimand, suspension, removal from function or dismissal. In principle, fraud, theft and serious or repeated violation of the rules result in dismissal.

The Security & Integrity Helpdesk collects and records reports and data in the area of security, safety (including industrial accidents) and integrity. It is important for KPN that this information is channeled to a central point. Analyses are made of the reports that have been recorded and these are used to take measures to limit harm and prevent recurrence.

Supplementing the codes of conduct KPN has a whistleblower procedure, an integrity review protocol and a policy on fraud. The whistleblower procedure permits employees to report cases of fraud, suspicion of fraud, non-compliance with the rules or lapses in ethical conduct. These reports may be made anonymously and may be made in writing (by letter or by or on the internet) or via the Integrity Line, from inside or outside the Netherlands and in various languages.

The company code and whistleblower procedure can be found at <http://www.kpn.com/corporate/overkpn/investor-relations/corporate-governance/bedrijfscode.htm>

KPN's Group Compliance Officer, Chief Auditor and Chief Security Officer are informed about these reports. KPN Security is responsible for the company's Corporate Security policy, including IT security, physical and personal security, continuity management, fraud and safety. Tactical Security Managers (TSM) and Operational Security Managers (OSM) assist line management at the business unit level in translating, implementing and maintaining KPN's security policy. E-Plus and KPN Group Belgium have their own security organization. They operate within the frameworks of Corporate Policy and Security Governance.

Supplier Code of Conduct

KPN wants to promote sustainability in the supply chain by purchasing from suppliers that comply with our labor and environmental criteria. Our Suppliers Code of Conduct (SCoC; available on www.kpn.com/leverancier) sets down our social and environmental requirements. This Code is based on values laid down in the United Nations Charter and the core conventions of the International Labour Organization (ILO). We expect our suppliers in turn to request their own suppliers to comply with the code. This is set down in the code and its objective is to push further down the supply chain.

For more information about suppliers and CRS please visit www.kpn.com/leverancier

Compliance with the Telecommunications Act

The Telecommunications Act and the relevant secondary legislation incorporate rules that apply to KPN. KPN attaches great importance to proper compliance with this legal and regulatory framework. A key element within our compliance activities is the Compliance Risk Assessment (CRA), a method for defining and managing the risks of a breach of the Telecommunications Act. This audit structure uses the same method that we use for our financial audit. KPN's Group Compliance Officer is responsible for supervising the CRA, for promoting and measuring compliance awareness and for taking any measures designed to ensure compliance with the Telecommunications Act. The Dutch Independent Post and Telecommunications Authority, OPTA, supervises compliance with the Telecommunications Act. OPTA may decide to impose fines or other penalties where it has observed a violation, but the legality of decisions taken by OPTA is always subject to judicial review. The Compliance Charter that we drew up in 2008 together with OPTA forms the guideline for the way in which we promote awareness of this Act within the company.

			<p>KPN reports regularly to OPTA about the operation of its compliance program on the basis of clearly measurable performance indicators. In addition, agreements have been reached with OPTA about the manner in which KPN is to report any violations of the Act that KPN itself has observed and about the approach to be taken in case of any difference of interpretation.</p> <p>Public policy Two KPN departments, the Public Affairs and the Regulatory & European Affairs Departments, are responsible for formulating positions on public issues and for coordinating KPN's lobbying. These departments are part of the Corporate Legal & Regulatory Department that itself is part of the Corporate Center and reports to Management Board member Eelco Blok. As and when this is needed or requested, KPN exchanges viewpoints with the Dutch government and the European Commission.</p>
		Community	
SO1	Core	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	This indicator is not relevant to KPN as KPN has no significant impact on any local economies as a consequence of its operations.
		Corruption	
SO2	Core	Percentage and total number of business units analyzed for risks related to corruption	<p>In 2010 a fraud risk assessment was carried out at 93% (27 of the 29) of KPN's business units.</p> <p>This indicator supports Principle 10 of the UN Global Compact.</p>
SO3	Core	Percentage of employees trained in organization's anti-corruption policies and procedures	<p>Section 1.5 Compliance, integrity and compliance with the Dutch Telecommunications Act, pp. 18 – 19</p> <p>This indicator supports Principle 10 of the UN Global Compact.</p>
SO4	Core	Actions taken in response to incidents of corruption	<p>In 2010, there were 268 cases of corruption. KPN's policy in respect of fraud and corruption is set down in the company code and the supporting codes. Disciplinary measures are taken against employees who do not comply with the codes. The type of measure is determined on a case by case basis. The company code and the supporting codes lay down possible measures that may consist of a warning, a reprimand, suspension, removal from function or dismissal. In principle, fraud, theft and serious or repeated violation of the rules result in dismissal.</p> <p>This indicator supports Principle 10 of the UN Global Compact.</p>

Public policy			
SO5	Core	Public policy positions and participation in public policy development and lobbying	<p>Two KPN departments, the Public Affairs and the Regulatory & European Affairs Departments, are responsible for formulating positions on public issues and for coordinating KPN's lobbying. These departments are part of the Corporate Legal & Regulatory Department that itself is part of the Corporate Center and reports to Management Board member Eelco Blok. As and when this is needed or requested, KPN exchanges viewpoints with the Dutch government and the European Commission.</p> <p>Section 1.3 In discussion with our stakeholders, pp. 16 – 17 Section 3.4 Engaging in debate with society, p. 34</p> <p>This indicator supports all the Principles of the UN Global Compact.</p>
Anti-Competitive Behavior			
SO7	Additional	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	Section 1.5 Compliance, integrity and compliance with the Dutch Telecommunications Act, pp. 18 – 19
Compliance			
SO8	Core	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	Section 1.5 Compliance, integrity and compliance with the Dutch Telecommunications Act, pp. 18 – 19
Product Responsibility Performance Indicators			
		Management approach	<p>Telephones, transmission masts and health</p> <p>KPN is a service provider. The products linked to our services do not pose any significant health or safety risks and comply with all safety rules set by law. KPN is aware that questions have been raised about mobile communication antennas and health risks. KPN wants mobile communication to be safe and reliable as well as useful and enjoyable. Consequently, KPN complies strictly with all the national and international regulations as laid down in the Dutch Telecommunications Act (2003). KPN observes a wider safety margin than required by law. Exposure to radio waves emitted by our base stations is 200 times lower than the national and international thresholds. A survey carried out by the Dutch Radiocommunications Agency shows that all the field strengths measured in the vicinity of GSM and UMTS transmission masts are well below the prevailing limits. It is possible for people to live their whole life close to base stations without any problem. More information on this topic and the survey can be found on the KPN web site (http://www.kpn.com/corporate/overkpn/duurzaam/maatschappelijk-verbonden/maatschappelijke-themas/telefoons-masten-gezondheid.htm)</p>

Products, environment and safety

KPN ensures that all products it puts on the market comply with the legal and regulatory framework applicable to the area of the environment and safety. Two EU Directives covering recycling and dangerous substances ('WEEE' and 'RoHS') are of especial significance in this respect. As a member of the Stichting ICT-Milieu we ensure that our customers can hand in their discarded products at municipal collection points for processing and recycling. Stichting ICT-Milieu runs the IT collection system that was set up after the manufacturers themselves took on responsibility for collecting and processing discarded electrical and electronic equipment. The RoHS Directive lists the components that may be used in electrical and electronic equipment. KPN has incorporated these requirements in its contracts with the suppliers of the products we sell under our own brand. The product manuals and symbols featured on the consumer packaging advise consumers how these products can be used safely and in an environmentally friendly way. Getronics itself collects used IT equipment. A decision is made at the collection center as to which equipment is fit for reuse and which equipment can be dismantled with a view to further processing. Many of the materials and components can be reused.

Privacy

The nature of our service means that KPN has access to customers' personal data and information about voice and data traffic. KPN adheres to the applicable legislation and regulations when processing this customer data. Legal obligations also apply to our employee data. KPN has provided the Dutch Data Protection Authority with precise details of the kind of customer data that is used, to what end, and to which persons or bodies this information is provided. As well as the Personal Data Protection Act KPN Nederland, as a telecommunications service provider, complies with the privacy provisions of the Telecommunications Act. This mainly concerns the processing of personal data, traffic data and complementary security requirements but also its approach to services such as caller ID. KPN Nederland also has its own rules alongside and sometimes in addition to the statutory rules. Customers can, for example, choose to have an unlisted number: both ex-directory and not disclosed by the 09008008 directory enquiries ~service (also termed a confidential number). They can also prevent use of their personal details for direct marketing, telemarketing or from being passed on to third parties. Customers with privacy questions can call KPN's customer service department.

			KPN's Privacy Statement, available in Dutch on KPN's web site (http://www.kpn.com/privacy.htm) provides details of KPN's approach to working with customer data in the Netherlands. The privacy statement applies to all customers who purchase telephony, internet or TV services from KPN or from one of its subsidiaries in the Netherlands and for all users of KPN web sites.
			This management approach supports Principle 8 of the UN Global Compact.
Customer health and safety			
PR1	Core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	http://www.kpn.com/corporate/overkpn/duurzaam/maatschappelijk-verbonden/maatschappelijke-themas/telefoons-masten-gezondheid.htm This indicator supports Principle 1 of the UN Global Compact.
Product and service labeling			
PR3	Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	KPN ensures that all products it puts on the market comply with the legal and regulatory framework applicable to the area of the environment and safety. Two EU Directives covering recycling and dangerous substances ('WEEE' and 'RoHS') are of especial significance in this respect. As a member of the Stichting ICT-Milieu we ensure that our customers can hand in their discarded products at municipal collection points for processing and recycling. Stichting ICT-Milieu runs the IT collection system that was set up after the manufacturers themselves took on responsibility for collecting and processing discarded electrical and electronic equipment. The RoHS Directive lists the components that may be used in electrical and electronic equipment. KPN has incorporated these requirements in its contracts with the suppliers of the products we sell under our own brand. The product manuals and symbols featured on the consumer packaging advise consumers how these products can be used safely and in an environmentally friendly way. Getronics itself collects used IT equipment. A decision is made at the collection center as to which equipment is fit for reuse and which equipment can be dismantled with a view to further processing. Many of the materials and components can be reused. This indicator supports Principle 8 of the UN Global Compact.
PR5		Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Section 2.1 Objectives and results, p. 22 Section 2.2 Our customers, pp. 22 – 24

Marketing communications			
PR6	Core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<p>The Telecommunications Act and the relevant secondary legislation incorporate rules that apply to KPN. KPN attaches great importance to proper compliance with this legal and regulatory framework. A key element within our compliance activities is the Compliance Risk Assessment (CRA), a method for defining and managing the risks of a breach of the Telecommunications Act. This audit structure uses the same method that we use for our financial audit. KPN's Group Compliance Officer is responsible for supervising the CRA, for promoting and measuring compliance awareness and for taking any measures designed to ensure compliance with the Telecommunications Act. The Dutch Independent Post and Telecommunications Authority, OPTA, supervises compliance with the Telecommunications Act. OPTA may decide to impose fines or other penalties where it has observed a violation, but the legality of decisions taken by OPTA is always subject to judicial review.</p> <p>The Compliance Charter that we drew up in 2008 together with OPTA forms the guideline for the way in which we promote awareness of this Act within the company. KPN reports regularly to OPTA about the operation of its compliance program on the basis of clearly measurable performance indicators. In addition, agreements have been reached with OPTA about the manner in which KPN is to report any violations of the Act that KPN itself has observed and about the approach to be taken in case of any difference of interpretation.</p>
PR7	Additional	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.	Section 1.5 Compliance, integrity and compliance with the Dutch Telecommunications Act, pp. 18 – 19
Customer privacy			
PR8	Additional	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<p>In 2010, 497 complaints about privacy were received from customers. KPN Nederland received 33 complaints about privacy. KPN's integrity experts review incident reports prompted by complaints with the legal and regulatory framework being. In addition KPN checks for violations of the KPN Company Code and of the relevant sub codes. E-Plus received 461 complaints about privacy. This rather high number is due to the sensitivity of privacy issues in Germany since Deutsche Telekom was in the news in 2009 regarding a privacy issue. E-Plus customers may report complaints to a Customer Care Hotline. Complaints are passed on to the company official responsible for data protection. Three privacy complaints were made to KPN Group Belgium.</p> <p>This indicator supports Principle 1 of the UN Global Compact.</p>

Compliance			
PR9	Core	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	Section 1.5 Compliance, integrity and compliance with the Dutch Telecommunications Act, p. 18
IT SUPPLEMENT SECTOR			
Provision of Access			
Access to telecommunications products and services			
PA1	Additional	Strategy and activities for implementation of the telecommunications infrastructure and access to telecommunications products and services in remote and thinly-populated areas	This is not a relevant indicator for KPN as KPN has nationwide coverage in the countries where it operates.
PA2	Core	Strategy and activities to remove obstacles to access and use of telecommunications products and services	<p>KPN's function as a communications services provider means that it brings people together, but some people may find themselves left out and become socially isolated. KPN employees volunteer to work on projects of the Mooiste Contact Fonds designed to help people who are lonely or in danger of losing contact with the people around them. This fund, which was founded by KPN, applies the following criteria when choosing projects:</p> <ul style="list-style-type: none"> • social contact is the central theme; • collaboration with individual, reputable partner organizations; • existing, successful and small projects that deserve to be scaled up; • a local character, across the whole of the Netherlands; • possibility of deploying many KPN volunteers. <p>KPN's CSR Steering Committee directs the operations of the Mooiste Contact Fonds and the various initiatives that are part of the "People Connected" pillar. As the People Connected Program Director, the Mooiste Contact Fonds Director sits on the CSR Steering Committee. The Mooiste Contact Fonds is a separate foundation with four board members, one of whom is KPN Management Board member Baptist Coopmans. All Mooiste Contact Fonds board members sit on KPN's CSR Steering Committee. Project execution is in the hands of a project team chaired by the Mooiste Contact Fonds Director.</p> <p>Section 5.2 The Mooiste Contact Fonds, pp. 48 – 49</p>

Customer relations			
PA8	Additional	Strategy and activities for communicating over issues related to electromagnetic fields	http://www.kpn.com/corporate/overkpn/duurzaam/maatschappelijk-verbonden/maatschappelijke-themas/telefoons-masten-gezondheid.htm
PA9	Additional	Total investments made in research programs and activities relating to electromagnetic fields	
PA11	Additional	Initiatives to inform customers about options of products and applications that promote sustainable, efficient and environmentally friendly use.	Section 3.3 Commercial solutions, pp. 33 – 34 Section 4.5 Green IT services, p. 44
Technical Applications			
Efficiency			
TA1	Additional	Examples of economical telecommunications products and services that are supplied	Section 3.3 Commercial solutions, pp. 33 – 34 Section 4.5 Green IT services, p. 44
TA2	Additional	Examples of telecommunications products, services and applications that can take the place of physical objects	Section 3.3 Commercial solutions, pp. 33 – 34 Section 4.5 Green IT services, p. 44