



During the first few months of 2011 much attention at KPN went to the new CEO Eelco Blok who presented the corporate strategy for 2011-2015 in May. Customer focus and team performance are the central themes in this strategy. Combined with the recommendations from our CSR Advisory Board (installed in May 2011 and consisting of external, independent CSR experts), this strategy has prompted us to adjust the direction of our CSR policy. After three years of focusing on restructuring the reporting and making tangible performance improvements regarding the sustainability of our operations, we now consider it time to include a greater external component in our CSR policy. This does not mean we will change the CSR activities in our operations, but this primarily implies an external broadening of our CSR activities. We are aiming for greater collaboration with other organizations where we can visibly utilize our ICT knowledge, services and products for society. Given the quality of our network, we are convinced that we can contribute particularly in those areas of society where an extremely reliable network is crucial. We believe that this observation leads us to facilitating transitions in society under three overarching themes:

- The new way of living and working with our mobile and flexible ICT solutions.
- Driving the future of healthcare with innovation facilitated by ICT.
- Enabling clients to save energy and fight climate change.

From now on these will be the leading themes in our sustainability reports.

Progress on CSR objectives 2011 per 30 June

Three-quarters of the CSR objectives for 2011 are on schedule or can be brought into schedule by the end of 2011. We are satisfied with this, also considering the pressure on turnover and profit targets that accumulated during the first six months of 2011 due to faster than expected changes in the SMS and call habits of our customers.

Extra effort is required regarding The New Way of Working, Diversity, Net Promoter Score (NPS, a measure of customer loyalty) and collecting used mobile phones. As a result of the rebranding of Getronics to KPN in the Netherlands, announced in April, the aim to make Getronics opinion leader regarding The New Way of Working has been abandoned. This aim is now 'In 2011 KPN will become the opinion leader for The New Way of Working'. As far as the male-female diversity is concerned, we observe some disappointing results. The percentage of women is increasing too slowly for us to achieve our objectives. The influx and mobility of staff is lower than we expected due to the reductions in FTEs already announced, making it more difficult for us to adjust the male-female ratio within our organization. In the first six months the NPS remained more or less stable, while we had set ourselves the target of 8% higher customer loyalty for the whole of 2011. Another disappointment is the number of used mobile phones collected. With only 10,000 old telephones collected so far it appears that we will not achieve our target of 50,000 in 2011.

By including non-financial targets in the remuneration package for top management, sustainability is now better anchored in the organization. Twenty five per cent of top management's variable remuneration now depends on achieving the targets for social reputation and energy savings.

Acknowledgments

In January 2011 KPN was awarded De Kristal, an award for the most transparent Dutch sustainability report. This prize, which is part of the annual Transparency benchmark established by the Ministry of Economic Affairs, Agriculture and Innovation, expresses appreciation for KPN's 2009 Sustainability Report as the most transparent sustainability report in the Netherlands. Because we think that clear and honest communication is the foundation for improving our organization, we are delighted with this award.

In addition, a cooperation between KPN and the World Wildlife Fund has been established. As WWF Climate Saver we are using our knowledge of and experience with energy saving and ICT to help others become more energy efficient.