

## Appendix 6. Social figures

### Reporting criteria used in these tables:

- 1) As outlined in appendix 3, Scope, reporting process and materiality determination on page 191 of our Integrated Annual Report 2016, this appendix is part of the limited assurance scope of EY's assurance procedures over KPN's 2016 sustainability information.
- 2) For our non-financial information, we include new acquisitions in our report as of the first full year of ownership. Non-financial information for divestments that have occurred during the reporting year is excluded for the full year.
- 3) We report on continued operations, so BASE Company figures are excluded from all international figures.

**Table 1: Total number of employees (in FTEs and numbers)**

	FTE	2014 number	FTE	2015 number	FTE	2016 number
KPN the Netherlands	14,085	15,004	13,773	14,680	13,250	14,093
Other participations	379	386	304	310	280	281
KPN Group	14,464	15,390	14,077	14,992	13,530	14,374

**Table 2: Employee contract type (in % of total number of employees)**

		2014	2015	2016
KPN the Netherlands	Permanent	93.9	94.2	94.3
	Temporary	6.1	5.8	5.7
Other participations	Permanent	92.5	99.0	92.9
	Temporary	7.5	1.0	7.1
KPN Group	Permanent	93.9	94.3	94.3
	Temporary	6.1	5.7	5.7

**Table 3: Employee employment type (in % of total number of employees)**

		2014	2015 <sup>1</sup>	2016
KPN the Netherlands	Part-time	26.0	27.4	26.9
	Full-time	74.0	72.6	73.1
Other participations	Part-time	7.5	7.4	7.5
	Full-time	92.5	92.6	92.5
KPN Group	Part-time	25.5	27.0	26.5
	Full-time	74.5	73.0	73.5

<sup>1</sup> The 2015 numbers are corrected in this report. In the 2015 report, the part-time and full-time numbers have been switched.

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**Table 4: Composition of employees by age (in % of total number of employees)**

		2014	2015	2016
KPN the Netherlands	16–24	3.6	2.0	1.3
	25–54	77.8	78.5	77.7
	55–65	18.6	19.5	21.0
Other participations	16–24	1.3	1.9	2.5
	25–54	89.9	87.8	85.4
	55–65	8.8	10.3	12.1
KPN Group	16–24	3.6	2.0	1.3
	25–54	78.1	78.7	77.8
	55–65	18.3	19.3	20.9

**Table 5: Spread of KPN employees by region (in FTE and number, both as % of total)<sup>1</sup>**

		2014	2015	2016
The Netherlands	FTE	77.4	97.8	97.9
	number	76.9	97.9	98.0
Belgium & Luxembourg	FTE	4.6	0.0	0.0
	number	4.4	0.0	0.0
Germany	FTE	16.2	0.0	0.0
	number	17.0	0.0	0.0
North America	FTE	1.7	2.2	1.9
	number	1.5	2.1	1.8
Other	FTE	0.2	0.0	0.1
	number	0.2	0.0	0.1

<sup>1</sup> The spread of KPN employees by region in 2014 was not corrected for discontinued operations, because the table should show the trend of the increasing focus of KPN on the Netherlands.

**Table 6: Gender proportions among employees (as a % of total employee numbers and FTE)**

		FTE	2014 number	FTE	2015 number	FTE	2016 number
KPN the Netherlands	male	77.7	75.6	77.3	75.1	78.3	76.1
	female	22.3	24.4	22.7	24.9	21.7	23.9
Other participations	male	69.6	69.7	67.7	68.1	64.0	64.1
	female	30.4	30.3	32.3	31.9	36.0	35.9
KPN Group	male	77.5	75.5	77.1	74.9	78.0	75.9
	female	22.5	24.5	22.9	25.1	22.0	24.1

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**Table 7: Gender proportions at management level (as a % of total top and middle management)**

			2014		2015		2016
		Top	Middle	Top	Middle	Top	Middle
KPN the Netherlands	male	81.8	82.5	81.5	82.5	80.6	82.7
	female	18.2	17.5	18.5	17.5	19.4	17.3
Other participations	male	80.5	62.5	71.1	62.5	73.0	57.5
	female	19.5	37.5	28.9	37.5	27.0	42.5
KPN Group	male	81.7	82.3	79.8	82.4	78.9	82.5
	female	18.3	17.7	20.2	17.6	21.1	17.5

**Table 8: Employees covered by a collective bargaining agreement (in numbers and % of total number of employees)**

		2014	2015	2016
KPN the Netherlands	number	14,103	13,258	12,561
	%	94.0	90.3	89.1
Other participations	number	35	0	0
	%	9.1	0.0	0.0
KPN Group	number	14,138	13,259	12,561
	%	91.9	88.4	87.4

**Table 9: Employee training: average number of hours and costs (in hours and euros per FTEs)**

		2014	2015	2016
KPN the Netherlands	hours/FTE	32.7	38.2	64.2
	euro/FTE	820	851	1,236
Other participations	hours/FTE	4.5	7.0	20.7
	euro/FTE	342	72.4	157.2
KPN Group	hours/FTE	32.0	37.5	63.3
	euro/FTE	807	834.5	1,214

**Table 10: Employee turnover (as a % of total employee numbers)**

		2014	2015	2016
KPN the Netherlands	intake	4.3	13.5	3.5
	exit	12.3	18.7	9.5
Other participations	intake	9.6	11.3	14.9
	exit	23.3	14.8	17.4
KPN Group	intake	4.4	13.5	3.7
	exit	13.6	18.6	9.7

**Table 11: Accident rate (in accidents per 100 FTEs)**

	2014	2015	2016
KPN the Netherlands <sup>2</sup>	0.21	0.08	0.13
Other participations	ND	ND	ND
KPN Group	0.20	0.08	0.13

2 The spread of KPN employees by region in 2013 and 2014 was not corrected for discontinued operations, because the table should show the trend of the increasing focus of KPN on the Netherlands.

## Appendix 7. Environmental figures

### Reporting criteria used in these tables:

- 1 As outlined in the Combined Independent Auditor's Report (see page174-181 of our Integrated Annual Report 2016), this appendix is part of the assurance scope of EY's assurance procedures over KPN's 2016 sustainability information.
- 2 Scoping, level of assurance and calculation methodology of the reported items in tables 5, 7 and 8 is specified in Appendix 3 (page 190-199 of our Annual Report 2016)
- 3 Coverage of all figures according to materiality assessment (99% of operational costs / 99% of number fte) unless explicitly stated.

**Table 1: Energy consumption (in PJ)**

	2010 (base year)	2013	2014	2015	target 2016 compared to base year	target 2017 compared to base year	target 2020 compared to base year	target 2030 compared to base year
The Netherlands	4.028	3.669	3.484	3.462		3.363		
KPN non-NL Entities	0.217	0.019	0.019	0.019		0.019		
KPN Group (continuing operations)	4.245	3.689	3.503	3.481	-19%	3.382	-21%	-25%
Energy directly consumed		0.666	0.560	0.542		0.499		
Energy indirectly consumed		3.023	2.943	2.939		2.884		
Total energy consumed by KPN Group	4.245	3.689	3.503	3.481	-19%	3.382	-21%	-25%

1 KPN group figure represents an 20% decrease compared to base year, so we overscored our target

**Table 2: Electricity consumption (in GWh)**

	2010 (base year)		2013		2014		2015		2016 <sup>1</sup>	target 2017 Compared to base year	target 2020 Compared to base year	target 2030 Compared to base year
	NL	KPN Group	NL	KPN Group	NL	KPN Group	NL	KPN Group	NL	NL	NL	The Netherlands
Offices	62.4	64.7	40.1	42.7	35.1	37.7	35.1	37.6	33.9	36.4		
Network	657.7	660.7	596.1	599.0	580.4	583.3	576.9	579.7	569.1	572.0		-60%
Data centers	135.4	135.4	144.7	144.7	143.2	143.2	147.9	147.9	147.8	147.8		
Retail	7.4	7.4	7.6	7.6	6.8	6.8	5.3	5.3	5.3	5.3		
KPN Group (continuing operations)	862.9	868.2	788.6	794.0	765.6	771.0	765.1	770.5	756.1	761.5	-14%	-19%

1 In 2016 electricity reduction in The Netherlands compared to base year was 12% in 2016

**Table 3: Fuel consumption, lease vehicle fleet (petrol, diesel and LPG)**

	Unit	2010	2013	2014	2015	target 2016 compared to base year	target 2017 compared to base year	Target as from 2025
KPN the Netherlands	x 1,000 liter	16,716	13,247	11,074	10,854	-38%	10,191	-40%
								only new zero CO <sub>2</sub> cars

1 This figure represents an 39% decrease compared to base year, so we overscored our target

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**Table 4: Other Energy consumption KPN Group**

	Unit	2013	2014	2015	2016
Natural gas	x 1,000 m3	5,876	5,119	4,617	3,856
Heating purchased	GJ	61,466	47,861	52,382	39,594
Cooling purchased	GJ	103,268	119,667	113,139	102,980
Diesel for emergency power generators	x 1,000 liter	155	46	158	242

**Table 5: Net CO<sub>2</sub> emissions own operations Scope 1 and 2 (in kTon)**

		2010 (base year)	2013	2014	2015	2016 Bruto <sup>1</sup>	2016 Net	target 2017	target 2050
KPN the Netherlands	scope 1	59.4	35.1	11.8	0	34.2	0	0	0
	scope 2	79.3	-	-	0	269.8	0	0	0
	total	138.7	35.1	11.8	0	304.0	0	0	0
KPN non-NL entities	scope 1	4.1	0.0	0.0	0	0.003	0	0	0
	scope 2	20.9	-	-	0	2.7	0	0	0
	total	25.0	0.0	0.0	0	2.7	0	0	0
KPN Group (continuing operations)	scope 1	63.5	35.1	11.8	0	34.2	0	0	0
	scope 2	100.2	-	-	0	272.5	0	0	0
	total	163.7	35.1	11.8	0	306.8	0	0	0

<sup>1</sup> Bruto emissions are calculated with NL emission factors instead of actual product based emissions

**Table 6: Energy Efficiency and Carbon Intensity Indicators**

	2010	2011	2012	2013	2014	2015	Target 2016	2016	Target 2017	Target 2020
Ton CO <sub>2</sub> per Gb/s KPN Netherlands (2010=100)	100	30.49	16.03	9.77	2.35	0	0	0	0	0
GWh per Gb/s Network Netherlands (2010=100)	100	76.40	52.35	34.99	24.28	16.27	-	10.92	7.82	-
PUE improvement data centers (Baseline= 2010)		5.4%	9.0%	9.6%	11.4%	13.3%	13.3%	15.2%	15.5%	19.0%

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**Table 7: CO<sub>2</sub>-emissions scope 3 (in kTon) in the Netherlands**

Scope 3 categories	2014 base year <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1,2</sup>	target 2025 compared to base year	target 2040 compared to base year
CAT1 Purchased goods and services	369.5	370.6	367.3		
CAT2 Capital goods	220.9	184.7	186.0		
CAT3 Fuel and energy related activities	93.0	128.3	40.7		
CAT4 Upstream Transportation and Distribution	-	-	-		
CAT5 Waste generated in operations	0.3	0.1	0.0		
CAT6 Business travel	3.2	3.0	3.3		
CAT7 Employee commuting	17.7	16.0	16.6		
CAT8 Leased assets	-	-	-		
CAT9 Downstream Transportation and Distribution	21.9	20.9	13.8		
CAT10 Processing of sold products	-	-	-		
CAT11 Use of sold products	3.7	3.0	2.7		
CAT12 End-of-life	-	-	-		
CAT13 Downstream leased assets	128.0	124.5	126.4		
CAT14 Franchises	-	-	-		
CAT15 Investments	-	-	-		
Total CO <sub>2</sub> emissions	858.2	851.1	756.8	-20%	-50%
Total Upstream CO <sub>2</sub> emissions	704.6	702.7	613.9		
Total Downstream CO <sub>2</sub> emissions	153.6	148.4	142.9		

1 The scope 3 calculation does not include Reggefiber (2014 - 2016), but covers > 98% of fte/opex

2 Scope 3 figures 12% reduction compared to base year. 50% of this reduction is due to selection biomass with low emissions in the chain and corresponding scope 3 conversion factors. If we would have used these factors in 2014 and 2015 our CAT3 emissions would have been 40,5kTon in 2014 and 34,4 kTon in 2015. Total scope 3 reduction in 2016 compared to base year would have been 6%

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**Table 8: Estimated avoided energy consumption and CO<sub>2</sub> emissions by usage of KPN products and services**

	unit	2014 <sup>1</sup>	2015 <sup>1</sup>	2016	target 2017	target 2020
<b>Estimated avoided energy consumption</b>						
Teleworking (enabled by KPN connectivity)	PJ	1.365	1.340	1.428		
KPN Audioconferencing	PJ	0.185	0.135	0.140		
KPN Colocation (Housing)	PJ	0.076	0.095	0.111		
KPN Hosting	PJ	0.036	0.033	0.038		
Dematerialisation	PJ	-	0.076	0.076		
iTV Cloud solution	PJ	-	0.015	0.017		
KPN Workstations (KPN Werkplek)	PJ	-	0.003	0.003		
KPN Video Conferencing	PJ	-	0.004	0.004		
<b>Total estimated avoided energy consumption</b>	PJ	1.662	1.701	1.817		
<b>Energy consumption KPN</b>	PJ	3.503	3.481	3.382		
% avoided energy consumption compared to energy consumption KPN	%	47%	49%	54%	56%	>80%
<b>Estimated avoided CO<sub>2</sub>-emissions</b>						
	unit	2014 <sup>2</sup>	2015 <sup>1</sup>	2016	target 2017	target 2020
Teleworking (enabled by KPN connectivity)	kTon CO <sub>2</sub> e	-	103.27	110.83	-	-
KPN Audioconferencing	kTon CO <sub>2</sub> e	-	10.26	10.65	-	-
KPN Colocation (Housing)	kTon CO <sub>2</sub> e	-	9.32	10.95	-	-
KPN Hosting	kTon CO <sub>2</sub> e	-	3.23	3.76	-	-
KPN Workstations (KPN Werkplek)	kTon CO <sub>2</sub> e	-	0.31	7.36	-	-
Dematerialisation	kTon CO <sub>2</sub> e	-	7.36	2.01	-	-
iTV Cloud solution	kTon CO <sub>2</sub> e	-	1.81	0.31	-	-
KPN Video Conferencing	kTon CO <sub>2</sub> e	-	0.32	0.33	-	-
<b>Total estimated avoided carbon emissions</b>	kTon CO <sub>2</sub> e	-	135.89	146.20		

1 The 2014 and 2015 figures of Teleworking are restated due to correction of an error and an updated model (for more information, see Appendix 3).

2 Estimated avoided CO<sub>2</sub>-emissions were not disclosed in Annual Report 2014

**Table 9: Other environmental impacts KPN Group**

Materials usage	Unit	2013 <sup>3</sup>	2014 <sup>3</sup>	2016 <sup>3</sup>	Target 2016	2016	Target 2017
Cable length <sup>1,2</sup>	1,000 km	347	351	354	-	359	-
Paper consumption	Tons	4.074	3.717	1.635	-	1.042	-
% FSC or PEFC	%	99%	99.9%	99.9%	-	100%	-
<b>Coolants</b>							-
Coolants usage (e.g. R407C and R417A)	kg	1095	774	1180	-	1029	-
<b>Water</b>							-
Water consumption offices and shops	1,000 m <sup>3</sup>	103	83	109	105	89	80
Water consumption operations	1,000 m <sup>3</sup>	220	205	251	245	206	200

1 Including tubes used for cables

2 Excluding Reggefiber (covering 98% of opex/fte)

3 In 2015 water consumption completed (including some consumption of previous years)

**Table 10: Circular information on re-use, recycle and disposal**

		2013	2014	2015	Target 2016	2016	Target 2017
<b>Offices and shops</b>							
<b>Non-hazardous materials &amp; waste</b>							
- Recycling	ton	802.1	727.1	573.2		635.8	
- Disposal by incineration <sup>1</sup>	ton	1,572.6	1,425.0	1,093.9		1,211.6	
- Disposal by landfill	ton	0.2	0.0	0.0		0.9	
<b>Hazardous materials &amp; waste</b>							
- Recycling	ton	13.2	7.0	2.1		4.8	
- Disposal by incineration <sup>1</sup>	ton	1.5	2.2	1.2		2.5	
- Disposal by landfill	ton	0.0	0.0	0.0		0.1	
<b>Total non-hazardous and hazardous</b>							
Total volume processed	ton	2,389.6	2,159.1	1,670.5		1,849.1	
% Re-use, Recycling & Incineration	%	100.00%	100.00%	100.00%		99.95%	90%
1 Hazardous waste & materials which are disposed consist of e.g. TL-lamps, LED lamps, toner cartridges and contents of chemoboxes							
<b>Network and Data centers (2013 and 2014 integrated in incidental)</b>							
<b>Non-hazardous materials &amp; waste</b>							
- Recycling	ton			74.3		60.2	
- Disposal by incineration <sup>1</sup>	ton			183.7		144.8	
- Disposal by landfill	ton			50.3		42.9	
<b>Hazardous materials &amp; waste</b>							
- Recycling	ton			0.3		0.0	
- Disposal by incineration <sup>1</sup>	ton			0.2		0.0	
- Disposal by landfill	ton			0.0		0.0	
<b>Total non-hazardous and hazardous</b>							
Total volume processed	ton			308.8		247.9	
% Re-use, Recycling & Incineration	%			83.72%		82.69%	
1 Hazardous waste & materials which are disposed consist of e.g. TL-lamps, LED lamps and toner cartridges							
<b>Incidental (projects to remove obsolete equipment and abandon/dismantle buildings)</b>							
<b>Non-hazardous materials &amp; waste</b>							
- Recycling	ton	5,504.2	1,631.2	3,382.9		2,750.3	
- Disposal by incineration <sup>1</sup>	ton	494.6	686.1	523.8		780.7	
- Disposal by landfill	ton	84.9	269.2	0.2		178.2	
<b>Hazardous materials &amp; waste</b>							
- Recycling	ton	57.2	16.9	123.2		166.2	
- Disposal by incineration <sup>1</sup>	ton	34.1	10.1	68.7		98.8	
- Disposal by landfill	ton	0.9	0.7	3.2		2.9	
<b>Total non-hazardous and hazardous</b>							
Total volume processed	ton	6,175.9	2,614.1	4,102.1		3,977.2	
% Re-use, Recycling & Incineration	%	98.61%	89.67%	99.92%		95.44%	
1 Hazardous waste & materials which are disposed consist of e.g. removed batteries used for emergency power and removed coolants from cooling machines							

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		2013	2014	2015	Target 2016	2016	Target 2017
<b>Collected Modems and TV settop boxes</b>							
<b>Non-hazardous materials &amp; waste</b>							
- Re-use	ton	339.1	335.9	206.4		320.9	
- Recycling	ton	201.1	287.1	409.0		253.4	
- Disposal by incineration <sup>1</sup>	ton	54.1	72.2	96.3		68.1	
- Disposal by landfill <sup>2</sup>	ton	25.4	24.6	19.9		32.0	
<b>Hazardous materials &amp; waste</b>							
- Recycling	ton	0.5	0.3	0.0		0.0	
- Disposal by incineration <sup>1</sup>	ton	0.3	0.2	0.0		0.0	
- Disposal by landfill	ton	0.0	0.0	0.0		0.0	
<b>Total non-hazardous and hazardous</b>							
Total volume processed	ton	620.4	720.3	731.6		674.5	
% Re-use, Recycling & Incineration	%	95.91%	96.58%	97.28%		95.26%	
% Collected modems and TV settop boxes <sup>3</sup>				62%	80%	74%	80%
<b>Collected Mobile phones</b>							
<b>Non-hazardous materials &amp; waste</b>							
- Re-use <sup>5</sup>	ton	10.4	5.1	9.3		10.8	
- Recycling <sup>5</sup>	ton	16.7	2.2	4.0		3.2	
- Disposal by incineration <sup>1</sup>	ton	4.5	0.0	0.0		0.0	
- Disposal by landfill	ton	2.1	0.0	0.0		0.0	
<b>Hazardous materials &amp; waste</b>							
- Recycling	ton	0.0	0.0	0.0		0.0	
- Disposal by incineration <sup>1</sup>	ton	0.0	0.0	0.0		0.0	
- Disposal by landfill	ton	0.0	0.0	0.0		0.0	
<b>Total non-hazardous and hazardous</b>							
Total volume processed	ton	33.8	7.3	13.3		14.0	
% Re-use, Recycling & Incineration	%	93.76%	100.00%	100.00%		100.00%	
% Collected mobile phones <sup>4</sup>	%	21%	34%	28%	10%	9%	

<sup>1</sup> Disposal by incineration: Disposal via incineration while generating (green or grey) energy

<sup>2</sup> Value 2015 is restated. In 2015 19.9 tonnes was abusively reported as hazardous waste and materials in stead of non-hazardous

<sup>3</sup> All collected modems and TV settop boxes compared to the number which we should have had received (because of order cancellation, assumed defect or subscription termination)

<sup>4</sup> All collected mobile phones (KPN or customer owned) compared to the total number of mobile phones sold in 2016

<sup>5</sup> For 2016, part of collected handsets are labelled as re-use or recycled based on market assumption. For earlier years, this is applicable for all collected handsets.

## Appendix 9. Stakeholder overview

### Employees

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#### What they expect:

In this fast and radically changing technology-led world our people seem to feel the need for clarity, translated into inspiring leadership, simplicity (e.g. clear business processes and cross departmental collaboration), and job continuity in work that reflects their stage of life and is well balanced with their (private) life.

#### How we engage:

Sustainable employability is important for KPN. To support and prepare our employees for their future employability we offer different tools and programs. Methodologies used to optimize the employee journeys are chain management and the use of HR data and HR analytics results. Furthermore, we continue bringing the executive level to the workplace in dialog sessions, hang-outs and on TEAMKPN Online.

At employee level we continued the roll-out of Performance Management to optimize the individual contribution to our success and to support the future proofing of our employees' craftsmanship and labor market position.

#### Main topics in 2016:

- > How to be future proof in a fast and radically changing world and technology-led environment.
- > Job security with special focus on employees aged 55+.
- > KPN's purpose (our 'Why') as the source of connection, inspiration and engagement.
- > Attract talent in today's competitive labor market
- > Leadership and culture that guide us into the new behavior needed for the new KPN.

#### Our response:

- > In consonance with the CLA we developed the "3 phase model" which focusses on the current and future employment phase of our employees
- > We developed the "Future of Work" programme supported by HR to create awareness amongst employees of their own sustainable employability.
- > For the age group 55+ we developed the programme "Still Going Strong". This programme focusses on their needs related to their stage of life
- > We repositioned KPN as a dynamic employer in a rapidly-changing sector: The 2016 recruitment campaign is built around making an impact by creating a better, freer and easier life for our customers and for ourselves.
- > We continued and converged culture related development

### Government and regulators

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#### What they expect:

Government and regulators expect us to comply with the rules and regulations and meet the requirements for licensing. Furthermore, they expect us to be climate responsible and transparent in our communication. Their goal is, amongst others, to create a level playing field and protect the interests of end users. They 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, wireless and wireline.

#### How we engage:

We proactively engage with government and regulators. As the incumbent in the Netherlands, there are special obligations imposed on us, in particular to enable competition via regulated access to our fixed network. We engage in a continuous dialog to explain our efforts and results. Furthermore, we work together with (local) governments on innovation (e.g. IoT) projects which result in energy and cost savings.

#### Main topics in 2016: <to be updated>

- > Avoiding non-compliance
- > Integrity and transparency
- > For the next three years, ACM wants KPN to continue to grant its competitors access to its copper and fiber-optic network
- > Concerns about national (cyber) security.

#### Our response: <to be updated>

- > We continued our compliance efforts through programs such as optimizing our business control system, external reviews, benchmarking, enhanced compliance training and top management meetings.
- > We work continuously to meet compliance requirements through clear and practical legal advice, clear operational procedures, related control mechanisms, and clear and safe ways to report potential misconduct.
- > We interact closely with the ACM in relation to compliance, incidents and potentially different views on the interpretation of the law.
- > We have ongoing discussions with political and governmental stakeholders on KPN's ideas and actions in response to the needs of public and society on digital related issues.
- > We held the annual compliance survey for our employees.

## Investor community

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### What they expect:

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 in our strategy, objectives and outlook, and transparent about 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.

### How we engage:

We organize key corporate events such as the Annual General Meeting of shareholders, capital markets days, and meetings with investors during roadshows and conferences, analysts and credit rating agencies. We also provide relevant company information through timely press releases and regular publications such as our quarterly results and Integrated Annual Report.

### Main topics in 2016:

- > Best-in-class networks and benefits of integrated services;
- > Solid operational performance with a combination of customer base growth and a strong focus on value creation supporting financial results;
- > Free cash flow growth potential leading to increased operational and financial flexibility, and attractive shareholder returns.

### Our response: <to be updated>

- > We realized 78% coverage with Fiber-to-the-Curb and Fiber-to-the-Home and 75% of the households have access to at least 100 Mbps on our fixed network.
- > We increased the fixed-mobile customers leading to increased customer satisfaction and low churn levels.
- > We realized a stable adjusted EBITDA and growing free cash flow in 2016 compared to full year 2015.
- > We grew our regular dividend per share, returned EUR 28ct per share in the form of a capital repayment and distributed the dividend received on our Telefónica Deutschland stake to KPN shareholders.

## Suppliers

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### What they expect:

Our suppliers expect to maintain a long term commitment and cooperation with us. Furthermore, they expect simple contracts, fair prices and acceptable payment terms. Together we should look for opportunities regarding sustainable cost reduction.

### How we engage:

In 2014, we initiated the Partner Board, a regular consultation opportunity with our preferred suppliers. Meetings with preferred suppliers are held quarterly to discuss projects and opportunities. KPN has a central Corporate Procurement Organization (CPO) that is responsible for contracting deals with suppliers. We make sure the principles of our suppliers' CSR policies are in line with our own. We are constantly in touch with our suppliers and invite them to our annual Supplier Day. We increasingly partner with them on sustainable solutions. We are also a member of the Joint Audit Cooperation (JAC), an association of 13 telecom operators aiming to verify, assess and develop the Corporate Social Responsibility (CSR) implementation across the manufacturing centers of important multinational suppliers

### Main topics in 2016:

- > Cooperation with suppliers in order to improve efficiency, lower costs and make equipment and products more environmentally friendly.
- > Our transition to become a circular company
- > Initiate and implement 'sustainable solutions' projects with our suppliers.
- > Raising standards in our supply chain.
- > Banning the use of conflict minerals in mobile phones and other electronic telecommunication devices.

### Our response:

- > Together with our suppliers we implemented three sustainable solutions which resulted in cost reduction, reduction in energy and material use.
- > We are looking at ways our suppliers can help us extend the lifespan of equipment and products and make them more recyclable and use increasingly more recycled contents in their products.
- > We aim for all suppliers we do business with to comply with the KPN Supplier Code of Conduct, or have their own equivalent code.
- > KPN stipulates in its supplier contracts that they have to comply with international guidelines on conflict minerals as well as JAC standards for sustainable mining.
- > We continue to raise awareness of sustainability among our buyers and suppliers.

## Business customers

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### What they expect:

An important concern of our customers is how to improve their productivity. Business customers expect effortless ICT solutions that make a difference to the way they work, their business continuity, secure services and good quality of service. Our customers expect simplicity in managing their ICT services, a strong vision on IT and cloud developments. Customers expect us to guide them so they benefit from all the ICT developments.

### How we engage:

We talk with our business customers via our account managers, in our XL stores and our contact centers. We also engage through customer panels, quarterly market research, round table discussions, workshops connecting customers' strategies with KPN's and social media through our B2B platform The Digital Dutch. We closely monitor our (business) customers' satisfaction and loyalty through NPS. We organized the yearly RijksmuseumTop for about 350 business associates.

### Main topics in 2016:

- > NPS improvement
- > Guiding customers, step by step, to a cloud ICT environment
- > ICT as a service
- > Privacy and Security in our networks
- > New ways of connectivity and collaboration.
- > Growing number of customers with multi-play services

### Our response:

- > We introduced cloud, hosting and security services to gradually establish our leading position as an ICT player.
- > Our sales organization has turned into a more IT centric approach, while IT becomes more leading in the ICT solutions.
- > We completed the rollout of our LoRa network and have nationwide coverage for Internet of Things applications.
- > We introduced Managed Hybrid Cloud, a servicemodel including total support in managing the cloud
- > We made The New Way of Living and Working possible for an increasing number of businesses
- > We further developed vertical partnerships to create business solutions for customers, for example with local government, healthcare institutions and educational organizations.

## Retail customers

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### What they expect:

Our retail customers expect high-quality products and service for the right price. This includes failure-free networks, clear propositions and processes, a quick and proper response to questions and complaints and good communication. They want sincere and proactive advice about the best possible subscriptions that meet their needs.

### How we engage:

We communicate with our retail customers in our stores, via our call centers and our mechanics and online in forums and live chats. We also interact through customer panels, market research and 'super promoters' – loyal and enthusiastic supporters of KPN. We monitor what is said about KPN on social media, both positive and negative. We also use tools, such as the monthly NPS and Reptrak™, to monitor our reputation. Furthermore continuously seek our customers' feedback to improve our products and services. We do so by applying 'closed loop feedback' (CLF): ask customers about their satisfaction after their interaction and immediately act on their feedback.

### Main topics in 2015:

- > Providing the best mobile network with the lowest amount of disturbances
- > Making sure that products and services are easy to use
- > Freedom of choice regarding use of data
- > Providing a high-quality TV offer

### Our response:

- > We enhanced customer support by extending our LiveChat to 24/7 coverage
- > We further improved the coverage, quality and speed of our networks and focused on enhancing the quality of our 4G LTE connections.
- > We are expanding our high-definition IPTV offering with our Interactive TV app and improved that app based on customer feedback
- > We continued our NPS improvement program to improve customer loyalty.
- > We launched new mobile subscriptions that include EU roaming as part of premium bundles

## The community

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### What they expect:

With KPN being one of the largest Dutch companies in the Netherlands, society expects us to make a positive mark 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. Furthermore, they expect us to be a frontrunner in sustainability and other societal issues by creating sustainable partnerships. KPN has the potential to lead debates. On the privacy field mobile data is extremely powerful. How to balance between 'private' and 'public' is the next big question.

### How we engage:

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), International Telecom Union (ITU), United Nations Global Compact Foundation, Dutch Association of Investors for Sustainable Development (VBDO) and the ICT Coalition. In 2017, we joined Circle Economy. Furthermore, we organize an annual dialog with stakeholders to discuss our contribution to society and the desired next steps. We organize an Advisory Board meeting four times a year, which we renewed in 2017. We continually evaluate our CSR themes, policies and current business with the CSR Advisory Board.

### Main topics in 2015:

The CSR Advisory Board suggested that KPN should engage and be proactive in conversations with our customers about privacy. KPN cannot control data of customers, but KPN can be an intermediary in what happens to data in the long run. With regards to the use of ICT for solving environmental and social challenges, KPN should develop a mission and goal and use the method of backcasting to decide what to do.

VBDO encourages KPN to take next steps on:

- > Reducing the company's water consumption;
- > The energy use of customers;
- > Continued improvement of privacy & data security.
- > Our main CSR stakeholders advised us to show leadership and seduce customers to make sustainable decisions. KPN should engage with partners and lead the way in forming the public opinion.

### Our response:

- > We focus on contributing to five of the 17 sustainable development goals on which we can have the biggest impact as an ICT company in the Netherlands.
- > We joined a number of coalitions, formed in 2016, that were the result of the Climate Top 2015 and take an active role.
- > We increased our KPN Venture Fund and focus on partnering in our innovation process through open innovations.
- > We partner with our suppliers to make our products and services more sustainable and circular.

## Appendix 8. GRI Content Index

GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>General Disclosures</b>			
<b>Organization Profile</b>			
102-1	Name of the organization	Koninklijke KPN N.V.	
102-2	Activities, brands, products, and services	<p>Our organization and the value we create, p. 14                      Our purpose, p. 10                      Economic value, p. 28</p> <p>KPN does not sell products that are banned in certain markets. However, some aspects of our products are subject to stakeholder questions and public debate. This primarily concerns EMF (electromagnetic fields), see <a href="https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm">https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm</a> - and conflict minerals. Through our membership of EICC and GeSI, we support initiatives to prevent human rights violations and the financing of armed conflicts by mineral extraction. KPN will make use of a mineral mapping program which is in development in cooperation with social organizations, thereby responding to the call made by MakeITfair, an organization which is campaigning for the ICT sector to be more transparent about the origin of minerals. See: <a href="https://corporate.kpn.com/company-kpn/csr/procurement/what-we-buy.htm">https://corporate.kpn.com/company-kpn/csr/procurement/what-we-buy.htm</a></p>	
102-3	Location of headquarters	The Hague, Netherlands	
102-4	Location of operations	KPN operates in the Netherlands and the Americas Appendix 6, social figures, p. 2	
102-5	Ownership and legal form	Corporate governance, p. 62 Legal structure, p. 62	
102-6	Markets served	Our purpose, p. 10 Economic value, p. 28	
102-7	Scale of the organization	Financial statements, p. 89 Our main achievements, p. 6 Our purpose, p. 10 Economic value, p. 28 Appendix 6, social figures, p. 1	
102-8	Information on employees and other workers	Sustainable employment, p. 58 Appendix 6, social figures, p. 1	Reporting on employees of contractors is considered not applicable to KPN. Our stakeholders do not request us to report on such information
102-9	Supply chain	Sustainable suppliers, p. 60	
		More information can be found on our website: <a href="http://corporate.kpn.com/company-kpn/csr/procurement.htm">http://corporate.kpn.com/company-kpn/csr/procurement.htm</a> where you can also download a graphical representation of our supply chain (the link is in the last line of text).	
102-10	Significant changes to the organization and its supply chain	Introduction by CEO, p. 4 Review of the year 2016, p. 8 Sustainable suppliers, p. 60 Sustainable employment, p. 58 Consolidated Financial statements, Business combinations and other changes in consolidation, Note 29, p. 158 Appendix 3, scope, reporting process and materiality determination, p. 190	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
		There were no significant changes in the supply chain during the reporting year and no supplier relations were terminated.	
	102-11 Precautionary Principle or approach	Compliance & Risk, p. 52 For our approach to EMF, see: <a href="https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm">https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm</a>	
	102-12 External initiatives	The most important charters, principles, or other initiatives to which KPN subscribes or which KPN endorses are: > UN Global Compact; > UN Declaration of Human Rights; > International Labor Organization (ILO); > OECD; > Principles of the World Economic Forum; > RE100. For more information and context, see: <a href="http://corporate.kpn.com/company-kpn/csr/memberships.htm">http://corporate.kpn.com/company-kpn/csr/memberships.htm</a>	
	102-13 Membership of associations	Our most important memberships are: > GeSI; > ETNO; > Green Grid; > Teleworking Forum; > Mobility Management Task Force; > Global Compact; > ITU; > Nederland ICT; > ECP. For more information and the most recent overview of memberships, see: <a href="http://corporate.kpn.com/company-kpn/csr/memberships.htm">http://corporate.kpn.com/company-kpn/csr/memberships.htm</a>	
<b>Strategy</b>	102-14 Statement from senior decision-maker	Introduction by CEO, p. 4	
	102-15 Key impacts, risks, and opportunities	In the sections Market position and Our strategy we describe the challenges KPN faces, including the way KPN responds and regards them as challenging opportunities. Market position, p.17 Our strategy, p.16  Our key impacts are described in the section Impact of products and services, p. 48 and in our materiality assessment, which can be found in the Appendix 'Scope, reporting process and materiality determination', p. 190  In the section Environmental performance we describe the key impacts of climate change to our business, and the way we turned them into business opportunities. These business opportunities are translated into KPIs and include targets, results, goals and evaluation processes. The Board of Management has final responsibility. Environmental performance, p.44  Our CSR governance is described in our Corporate governance chapter. Corporate governance, p.62 In our compliance & risk section we describe the main risks KPN faces. The environmental, privacy and security risks are integrated in our risk systems and part of the top risks of KPN. Compliance & Risk, p.52	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Ethics and integrity</b>	102-16	Values, principles, standards, and norms of behavior	<p>Privacy &amp; Security, p.40            Compliance &amp; Risk, p. 52            Sustainable suppliers, p. 60            See for more information on our Code of Conduct and the KPN SpeakUp Line: <a href="http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode">http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode</a>            For more information on our management approach on privacy and security, see the white paper on our CSR theme Privacy &amp; Security, <a href="http://corporate.kpn.com/dutch-society/privacy-security.htm">http://corporate.kpn.com/dutch-society/privacy-security.htm</a></p>
	102-17	Mechanisms for advice and concerns about ethics	<p>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. In 2016, 5550 reports have been made to the helpdesk. However, KPN only 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 system is not yet designed to be able to register requests for advice separately.</p> <p>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 2016, 92 reports of possible violations of the Code of Conduct and 648 reports on possible violations of the subcodes have been registered. In 68 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:mvo@kpn.com">mvo@kpn.com</a>.            See the Code and more information on anonymous reporting see: <a href="http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode">http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode</a></p> <p>Compliance &amp; Risk, p. 52</p>
<b>Governance</b>	102-18	Governance structure	<p>CSR governance, p. 64            Corporate governance, p. 62            Compliance &amp; Risk, p. 52            Composition of the boards, p. 66</p>
	102-19	Delegating authority	<p>CSR governance, p. 64            Corporate governance, p. 62            Compliance &amp; Risk, p. 52            Composition of the boards, p. 66</p>
	102-20	Executive-level responsibility for economic, environmental, and social topics	<p>CSR governance, p. 64            Corporate governance, p. 62            Composition of the boards, p. 66</p>
	102-21	Consulting stakeholders on economic, environmental, and social topics	<p>CSR governance, p. 64            Corporate governance, p. 62            Composition of the boards, p. 66            Appendix 9, Stakeholder overview, p. 1</p>

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
102-22	Composition of the highest governance body and its committees	Report by the Supervisory Board, p. 72 Composition of the Boards, p. 66 Report by the Supervisory Board; Nominating and Corporate Governance Committee, p. 75  KPN's Supervisory Board members represent amongst others our shareholders and society. Their competences are broad, and cover a range from expert financial knowledge towards green energy solutions and societal development. For more information on the background of our Supervisory Board members, please see: <a href="http://corporate.kpn.com/company-kpn/our-company/our-management/supervisory-board.htm">http://corporate.kpn.com/company-kpn/our-company/our-management/supervisory-board.htm</a>	
102-23	Chair of the highest governance body	Composition of the boards, p. 66	
102-24	Nominating and selecting the highest governance body	Report by the Supervisory Board, p. 72 Report by the Supervisory Board; Nominating and Corporate Governance Committee, p. 75 Corporate governance, p. 62	
102-25	Conflicts of interest	Remuneration and Organizational Development Report, p. 78 Corporate Governance, p. 62	
102-26	Role of highest governance body in setting purpose, values, and strategy	Composition of the Boards, p. 66 CSR governance, p. 64 Compliance & Risk, p. 52	
102-27	Collective knowledge of highest governance body	Composition of the Boards, p.66 CSR governance, p. 64 Compliance & Risk, p. 52	
102-28	Evaluating the highest governance body's performance	Report by the Supervisory Board, p. 72	
102-29	Identifying and managing economic, environmental, and social impacts	Compliance & Risk, p. 52	
102-30	Effectiveness of risk management processes	Compliance & Risk, p. 52	
102-31	Review of economic, environmental, and social topics	Compliance & Risk, p. 52	
102-32	Highest governance body's role in sustainability reporting	Steering Committee Integrated Reporting. The Board of Management has final responsibility for the Integrated Annual Report. CSR governance, p. 64	
102-33	Communicating critical concerns	Critical concerns are communicated on a quarterly basis to both the Board of Management and the Supervisory Board. This communication consists of a GRIP report, an external audit report and an internal audit report. The GRIP report is most comprehensive and includes all risks for KPN communicated by risk managers. The external audit report comprises mostly financial risks for KPN whereas the internal audit report reports financial and IT security risks. The Board of Managements closely monitors all risks and defines procedures and working methods for critical risks. All risks are reviewed by the Audit Committee.	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
102-34	Nature and total number of critical concerns	The nature and number of critical concerns raised during 2016 cannot be communicated, as this concerns sensitive information.	The nature and number of critical concerns raised during 2016 cannot be communicated, as this concerns sensitive information.
102-35	Remuneration policies	Remuneration and Organizational Development Report, p.78 Report by the Supervisory Board, Remuneration and Organizational Development Committee, p. 75	
102-36	Process for determining remuneration	Report by the Supervisory Board, Remuneration and Organizational Development Committee, p. 75	
102-37	Stakeholders' involvement in remuneration	Report by the Supervisory Board, p. 72	
102-38	Annual total compensation ratio	We monitor the ratio in annual 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 on December 31 of the reporting year. This is not by definition a full time salary, part time salaries are also included. All bonuses paid during 2016 are included in the calculation, just as the value of vested shares or phantom shares received by employees in the reporting year. For the reporting year 2016: The ratio of annual total compensation of the highest-paid individual to the median annual compensation is 1/39.1. 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.	
102-39	Percentage increase in annual total compensation ratio	We monitor the ratio in annual 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 on 31th of December of the reporting year. This is not by definition a full time salary, part time salaries are also included. All bonuses paid during 2016 are included in the calculation, just as the value of vested shares or phantom shares received by employees in the reporting year. For the reporting year 2016, the salary of the highest paid individual increased with 29.53% in 2016 (compared with 2015) and the salary of the median increased with 4.85% in 2016 (compared with 2015). The ratio of the percentage increase of the highest paid individual to the increase of the median salary of 2016 is 6.1/1.	
<b>Stakeholder engagement</b>	102-40	List of stakeholder groups	Our purpose, p. 10 Appendix 9, Stakeholder overview, p. 1
	102-41	Collective bargaining agreements	Appendix 5, Social figures, p.1 This indicator supports Principles 1 and 3 of the UN Global Compact.

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
102-42	Identifying and selecting stakeholders	Our purpose, p. 10 Appendix 3, Scope, reporting process and materiality determination, p. 190 Appendix 9, Stakeholder overview, p.1	
		KPN selects stakeholders based on their relevance to the ICT industry and to KPN's 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. 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 (WWF) 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.	
102-43	Approach to stakeholder engagement	Our purpose, p. 10 Customer loyalty, p. 22 Appendix 3, Scope, reporting process and materiality determination, p. 190 Appendix 9, Stakeholder overview, p.1	
		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.	
102-44	Key topics and concerns raised	Our purpose, p. 10 Customer loyalty, p. 22 Appendix 9, Stakeholder overview, p.1	
<b>Reporting practice</b>	102-45	Entities included in the consolidated financial statements	The basis for the entities covered in the consolidated financial statements is KPN's legal structure. All entities covered by the consolidated financial statements are also included in the report. Corporate Governance, Legal structure of the company, p.62
	102-46	Defining report content and topic Boundaries	About this report, p. 3 Appendix 3, Scope, reporting process and materiality determination, p.190 Appendix 9, Stakeholder overview, p.1
	102-47	List of material topics	About this report, p. 10 Material topics, p. 20 Our strategy, p. 16 Appendix 3, Scope, reporting process and materiality determination, p.190
	102-48	Restatements of information	Appendix 3, Scope, reporting process and materiality determination, p.190 Footnotes included in tables.
	102-49	Changes in reporting	About this report, p. 3 Appendix 3, Scope, reporting process and materiality determination, p.190 Footnotes included in tables.
	102-50	Reporting period	January 1, 2016 - December 31, 2016

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
102-51	Date of most recent report	February 25, 2016	
102-52	Reporting cycle	Annually	
102-53	Contact point for questions regarding the report	<a href="mailto:mvo@kpn.com">mvo@kpn.com</a>	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Comprehensive option.	
102-55	GRI content index	The GRI index can be found in the downloadmanager on <a href="http://www.kpn.com/annualreport">www.kpn.com/annualreport</a>	
102-56	External assurance	Independent assurance report, p. 174 Appendix 3, Scope, reporting process and materiality determination, p. 190	

### Material Topics

#### Economic

#### Economic performance

<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Material items, p. 20  Where impacts occur: Inside: KPN Group (all entities: KPN Netherlands, iBasis and all other subsidiaries). Outside: providers of capital, governments and communities in countries of operation.  For KPN's involvement see references in 103-2
	103-2	The management approach and its components	Our purpose, p. 10 Our strategy, p. 16 Market position, p. 17 The value we create, p. 14 Economic value, p. 28
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 201: Economic performance 2016</b>	201-1	Direct economic value generated and distributed	Our purpose, p. 10 Our main achievements, p. 6 Customer loyalty, p.22 Economic value, p. 28 In 2016, our total community investments (donations) amounted to EUR 9,558,473
	201-2	Financial implications and other risks and opportunities due to climate change	Environmental performance, p.44 Compliance & Risk, p. 52 Appendix 7, Environmental figures, p.1 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 (former Carbon Disclosure Project). Find our 2016 disclosure at <a href="https://cdp.net/en">https://cdp.net/en</a> . Our 2017 disclosure will be available as of June 2017.
	201-3	Defined benefit plan obligations and other retirement plans	Economic value, p. 28
	201-4	Financial assistance received from government	KPN does not receive significant financial assistance from the government.

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Market presence</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 202: Market presence 2016</b>	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	This indicator is not material for KPN
	202-2	Proportion of senior management hired from the local community	This indicator is not material for KPN
<b>Indirect Economic Impacts</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Material items, p. 20 Appendix 3. Scope, reporting process and materiality determination, p.190  Where impacts occur: Inside: not material. Outside: suppliers, customers, governments and communities in countries of operation.  For KPN's involvement see references in 103-2
	103-2	The management approach and its components	Our strategy, p. 16 Market position, p. 17 Innovation and investments, p. 26 Impacts of products and services, p.48
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 203: Indirect economic impacts 2016</b>	203-1	Infrastructure investments and services supported	Quality and reliability of network, p. 24 Impact of products and services, p. 48 Innovation and investments, p. 26
	203-2	Significant indirect economic impacts	Our organization and the value we create, p. 14 Our strategy, p. 16 Market position, p. 17 About this report, p. 3 Economic value, p. 28 Impact of products and services, p. 48
<b>Procurement Practices</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN.
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	This indicator is not material for KPN.

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Anti-Corruption</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Material items, p. 20</p> <p>Where impact occurs: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: all suppliers in countries of operations</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	Compliance and Risk, p. 52
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	In 2016, a fraud risk assessment was carried out at 100% (5 of the 5) of KPN's business units. This indicator supports Principle 10 of the UN Global Compact.
	205-2	Communication and training about anti-corruption policies and procedures	<p>In 2016 we developed the e-learning Spot On to train our (temporary) employees on amongst others anti- fraud and – corruption (and the other parts of the KPN Code of Conduct). In 2016 all (temporary) employees were obligated to finish this e-learning. January 2017 in total 14,145 (temporary) employees were certified. This comprises 96.4% of the employees with an obligation to complete Spot On. During Q1-2017 the remaining 3.6% will be required and instructed to complete Spot On. Break down by regions for this 14,145 is not applicable, KPN is for 99.9% Dutch. For a break down by category we refer to the Social Figures. Risk- and need based a group of employees also attended in-depth classroom training sessions and/or integrity and ethics workshops. Out of the 14,145 employees who completed Spot On, classroom trainings were visited by 2,478 employees. 134 senior managers attended the integrity and ethics workshops. Communication is done throughout the year towards all (temporary) employees, by using Intranet, e-mail and offline communication.</p> <p>Compliance &amp; Risk, p. 52</p> <p>This indicator supports Principle 10 of the UN Global Compact.</p>
	205-3	Confirmed incidents of corruption and actions taken	<p>In 2016, there were 195 reports 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, cases of fraud, theft and serious or repeated violation of the rules will result in dismissal.</p> <p>Legal cases regarding corruption are included in standards 206-1, 419-1, 416-2 and 418-1.</p> <p>KPN participates in the joint site audit program of the JAC cooperation. In 2016, JAC has raised 517 CSR issues overall, of which 92 relating to business ethics (including corruption). 467 issues were resolved during 2016 (including issues raised in previous years). 314 out of 517 issues raised in 2016 are still pending. It is noted that not all suppliers audited by the JAC cooperation are suppliers of KPN.</p> <p>Sustainable suppliers, p. 60</p> <p>This indicator supports Principle 10 of the UN Global Compact.</p>

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Anti-Competitive Behavior</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Material items, p. 20  Where the impact occurs: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: not material  For KPN's involvement, see references 103-2
	103-2	The management approach and its components	Compliance & Risk, p. 52
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 206: Anti-competitive behavior 2016</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance & Risk, p. 52 In 2016, there were 13 legal actions in the Netherlands regarding anti-competitive behaviour, anti-trust, and monopoly practices.
<b>Environmental</b>			
<b>Materials</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Material items, p. 20  Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: suppliers and customers in countries of operation  For KPN's involvement, see references 103-2
	103-2	The management approach and its components	Environmental performance, p. 44
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	This indicator is not material for KPN.
	301-2	Recycled input materials used	Environmental performance, p. 44 Appendix 7, Environmental figures, p. 1 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 (former Carbon Disclosure Project). Find our 2016 disclosure at <a href="https://cdp.net/en">https://cdp.net/en</a> . Our 2017 disclosure will be available as of June 2017.
	301-3	Reclaimed products and their packaging materials	Our strategy, p. 16 Environmental performance, p. 44 Appendix 2, Overview of CSR targets and achievements, p. 186 Appendix 3, Scope, reporting process and materiality determination, p. 190  This indicator supports Principles 8 and 9 of the UN Global Compact.

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Energy</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Material items, p. 20  Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: suppliers and customers in countries of operation  For KPN's involvement, see references 103-2
	103-2	The management approach and its components	Environmental performance, p. 44 Innovation and investments, p. 26 Impact of products and services, p. 48
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	Our main achievements, p. 6 Our organization and the value we create, p. 14 Our strategy, p.16 Environmental performance, p.44 Appendix 3, Scope, reporting process and materiality determination, p. 190 Appendix 7, Environmental figures, p.1 This indicator supports Principle 8 of the UN Global Compact. KPN does not sell electricity, heating, cooling or steam.
	302-2	Energy consumption outside of the organization	Our main achievements, p.6 Our organization and the value we create, p. 14 Our strategy, p.16 Environmental performance, p.44 Innovation and investments, p.26 Impact of products and services, p. 48 Appendix 3, Scope, reporting process and materiality determination, p.190 Appendix 7, Environmental figures, p.1
	302-3	Energy intensity	Environmental performance, p. 44 Appendix 7, Environmental figures, p.1
	302-4	Reduction of energy consumption	Environmental performance, p. 44 Our main achievements, p.6 Appendix 7, Environmental figures, p.1 Appendix 3, Scope, reporting process and materiality determination, p.190 This indicator supports Principle 8 of the UN Global Compact.
	302-5	Reductions in energy requirements of products and services	Our main achievements, p.6 Environmental performance, p.44 Impact of products and services, p. 48 Sustainable suppliers, p. 60 Appendix 3, Scope, reporting process and materiality determination, p. 190 This indicator supports Principle 8 of the UN Global Compact.
<b>Water</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN. However KPN reports quantitatively on water use (including targets) in appendix 7, Environmental figures, p.1

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 303: Water 2016</b>	303-1	Water withdrawal by source	This indicator is not material for KPN. However KPN reports quantitatively on water use (including targets) in Appendix 7, Environmental figures, p.1
	303-2	Water sources significantly affected by withdrawal of water	This indicator is not material for KPN.
	303-3	Water recycled and reused	This indicator is not material for KPN.
<b>Biodiversity</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN.
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	This indicator is not material for KPN.
	304-2	Significant impacts of activities, products, and services on biodiversity	This indicator is not material for KPN.
	304-3	Habitats protected or restored	This indicator is not material for KPN.
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	This indicator is not material for KPN.
<b>Emissions</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Material items, p. 20  Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: suppliers and customers in countries of operation  For KPN's involvement, see references 103-2
	103-2	The management approach and its components	Environmental performance, p.44 Impacts of products and services, p.48
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	Environmental performance, p.44 Appendix 7, Environmental figures, p.1 This indicator supports Principle 8 of the UN Global Compact.
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental performance, p.44 Appendix 7, Environmental figures, p.1 This indicator supports Principle 8 of the UN Global Compact.
	305-3	Other indirect (Scope 3) GHG emissions	Environmental performance, p.44 Appendix 7, Environmental figures, p.1 This indicator supports Principle 8 of the UN Global Compact.
	305-4	GHG emissions intensity	Environmental performance, p.44 Appendix 7, Environmental figures, p.1
	305-5	Reduction of GHG emissions	Environmental performance, p.44 Appendix 7, Environmental figures, p.1 This indicator supports Principles 7, 8 and 9 of the UN Global Compact.
	305-6	Emissions of ozone-depleting substances (ODS)	Appendix 7, Environmental figures, p.1 This indicator supports Principle 8 of the UN Global Compact.
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental performance, p.44 This indicator supports Principle 8 of the UN Global Compact.
<b>Effluents And Waste</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN. KPN has no waste from production, only from removing old equipment. However, KPN quantitatively reports (including targets) on different waste streams, including % of recycling in these waste streams.
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 306: Effluents and waste 2016</b>	306-1	Water discharge by quality and destination	This indicator is not material for KPN.
	306-2	Waste by type and disposal method	Environmental performance, p. 44 Appendix 7, Environmental figures, p.1
	306-3	Significant spills	This indicator is not material for KPN.
	306-4	Transport of hazardous waste	This indicator is not material for KPN.
	306-5	Water bodies affected by water discharges and/or runoff	This indicator is not material for KPN.
<b>Environmental Compliance</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Material items, p. 20 Where impacts occur: Inside: KPN Group . Outside: not material.  For KPN's involvement, see references 103-2

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
	103-2	The management approach and its components	<p>KPN is subject to a number of laws, regulations and voluntary agreements with regard to energy and the environment. All laws and regulations which apply to the organization are continuously monitored within the ISO 14001 management system. Most important Dutch laws applicable to KPN are the 'Wet Milieubeheer' (law on environmental management), the 'Besluit algemene regels inrichtingen milieubeheer' (BARIM, which is the decree on general rules for environmental management) and the 'Activiteitenbesluit' (decree on activities). Besides laws and regulations, KPN joined a number of (international) voluntary agreements. Most important are the Dutch Long-Term Agreement on Energy Efficiency (MJA Energy Efficiency) and the European Code of Conduct for Broadband Equipment.</p> <p>Environmental performance, p.44 Compliance &amp; risk, p. 52</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 307: Environmental compliance 2016</b>	307-1	Non-compliance with environmental laws and regulations	<p>There were no fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2016.</p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>
<b>Supplier Environmental Assessment</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Material items, p. 20</p> <p>Where impacts occur: Inside: not material. Outside: suppliers in countries of operation and the JAC.</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	<p>Sustainable suppliers, p. 60</p> <p>See 308-1 and more information of KPN's supply chain, including a graphical overview of the chain, the supplier code of conduct and the methods for supplier assessments can be found on: <a href="http://corporate.kpn.com/company-kpn/csr/procurement.htm">http://corporate.kpn.com/company-kpn/csr/procurement.htm</a></p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 308: Supplier environmental assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	<p>Sustainable suppliers, p. 60</p> <p>See also: <a href="http://corporate.kpn.com/company-kpn/csr/procurement.htm">http://corporate.kpn.com/company-kpn/csr/procurement.htm</a> and the three sub-pages (How we work, What we buy and What we ask of our suppliers).</p> <p>KPN's General Conditions of Purchase are the basis for the framework agreements and other contracts and apply to all new suppliers. Sustainability criteria are an integral part of all contract templates of KPN and included in the general purchasing conditions. All new suppliers of KPN must sign the Supplier Code of Conduct. In the Supplier Code of Conduct we have laid down social and environmental requirements for suppliers. This code is based on the United Nations Universal Declaration of Human Rights and the core treaties of the International Labor Organization (ILO). In case a supplier does not sign the SCoC, KPN analyses whether the Code of Conduct of the supplier is comparable to KPNs SCoC (i.e. based on the previously mentioned international standards). In the tender phase for new hardware KPN uses the Sustainability Tool (SuTo), which asks suppliers for information about the energy</p>

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
		consumption, recyclability, packaging and raw materials consumption of the products they supply. It is our standard practice to use the Sustainability Tool when procuring products. Suppliers are obliged to respond to it. Bids are also evaluated based on sustainability criteria.	
308-2	Negative environmental impacts in the supply chain and actions taken	<p>Sustainable suppliers, p. 60</p> <p>As result of its activities KPN can have a negative environmental impact in the supply chain, both at the side of suppliers and at the side of customers.</p> <p>For a graphical overview of our supply chain, click the download link on: <a href="http://corporate.kpn.com/company-kpn/csr/procurement.htm">http://corporate.kpn.com/company-kpn/csr/procurement.htm</a></p> <p>The negative impact at the supplier side is mainly associated with energy use, use of resources and use of conflict minerals. Our Supplier Code of Conduct sets down our social and environmental requirements. The basis for our approach lies in our general conditions of purchase, Supplier Code of Conduct, self-assessments and on site audit program in the JAC cooperation. Our activities focus on engaging in dialogue with suppliers where shortcomings are noticed about their production methods and environmental policies. Subject to the outcome of the discussions, we draw up an improvement program, the progress of which we monitor. In 2016, no supplier relations were terminated. Actions of KPN can be found at: <a href="http://corporate.kpn.com/company-kpn/corporategovernance/procurement/what-we-buy.htm">http://corporate.kpn.com/company-kpn/corporategovernance/procurement/what-we-buy.htm</a> and <a href="http://corporate.kpn.com/company-kpn/corporate-governance/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/corporate-governance/procurement/what-we-ask-of-our-suppliers.htm</a> (Supplier Code of Conduct, E-TASC, on site audits and the Sustainability tool (SuTo). Together with our suppliers we are developing and implementing sustainable solutions, see: Sustainable suppliers, p. 60</p> <p>KPN participates in the joint on-site audit program of the JAC cooperation. In 2016, JAC raised 51 environmental issues at suppliers following on-site audits. 49 environmental issues were resolved during 2016 (these also include issues raised in previous years). 34 of 51 issues raised in 2016 are still pending.</p> <p>It is noted that not all suppliers audited by the JAC cooperation are suppliers of KPN. All reports are made anonymous.</p> <p>The negative environmental impact at the customer side is mainly associated with energy use and product recycling. KPN mitigates this impact by the development and procurement of energy efficient products and services and product recycling (such as energy-efficient modems and a mobile phone recycling program) in the consumer market, The New Way of Living &amp; Working, and other energy-efficient propositions in the business segments. See:</p> <ul style="list-style-type: none"> <li>&gt; Environmental performance, p.44</li> <li>&gt; Impact of products and services, p. 48</li> <li>&gt; <a href="http://corporate.kpn.com/dutch-society/energy.htm">http://corporate.kpn.com/dutch-society/energy.htm</a></li> </ul>	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Social</b>			
<b>Employment</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Our purpose, p. 10 Appendix 3, Scope, reporting process and materiality determination, p. 190</p> <p>Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: not material.</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	<p>Our people are the force driving our customer experience and ultimately our business success. We want them to be confident about the future, at a time characterized by fast and radical change and less job certainty. We want our employees to take responsibility for their own careers. However, as an employer, we see it as our responsibility to make them aware of the necessity to keep developing professionally. We help them in this and give them the tools to develop their skills, stay healthy and enhance their value as an employee. 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 one of the ways that we can reinforce this pride and involvement is through corporate social responsibility by employee engagement or volunteering for the finest contact foundation. Furthermore, our workforce should reflect our society. This means employing people from different age groups, backgrounds and beliefs, as well as more women. We believe diverse viewpoints and perspectives help teams achieve better results.</p> <p>Our Code of Conduct, see <a href="http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode">http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode</a> outlines our approach to protecting employee rights, such as a workplace free of harrasment and discrimination.</p> <p>Sustainable employment, p. 58</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	<p>Sustainable employment, p. 58 Appendix 6, Social figures, p.1 This indicator supports Principle 6 of the UN Global Compact.</p> <p>Reporting on diversifications other than numbers and percentages of turn-over for the different KPN subsidiaries is considered not applicable to KPN. Our stakeholders do not request us to report on such information.</p>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	There are no benefits provided to full-time employees that are not provided to temporary or part-time employees. Where applicable benefits for full-time employees are pro-ratio provided to part-time or temporary employees. Exceptions are made for several benefits, such as the Employability budget which is not pro-rated.

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
	401-3 Parental leave	It is part of our diversity policy that women can continue their job after maternity leave in a productive and pleasant manner. In 2016, 145 female employees took maternity leave, compared to 139 in 2015. In 2016, 133 female employees returned to work at KPN after their maternity leave which ended in the reporting period, which is 100%. In 2015, 146 of 148 female employees returned to work at KPN after their maternity leave, which is 98.6%. (This is excluding KPN Corporate Market B.V. and other participations)	
<b>Labor/Management Relations</b>			
<b>GRI 103: Management approach 2016</b>	103-1 Explanation of the material topic and its Boundaries	Our purpose, p. 10 Appendix 3, Scope, reporting process and materiality determination, p. 190  Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: not material  For KPN's involvement, see references 103-2	
	103-2 The management approach and its components	Its purpose is to ensure our employees' skills remain up to standard and to improve them, thus enhancing their deployability, whether or not within KPN Netherlands. 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 deployability of employees as affording them maximum security in terms of ensuring their position on the labor market, both now and in the future. A new chapter has been added to the KPN Collective Labor Agreement (CLA, June 2013) with our policies and instruments regarding Sustainable Deployability  Sustainable employment, p. 58	
	103-3 Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62	
<b>GRI 402: Labor/management relations 2016</b>	402-1 Minimum notice periods 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.	
<b>Occupational Health And Safety</b>			
<b>GRI 103: Management approach 2016</b>	103-1 Explanation of the material topic and its Boundaries	Appendix 3, Scope, reporting process and materiality determination, p. 190  Where impacts occur: Inside: KPN Group (exceptions and/or limitations are included in footnotes to the tables or text). Outside: not material.  For KPN's involvement, see references 103-2	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
103-2	The management approach and its components	<p>KPN cares passionately about guaranteeing safe working conditions and improving the vitality of employees. The KPN Security department makes and carries out the policy for this.</p> <p>The HR department coordinates and facilitates the health and vitality policy. Our policy covers safe working conditions, occupational health supervision, prevention and reintegration measures, health checks (both required by law and voluntary) and vitality initiatives. The divisional Human Resources (HR) departments run these arrangements and programs. All the significant divisions of the organization have their own HR teams, which gives advice to the line management and provides support in HR matters. Line management bears operational responsibility for ensuring that we really are a good employer. At group level, Corporate HR is subdivided into expertise centers that are responsible for matters such as initiating and implementing projects and new policy initiatives that are relevant to the business. To foster consistency in the HR policy within</p>	
		<p>KPN, the HR segment directors work closely with the HR executives in the expertise centers in Corporate HR. We invest in keeping all our staff members fit. We stepped up our efforts to combat absenteeism, offering extra facilities through HR, such as weekly progress updates, e-learning and a single point of contact, and expanding the services of our absenteeism expert in areas with the highest rates. The interactive coaching program i-Change helps employees to change their lifestyle. In 2015, we introduced ichange2, a more user-friendly version of our interactive coaching program. In our policy, we pay extra attention to stress related complaints and illnesses. KPN has contracts with all subcontractors in which health &amp; safety issues are covered.</p> <p>Sustainable employment, p. 58</p>	
	103-3 Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62	
<b>GRI 403: Occupational Health and safety 2016</b>	403-1 Workers representation in formal joint management-worker health and safety committees	In 2016, about 95.6% of the KPN workforce is represented in a formal joint management-worker health and safety committee, which supports and advises on occupational health and safety programs.	Reporting on employees of contractors is considered not applicable to KPN. Our stakeholders do not request us to report on such information
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>Sustainable employment, p. 58</p> <p>Appendix 6, Social figures, p.1</p> <p>This indicator supports Principle 1 of the UN Global Compact.</p>	KPN only reports on the absenteeism rates, LTI rates and number of fatalities for all subsidiaries. Other diversifications are considered not applicable as our stakeholders do not request us to report on such information.
	403-3 Workers with high incidence or high risk of diseases related to their occupation	KPN does not have employees with high risks related to their occupation. Activities which involve working on heights (mobile) and near to open fire at locations with traffic (residential) are outsourced. Criteria for safe working conditions for employees of these partners are legally arranged and complemented by contractual arrangements between KPN and the partners.	Reporting on employees of contractors is considered not applicable to KPN. Our stakeholders do not request us to report on such information
	403-4 Health and safety topics covered in formal agreements with trade unions	KPN complies with all legal requirements regarding work, safety and health. In our CLA agreements are included for: health and safety (1.16), occupational health supervision (5.2); prevention and reintegration (5.3); health Check (7.9); work and health (13.25/14.22).	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Training And Education</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Appendix 3, Scope, reporting process and materiality determination, p. 190</p> <p>Where impacts occur: Inside: KPN Group (exceptions and/or limitations are included in footnotes to the tables or text). Outside: not material.</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	<p>The divisional Human Resources (HR) departments run these arrangements and programs. All significant divisions of the organization have their own HR teams, which gives advice to the line management and provides support in HR matters. Line management bears operational responsibility for ensuring that we really are a good employer. At group level, Corporate HR is subdivided into expertise centers that are responsible for matters such as initiating and implementing projects and new policy initiatives that are relevant to the business. To foster consistency in the HR policy within KPN, the HR segment directors work closely with the HR executives in the expertise centers in Corporate HR.</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 404: Training and education 2016</b>	404-1	Average hours of training per year per employee	<p>Appendix 6, Social figures, p. 1</p> <p>Reporting on diversifications other than the annual training hours per subsidiary and KPN Group are considered not applicable to KPN. Our stakeholders do not request us to report on such information.</p>
	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainable employment, p. 58
	404-3	Percentage of employees receiving regular performance and career development reviews	All employees (on the payroll as regular staff ) are eligible for regular performance and career development reviews. 80.7% of all employees had at least one performance and career development review in 2016. 61% of all employees had reviews on a more regular basis. 19.7% did not have any review in 2016. (This is excluding other participations)
<b>Diversity And Equal Opportunity</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Appendix 3, Scope, reporting process and materiality determination, p. 190</p> <p>Where impacts occur: Inside: KPN Group (exceptions and/or limitations are included in footnotes to the tables or text). Outside: not material.</p> <p>For KPN's involvement, see references 103-2</p>

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
	103-2	The management approach and its components	<p>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 aging 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. The divisional Human Resources (HR) departments run these arrangements and programs. All the significant divisions of the organization have their own HR teams, which gives advice to the line management and provides support in HR matters. Line management bears operational responsibility for ensuring that we really are a good employer. At group level, Corporate HR is subdivided into expertise centers that are responsible for matters such as initiating and implementing projects and new policy initiatives that are relevant to the business. To foster consistency in the HR policy within KPN, the HR segment directors work closely with the HR executives in the expertise centers in Corporate HR.</p> <p>Sustainable employment, p. 58</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1	Diversity of governance bodies and employees	<p>Sustainable employment, p. 58</p> <p>Appendix 6, Social figures, p.1</p> <p>This indicator supports Principles 1 and 6 of the UN Global Compact.</p>
	405-2	Ratio of basic salary and remuneration of women to men	<p>In 2016, we looked once again at whether there are salary differences between men and women at KPN the Netherlands within the collective labor agreements (CLA). The analysis showed that the percentage difference between the average salary of men and women in the collective labor agreement (CLA) scales decreased from 1.7% in 2015 to 1.4% in 2016. Therefore, we see no reason to take immediate measures. Just like 2015, the differences in the CLA can be explained by difference in age and experience. KPN has not analyzed the differences between women and men in non CLA scales. We are investigating how we can extend the analysis to these scales in the next years.</p> <p>This indicator supports Principles 1 and 6 of the UN Global Compact.</p>
<b>Non-Discrimination</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Appendix 3, Scope, reporting process and materiality determination, p. 190</p> <p>Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: all suppliers in countries of operations.</p> <p>For KPN's involvement, see references 103-2</p>

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
	103-2	The management approach and its components	<p>Compliance &amp; Risk, p. 53 Sustainable employment, p. 58 Sustainable suppliers, p. 60</p> <p>For our Code of Conduct, which covers non-discrimination, see: <a href="http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode">http://ir.kpn.com/phoenix.zhtml?c=69978&amp;p=irol-govcompcode</a> For our management approach regarding suppliers, see: <a href="http://corporate.kpn.com/company-kpn/csr/procurement.htm">http://corporate.kpn.com/company-kpn/csr/procurement.htm</a></p> <p>This management approach supports Principles 1 and 2 of the UN Global Compact</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	<p>In 2016, there were 3 cases of discrimination reported to KPN. Disciplinary measures are taken against employees who do not comply with the company code and supporting codes. The type of measure is determined on a case by case basis. The company code and supporting codes lay down possible measures that may consist of a warning, a reprimand, suspension, removal from function or dismissal. In principle, cases of fraud, theft and serious or repeated violation of the rules will result in dismissal. KPN participates in the joint site audit program of the JAC.</p>
<b>Freedom of association and collective bargaining</b>			
			<p>cooperation. In 2016, JAC raised 4 CSR issues at suppliers following on-site audits, relating to discrimination. 7 of these were resolved during 2016 (including issues raised in previous years). 2 of 4 issues raised in 2016 are still pending. It is noted that not all suppliers audited by the JAC cooperation are suppliers of KPN. All reports are made anonymous.</p> <p>This indicator supports Principles 1, 2 and 6 of the UN Global Compact.</p>
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Appendix 3, Scope, reporting process and materiality determination, p. 190</p> <p>Where impacts occur: Inside: not material. Outside: all suppliers in countries of operations.</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	<p>Sustainable suppliers, p. 60</p> <p>For our management approach regarding suppliers, see: <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a></p> <p>This management approach supports Principles 1 and 2 of the UN Global Compact</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	KPN participates in the joint site audit program of the JAC cooperation. In 2016, JAC raised 8 CSR issues at suppliers following on-site audits, relating to freedom of association and right to collective bargaining. 5 issues were resolved during 2016 (including issues raised in previous years). 7 of 8 issues raised in 2016 are still pending. It is noted that not all suppliers audited by the JAC cooperation are suppliers of KPN. All reports are made anonymous. For our management approach regarding suppliers, see: <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a> This indicator supports Principles 1, 2 and 3 of the UN Global Compact.	
<b>Child Labor</b>			
<b>GRI 103: Management approach 2016</b>	103-1 Explanation of the material topic and its Boundaries	Appendix 3, Scope, reporting process and materiality determination, p. 190  Where impacts occur: Inside: not material. Outside: all suppliers in countries of operations.  For KPN's involvement, see references 103-2	
	103-2 The management approach and its components	Sustainable suppliers, p. 60  For our management approach regarding suppliers, see: <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a>  This management approach supports Principles 1 and 2 of the UN Global Compact	
	103-3 Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62	
<b>GRI 408: Child labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	KPN participates in the joint site audit program of the JAC cooperation. In 2016, JAC raised 12 CSR issues at suppliers following on-site audits relating to child labor. 16 issues were resolved during 2016 (including issues raised in previous years). 7 of 12 issues raised in 2016 are still pending. It is noted that not all suppliers audited by the JAC cooperation are suppliers of KPN. All reports are made anonymous. For more information on our management approach for suppliers, see also: <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a>  This indicator supports Principles 1, 2 and 3 of the UN Global Compact.	
<b>Forced or compulsory labor</b>			
<b>GRI 103: Management approach 2016</b>	103-1 Explanation of the material topic and its Boundaries	Appendix 3, Scope, reporting process and materiality determination, p. 190  Where impacts occur: Inside: not material. Outside: all suppliers in countries of operations.  For KPN's involvement, see references 103-2	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
	103-2	The management approach and its components	Sustainable suppliers, p. 60  For our management approach regarding suppliers, see: <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a>  This management approach supports Principles 1 and 2 of the UN Global Compact
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 409: Forced or compulsory labor 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	KPN participates in the joint site audit program of the JAC cooperation. In 2016, JAC raised 13 CSR issues at suppliers following on-site audits relating to forced or compulsory labor. 11 of these issues were resolved during 2016 (including issues raised in previous years). 7 of 13 issues raised in 2016 are still pending. It is noted that not all suppliers audited by the JAC cooperation are suppliers of KPN. All reports are made anonymous. For more information on our management approach for suppliers, see also: <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a> This indicator supports Principles 1, 2 and 3 of the UN Global Compact.
<b>Security practices</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN.
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 410: Security pPractices 2016</b>	410-1	Security personnel trained in human rights policies or procedures	This indicator is not material for KPN.
<b>Rights of indigenous peoples</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN.
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 411: Rights of indigenous peoples 2016</b>	411-1	Incidents of violations involving rights of indigenous peoples	This indicator is not material for KPN.
<b>Human rights assessment</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Appendix 3, Scope, reporting process and materiality determination, p. 190  Where impacts occur: Inside: not material. Outside: suppliers and the JAC.  For KPN's involvement, see references 103-2

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	103-2	The management approach and its components	Sustainable suppliers, p. 60 See 412-2  <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a>	
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62	
<b>GRI 412: Human rights assessment 2016</b>	412-1	Operations that have been subject to human rights reviews or impact assessments	This indicator is not material for KPN.	
	412-2	Employee training on human rights policies or procedures	Sustainable suppliers, p. 60 Appendix 6, Social figures, p.1 This indicator supports Principles 1, 2, 3, 4, 5 and 6 of the UN Global Compact.	Reporting on the number of training hours regarding human rights policies and the percentage of employees trained in human rights policies and procedures is considered not applicable to KPN. Our stakeholders do not request us to report on such information.
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainable suppliers, p. 60 <a href="http://corporate.kpn.com/company-kpn/csr/procurement.htm">http://corporate.kpn.com/company-kpn/csr/procurement.htm</a> This indicator supports Principles 1, 2, 3, 4, 5 and 6 of the UN Global Compact.	
<b>Local Communities</b>				
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN.	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 413: Local communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	This indicator is not material for KPN	
	413-2	Operations with significant actual and potential negative impacts on local communities	This indicator is not material for KPN	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Supplier social assessment</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Appendix 3, Scope, reporting process and materiality determination, p. 190</p> <p>Where impacts occur: Inside: not material. Outside: suppliers and the JAC.</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	<p>Sustainable suppliers, p. 60 See 414-4</p> <p><a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a></p>
	103-3	Evaluation of the management approach	<p>Corporate governance, Board of management (CSR governance), p. 62</p>
<b>GRI 414: Supplier social assessment 2016</b>	414-1	New suppliers that were screened using social criteria	<p>Sustainable suppliers, p. 60 <a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a></p> <p>KPN's General Conditions of Purchase are the basis for the framework agreements and other contracts and apply to all new suppliers. Sustainability criteria (including social criteria) are an integral part of all contract templates of KPN and included in the general purchasing conditions. All new suppliers of KPN must sign the Supplier Code of Conduct. In the Supplier Code of Conduct we have laid down social and environmental requirements for suppliers. This code is based on the United Nations Universal Declaration of Human Rights and the core treaties of the International Labor Organization (ILO). In case a supplier does not sign the SCoC, KPN analyses whether the Code of Conduct of the supplier is comparable to KPNs SCoC (i.e. based on the previously mentioned international standards).</p>

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
414-2	Negative social impacts in the supply chain and actions taken	<p>KPN's impact in the supply chain can be divided into upstream (customers) and downstream (suppliers) impact. At customers, KPN indirectly alters labor conditions at customers (both business and consumers) through its The New Way of Living &amp; Working products and services by changing labor practices such as physical presence at the office and work-life balance. These products and services can have negative impacts by disrupting social contact between employees at the office and disrupt the work-life balance of employees when used improperly. Now that the facilities are becoming more widely available and quality continues to improve, we also want to focus on the work-life balance and its consequences; management style; entrepreneurship and responsibility; and the social cohesion within a company. We are gaining experience of this first within our own organization. We will then make it available to the general public in the form of products and services. KPN is a service provider and its main activities, connecting people, mainly have positive impacts on society. Negative impacts are associated with the location of new masts and antennas and with the debate on electromagnetic fields. Information on KPN's actions can be found at <a href="https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm">https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm</a></p> <p>KPN's sales activities take place exclusively in Western European and North American countries, where human rights are routinely observed. However, a substantial part of KPN's suppliers operate in low cost countries. Negative impacts for labor practices are mainly related to working conditions and predominantly include issues with working hours and health and safety measures. KPN has about 53 high risk suppliers, with a total procurement volume of 37%. We expect all of our suppliers also to respect human rights and international labor standards. Our Supplier Code of Conduct sets down our social and environmental requirements. Our activities focus on engaging in dialogue with suppliers where shortcomings are noticed about their production methods and labor process. Subject to the outcome of the discussions we draw up an improvement program, the progress of which we monitor. In 2016, no supplier relations were terminated.</p> <p>The basis for our approach lies in our general purchasing conditions, Supplier Code of Conduct, self-assessments and on site audit program in the JAC cooperation. KPN participates in the joint site audit program of the JAC cooperation. In 2016, JAC raised 304 CSR issues at suppliers following on-site audit relating to working hours and health &amp; safety at suppliers. 280 issues in these two categories were resolved during 2016 (these included issues from previous years). 166 of 304 issues raised in 2016 are still pending.</p> <p>In 2016, JAC has raised 374 relating to human rights (these include the following auditing categories: health &amp; safety, working hours, child labor, wages, forced labor, discrimination, disciplinary and freedom of association and right to collective bargaining). 357 were resolved during 2016 (including issues raised in previous years). 213 out of 374 issues raised in 2016 are still pending.</p> <p>In 2016, JAC has raised 92 issues relating to business ethics (including corruption). 467 issues were resolved during 2016 (including issues raised in previous years). 314 of 517 issues raised in 2016 are still pending. It is noted that not all suppliers audited by the JAC cooperation are suppliers of KPN. All reports are made anonymous. See also: Sustainable suppliers, p. 60</p> <p><a href="http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm">http://corporate.kpn.com/company-kpn/csr/procurement/what-we-ask-of-our-suppliers.htm</a></p>	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Public Policy</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	This indicator is not material for KPN.
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>GRI 415: Public Policy 2016</b>	415-1	Political contributions	This indicator is not material for KPN.
<b>Customer health and safety</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Material items, p. 20 Appendix 3, Scope, reporting process and materiality determination, p. 190</p> <p>Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: all customers.</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	<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 issues exist with regard to mobile telecommunication masts and health risks. KPN wants mobile communication to be useful and enjoyable as well as safe and reliable. 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. In September 2012, Norwegian researchers published a report showing that there is no indication that radiation from cell phones and wireless networks is related to illnesses and medical conditions. Furthermore, they argue that any uncertainty about the conclusions of the research is negligible. More information on this topic and the survey can be found on the KPN website: <a href="https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm">https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm</a></p> <p>This indicator supports Principle 8 of the UN Global Compact.</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>GRI 416: Customer health and safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	Sustainable suppliers, p. 60 Impact of products and services, p. 48 Innovation and investments, p. 26 <a href="https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm">https://corporate.kpn.com/company-kpn/csr/telephones-masts-and-health.htm</a> This indicator supports Principle 1 of the UN Global Compact.	Reporting on the percentage of significant product and service categories for which health and safety impacts are assessed for improvement is considered not applicable to KPN. Our stakeholders do not request us to report on such information.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2016, there were no reports on legal actions initiated under national or international laws designed primarily for the purpose consumer safety and electromagnetic fields caused by (mobile) masts, that were pending or completed during the reporting period and in which the company has been identified as a participant.	
<b>Marketing And Labeling</b>			
<b>GRI 103: Management approach 2016</b>	103-1 Explanation of the material topic and its Boundaries	Appendix 3, Scope, reporting process and materiality determination, p. 190  Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: all customers, and suppliers, communities in countries of operation and in countries of suppliers' operations (re: conflict minerals) .  For KPN's involvement, see references 103-2	
	103-2 The management approach and its components	Customer loyalty, p. 22 Compliance & risk, p. 52  KPN has to comply with the Dutch Reclame Code Commissie which is the Dutch Advertising Code Authority. It contains a body of rules with which all advertising should comply and encourages sensible and responsible advertising. It applies to all forms of marketing including television marketing and telemarketing. Anyone who feels that an advertisement violates the Dutch Advertising Code may submit a complaint to the Advertising Code Committee. Besides the Dutch Advertising Code, KPN has to comply to the Dutch bel-me-niet-register, which is a national do not call list. Customers (both consumers and companies) can subscribe to this list. Organizations are not allowed to call potential customers for advertising purposes.  See also related performance indicators below	
	103-3 Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>GRI 417: Marketing and labeling 2016</b>	417-1	Requirements for product and service information and labeling	<p>Although KPN's activities with regard to privacy and security of customer data go beyond legislation, we have to comply with privacy regulation, for example regarding the use of customer data. KPN is obliged to inform customers on privacy information via the general purchasing agreement whenever a product is sold. Privacy and security are firmly embedded in all parts of the organisation, as it is part of the Compliance Risk Assessment framework. KPN's Privacy Statement, available in Dutch on KPN's website (<a href="http://www.kpn.com/algemeen/missie-en-privacy-statement/privacy-statement.htm">http://www.kpn.com/algemeen/missie-en-privacy-statement/privacy-statement.htm</a>), 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 websites. The Privacy Statement is also anchored in the CRA framework of KPN, meaning that extensive procedures are in place which have to be followed before changes are accepted and the Board of Management has to sign for all changes in the Privacy Statement. Employees receive training on KPN's privacy policy in the Company Code training. For more information on our management approach on privacy and security, see the white paper on this CSR theme. (though link included above).</p> <p>Privacy &amp; Security, <a href="http://corporate.kpn.com/dutch-society/privacy-security.htm">http://corporate.kpn.com/dutch-society/privacy-security.htm</a> and <a href="http://www.kpn.com/algemeen/alle-voorwaarden.htm">http://www.kpn.com/algemeen/alle-voorwaarden.htm</a> This indicator supports Principle 8 of the UN Global Compact.</p>
	417-2	Incidents of non-compliance concerning product and service information and labeling	<p>In 2016, there were four reports of incidents in the Netherlands regarding laws designed primarily for the purpose of customer information and marketing communications, that were pending or completed during the reporting period and in which the company has been identified as a participant. No incidents resulted in legal action. NB: This can include legal actions related to events in preceding years.</p>
	417-3	Incidents of non-compliance concerning marketing communications	<p>Compliance &amp; Risk, p. 52</p> <p>In 2016, there were four reports of incidents in the Netherlands regarding laws designed primarily for the purpose of customer information and marketing communications, that were pending or completed during the reporting period and in which the company has been identified as a participant. No incidents resulted in legal action. NB: This can include legal actions related to events in preceding years.</p>
<b>Customer privacy</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Material items, p. 20</p> <p>Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: all customers.</p> <p>For KPN's involvement, see references 103-2</p>

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
	103-2	The management approach and its components	<p>Privacy &amp; Security, p. 40</p> <p>For more information on our management approach on privacy and security, see white paper on our CSR theme Privacy &amp; Security, <a href="http://corporate.kpn.com/dutch-society/privacy-security.htm">http://corporate.kpn.com/dutch-society/privacy-security.htm</a></p> <p>For our Privacy Statement, see <a href="http://www.kpn.com/algemeen/missie-en-privacystatement.htm">http://www.kpn.com/algemeen/missie-en-privacystatement.htm</a></p> <p>This management approach supports Principle 8 of the UN Global Compact.</p>
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 418: Customer privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>Privacy &amp; Security, p. 40</p> <p>In 2016, KPN the Netherlands received 206 complaints about privacy. KPN's integrity experts review incident reports prompted by grievances, with the legal and regulatory framework being the first check made. The next step checks for violations of the KPN Company Code and of the relevant supporting codes.</p>
<b>Socioeconomic Compliance</b>			
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	<p>Material items, p. 20</p> <p>Where impacts occur: Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: not material.</p> <p>For KPN's involvement, see references 103-2</p>
	103-2	The management approach and its components	Compliance & Risk, p. 52
	103-3	Evaluation of the management approach	Corporate governance, Board of management (CSR governance), p. 62
<b>GRI 419: Socioeconomic compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic area	<p>Compliance &amp; Risk, p. 52</p> <p>The total monetary value of significant fines for non-compliance with (other) laws and regulations is EUR 9,937,000. There was one non-monetary sanction for non-compliance with (other) laws and regulations, including with laws and regulations concerning the provision and use of products and services in 2016.</p>
<b>Additional material topics for KPN</b>			
<b>Customer loyalty</b>			
		Topic boundary	<p>Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: all customers.</p>
		Net Promoter Score (NPS)	Customer loyalty, p. 22 Appendix 3, Scope, reporting process and materiality determination, p. 190
		RepTrak	Customer loyalty, p. 20 Appendix 3, Scope, reporting process and materiality determination, p. 190

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>ICT Infrastructure investments*</b>			
	Topic boundary	Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text). Outside: society in countries of operations.	
	Investments in telecommunications infrastructure.	Our purpose, p. 10 Our strategy, p. 16 Quality and reliability of networks p. 24 Innovation and investments, p. 26	
<b>Electromagnetic fields*</b>			
	Topic boundary	Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text) Outside: society in countries of operations	
	Describe policies and practices with respect to electromagnetic fields.	KPN strictly obeys with all national and international regulation and prescriptions concerning electromagnetic fields (EMG) and holds a stricter safety margin than necessary. The exposure to electromagnetic radiation is 200 times lower than international standards prescribe. KPN has standard procedures in place for implementation of new  legislation, evaluation and improvements. There are no specific exceptions on these procedures as regards to legislation in the field of EMF. <a href="http://corporate.kpn.com/telephones-masts-health">http://corporate.kpn.com/telephones-masts-health</a>	
<b>Digital divide*</b>			
	Topic boundary	Inside: KPN Group (focus on The Netherlands) Outside: customers and communities in countries of operation	
	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	Customer loyalty, sponsoring, p. 23 <a href="http://www.kpnmcf.com">http://www.kpnmcf.com</a>	
	Policies and practices to ensure availability and reliability of telecommunications products and services.	Our purpose, p. 10 Quality and reliability of networks, p. 24 Innovation and investments, p. 26	
	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	KPN is responsible for operating the technical heart of the 1-1-2 emergency service in the Netherlands. Within KPN, the SQC (Service Quality Center) is responsible for monitoring the 1-1-2 service 24/7 and detecting (possible) service disruptions. SQC is also responsible for managing (possible) 1-1-2 service disruptions, using its proven Be Alert incident escalation process. Furthermore, SQC is responsible for approving infrastructure changes that have (possible) impact on the 1-1-2 service. The incident and change processes are run in combined teams with KPN and the government. Each incident and each change is evaluated together with KPN and the government and improvements are agreed and implemented.	

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GRI Standard	GRI Disclosure	Page number(s), URL(s) and/or information	Omission
<b>Secure Use Of Products And Services*</b>			
	Topic boundary	Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text) Outside: governments, local authorities, communities in countries of operation	
	Explain policies and practices to manage human rights issues relating to access and use of telecommunications products and services. > Interaction with governments on security issues for surveillance purposes; > Interaction with national and local authorities and own initiatives to restrict criminal or potentially unethical content; > Protecting vulnerable groups such as children.	Privacy & Security, p.40 For more information on our management approach on privacy and security, see white paper on our CSR theme Privacy & Security, <a href="http://corporate.kpn.com/dutch-society/privacy-security.htm">http://corporate.kpn.com/dutch-society/privacy-security.htm</a>	
<b>Technological Applications ICT*</b>			
	Topic boundary	Inside: KPN Group (exceptions and/or limitations are indicated in footnotes to the tables or text) Outside: governments, local authorities, communities in countries of operation	
	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing).	Innovation and investments, p. 26 Impact of products and services, p. 48 Environmental performance, p. 44	
	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	Innovation and investments, p. 26 Impact of products and services, p. 48 Environmental performance, p. 44 Appendix 7, Environmental figures, p. 1	
	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	Innovation and investments, p. 26 Impact of products and services, p. 48 Environmental performance, p. 44 Appendix 7, Environmental figures, p. 1	

\* Topics from pilot version of GRI Telecommunications Sector Supplement (2003)

## Appendix 10. List of top risks

Category	Risk	Countermeasure	Evaluation	
<b>Intensified competition</b>	<p>KPN could face increased competition on services and network access from current competitors as well as new market entrants and OTT players, or from market consolidation. Competition can occur based on price, content, increase of investment in customer acquisition or retention costs, subscription options, coverage and service quality. These factors could lead to lower profitability as well as lower market shares.</p>	<ul style="list-style-type: none"> <li>&gt; Offer bundled services (triple-play, quad-play) and competitive price/ portfolio combinations, such as KPN Compleet and KPN EEN</li> <li>&gt; Improve NPS and invest in quality of service</li> <li>&gt; Introduce new innovative products and services to meet changing customer needs</li> <li>&gt; Roll-out of LTE and FttH/FttC network</li> <li>&gt; Strengthen distribution power with business partners, online channels and shops</li> <li>&gt; Multi-brand strategy</li> <li>&gt; Strategic partnerships and cooperation with OTT players</li> <li>&gt; Intensified investments in business market portfolio (e.g. cloud services, M2M, hosting and security)</li> <li>&gt; Simplification program. 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 swift response to new market developments.</li> <li>&gt; Small in-country M&amp;A and KPN Ventures to form partnerships with innovative companies.</li> </ul>	<p>Likelihood Impact Trend</p> <p>Monitoring KPI: &gt; Market shares</p>	<p>Medium-High High →</p>
<b>Disruptive technologies or business models and failure to introduce new products and services</b>	<p>KPN's business model and financial performance could be affected by (disruptive) technologies and new players. KPN's response to new technologies (such as E-SIM, blockchain, artificial intelligence) and market developments and its ability to successfully introduce new competitive products or services, are essential to KPN's performance and profitability in the long run.</p> <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>	<ul style="list-style-type: none"> <li>&gt; Develop new services, business models and pricing models</li> <li>&gt; Closely monitor market developments and trends in customer demands</li> <li>&gt; Develop strategic partnerships with OTT players and network suppliers</li> <li>&gt; Implement an agile organization, technology (such as applying open innovation models and standardized technology) and processes to enable swift response to new market developments</li> <li>&gt; Operator of the Future project and 'Proof of Concept' of new technologies</li> <li>&gt; KPN ventures: form partnerships with innovative companies, to foster outside-in innovation on areas such as Internet of Things, eSecurity, Cloud, eHealth and Connected Home.</li> </ul>	<p>Likelihood Impact Trend</p> <p>Monitoring KPI: &gt; Revenues new business &gt; Market sizes (Mobile, Fixed, TV etc )</p>	<p>Medium-High High ↗</p>

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Category	Risk	Countermeasure	Evaluation	
<b>Reputation risk due to operational and quality related incidents</b>	KPN's 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 or by failures in supporting computer systems. These incidents could have a negative impact on KPN's reputation, customer satisfaction and profitability.	<ul style="list-style-type: none"> <li>&gt; Monitor performance of technical infrastructure (e.g. traffic growth and utilization rate) and IT</li> <li>&gt; Benchmark quality of the technical infrastructure</li> <li>&gt; Strengthen the IT and continue implementation of the KPN Security Policy</li> <li>&gt; Strengthen strategic programs to simplify and rationalise IT/TI management</li> <li>&gt; Back-up and recovery plans in case of emergencies including adequate external communication (e.g. 'be alert' procedures)</li> <li>&gt; For business continuity in the Netherlands:               <ul style="list-style-type: none"> <li>&gt; internal continuity and disaster recovery programs</li> <li>&gt; regional roaming in which a part of mobile voice traffic can be transferred to other operators in the event of calamities.</li> </ul> </li> </ul>	Likelihood Impact Trend	Low-Medium Medium →  Monitoring KPI: > NPS NL > Weighted Downtime Reduction > Quality of networks and service platforms (customer perception) > # Service Tickets
	Simplification and quality: KPN may make insufficient progress in realizing necessary quality improvements (NPS, First Time Right) and time-to-market of new products and services may be too long, which could lead to lower customer satisfaction/NPS and lower motivation of employees.	Ensure that the following improvement actions of recent years will be maintained: <ul style="list-style-type: none"> <li>&gt; Execution of quality improvement programs such as 'First Time Right' and 'Quality Circle'</li> <li>&gt; Centralization of innovation and govern innovations and simplification at executive level; strong planning of new innovation and simplification projects</li> <li>&gt; Simplification program. 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> <li>&gt; Rationalisation of products and services in Business Market</li> </ul>	Likelihood Impact Trend	Low Medium →  Monitoring KPI: > Application Reduction > CAPEX as % of revenues
	KPN may fail to meet stakeholder expectations relating to energy, emissions and sustainability. This could lead to loss of customers, loss of profitability in the future and reputational damage.	<ul style="list-style-type: none"> <li>&gt; Continued efforts on reducing energy and emissions and to strengthen sustainability</li> <li>&gt; Continued dialogue with KPN's main stakeholders regarding their expectations for energy, emissions and sustainability</li> <li>&gt; Maintain KPN's climate neutral performance</li> <li>&gt; External communication program about KPN's activities on corporate social responsibility (e.g. Klassecontact) and on energy management (e.g. realization of CO<sub>2</sub> neutral data centers in Eindhoven) and the benefits for KPN customers and Dutch society.</li> </ul>	Likelihood Impact Trend	Low Low ↘  Monitoring KPI: > Energy consumption

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Category	Risk	Countermeasure	Evaluation	
<b>Reputation risks due to information security threats</b>	Threats to the confidentiality, integrity or availability of KPN's networks, systems, or data (including customer data) caused by cyberattacks or terrorism.	<ul style="list-style-type: none"> <li>&gt; Continued implementation of the KPN Security Policy</li> <li>&gt; Continued and reinforced strategic security programs such as Permanent Vulnerability Management, Safemail, Endpoint Protection, and DNS &amp; Network Security.</li> <li>&gt; Continue and strengthen Security Operations Center to improve security visibility and risk intelligence</li> <li>&gt; Consolidate and maintain quality asset registration and configuration management database which enables rapid response to attacks</li> <li>&gt; Continue HR strategy focused on attracting and retaining leading security experts</li> <li>&gt; Educate and increase awareness of personnel for security and privacy</li> </ul>	Likelihood Impact Trend	High High ↗
<b>Risks relating to regulatory and legislative matters</b>	<p>KPN may face issues in relation to non-compliance with regulation, including –but not limited to– privacy regulation. These incidents could have a negative impact on KPN's reputation and relationship with regulators and/or supervisors.</p> <p>New regulatory decisions in the EU and the Netherlands could affect KPN's future operations and profitability, such as decisions regarding net neutrality, level playing field in access regulation and level playing field between telco and internet players, spectrum auctions, electromagnetic radiation of (mobile) equipment and the introduction of international roaming in 2017 ('roam like at home').</p>	<ul style="list-style-type: none"> <li>&gt; Proactive stakeholder and reputation management including dialogue with regulators on predictable and pro-competitive (wholesale-based) regulation to minimize interventions in retail markets consistently over time</li> <li>&gt; Strengthening the effectiveness of the compliance organisation: <ul style="list-style-type: none"> <li>&gt; Centralized organization for compliance and risk management</li> <li>&gt; Compliance training sessions for staff and management</li> <li>&gt; E-learning about the Company codes for all staff members of KPN in the Netherlands</li> <li>&gt; Proactive internal compliance investigations</li> <li>&gt; Surveys and culture improvement programs</li> <li>&gt; Improving and maintaining a robust internal control framework dedicated to complying with Telco regulation</li> <li>&gt; Ringfencing Wholesale within operations.</li> </ul> </li> </ul>	Likelihood Impact Trend	Medium Medium →
	Participation in spectrum auction in the Netherlands in 2019 (700, 1400 and 2100 Mhz): KPN has to acquire or to renew the required frequency blocks and may have to pay a high price for the required spectrum.	<p>Thorough preparation by experienced KPN team and external experts; extensive simulation of auctions.</p> <p>Use alternative combinations of spectrum and advanced techniques to meet required technology.</p> <p>Prudent financial policies to secure adequate funding.</p> <p>Proactive stakeholder management and dialogue with regulators and other governmental bodies.</p>	Likelihood Impact Trend	Medium High →

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Category	Risk	Countermeasure	Evaluation	
	<p>Tax: Adverse decisions or interpretations of tax authorities on pending disputes or changes in tax treaties, tax laws, OECD guidelines, EU Directives, rules could have a material adverse effect on KPN's net result and cash flow.</p> <p>More stringent policy of Ministry of Economic Affairs with regard to 'Speur &amp; Ontwikkelwerk' statements which impacts WBSO and Innovation Box benefits.</p> <p>If business results stay behind expectations, KPN's net DTA may have to be impaired, partly or in full.</p>	<ul style="list-style-type: none"> <li>&gt; Continuous monitoring of company-wide tax strategy and tax policy</li> <li>&gt; Tax planning</li> <li>&gt; Maintain good working relationships with tax authorities</li> <li>&gt; Maintenance of internal control framework for key tax risk areas</li> <li>&gt; Defending KPN's position through court procedure</li> <li>&gt; If (taxable) profits do not develop according to plan, timely action /tax planning is needed to avoid impairment (loss) of DTA.</li> </ul>	<p>Likelihood Impact Trend</p> <p>Monitoring KPI: &gt; Effective tax rate &gt; EBITDA &gt; Cash flow</p>	<p>Medium High →</p>
<b>Lack of return on investments, impairment of assets</b>	<p>High investments in fiber, copper or mobile infrastructure, including licenses, may not be recovered. The mobile market is characterized by increasing competition, accelerating changes in customer behavior, increasing price pressure and shrinking markets; also, large-scale investments in infrastructure are required to meet capacity demands. For the fixed market, fiber roll-out may not meet expectations and activations may fall behind, not reaching the required coverage ratio. 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 assets, licenses and goodwill.</p>	<ul style="list-style-type: none"> <li>&gt; Balance the investments in fixed and mobile networks and platforms</li> <li>&gt; Continuous monitoring of realisation strategic business plans and performance, e.g. utilization and return on investments</li> <li>&gt; Decision-making for investments based on strong business cases</li> <li>&gt; Develop strategic partnerships and investigate options for network sharing</li> <li>&gt; Centralization of the management of capital expenditures</li> <li>&gt; Implement a solid investment policy</li> <li>&gt; Monitor profitability of the cash generating units and network penetration.</li> </ul>	<p>Likelihood Impact Trend</p> <p>Monitoring KPI: &gt; RoCE</p>	<p>Medium Medium-High ↘</p>
<b>Impairment risk financial assets</b>	<p>In 2014 KPN obtained a 20.5% stake in Telefónica Deutschland as a result of the sale of E-Plus (15.5% as of December 31, 2016). This stake is reported as an 'available-for-sale financial asset' and measured at fair value, which is based on the share price of Telefónica Deutschland on the stock market. The share price is volatile, which could lead to an impairment of the stake in Telefónica Deutschland which consequently could lead to volatility in KPN's Consolidated Statement of Profit or Loss.</p>	<ul style="list-style-type: none"> <li>&gt; Monitor share price of Telefónica Deutschland</li> </ul>	<p>Likelihood Impact Trend</p> <p>Monitoring KPI: &gt; Shareprice TEFD</p>	<p>Medium-High Medium-High →</p>

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Category	Risk	Countermeasure	Evaluation	
<b>Financing KPN and volatile financial markets</b>	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.	KPN ensures solid access to debt capital markets by: <ul style="list-style-type: none"> <li>&gt; Commitment to an investment grade credit profile</li> <li>&gt; Maintaining a strong liquidity position and pre-funding debt redemptions</li> <li>&gt; Monitoring and forecasting of metrics used by rating agencies</li> <li>&gt; Maintaining discipline in allocating capital to investment opportunities and shareholder remuneration.</li> </ul>	Likelihood Impact Trend	Low-Medium High ↘
	Uncertainty or changes in financial markets could negatively affect pricing and availability of KPN's funding sources.	<ul style="list-style-type: none"> <li>&gt; Cash flow forecasting to ensure sufficient liquidity headroom in both normal and stressed market circumstances</li> <li>&gt; Maintaining a varied maturity profile, limiting the amount of debt maturing in any one calendar year</li> <li>&gt; Financing upcoming debt maturities well ahead of their maturity</li> <li>&gt; Diversification in funding sources</li> </ul>	Likelihood Impact Trend	Medium Medium →
<b>Dependence on suppliers and outsourcing / offshoring partners</b>	<p>KPN could depend too heavily on its ability to obtain adequate telecommunications equipment, software and IT services, and on contractors' ability to build and roll out telecommunications networks, as well as suppliers' ability to deliver technical support. This could lead to an inability to deliver the required services at the right price and quality level.</p> <p>Furthermore, contractual obligations as included in agreements with KPN customers may not be properly translated into the relevant third party supplier contracts.</p> <p>Suppliers of KPN could breach relevant legislation such as dataprotection, privacy, human rights and/or environmental laws, which could negatively impact KPN's reputation.</p>	<ul style="list-style-type: none"> <li>&gt; Establish a strong and centralised demand and contract management organization that defines, enforces and monitors compliance of suppliers with terms of contracts and prepare re-transition plans as fallback scenario</li> <li>&gt; Simplify the supplier landscape to align with KPN's strategy and cost focus</li> <li>&gt; Follow a well-defined outsourcing process (toll gates, risk analyses etc)</li> <li>&gt; Evaluate outsourced activities on effectiveness and efficiency and (where applicable) prepare a re-transition plan for insourcing</li> <li>&gt; Include contractual ability to terminate the contracts based on non-performance</li> <li>&gt; Include a right to audit clause in supplier contracts and conduct regular audits</li> <li>&gt; Monitor that suppliers comply with the KPN Security Policy</li> <li>&gt; Align customer contract requirements with supplier contract requirements (this alignment is part of the governance rules for outsourcing)</li> <li>&gt; Communicate KPN's Supplier Code of Conduct to all suppliers</li> <li>&gt; Request all medium- and high-risk suppliers to confirm compliance with KPN's Supplier Code of Conduct</li> <li>&gt; For high-risk suppliers, performance of audit procedures to evaluate suppliers' compliance with international standards for human rights and environmental laws. Monitor that suppliers give timely follow-up on main audit findings</li> <li>&gt; Preference for 'single sourcing' with a fall back scenario to other suppliers, using more open source software, more standardization in networks and commoditization of backends</li> </ul>	Likelihood Impact Trend	Medium Medium →

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Category	Risk	Countermeasure	Evaluation	
<b>Employment and diversity</b>	<p>KPN may not be able to attract and retain qualified and diverse staff members, which could lead to insufficient competency in KPN's workforce. Also, employees or new candidates may have negative perceptions or uncertainties about KPN's future.</p> <p>If KPN does not meet the diversity goals and 'social return' requirements, this could impact KPN's future profitability, customer satisfaction and reputation.</p> <p>Restructurings could lead to less motivated personnel and/or key personnel leaving the Company and thus loss of knowledge and continuity.</p>	<ul style="list-style-type: none"> <li>&gt; Improve skilled and talented workforce by:               <ul style="list-style-type: none"> <li>&gt; Innovative and inspiring talent management programs to attract and maintain qualified staff</li> <li>&gt; KPN Ventures to discover new talent and make KPN more attractive for talented employees</li> <li>&gt; Promote technical education initiatives at high schools and universities to attract new and diverse workforce.</li> </ul> </li> <li>&gt; Communicate with (key) staff about reasons for restructuring and value their opinions</li> <li>&gt; Improve employee satisfaction and attractiveness as employer</li> <li>&gt; Continued implementation of KPN's policy to improve diversity in KPN's workforce.</li> </ul>	<p>Likelihood Impact Trend</p> <p>Monitoring KPI: &gt; Employee Satisfaction &gt; % women in cao 12 and higher</p>	<p>High Medium →</p>
<b>Equity erosion</b>	<p>Group equity position may be negatively impacted by impairments of goodwill or other financial assets, lower profits or future dividend payments.</p>	<ul style="list-style-type: none"> <li>Improve profitability of KPN Group</li> <li>Balanced shareholder remuneration in relation to profit and cash flow development</li> </ul>	<p>Likelihood Impact Trend</p> <p>Monitoring KPI &gt; Group equity position</p>	<p>Medium-High High →</p>

↗ risk is increasing (worsening) → risk is stable ↘ risk is decreasing (less bad)