KPN Stakeholder engagement policy

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1 Introduction and objective

Our CSR policy is based on the dialog with our stakeholders. We conduct dialogs with our stakeholder to make sure our CSR policy is in line with the expectations of our stakeholders and the trends in society. They are our eyes and ears for developments in society. We carefully listen to their suggestions to KPN and try to understand and learn from this input. We also use these dialogs to maintain a good relationship with stakeholders and to inform the stakeholders about our CSR policy and activities. These conversations are of paramount importance for us.
2 Governance

This policy is applicable to the KPN Group. The Corporate Communications & CSR department is responsible for the corporate stakeholder engagement policy. This is part of the CSR policy. The Board of Management members are responsible for our social themes and they are responsible for stakeholder engagement on these themes on corporate level. The programs for the social themes need to include a dedicated team, clear KPI’s and reviews, an innovation agenda, a social agenda and a communication toolkit. Part of the social agenda is stakeholder engagement, which is thus a structural part of the programs for our social themes and a responsibility of the Board of Management.

Stakeholder engagement takes place on other levels in the company as well. Segments, departments and other organizational units are responsible for implementing local stakeholder engagement according to the corporate policy. We have a dedicated department in place with regional directors who are responsible for stakeholder engagement on local and regional governmental level. The regional directors report to the COO which emphasizes the fact that they have a focus on customer service and our networks, rather than a commercial focus.
### 3 Stakeholder engagement plan

#### 3.1 Stakeholder definition

To define stakeholder groups and specific stakeholders, the following format can be used:

<table>
<thead>
<tr>
<th>Stakeholders*</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPN has a legal relationship with the stakeholder (e.g. formalized contractual or business relationship).</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Decisions and activities of KPN can have a negative/positive effect on the stakeholder.</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Stakeholder could help to address the negative or positive social impact of KPN.</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Probability stakeholder could be/ is worried about decisions and activities of KPN</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>The stakeholder is relevant to the ICT industry and to KPN's social themes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>The stakeholder influences the fulfillment of responsibilities of KPN</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>If the stakeholder is not involved he can be disadvantaged</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>The stakeholder takes a position in the value chain of KPN</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>The view of the stakeholders is valuable because KPN's operations impact on the interests they represent.</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Total score</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

*Stakeholders can be defined from at least the following stakeholder groups: Investment experts, financial organizations, Customers/consumers, Suppliers, Social organizations/ NGO's, Media, Professional relations, Government and regulators, Strategic partners, Employees and employee representatives, Sector associations.

First relevant stakeholders and their profile need to be defined. Relevant stakeholders are all parties that at least fit one of the criteria listed in the table. We define per stakeholder a profile. The profile should include:
- existing relationship with KPN
- dependency on KPN
- level of influence
- stakeholder group
- geographical scale of stakeholder
- legitimacy
- relationships with other stakeholders

The profile is input for defining the level of engagement with the stakeholder. To define the level of engagement with the stakeholders, a prioritization needs to be made. Based on the level of applicability of a criterion for a certain stakeholder, a score per criterion (e.g. a score from 1-5) can be given. By calculating the total score per stakeholder, a priority list of stakeholders is defined.

Mapping can be based on any of the criteria used to profile the stakeholders. The owners of the engagement can map the stakeholders in any number of ways and may wish to use several maps to gain better insight. For example, the owners of the engagement may wish to map level of influence...
against willingness to engage, type of stakeholder against level of influence, or capacity to engage and knowledge of issues against expectations.

In general, all stakeholder groups in the table below are of the utmost importance to KPN. Categories A-C are our most direct influencers and therefore most important, followed by categories D-G. Categories H and I have a different status as they directly influence the functioning of the organization.

People responsible for stakeholder engagement should define a stakeholder plan according to the following format:

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Stakeholder Profile</th>
<th>Method</th>
<th>Frequency</th>
<th>Important topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Top level relations*</td>
<td>CEO’s and top level relations in/at companies, organizations, politics, government, regulators, NGO’s, Suppliers and partners, NL Influencers,</td>
<td>See top level relation management Program 2014 Responsible: Corporate Communications and Public Affairs</td>
<td>Program offers several contact and dialogue moments a year</td>
<td>Company actuals, Sustainability, Security &amp; Privacy, ICT Infrastructure NL, Environmental Performance, Health care of future, Transparent &amp; reliable service provider, New way of working &amp; living</td>
</tr>
<tr>
<td>B Customers</td>
<td>All customers in all sectors in the B2B market and B2C market</td>
<td>Sales has a sector approach by a targeted relationship management program to create a multilevel stakeholder program in the DMU of customers to create a sustainable relationship with customers by dialogues Responsible: Sales management For B2C marketed KPN organize several dialogue sessions, face to face customer meetings to hear with they bring to table and what they want KPN to manage.</td>
<td>Program offers several contact and dialogue moments a year</td>
<td>Security &amp; Privacy, ICT Infrastructure NL, Health care of future, Transparent &amp; reliable service provider, New way of Living &amp; Working</td>
</tr>
<tr>
<td>C Investors</td>
<td>Investors, financial analysts and other financial stakeholders</td>
<td>Program with regular updates and face to face moments to creates a sustainable relationship with this stakeholder Responsible: Investor Relations</td>
<td>Quarterly financial updates and several strategic updates Program offers several contact and dialogue moments a year</td>
<td>Financial reporting, Security &amp; Privacy, ICT Infrastructure NL, Health care of future, Transparent &amp; reliable service provider</td>
</tr>
<tr>
<td>D Regulatory &amp; Government</td>
<td>Ministers DG/SG Members of parliament Regulators Public administration etc.</td>
<td>Targeted program for stakeholder management of these stakeholders Responsible: Public Affairs and regional directors</td>
<td>Program offers several contact and dialogue moments a year</td>
<td>Security &amp; Privacy, ICT Infrastructure NL, Environmental Performance, Healthcare of future, Transparent &amp; reliable service provider, New way of Living &amp; Working</td>
</tr>
<tr>
<td>Stakeholder group*</td>
<td>Stakeholder Profile</td>
<td>Method</td>
<td>Frequency</td>
<td>Important topics</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------------------</td>
<td>---------------------------------------------</td>
<td>------------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td>E</td>
<td>Influencers</td>
<td>Influencers that look after our stakeholders' interest or can help us to maintain a sustainable relationship with our key stakeholders</td>
<td>Communication- and stakeholder management programs to create dialogue and a sustainable relationship with influencers in NL. Responsible: Corporate Communications, Regional Directors &amp; Public Affairs</td>
<td>Security &amp; Privacy, ICT Infrastructure NL, Environmental Performance, Health care of future, Transparent &amp; reliable service provider, New way of Living &amp; Working</td>
</tr>
<tr>
<td>F</td>
<td>NGO's</td>
<td>Dutch NGO's in NL that looks after our customers interest or interest of delicate groups in society.</td>
<td>Program with regular updates and face to face moments to create a sustainable relationship with this stakeholder. Responsible: Public Affairs</td>
<td>Environmental Performance, Security &amp; Privacy, ICT Infrastructure NL, Health care of future, New way of Living &amp; Working</td>
</tr>
<tr>
<td>G</td>
<td>Media</td>
<td>Editors and journalist of all Dutch newspapers, news sites, opinion papers and magazines and verticals who are interested in KPN's performance and role in the Netherlands, or has an opinion about KPN.</td>
<td>Communication- and stakeholder management programs to create dialogue and a sustainable relationship with media. Program contains regular updates along the corporate themes and face to face moments to create a sustainable relationship with Dutch Media. Responsible: Corporate Communications</td>
<td>Security &amp; Privacy, ICT Infrastructure NL, Health care of future, Transparent &amp; reliable service provider, New way of Living &amp; Working</td>
</tr>
<tr>
<td>H</td>
<td>Suppliers &amp; strategic partners</td>
<td>Suppliers and partners who KPN is cooperating with to become a sustainable transparent reliable service provider.</td>
<td>A targeted program to create sustainable relationships with this stakeholders and once a year KPN organize the supplier day. All Partners has relevant contact persons in within the company and all suppliers are connected via the purchasing department. Responsible: Purchasing Office and Business</td>
<td>Security &amp; Privacy, ICT Infrastructure NL, Health care of future, Transparent &amp; reliable service provider, New way of Living &amp; Working</td>
</tr>
<tr>
<td>I</td>
<td>Employees</td>
<td>People at work at KPN, direct or indirect on a fixed or flexible base and the councils and unions who take care of their interest</td>
<td>Program with regular updates and face to face moments to create a sustainable relationship with this stakeholder. Responsible: human resource department</td>
<td>Security &amp; Privacy, ICT Infrastructure NL, Health care of future, Transparent &amp; reliable service provider, New way of working &amp; living</td>
</tr>
</tbody>
</table>

*Stakeholders can be defined from at least the following stakeholder groups: Investment experts, financial organizations, Customers/consumers, Suppliers, Social organizations/ NGO's, Media, Professional relations, Government and regulators, Strategic partners, Employees and employee representatives, Sector associations.*
3.2 Engagement methods and frequency

The method and frequency of engagement with the stakeholder is defined based on the goal of the dialog and the priority of the stakeholder or stakeholder group.

Methods and media we use are:
- regular conventional contacts with stakeholder
- interviews/one-on-one contact
- multi stakeholder dialog/exchange sessions
- surveys (e.g. customer/consumer survey)
- websites
- internal and external social media
- customer magazines
- associations and co-operations (within and outside of the ICT sector)
- events in which we and external stakeholders discuss KPN's role in society or issues regarding our social themes.

3.3 Challenges in stakeholder engagement

We stay in touch with our stakeholders, even in commercially challenging cases. There can always be overarching goals or broader mutual interests that make stakeholder engagement worthwhile. Public procurement rules within the EU guarantee that KPN can always participate and engage in tenders. Moreover, it is part of Dutch culture to stimulate engagement and participation with all stakeholders concerned.

As we engage quite a lot with our stakeholders, we run the risk of stakeholder fatigue. Therefore, in case of the major stakeholder events, we always make sure that we offer an interesting program in return for their input and we make sure as many members of the Board of Management as possible are present during stakeholder discussions and available for interaction afterwards.
3.4 Results of Stakeholder Engagement

The results of the stakeholder engagement should be recorded and discussed internally and (when relevant and/or appropriate) externally. Below an example of a stakeholder engagement report is shown. A report should be confirmed by the stakeholder(s) involved. If relevant it can also be published on the KPN website and/or in the CSR report.

It is important to discuss the results with relevant KPN employees and define how the results could influence KPN’s decisions and activities. Based on the influence actions should be defined.

**Example stakeholder engagement results report**

Stakeholder group:
Stakeholder:
Participants:
Date:

Topics:
1.
2.
3.

Most important results topic 1
Most important results topic 2
Most important results topic 3
4 More information

This policy is based on the AA1000 Stakeholder Engagement Standard. More information can be found on: http://www.accountability.org/standards/