

Circular service design for B2B

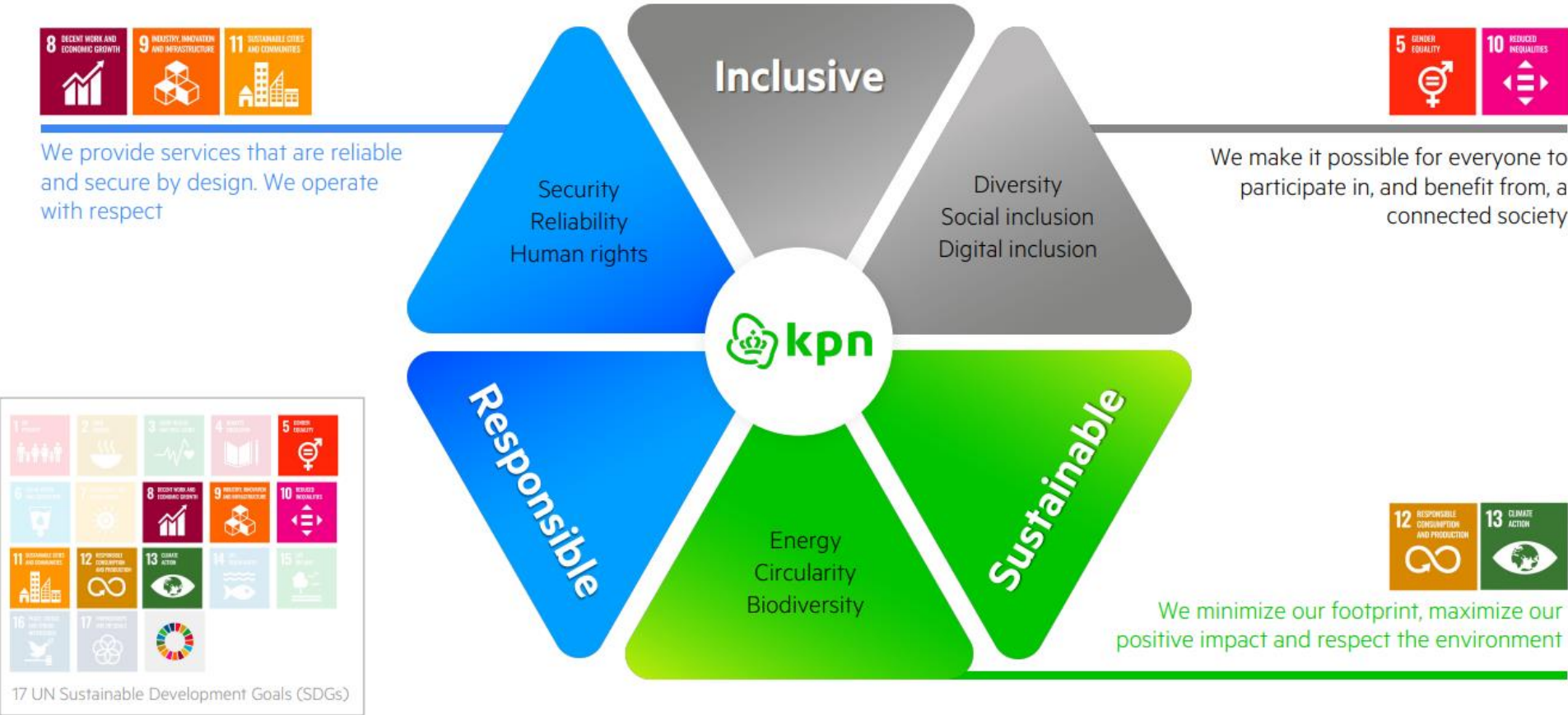
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11 November 2023
Jaarcongres Circulaire IT

kpn. The network of the Netherlands



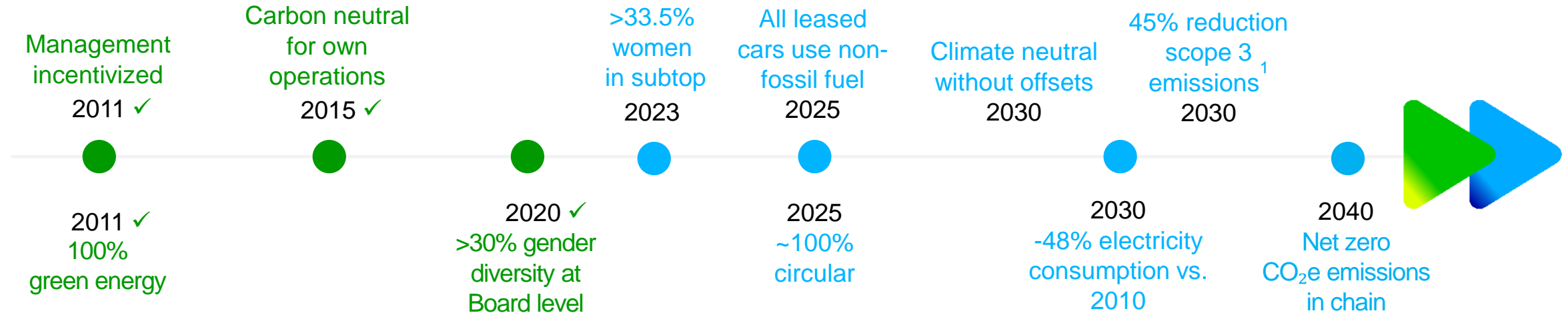
ESG fully embedded in KPN Strategy



ESG milestones and ambitions: aiming for net zero emissions by 2040

Important milestones crossed...

...and an ambitious agenda



Rankings & awards



CLIMATE



Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



B2B Portfolio and propositions

Business Outcomes



Client Interaction



Organizational Performance



Employee Productivity

Propositions



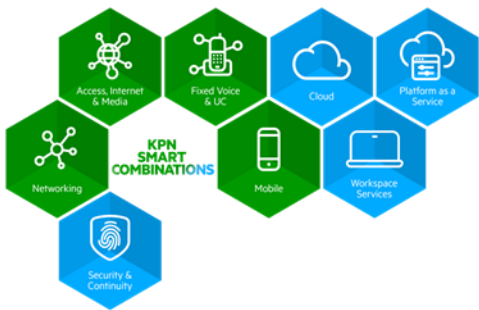
KPN SMALL BUSINESS

1 - 10 employees



KPN EEN MKB

2 - 150 employees



KPN SMART COMBINATIONS

> 150 employees



KPN SMART INTEGRATION

Top 100 customers

Segments

Portfolio



Access & Connectivity



Cloud & Workspace



Security & Business Continuity

Circular service design for B2B

Background:

- KPN strategic goal of “~100% circular in 2025”
- Need to make this tangible for the B2B segment
- Increasing customer demand for more circular services

Ambition: 12 services circular by design by 2025

Scope:

- Services in target portfolio
- Hardware owned by KPN or a 3rd party on behalf of KPN
- Hardware being customer premise equipment and SIM-based services

Three pillars for circular service design

1

Circular Sourcing
contracts and RFPs



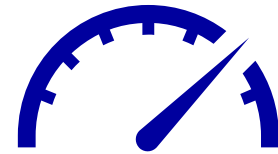
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Closing the loop
for reuse and recycling



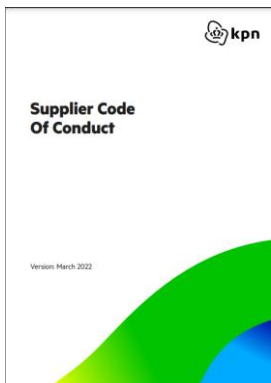
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Measuring performance
circular inflow and outflow



1 Circular Sourcing: contracts

Basic requirements: Supplier Code of Conduct



4. Environment

KPN has ambitious goals on sustainability (see <https://overons.kpn/en/>) and stimulates suppliers to contribute to these goals. Supplier shall comply and shall enable KPN to comply with all international, national, and local environmental laws and regulations that are applicable to their business operations. Supplier shall implement an Environmental Management System based on international standards such as ISO 14001 or EMAS. To reduce the environmental footprint, Supplier shall undertake continuous efforts to optimize their business, products and production processes in accordance with circular economy principles:

- Design for environment and reduce the use of virgin raw materials;
- Extend and optimize product use;
- Increase re-use and recycling and minimize incineration and landfill of waste;
- Energy efficiency.

Product requirements: Master agreements

Article E8	CE Conformity	6
Article E9	Production and Quality	6
Article E10	Circularity and Environmental Footprint	7
Article E11	Hazardous Substances and/or Preparations	7
Article E12	Packaging Requirements	7
Article E13	Audits	8
Article E14	Liability	8
Article E15	End-of-life Guarantees	8

Service Provider requirements: Annex for Outflow

Annex X

Specific terms and conditions for outflow of obsolete equipment, products and waste materials

Date : July 2022

Reference/version : final

2. Avoidance and reduction of Waste

1. Supplier shall prevent the release of Waste as much as possible (in accordance with the definition of the Environmental Management Act), wherever it carries out work for KPN.
2. All KPN outflow of (Waste) Electrical and Electronic Equipment, components, obsolete materials and/or Waste from which KPN disposes of must be processed as optimal as possible in line with the 'waste hierarchy' from the Waste Framework Directive (Directive 2008/98/EC):
 - a. (preparation for) Reuse;
 - b. Recycling;
 - c. Incineration (preferably with energy recovery);
 - d. Landfill (disposal).

3. Compliance with laws and regulations

1. Supplier and its Subcontractors must demonstrably comply with all laws and regulations relating to Waste, including but not limited to the following:
 - —
2. At KPN's first request, Supplier will demonstrate that it works in compliance with the relevant laws and regulations, including but not limited to what is stipulated in paragraph 1.

4. Reporting

1. Where Supplier collects, processes or has processed KPN outflow, Supplier shall provide KPN with reports on the processing of the KPN outflow on a monthly basis.
2. The report must comply with the KPN guidelines as included in the appendix ["KPN Reporting format for reuse_recycle final NL 14-06-2021 or KPN Reporting format for reuse_recycle final EN 14-06-2021].
3. At KPN's first request, Supplier will substantiate the reported volumes and breakdown of KPN outflow with information from the processing chain, specifying the following components:
 - a) (preparation for) Reuse;
 - b) Recycling;
 - c) Incineration (preferably with energy recovery);
 - d) Landfill (disposal).This data must be validated by Supplier at least once a year.

1 Circular Sourcing: RFP criteria

I. Social & Ethical General

- Supplier Code of Conduct
- Joint Audit Cooperation
- EcoVadis assessment
- Conflict minerals
- Critical Raw Materials
- CSR plan/references

II. Circularity - General

- Life Cycle Analysis
- Environmental Product declaration
- Product Passport
- Packaging
- Collection & return
- Reuse & Recycling

III. Circularity - Product

- Based on ITU-T L.1023 assessment method
 - Product Durability
 - Equipment: recycling, repair, reuse, upgrade
 - Manufacturer: recycling, repair, reuse, upgrade

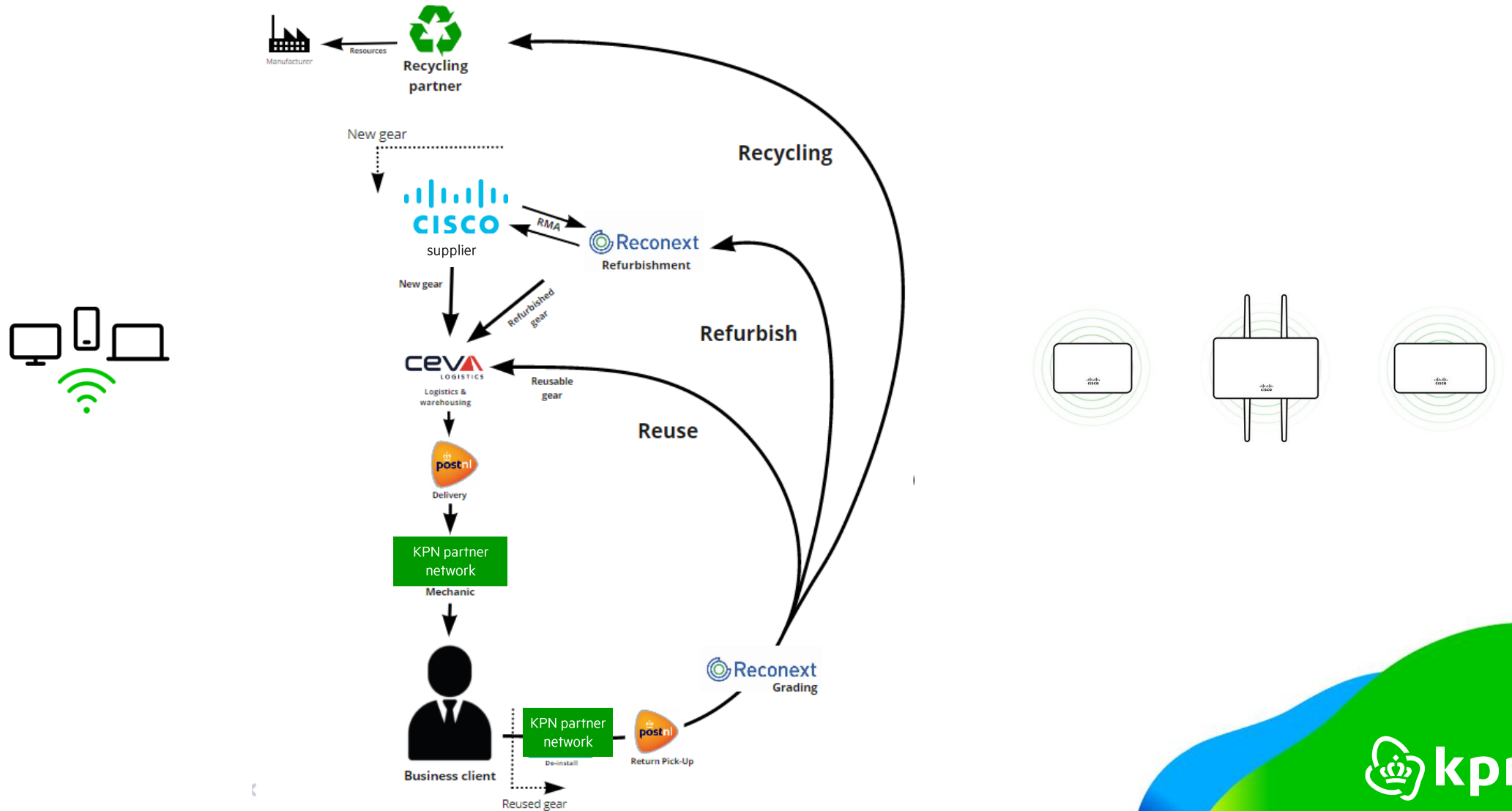
IV. Energy Solution level

- Energy consumption
- Energy monitoring features
- Energy reduction features

Next:

Contract clauses on carbon – leveraging the Joint alliance for CSR (27 Telco's)

2 Closing the loop for reuse and recycling

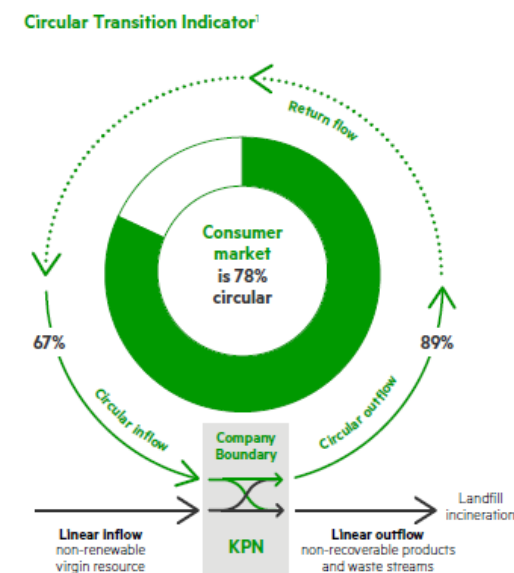


3 Measuring performance: circular inflow/outflow

Sample input: reporting format for outflow

[illegible]

Sample output: CTI consumer market 2022



Next:

10 Align circular framework with CSRD requirements

The journey so far and lessons learned



- Setting a target provides clarity and traction
- Start with building blocks that are actionable
- Engage from shop floor to top floor
- Focus on target portfolio and services
- Mapping processes and data give inspiration for simplification
- Manufacturers are getting more familiar with product circularity, CSRD sets common challenge
- Cooperation across functions (within KPN) and across the value chain is key for success!

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