

# Enabling sustainable digitalisation

CORPORATE RESPONSIBILITY  
REPORT 2020



# About this report

Corporate responsibility (CR) is a central component of the Telefónica Deutschland Group's business mindset and activities. In this CR Report, we present the key information regarding our sustainability activities. It is aimed at our stakeholders such as the customers, employees, business partners, shareholders, policy-makers, academia, non-governmental organisations (NGOs) and the interested public.

## Reporting period and report boundary

This CR Report contains information pertaining to the Telefónica Deutschland Group and Telefónica Deutschland Holding AG. This CR Report covers the financial year from 1 January to 31 December 2020. The report also contains information regarding relevant CR activities that extend beyond this period into other financial years. The quantitative key figures given in the report principally relate to the Telefónica Deutschland Group in the financial year 2020. Key figures that deviate from this are marked accordingly. The copy deadline for the CR Report is 30 March 2021. This report was published in German and English at the following online address in May 2020:

[www.telefonica.de/responsibility](http://www.telefonica.de/responsibility)

From this financial year, we are additionally reporting in accordance with the principles of the United Nations Global Compact (UNGC). This report constitutes a Communication on Progress (CoP). In this way, we are making a commitment to the UNGC's ten principles and undertake to realise these in the interests of governance for responsible corporate management. The CR strategy was developed further in the reporting year and will replace the previous Responsible Business Plan from 2021. An extensive materiality analysis performed in 2020 served as its basis. The results of the new materiality analysis will guide Telefónica Deutschland Group's actions from 2021 and will serve as the basis for its CR reporting in the reporting years to come.

The 2020 CR Report comprises the chapters "Managing corporate responsibility", "Responsible business", "Strengthening life in the digital world" and "Environmental and climate protection" that provide information on our CR strategy, measures, results, targets and challenges. During the coronavirus pandemic in 2020 we ensured there was reliable basic communication that met our customers' expectations regarding dependable network operation. At the same time, we introduced all the necessary measures to protect our staff in these extraordinary times. A detailed account of the pandemic and our handling of its impacts can be found in the chapter "Digital responsibility in times of the coronavirus pandemic" and on the [coronavirus information page](#).

In the chapter "Derivation and evaluation of the CR strategy", we show how we take frameworks into account in the orientation of our CR strategy and how we continuously evaluate our CR performance. The chapter "Facts and figures" then lists all the relevant key figures. The entire report (including the table of key figures and GRI content index) was audited by the

external audit firm PricewaterhouseCoopers (PwC) in accordance with the ISAE 3000 (Revised) standard with limited assurance.

## Report formats, reporting cycle and contact

We publish the CR Report annually. Readers with comments or questions can contact the CR team at [cr-de@telefonica.com](mailto:cr-de@telefonica.com).

The Combined Separate Non-Financial Report for Telefónica Deutschland Holding AG for the reporting year 2020 is available to download in German and English at [www.telefonica.de/nfs](http://www.telefonica.de/nfs). As such, we fulfil our obligation pursuant to the "Act to strengthen non-financial reporting by companies in their management reports and group management reports" (pursuant to Sections 315b, c in conjunction with 289b–289e of the German Commercial Code, HGB – based on the CSR Directive Implementation Act; CSR-RUG) and complement our management reporting with compact information on our sustainability achievements.

The 2020 Annual Report can be found at the following address: [www.telefonica.de/annualreport](http://www.telefonica.de/annualreport)

**GRI** 102-46; 102-50; 102-51; 102-52; 102-53; 102-54

### A note on human rights

We are committed to the human rights listed below and highlighted by the icons in the report.



Prohibition of child labour, protection of minors



Prohibition of slavery and forced labour



Prohibition of discrimination, the right to equal opportunities and treatment



Right to health, well-being and secure work



Right to work, fair pay, safe working conditions and social security



Observance of statutory working time regulations



Right to further training

## Comprehensive reporting in accordance with the GRI Standards and the UNGC principles

This report was prepared in accordance with the Comprehensive option of the GRI Standards. The report content was chosen on the basis of the principle of materiality and takes into account our stakeholders' crucial expectations, the impact of our business activity and decisions relating to corporate strategy.

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# Shaping digitalisation

## 1.0 Shaping digitalisation

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## 2.0 Managing corporate responsibility

## 3.0 Responsible business

## 4.0 Strengthening life in the digital world

## 5.0 Environmental and climate protection

## 6.0 Derivation and evaluation of the CR strategy

## 7.0 Facts and figures



Over  
**44 million**

**mobile connections**

Every second person in Germany  
uses our network.



## 1.0 Shaping digitalisation

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GRI 102-14

UNGC principles 1, 2, 7, 8, 9, 10

# Dear Readers,



COVID-19 has caused the greatest economic and social crisis since the end of the Second World War. Society and the economy have really been put to the test. The importance of digital infrastructures and services to society has been made more evident than ever. Overcoming the crisis would have been inconceivable without our networks and without digital solutions not only for telecommuting, home schooling and shopping, but also for social interaction between people.

For us, social responsibility during this crisis first and foremost meant safeguarding a stable efficient infrastructure in order to guarantee the secure basic communication services that were urgently needed. From the outset, another key priority for us was to contribute in a variety of ways to protecting people's lives and to social cohesion.

The opportunities and challenges of digital transformation have become even clearer in recent months. Our technology set-up is good and we effected the fastest and most extensive network expansion in our company's history last year in spite of the pandemic. As such, we have met the nationwide obligation of the Bundesnetzagentur (Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway; BNetzA) of mobile communications coverage for 98 % of all households. At the same time, we gave 5G the green light and are rolling the new mobile communications standard out in Germany. This represents a quantum leap for data-driven real-time applications where industry and consumers are concerned.



*"It became even clearer during the pandemic just how important digital infrastructure is. Our network is the backbone of the economy and society – we want to use this crisis responsibly as an opportunity for sustainable digitalisation."* **Markus Haas**

Digitalisation is not only with us only centrally in our day-to-day lives – it is also becoming a principal driver of greater sustainability. Achievement of this cannot be taken for granted, however, and calls for maximum creative energy and a will to change. This is because digitalisation is only sustainable if it couples healthy economic growth with the achievement of climate targets and the strengthening of social participation and cohesion. Our responsibility that we derive from this is as follows: we want to democratise access to a sustainable future to make day-to-day life better for everyone.

For us, corporate responsibility means applying our resources and technologies to play a part in solving societal and environmental challenges. Environmental and climate protection is one of our main thrusts here. We want to continue to be a pioneer within our industry and make a clear statement – our goal is to be climate-neutral by 2025 at the latest! Behind this goal is an ambitious climate strategy that supports the Paris Agreement and the 1.5-degree target. At the

same time, we are also supporting achievement of the global Sustainable Development Goals (SDGs) and are promoting the efficient use of clean energy.

An energy-efficient and high-performance network is not only good for the climate, but also for our ability to compete. This is why we continue to invest in comprehensive LTE expansion and the 5G infrastructure. Sustainable digitalisation is dependent above all on innovations. Our innovation laboratory Wayra is working closely with creative start-ups here, for example to make promising business models marketable with 5G and AI.

We are committed to people of all ages being able to benefit from the advantages of digitalisation. Our initiatives that tackle cyberbullying give young people encouragement, enabling them to navigate the Internet safely and confidently. We help the elderly assuredly explore the digital world with our advice and technology.

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The pandemic has also proved to be a decisive catalyst for digitalisation of the working world and virtual collaboration formats. We want to exploit our experience of these new ways of working and shape the digital world within our company with 5 Bold Moves. This will allow employees to work flexibly in various places and at times that suit them. We are also making the majority of business travel superfluous with virtual meetings and digital cooperation – thereby making another important contribution to climate protection.

2020 was also a year in which to take stock. Five years ago, we formulated our Responsible Business Plan 2020 comprising three focus areas, overarching ambitions and concrete objectives. We kept our word in all areas: our customers and employees are more satisfied than ever, energy consumption per data volume and greenhouse gas emissions have been significantly reduced and we have made a digital and self-determined life possible for more than 50 million people every year with our products and programmes. As such, we lived up to our stakeholders' expectations and our own aspirations.

The Telefónica Deutschland Group joined the United Nations Global Compact (UNGC) in 2020. In this way, we are making a commitment to the UNGC's ten principles and undertake to realise these in the interests of governance for responsible corporate management. In particular, this means protecting human rights and combating climate change and corruption.

We want to continue to make a significant contribution to a sustainable business strategy that establishes long-term values and minimises risks. We have therefore developed a future-oriented CR strategy on the basis of an extensive materiality analysis, resulting in the Responsible Business Plan 2025. With this plan, we will centrally manage the impacts of our business activities on people, society and the environment and will lay the foundations for our future sustainability reporting.

We want to set important milestones to advance sustainable digitalisation in Germany – O<sub>2</sub> will likely turn

the existing 3G technology entirely into the higher-performance 4G format a year earlier than planned and already provide more than 30% of the population with 5G by the end of 2021. We are the first German network operator to implement Open RAN in the live operations of O<sub>2</sub>, thereby marking the start of a new era in German mobile communications. In addition, thanks to partnerships, we already offer the largest fixed line network coverage in Germany and want to expand further here. The joint venture Unsere Grüne Glasfaser has set itself the goal of markedly improving coverage in particular in rural areas. We use green electricity to cover 96% of our power consumption, while the energy we procure and control ourselves is already 100% green electricity. On our way to achieving climate neutrality by 2025 we want to further increase the quality of the green electricity with power purchase agreements and our own power generation, further increase power efficiency and reduce carbon emissions.

We are proud of all the recognition we are given for our broad sustainability engagement. For example, the Telefónica, S.A. Group, to which the Telefónica Deutschland Group belongs, was once again recognised by CDP for its global leadership in climate protection. In Germany, we received the B.A.U.M. Environmental and Sustainability Award in the "Major companies" category.

*"I believe in the opportunities for greater social justice that digitalisation offers because digitalisation can lead to greater general prosperity and social participation. Both of these are important components for social justice. This calls for digital opportunities which are available to, affordable for and usable by everyone. For me, this means the democratisation of digitalisation."* **Valentina Daiber**

In a study published by the magazine *stern*, we took third place in a ranking of the most sustainable companies. We were especially delighted to once again receive the Corporate Health Award for our occupational health management and a special pandemic management award for our responsible conduct during the crisis.

We are ready for the digital future and wish to use our key role to sustainably shape the transformation. With our Responsible Business Plan 2025 we are making a clear commitment by which we can be measured. We will be sustained in this by not only courage and passion, but also the close and trusting collaboration with you. We look forward to pursuing this path together, true to the motto *Interlinked digitally – connected sustainably*.

April 2021



**Markus Haas**  
Chief Executive Officer (CEO)  
Chairman of the Executive  
Board of Telefónica Deutschland  
Holding AG



**Valentina Daiber**  
Chief Officer Legal &  
Corporate Affairs of  
Telefónica Deutschland  
Holding AG



## 1.0 Shaping digitalisation

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# Into the future sustainably and with digital connection

## Review: Responsible Business Plan 2020

The Telefónica Deutschland Group's commitment to sustainability is a success story. More than 15 years ago, when our first CR Report was published in 2005 we embedded corporate responsibility for people, the environment and society in our processes. Over the past five years, we have focused on the Responsible Business Plan (RBP) 2020 as our key tool for managing our sustainability commitment as a whole, establishing sustainable values and minimising potential risks. We achieved and, in some cases, even exceeded our ambitions and targets in three focal areas.

For example, our customers and employees are more satisfied than ever before. This is attributable among other things to our extensive network expansion, massive improvements in customer service and various measures for the employees to shape the digital working world of the future. With our products and programmes, we have made a digital and self-determined life possible for more than 50 million people a year. By the end of 2020 we had reached 11.3 million people in all age groups with nationwide programmes that promote digital participation and provided those individuals with inspiration and assistance. We were also able to lower the carbon emissions we cause by 39 % between 2015 and 2020, far exceeding the envisaged target of an 11 % saving; the same can be said for the reduction in energy consumption per data volume of 71 %. All other information on target attainment can be found in [chapter 6.5](#).

## Outlook: Responsible Business Plan 2025

The successes make us proud, but they also spur us on. We are therefore turning our attention to the challenges of the future and continue to develop our activities in a targeted manner in structured dialogue with our stakeholders. The Responsible Business Plan 2025 "Digital.Sustainable.Connected." creates a new basis for doing justice to the changing requirements, expediting sustainable digitalisation further and efficiently steering our sustainability management. Based on concrete measures, we intend to become climate-neutral by 2025, increase customer and employee satisfaction further and afford people safe participation in digital life.

The RBP 2025, which we developed on the basis of an in-depth materiality analysis, comprises a total of 76 sustainability measures across the following four focal areas. Regarding "Environment and climate", the Telefónica Deutschland Group wishes to make itself climate-neutral by 2025 with the greenest network. Additionally, the network and products are to be aligned even more with the principles of the circular economy. In the "Customers and business partners" area, we want to specifically offer customers products and services that support a sustainable lifestyle. One of our declared goals in the focus area of "Employees" is to advance the digital working world of the future as an attractive employer. And in the area of "Society", we wish to enable safe participation in the digitalised world. We have attached both bonus-relevant quantitative and qualitative targets to the measures. The new RBP strengthens the link between our sustainability commitment and our core business.

The focal areas of the RBP 2025 are underpinned by the principles for governance for responsible corporate management that guide us in all business processes: "Governance, transparency and dialogue", "Compliance and ethical principles", "Data protection and information security" and "Sustainability criteria within supply chain management". With the RBP 2025 we wish to continue to responsibly shape sustainable digitalisation and the transformation of our economy and society in the future.

# Responsible Business Plan 2025

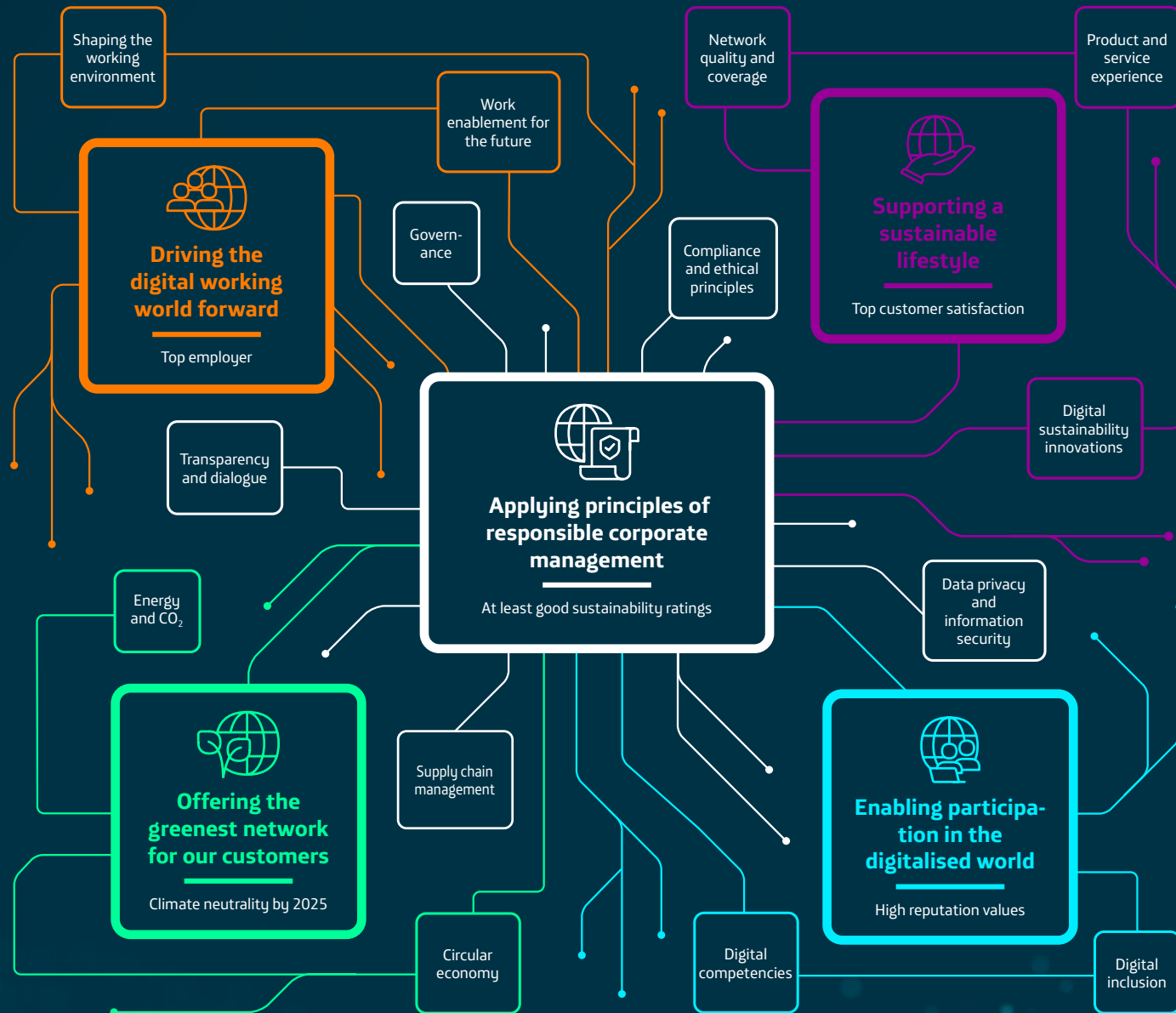
## Digital. Sustainable. Connected.

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# Portrait of Telefónica

The Telefónica Deutschland Group is one of Germany's leading integrated network operators. We offer mobile and fixed services for private and business customers as well as innovative digital products and services. In addition, our numerous wholesale partners purchase extensive mobile communications services from us.

In the mobile sector, we serve the demand for mobile services as a consequence of the digitalisation of ever more areas of life.

With a total of 44.3 million mobile connections as of 31 December 2020 we are a leading provider in this market. In 2020, at EUR 5,307 million, mobile services were the most important revenue stream for the Telefónica Deutschland Group (70.5 % of the total volume). In this area, we offer private and business customers mobile voice and data services both on a contractual basis (postpaid) and in the prepaid segment. The foundation for this is our mobile communications network.

We offer nationwide fixed services to complement our mobile services. Our DSL retail customer base amounted to approximately 2.3 million at year end 2020.

The Telefónica Deutschland Group generated combined revenues of EUR 7.53 billion in the financial year 2020 (2019: EUR 7.46 billion) and had 8,196 employees (2019: 8,443 employees)<sup>1</sup>.

## Varied multi-brand strategy to meet all customer needs

A key success factor of our marketing and sales approach is our multi-brand strategy. We offer private and business customers a wide range of high-quality mobile communications and fixed line products with our core brand O<sub>2</sub>. We appeal to major international corporations with the Telefónica brand's products and services.

We rely on complementary sales channels in order to serve the various customer needs in the best way possible. Our sales landscape includes not only direct sales channels, including our own shops, a country-wide network of independently operated franchise and premium partner shops, online sales and telesales, but also indirect sales channels, such as partnerships and cooperations with retailers via physical and online channels.

With our secondary and partner brands and through our wholesale channels, we reach further groups of customers, for example ethnic target groups in Germany, that we do not explicitly focus on with our O<sub>2</sub> brand. In addition, by means of joint operations and strategic partnerships, we offer further mobile communications brands. These include, for example, TCHIBO mobil and ALDI TALK in cooperation with MEDIONmobile. Our multi-brand approach gives us the opportunity to appeal to the whole spectrum of customers with tailored product offerings, sales and marketing, thereby increasing our potential revenue.



## Current company structure

The Telefónica Deutschland Group is a leading operator of telecommunications infrastructure in one of the Telefónica, S.A. Group's four core markets around the world. The Telefónica, S.A. Group focuses its business activities primarily on Latin America, the UK, Spain and Germany. The Telefónica Deutschland Group's parent company, Telefónica Deutschland Holding AG, is included in the consolidated financial statements of the top Group parent company, Telefónica, S.A. Madrid, Spain (Telefónica, S.A. Group). Telefónica Deutschland Holding AG has its registered office in Munich and has been listed on the Frankfurt Stock Exchange since 2012 and included in the MDAX since 24 September 2018 and the TecDAX since 2013.


Among others, the 99.99 % subsidiary Telefónica Germany GmbH & Co. OHG operates under the umbrella of this company.

<sup>1</sup> The total number of employees is based on active and inactive salaried employees and temporary staff (incl. working students) independent of their term limitation. TGS/TGR, the holding, trainees, interns and degree candidates are excluded. Total employees incl. 50 % of employees from Tchibo joint venture.


OUR BRANDS

BUSINESS CUSTOMERS

Companies and international groups



Self-employed persons, small and medium-sized companies



PRIVATE CUSTOMERS

OWN BRANDS

PARTNER BRANDS

Core brands










Secondary brands<sup>1</sup>





Partner brands and service providers

<sup>1</sup> Selection



# Managing corporate responsibility

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2.1 Business strategy

2.2 CR strategy

2.3 CR management

2.4 Stakeholder engagement

2.5 Digital responsibility in times of the coronavirus pandemic

3.0 Responsible business

4.0 Strengthening life in the digital world

5.0 Environmental and climate protection

6.0 Derivation and evaluation of the CR strategy

7.0 Facts and figures

Nine material topics with

35

targets until 2020



14 material topics with

76

targets from 2021



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**GRI** Management approach:  
Economic performance  
(103-2; 103-3);  
Indirect economic impacts  
(103-2; 103-3);  
GRI 203-1; 203-2

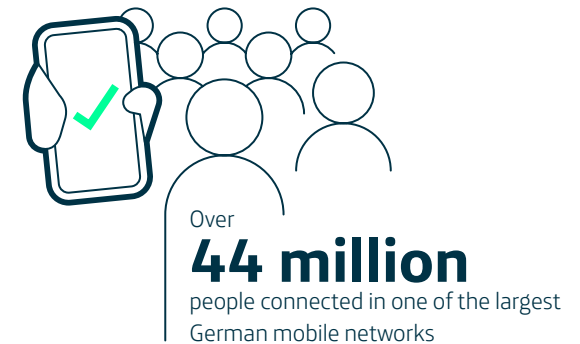
# We democratise high tech

The Telefónica Deutschland Group provides access to and connectivity within our digital future to sustainably improve everyone's daily lives. In so doing, the company supports the mission of the globally active Telefónica, S.A. Group to make our world more human by creating connectivity.

The COVID-19 crisis has forcefully demonstrated that basic communications and access to digital services are socially indispensable. Conversations with friends and relatives, exchanges with colleagues and customers, access to current information – all of this has to be possible for people at times of spatial separation too. Telecommunication is therefore essential both for the economy and people. This is widely acknowledged, which is why the achievements of the entire industry are gaining more and more recognition in society.

The digital participation of all people is founded on high-performance telecommunication networks. As a full-range provider, the Telefónica Deutschland Group offers both mobile communications and fixed line solutions. The company uses its own mobile communications network throughout Germany. The provider makes fixed line network access available to its customers within the framework of cooperative partnerships. In this way, a total of more than 47 million customers in Germany are served with individual or bundled products that are superb value for money in the market.

Over 44 million people – in other words, every second person in Germany – use the state-of-the-art mobile communications network. No other provider connects more people in German mobile communications. In the fixed line network, customers receive the largest, most diverse and most modern access to fast broadband connections in Germany. To achieve this, the Telefónica Deutschland Group, through strategic partnerships, utilises more access technologies than any competitor. In the future, the telecommunications full-range provider will increasingly focus on fibre-optic solutions and will also participate in the newly founded German fibre optics company Unsere Grüne Glasfaser, which is promoting the expansion of fibre-optic infrastructure in rural areas.



## A HIGH-PERFORMANCE NETWORK AND RELIABLE IT

A high-performance network and a reliable IT architecture form the basis of business success. Today, the mobile network is on a par with the competition. Telefónica Deutschland Group is expanding the 4G network in such a way that perspective everyone can enjoy fast mobile communications over a wide area and the regulatory expansion requirements are met. Customers have also been able to use the 5G network since October. The entire country is to be covered by the new mobile technology by the end of 2025. At the same time, the company is continuously improving its IT systems to enable it to work more efficiently and in a more targeted manner. It is increasing its focus on modernising the system landscape at customer interfaces and on further digitalisation of internal processes. To this end, significant investments will be made in new software and hardware and further standardisation in the coming years, gradually replacing the previous multilayered IT landscape. As a result, these future-proof solutions will enable the company to operate faster, more efficiently and more cost-effectively.



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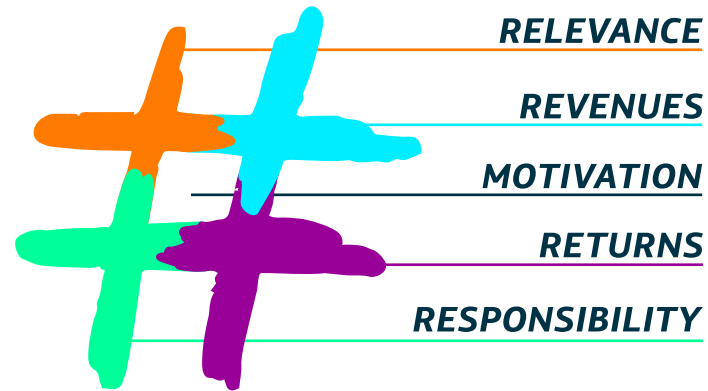
## Consistent growth strategy for the future

The telecommunications provider is consistently pursuing a profitable growth strategy and has set itself the goal of achieving cumulative revenue growth of at least 5 % between 2020 and 2022. The momentum created is to surpass that of the rest of the market. A variety of measures have been defined to achieve this goal. The efforts are focused primarily in three areas: growth in the mobile communications business, the intelligent bundling of fixed line and mobile communications products as well as other services and winning business customers through significantly improved infrastructure.

## Telefónica's global strategy programme #RECONNECT

The growth strategy is closely interlinked with the global strategy programme #RECONNECT of the Telefónica, S.A. Group, which operates worldwide. The programme aims to further develop the market position and technology deployment in the four core markets of Spain, Brazil, the UK and Germany. In particular, this includes a steady improvement in customer loyalty and the recommendation rate as well as investments in strategic growth areas where technology, service and the range of offerings are concerned. In this context, the Telefónica Deutschland Group has announced record investments in the network and technology for the period 2020 to 2022 and is participating in promising fibre optics initiatives, the use of cloud solutions and innovations such as Open RAN in mobile communications.

In addition, the company recorded historic lows in the churn rate among O<sub>2</sub> customers in the past financial year as well as an improvement in the recommendation rate NPS of more than 20 points over the past three years. All these innovations and investments



“MOBILE  
CUSTOMER &  
DIGITAL  
CHAMPION”  
2022

ultimately benefit customers and follow the Telefónica, S.A. Group's global aspiration to focus on customers and the connection between people and technologies, as this is the central prerequisite for sustainable growth.

## Business strategy and sustainability strategy closely dovetailed

Our CR strategy and our business strategy #RECONNECT are closely interlinked. The CR topics identified as material can be assigned clearly to the individual dimensions of #RECONNECT. We aspire to make a contribution to achieving the Sustainable Development Goals and to society's sustainable transformation with our activities that fall under the CR topics and focus areas.

We integrate sustainability by means of fixed structures in our business processes with the aim of putting our company on a forward-looking footing. Our clear commitment to sustainable business practice where our core business is concerned makes an additional positive contribution to the reputation of the Telefónica Deutschland Group and minimising business risks.

2.0 Managing corporate responsibility

2.1 Business strategy

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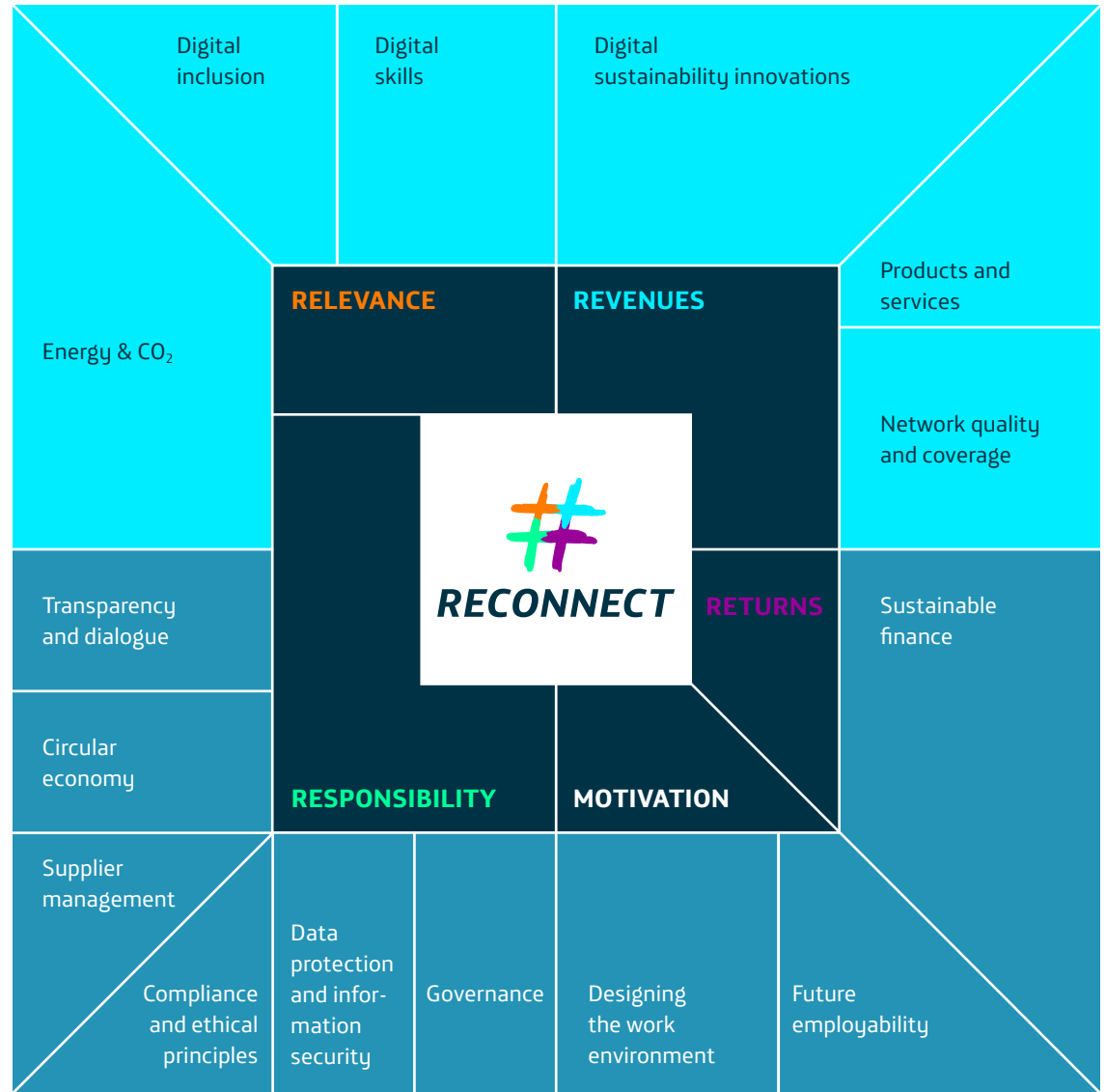
2.5 Digital responsibility in times of the coronavirus pandemic

**BUSINESS AND SUSTAINABILITY STRATEGY**

Our sustainability strategy is integrated into our business strategy and contributes to the UN's Sustainable Development Goals.



- Strategic priorities
- Direct contribution to society through our business
- Responsible business practices



**GRI** Management approach:  
Economic performance (103-2; 103-3);  
Indirect economic impacts (103-2; 103-3);  
GRI 203-1; 203-2

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# Comprehensive CR strategy for sustainable corporate governance

We aim to use technological innovations to solve societal challenges and promote sustainable development. We want to use digitalisation for the benefit of people and strengthen the connections between them. At the same time, in the interests of governance for responsible corporate management, we keep an eye on the impacts that all of our business activities have on people and the environment. We see ourselves as trailblazers for sustainable digitalisation in order to make everyday life better for everyone. We want to guarantee this all along the value chain and at all the company levels. We are constantly developing our CR strategy in order to meet the changing expectations of our stakeholders, increasing external regulation and our own demands as a company that conducts itself responsibly.

## Responsible Business Plan 2020: three focus areas

In 2015 the Telefónica Deutschland Group developed a holistic CR strategy that takes into account the business-strategic focus as well as the expectations of our stakeholders. This CR strategy is based on the results of a materiality analysis. The analysis included a stakeholder survey and an evaluation of the impacts of our actions and the relevance to business of potentially pertinent issues. This provided material topics for the Telefónica Deutschland Group, which were transferred into a matrix. Subsequently, the three CR focus areas "Responsible business", "Strengthening life in the digital world" and "Environmental and

climate protection" were determined. We developed our Responsible Business Plan 2020 based on this in 2016 to manage our commitment to sustainability. In the plan, CR issues relevant to the focus areas were defined along the value chain and respective overarching targets for up to the end of 2020 were developed. We presented the Responsible Business Plan 2020 in detail in the CR Report 2016. We have documented the fruits of our resultant sustainability management in the annual CR Reports.

## Further development of the CR strategy: Responsible Business Plan 2025

The CR strategy was developed further in the reporting year and will replace the previous Responsible Business Plan from 2021. This was based on an extensive materiality analysis conducted in 2020; this saw a structured method being used to identify seven areas of action and 24 potentially material topics for the Telefónica Deutschland Group and then assign them to a materiality matrix. The impacts of our business activities, the short-term and long-term business relevance for the Telefónica Deutschland Group and the relevance to stakeholders were ascertained.





## 2.0 Managing corporate responsibility

### 2.1 Business strategy

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### 2.4 Stakeholder engagement

### 2.5 Digital responsibility in times of the coronavirus pandemic

GRI 102-11; 102-15; 102-46; 102-47

UNGC principles 7

For this, we drew on quantitative customer and employee surveys, qualitative expert interviews with customers, suppliers, NGO representatives, analysts, investors and association representatives, workshops with senior management and company-, market- and sector-specific studies. To improve our sustainability performance, we also established a management system for the ESG ratings and incorporated the analysis results into our materiality analysis evaluation. The results of the new materiality analysis will guide our actions from 2021 and will serve as the basis for our CR reporting in the reporting years to come.

## Corporate digital responsibility as part of our strategy

The consequences of the digital transformation on the environment and society and the changes in our stakeholders' requirements are a focal point of our corporate responsibility strategy. Shaping digitalisation responsibly and sustainably (corporate digital responsibility) is the prerequisite for creating trust in society for the digital transformation. The Telefónica Deutschland Group has set itself the goal of actively and responsibly helping to shape the digital transformation.

In the course of this, not only do we facilitate the use of digital apps, we also use algorithms and artificial intelligence ourselves. We would like to make use of the potential and the opportunities that digitalisation offers in the area of sustainable development to the fullest extent possible. This is also where we derive our responsibilities in the digital world. We have established these clearly and measurably in our Responsible Business Plan.

## Non-financial risks

We aim to achieve positive impacts on individual topics and minimise negative consequences as fully as possible. The risks associated with the material topics are the focus for the Telefónica Deutschland Group. Our management concepts are designed to help to effectively minimise risks. A detailed description can be found in the [“Report on Risks and Opportunities” section of the 2020 Combined Management Report](#).

## Detailed sustainability reporting

In our strategy process and the choice of the most important sustainability issues, we take not only stakeholder expectations into account, but also the impacts on society of our business activities as well as the business relevance. We derive our focal points for sustainability reporting here. This reporting in accordance with the GRI Standards examines above all the stakeholders' perspective and the societal impacts of our business operations. [Chapter 6.1](#) shows a GRI materiality matrix that includes both approaches. From this financial year, we are additionally reporting in accordance with the principles of the United Nations Global Compact (UNGC). This focuses on the topics of human rights, labour standards, environmental protection and anti-corruption. This report constitutes a Communication on Progress (CoP). We also support the National Action Plan for Business and Human Rights (NAP) and, in the context of this report, give an account of our human rights due diligence. You can find more details on our CR topics from a human rights perspective in [chapter 3.5](#).

We are conscious of the fact that climate change also presents our business model with various opportunities and challenges which we must rise to. In this CR Report, we give an account of the financial impacts of climate change on our company based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in [chapter 6.2](#). In [chapter 6.3](#), we present examples of the sustainability ratings and rankings as well as indices we are listed in and how we integrate the topic of sustainable finance into our actions. With the implementation of our Responsible Business Plan, we are likewise actively supporting the achievement of the UN SDGs. [Chapter 6.4](#) shows the relation of the contributions we make to the SDGs within the Responsible Business Plan areas of action. [Chapter 6.5](#) features extensive information on the degree of fulfilment of the RBP 2020.

# Telefónica's Responsible Business Plan 2020

## 2.0 Managing corporate responsibility

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### 2.2 CR strategy

### 2.3 CR management

### 2.4 Stakeholder engagement

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GRI 102-11; 102-15; 102-46; 102-47



### Responsible business

We are a fair and trustworthy partner for our stakeholders. In the years leading up to and including 2020 we achieve consistently good to very good results in relevant external assessments and our stakeholder surveys.

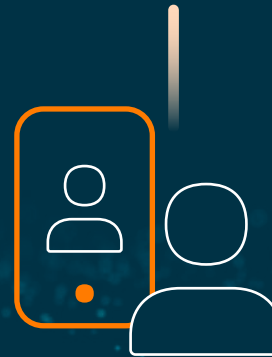


COMPLIANCE   SUPPLY CHAIN   EMPLOYER   CUSTOMERS



### Strengthening life in the digital world

We succeed in encouraging all people to embrace the digital opportunities available and develop their skills in everyday digital life according to their individual requirements and wishes. In the years leading up to and including 2020 over 50 million people benefit annually from our products and programmes, enabling them to live digital and independent lives.

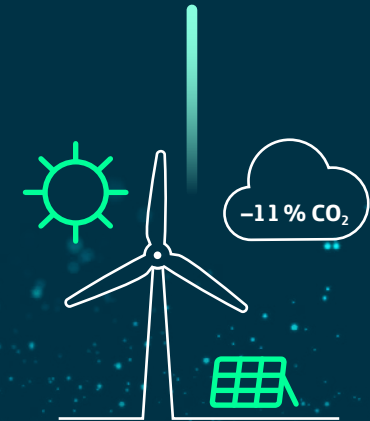


DIGITAL INCLUSION   DIGITAL SUSTAINABILITY INNOVATIONS   DATA PROTECTION



### Environmental and climate protection

We harness the opportunities provided by digitalisation to cut raw material and energy consumption. By 2020 we aim to have reduced our direct and indirect carbon emissions by 11 % compared with 2015.



ENERGY & CO<sub>2</sub> REDUCTION   CONSERVATION OF RESOURCES



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# Governance for responsible corporate management

In our business operations all along the value chain and at all the company levels, our aim is to bear in mind the impacts on people and the environment and to minimise the risks. We also wish to apply our technological expertise to solve societal challenges and advance sustainable digitalisation.

The Telefónica Deutschland Group's [Business Principles](#) document our understanding of governance for responsible corporate management on the basis of ethical principles, corporate standards and behaviour patterns. These are derived from the three fundamental values of integrity, reliability and transparency and serve as a binding code of conduct that sets benchmarks for our involvement in business life. The Business Principles are directed at the employees, business partners, shareholders and the company as a whole. To reinforce the earnestness of our approach,

all the staff including the Management Board are given regular mandatory training in observance of the Business Principles.

The Management Board and Supervisory Board of Telefónica Deutschland Holding AG additionally feel they have an obligation to observe the principles of transparent corporate governance and regularly concern themselves with the requirements of the German Corporate Governance Code. This stipulates standards for the supervision and management of listed companies. The Management Board runs the company on its own responsibility and in the interests of the company with the aim of achieving sustainable value creation. It is supervised in this and offered advice by the Supervisory Board. All measures and decisions of fundamental significance to the company are executed on the basis of close consultation

between the Management Board and the Supervisory Board. The Management Board and Supervisory Board provide information about our corporate governance in Telefónica Deutschland Holding AG's [Management Declaration](#), which includes the [declaration of compliance](#) with the German Corporate Governance Code pursuant to Section 161 of Germany's Stock Corporation Act (AktG).

Our CR strategy is approved by the Management Board and is aligned with the corporate strategy of the Telefónica Deutschland Group and the global sustainability strategy of the Telefónica, S.A. Group. We have established clear governance structures and processes in order to put the guiding principles and requirements into day-to-day practice. The CR department thus designs and manages activities universally for all departments and company sites in accordance with the strategic focal areas of the Responsible Business Plan. It monitors achievement of the CR goals and plans new measures together with the departments. The CR department also draws on the management systems embedded in the company which are in accordance with the standards ISO 50001 (energy management), ISO 14001 (environmental management) and ISO 9001 (quality management) for the purposes of goal formulation and a continuous improvement process.

GRI 102-18; 102-19; 102-20;  
102-21; 102-31

GOVERNANCE	UNIT	2017	2018	2019	2020
Proportion of employees and directors given training in the Business Principles and human rights <sup>1</sup>	%	78.5	78.0	96.8	95.8

<sup>1</sup> Proportion based on the number of employees of Telefónica Germany GmbH & Co. OHG excluding employees on sabbatical and external consultants (employee base 7,717, previous year 7,885). The calculation includes the completed training of the last three years. For 2020 this means 7,390 completed training units from 1 January 2018 to 31 December 2020.





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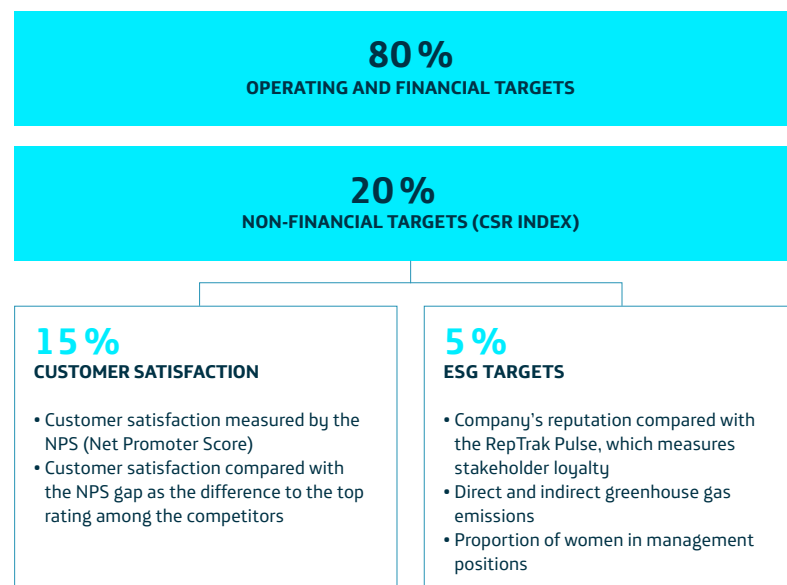
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As an executive department, the CR department is assigned to the Management Board division Legal & Corporate Affairs of Telefónica Deutschland Holding AG and reports directly to the respective Management Board member. Preparation of the Non-Financial Report for the fulfilment of the requirements pursuant to Section 315b in conjunction with 289c to e HGB and of the CR Report is the responsibility of the CR department. The Supervisory Board discusses the findings of the audit of the Non-Financial Report and the related performance indicators with the auditor and then passes a resolution following its own audit.

We use management bonuses as an incentive for the achievement of company targets. In addition to financial performance indicators, which have a weighting of 80%, there are other criteria that apply in the area of corporate responsibility. These are summarised in a CSR index with a weighting of 20%. They also have a specific weighting in relation to the bonuses. Here is an overview for the financial year 2020 on the right.

VARIABLE REMUNERATION LINKED TO SUSTAINABILITY TARGETS



Assessing societal and political requirements

Close interaction with external and internal partners is especially important to the Telefónica Deutschland Group and contributes to the global Sustainable Development Goals (SDGs). The CR department maintains intensive and continuous dialogue with the relevant stakeholders in order to understand what is expected of the company and identify important topics and trends in good time. The CR department regularly maintains direct contact with the individual departments and, furthermore, engages in dialogue in the context of internal steering bodies such as the CR committee, the environment and energy committee, the data protection forum and the human rights committee. Here, the general strategies are discussed, progress is established and projects and measures are evaluated. In addition, issues brought to the attention of the CR department are evaluated by senior man-

agement within the framework of strategy workshops. The results are reported to the Management Board. When it comes to overarching specialist and Group-wide issues relevant to corporate responsibility, the Telefónica Deutschland Group confers with the Telefónica, S.A. Group.

Using performance indicators to gauge target attainment

Our actions were guided in 2020 by clear commitments to each of the nine CR topics covered by the Responsible Business Plan 2020 (RBP 2020). These can only be altered through a Management Board decision. Concrete CR targets for the commitments are established together with the departments annually and cleared by the Telefónica Deutschland

Group Management Board, the highest management level. The targets are integrated into the management processes and are made quantifiable via meaningful key performance indicators (KPIs).

The extent to which the CR targets have been attained is regularly reviewed together with the senior management of the departments involved. The target attainment level is also reviewed and tracked by the Management Board every six months. In addition, an accounting firm annually audits the non-financial key figures published in the CR Report. We successfully concluded our Responsible Business Plan for the period 2016–2020 in the reporting year and provide detailed information about our target attainment in [chapter 6.5](#). We have drawn up a new Responsible Business Plan 2025 for the future, which includes concrete targets starting in the financial year 2021.

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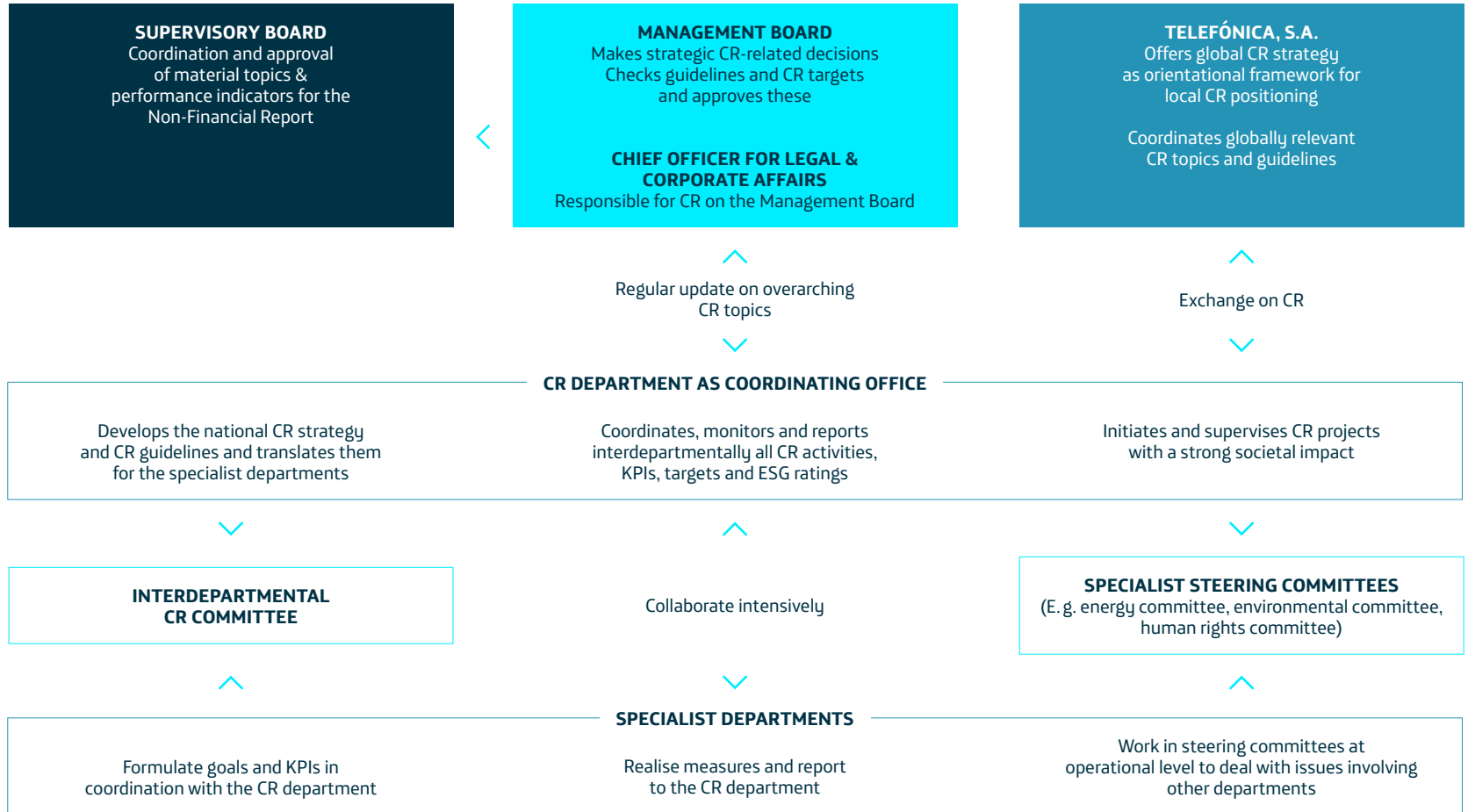
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GRI 102-18; 102-19; 102-20;  
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CR MANAGEMENT IN THE TELEFÓNICA DEUTSCHLAND GROUP



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## CR policies provide framework for action

Our own policies in the form of guidelines, standards and procedural instructions have a key role to play in CR management. These apply fundamental environmental, social and compliance-related standards to our processes, specify the requirements we have of our stakeholders and serve as a tool of voluntary commitment and control.

### THE MOST IMPORTANT GUIDELINES AND GUIDING PRINCIPLES FOR SUCCESSFUL SUSTAINABILITY MANAGEMENT



#### GOVERNANCE FOR RESPONSIBLE CORPORATE MANAGEMENT

- Business Principles
- Management Declaration
- Declaration of Principles on Respecting Human Rights
- Human Rights Policy
- Corruption prevention guidelines
- Guidelines on handling conflicts of interest, invitations, gifts and incentives
- Policy for the whistle-blower channel
- Compliance organisation guidelines
- Business continuity management guidelines
- Company guidelines on corporate responsibility
- Donation guidelines



#### SUPPLY CHAIN MANAGEMENT

- Supply Chain Sustainability Policy (incl. conflict minerals)
- Low-carbon procurement guidelines
- Purchasing guidelines
- General Conditions for the Supply of Goods & Services
- Supplier Management Instruction
- Rules for the procurement of services and handling service providers



#### EMPLOYER

- Health policy
- Occupational health and safety manual
- Risk assessment guidelines
- Guidelines on occupational health care
- Guidelines for occupational health and safety officers



#### ENVIRONMENTAL AND ENERGY MANAGEMENT

- Environmental policy
- Sustainable Energy Management Policy



#### DATA PROTECTION

- Group data protection standard incl. commitment and guidelines on handling data
- Data protection contract guidelines
- Data protection information obligation guidelines
- Procedural instructions for data protection controls
- Procedural instructions for data privacy incidents



#### INFORMATION SECURITY

- Information security policy
- Corporate Rule on Minimum Controls
- Confidentiality levels
- Guidelines on security incidents
- Guidelines on physical safety



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# Diverse dialogue with our stakeholders

Our goal is to afford everyone access to digital life and make their day-to-day lives permanently better with innovative offerings. At the same time, we want to be a fair and trustworthy partner for our stakeholders and find out more about their needs. In this respect, transparent communication and dialogue with customers, employees, suppliers, policymakers and society are especially important. We endeavour to strengthen the connections with our partners and among people, form networks for digital progress and highlight the benefits of cooperation that is close and on a sustainable basis.

We simultaneously endeavour to do better at recognising the impact that our actions have, so that we can further develop our business model with a focus on the benefits for society. The Telefónica Deutschland Group is proactively committed to the debate about people- and value-based digitalisation and about the future of digital life. We use the BASECAMP in Berlin, which was opened in 2011, as the central venue for this debate. There, established event series and new unconventional talk formats are used to discuss the trends, opportunities and challenges of digitalisation with the media,

NGOs, entrepreneurs, start-ups, consumers, politicians, scientists and first and foremost interested citizens. Faced with the restrictions related to the coronavirus pandemic, we successfully turned these events into digital and hybrid formats. In so doing, we encouraged interested participants to follow the discussions online, ask questions, take part in live polls, comment, and discuss issues intensively via social networks.

GRI 102-42; 102-43; 102-44

## STAKEHOLDER MANAGEMENT AT TELEFÓNICA DEUTSCHLAND



### Cooperation

We communicate with our stakeholders through projects and intensive dialogue, thereby developing future-oriented solutions together.



### Dialogue

Via various formats, we maintain close contact with our stakeholders and engage in an open dialogue – both digitally and personally.



### Consultation

We actively integrate our stakeholders, for example through surveys on classifying the relevance of topics and their opinion of the company or even current issues.



### Information

We use numerous channels to inform our stakeholders with regard to current developments, news concerning our topics, and offerings and products.



### Empowerment & engagement

We are committed to further empowering stakeholder groups in the digital world; this takes the form of programmes and initiatives in close cooperation with a variety of organisations.





## TELEFÓNICA DEUTSCHLAND IN REGULAR DIALOGUE WITH ITS STAKEHOLDERS

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GRI 102-40; 102-42; 102-43; 102-44

### LOCAL AUTHORITIES

Cities, towns and municipalities are important partners for us regarding the expansion of our network infrastructure.

- Collaboration regarding selection of network/antenna sites
- Education and information regarding mobile communications and health
- Joint pilot projects relating to infrastructure measures
- Participation in municipal council meetings
- Involvement in communication measures regarding mobile communications and 5G at the regional level

### EXTERNAL INITIATIVES

We collaborate with representatives of business, science and civil society on topics relevant to CR.

- Participation in Umweltpakt Bayern (Bavarian Environmental Pact) and Klimapakt Münchner Wirtschaft (Munich Business Climate Pact)
- Partnership with the Global Digital Women initiative
- Involvement in #SheTransformsIT and in the Chefsache (Management Issue) initiative for greater equality of opportunities for women in digitalisation

### CUSTOMERS

We are in constant contact with our customers and wish to offer them guidance and assistance in a world which is becoming more and more complex.

- Shops, hotlines, chats, innovative formats such as the O<sub>2</sub> pop-up shop, short videos, social media, forums (O<sub>2</sub> Community)
- Self-services with the Mein O<sub>2</sub> app and o2online.de
- Informationszentrum Mobilfunk as a knowledge portal
- "Mein 5G" podcast
- Measurement of customer satisfaction all along the customer journey

### INFLUENCERS FROM DIGITAL INDUSTRY, BUSINESS AND SCIENCE

Together with social ambassadors, we advance debate on the topic of digitalisation.

- Event series at the Telefónica BASECAMP
- young+restless
  - Data Debates
  - Digital Masterminds
  - UdL Digital Talk

### EMPLOYEES

We set great store by trusting cooperation and promote social engagement among our employees.

- Employee surveys
- Works council meetings
- Events with the Management Board such as Tower Talk, Vorstand im Dialog (Management Board in Dialogue) and Kaffee & Croissant (Coffee and Croissants)
- TelefónicaConnects internal community for women
- DigitalBrain: AI-based knowledge management tool with employees' questions and answers
- Comments function for employees for all intranet posts
- Corporate Volunteering Day
- O<sub>2</sub> Tower Run

### NGOs

Non-governmental organisations and non-profit initiatives are important partners and idea providers for the implementation of our programmes aimed at sustainable digitalisation.

- Partnership and knowledge sharing with
- Digital Opportunities Foundation
  - German Association for Voluntary Self-Regulation of Digital Media Service Providers
  - German Children's Fund
  - Cybermobbing-Hilfe
  - AFB social & green IT

Ongoing dialogue with

- B.A.U.M.
- NABU
- UPJ
- Global Compact Network Germany

### POLITICAL AND ADMINISTRATIVE SPHERES, BUSINESS AND ASSOCIATIONS

We seek dialogue with political and business players and are involved in association work.

- Dialogue regarding network expansion, e.g. with local authority associations
- Membership of relevant associations
- Communication with the judiciary as well as with security and data protection authorities in line with the statutory requirements
- Events relating to current political issues at the Telefónica BASECAMP
- UdL Digital Blog
- Public Affairs Blog

### SUPPLIERS AND BUSINESS PARTNERS

We maintain fair partnerships and ongoing dialogue with our suppliers in order to design our value chain to be more sustainable.

- Supplier website and reporting channels
- Ongoing dialogue based on assessment results
- Action plans for the improvement of high-risk suppliers
- Local audits
- Genuine feedback culture

### SHAREHOLDERS AND INVESTORS

Our goal is to communicate our company's business model and strategy to capital market players transparently and comprehensibly.

- Annual General Meeting
- Quarterly and annual reports
- Capital market stakeholder management
- Non-Financial Report and CR Report
- Sustainability ratings



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GRI 102-42; 102-43; 102-44

## Der Tagesspiegel Data Debates: topical and with high-calibre panellists

As an initiator and partner of the *Der Tagesspiegel* newspaper's Data Debates, we invite high-calibre guests from the worlds of politics, business, science, religion and culture to debate the impact of digitalisation on society. In 2020 these focused first and foremost on the widely discussed topics of the coronavirus pandemic and climate change. Data Debate #17, for example, addressed the question "Digital schooling in the coronavirus crisis – stopgap solution or revolution?". Following a talk given by Dr Stefanie Hubig, Minister of Education of the state of Rhineland-Palatinate and President of the Standing Conference of the Ministers of Education and Cultural Affairs, member of the German Bundestag Tabea Rößner (Alliance 90/The Greens), teachers, pupils and experts discussed how digital education could work better in Germany under pandemic conditions and how technical and pedagogical innovations should be implemented.

In Data Debate #16 "Is there a technological answer to the climate crisis?", the participants talked about the answers that digitalisation and future technologies could provide regarding the climate crisis. CEO of Telefónica Deutschland Holding AG Markus Haas, Director of the Hasso Plattner Institute Prof. Dr Christoph Meinel and Managing Director of Zukunft-Umwelt-Gesellschaft Corinna Enders discussed how the carbon footprint of IT applications could be reduced. Another area addressed was the huge potential for environmental protection associated with robotics and artificial intelligence.

Another event, Data Debate #15 "The 5G lab Berlin – how smart is the capital?", focused in particular on the opportunities offered by the new mobile communications standard 5G for industry and medicine as well as the development of smart cities like Berlin. The high-profile contributors to this debate included Chair of the SPD Saskia Esken.

## UdL Digital Talk: federal politicians and societal stakeholders in dialogue

In the UdL Digital Talk format (UdL stands for "Unter den Linden"), which has been running since 2010, high-ranking politicians come together with opinion leaders to discuss topical issues relating to German and European digital policy. The guests who have attended the political discussion platform held at the BASECAMP include Andreas Scheuer, Heiko Maas, Ursula von der Leyen, Peter Altmaier, Jürgen Trittin, Sahra Wagenknecht and other well-known politicians.

Federal Government Commissioner for Digitalisation Dorothee Bär (CSU) and Miriam Wohlfahrt, Managing Director and founder of the fintech enterprise RatePAY,

made a critical assessment of the state of digitalisation in 2020. Both scrutinised in particular the situation in companies and at schools and universities and rated their approaches to finding digital answers to the coronavirus pandemic. Factors that stood in the way of successful digitalisation were also discussed, such as the division of jurisdiction in federalism and scepticism among the population regarding 5G.

In another UdL Digital Talk, Federal Minister of Justice and Consumer Protection Christine Lambrecht (SPD) and Philipp Westermeyer, founder of Online Marketing Rockstars (OMS), discussed the combating of online hate. A key conclusion of this talk was the realisation that legal and technical countermeasures as well as moral courage and media skills were needed to make online dialogue safer and more trustworthy.



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## AI-Hub Europe: artificial intelligence as the top topic

Again and again, we introduce new topics concerning the digital world to the BASECAMP and we have developed numerous innovative dialogue event formats. One of these is the Lunch Talk hosted by AI-Hub Europe, a leading website for news concerning and analyses of the topic of artificial intelligence (AI).

Falko Mohrs (SPD) and Mario Brandenburg (FDP), both German Bundestag members and members of the AI Study Commission, debated with AI experts regarding how start-ups and new enterprises could survive the coronavirus crisis and play their part in revitalising the economy. The focus here was on the aid instruments provided by the policymakers on the one hand and the support provided by investors on the other. The AI-Hub was also the venue for a "European AI summit meeting" which analysed the status quo of the AI sector on the continent and sounded out the chances of creating a European AI ecosystem which could stand its ground in the face of global competition.

## Relevant societal topics at the BASECAMP

To mark the day of action against cyberviolence towards women on 15 October 2020 Federal Minister for Family Affairs, Senior Citizens, Women and Youth Franziska Giffey (SPD) engaged in a discussion with female influencers and women who help those who are affected by cyberviolence. The discussion revolved in particular around strategies for actively combating cyberviolence against women, such as political regulation, criminal prosecution measures and support and solidarity from civil society.

Another BASECAMP discussion event focused on the question as to whether digitalisation could solve the global environmental problems or was an accelerator



of climate change. CEO of Telefónica Deutschland Group Markus Haas engaged with researcher Prof. Tilman Santarius as well as representatives of companies and Fridays for Future regarding strategies for making digital transformation more sustainable and reducing greenhouse gas emissions.

## young+restless: a young network for the creative scene

We established young+restless for young executives and decision makers from Berlin's political arena, the start-up scene, the media world and the creative industry. The network, which celebrated its fifth anniversary in 2020, has established itself as an integral part of the diverse Berlin scene with its events. On the occasion of the virtual anniversary celebration, the network's initiators and supporters took a look back and also looked at topical issues such as cyberbullying and climate protection.

An event in the series which addressed the impacts of the coronavirus crisis on journalism generated attention in particular. Renowned media representatives such as Ines Pohl, Editor in Chief of Deutsche Welle, and publicist Harald Welzer considered among other things how reliable news could be found in a flood of real-time information and how public-service broadcasters could do justice to their mandate of providing information during the crisis. Other issues addressed were business models for good journalism and maintaining media quality and diversity.

Other young+restless events held in 2020 dealt with topics such as social inequalities in coronavirus times, the digitalisation of schools, administration and companies, climate protection, and combating cyberviolence.



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## “M5G – Mein 5G” podcast series established

The Telefónica Deutschland Group launched a new podcast series called “M5G – Mein 5G” that revolves around the possibilities of and areas of application of the new mobile communications standard 5G. For each episode of the podcast, we invite interesting and high-calibre experts from a wide range of areas of business and society.

The very first podcast episode discussed whether 5G could pave the way for “green digitalisation”, thus benefiting environmental and climate protection. In a talk with Pauline Brünger (Fridays for Future) and the climate expert Prof. Dr Tilman Santarius, Joachim Sandt, Environmental Officer at Telefónica Deutschland Group, and the podcast listeners learned about what forward thinkers and champions of climate protection think about the opportunities and challenges of new digital technologies. Although German consumers' hunger for data continues to grow, professional circles consider 5G to be much more energy-saving than the existing mobile communications standard. Something which already works well, it was said, is highly reliable videoconferences that allow car journeys and flights to be avoided.

Subsequent episodes of the “Mein 5G” podcast looked at the supposed health risks of the new generation of mobile communications (see chapter 5.4) and innovative digital business models that could be advanced by the imminent quantum leap in real-time data transmission.

## 5G campus opened at the BASECAMP

In early March, shortly before the coronavirus lockdown, we made it possible for the first time for anyone to experience 5G and added a 5G campus to the BASECAMP in Berlin. With the installed 5G indoor campus solution, the BASECAMP will henceforth make it possible for any interested politicians, business representatives, entrepreneurs and consumers to test and familiarise themselves with the new mobile communications technology in the real world. We also intend to promote dialogue regarding the material 5G topics there. This was kicked off with the official inauguration involving Telefónica CEO Markus Haas, Kaspersky CEO Eugene Kaspersky, President of the Federal Office for Information Security Arne Schönbohm and the journalist Dunja Hayali. There, companies such as Nokia, Samsung, Dimenco and the start-up foldAI from Telefónica's Wayra start-up incubator used showcases to demonstrate the numerous ways in which 5G could be applied to communication, entertainment, business and science.

## Discussing current digital topics with MEPs

On the occasion of the German government's presidency of the Council of the European Union, we engaged in dialogue with German MEPs regarding European digital topics such as the directive on security of network and information systems and the planned Digital Services Act. We published the interviews at [basecamp.digital](https://basecamp.digital).

For example, we spoke with Tiemo Wölken, who has been a member of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament since 2016. In addition to sustainable climate policy, he supports clear legal standards in the digital sphere and the positions he has adopted include objecting to the use of upload filters on platforms and being in favour of greater data protection and the strengthening of freedom of information. In another interview in the series, Axel Voss, member of the European Parliament's EPP Group, rapporteur on the EU's copyright reform and defender of Europe's digital sovereignty, had his say. We also interviewed Alexandra Geese, member of the Greens/EFA in the European Parliament, who is championing strong competition law and value-based digital transformation.





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## #SheTransformsIT: making women visible in the digital world

The Telefónica Deutschland Group actively supports the initiative #SheTransformsIT, which is campaigning for greater representation of women in digitalisation. Germany is currently ranked very low in Europe, with women accounting for just 17 % of its IT industry. #SheTransformsIT was launched at the German government's Digital Summit at the end of November 2020. The initiative is starting by gathering broad political support from female digital policymakers in the Bundestag and in companies, science and civil society.

## Telefónica Tower Talk stimulates internal dialogue

Ongoing dialogue with our employees is very important to us. We intend to further promote this dialogue with the new, interactive and digital Telefónica Tower Talk format. In this new format, our Management Board members and executives present new projects and initiatives, take new ideas on board and

encourage people to give their support. For example, the employees were introduced to the new 2025 climate protection strategy, with Valentina Daiber, Chief Officer for Legal & Corporate Affairs, CEO Markus Haas and CFO Markus Rolle going into the individual strategy components and answering the employees' questions in the talk's live stream.

## Studies, tests and surveys accelerate new solutions

We want to get progressively better at understanding the latest societal challenges and we want to incorporate them into our day-to-day work. To boost our expertise, we initiate and promote a large number of analyses and surveys.

Together with GfK, O<sub>2</sub> conducted a representative study on the topic of cyberbullying among online users aged 14–48. Based on the study, 95 % of the German population is aware of the problem of cyberbullying. Cyberbullying has had consequences for 83 % of those affected, with more than 10 % of

these even subsequently being afraid to leave the house. Almost one in three 14–19-year-olds has felt personally attacked in the digital world at least once in the past. But 70 % of this age group are unsure and do not know how they can help. Around 90 % of those surveyed think the perpetrators of cyberbullying should be held more accountable.

We commissioned the market research company IN-NOFACT with surveying people on their Internet usage at home. More than half of those surveyed (53 %) stated that they had no technological preference – it did not matter to them whether they accessed the Internet via a DSL line, the TV cable, fibre optics or alternatively a mobile communications cell site. One in two (49 %) can already envisage high-speed Internet for the home not necessarily having to come from the fixed line network, being transported by 4G and 5G instead. A stable Internet connection (96 %) and a fast surfing speed (92 %) are especially important to users.

In the fight against the coronavirus, the Telefónica Deutschland Group is supporting an international research alliance created to develop therapies and vaccinations. The company is providing the volunteer computing project Folding@home with a data centre in Hamburg comprising some 40 high-performance servers with around 1,400 cores as well as free capacity. The aim of the project is to use computer simulations to analyse the protein structure of the coronavirus and develop a design for therapies that is as effective as possible. The Telefónica, S.A. Group participated in the Folding@home project in many countries via its subsidiaries and has already managed to provide 107 high-performance servers.

GRI 102-42; 102-43; 102-44



2.0 Managing corporate responsibility

2.1 Business strategy

2.2 CR strategy

2.3 CR management

2.4 Stakeholder engagement

2.5 Digital responsibility in times of the coronavirus pandemic

# Digital responsibility

## in times of the coronavirus pandemic

Our corporate digital responsibility (CDR) activities took on a special emphasis in the coronavirus year 2020. The focus was on protecting people's lives in the pandemic using digital means, bolstering cohesion and maintaining the digital infrastructure's performance for a functioning public life. As such, we are once again placing our digitalisation measures at the service of society and are using our technological expertise to generate sensible added value.

### Mobility analyses to contain the coronavirus pandemic

The measurement of mobility streams and the use of various means of transport allows forecasts to be made regarding the regions in which viruses are spreading and the risk of infection is increasing. This knowledge is important in order for the authorities to impose targeted countermeasures such as contact restrictions or allow restrictions to be relaxed. Together with our partners Teralytics and Senozon, we provided the Robert Koch Institute (RKI) with anonymised and aggregated mobile communications data that makes daily nationwide analyses in conformity with strict data protection guidelines possible. This data known as swarm data does not allow any inferences to be made regarding specific people – something which our data anonymisation platform DAP likewise sees to. We have already developed a variety of solutions for towns, cities, the retail sector and transport companies using our secure mobility data analysis.

More information can be found in German on the [coronavirus information page](#).

*"We ensure that there is a reliable basic supply of digital services. In these unusual times, we have implemented extensive measures to meet the expectations of our many millions of customers, safeguard our network operations and protect our employees."* **Markus Haas**

### Decoding the virus structure using high computing power

As a network operator, we have large computing capacities, which we have also dedicated to the global fight against the coronavirus. For example, we made a virtual data centre in Hamburg available to the non-profit research alliance Folding@home. 40 high-performance servers with around 1,400 cores worked on tackling the coronavirus around the clock. This made it easier for the researchers to decode the virus's protein structure and then use computer simulations to develop therapy approaches which were as effective as possible. The entire Telefónica Group is a partner of the project across many countries and has already provided important support with 107 high-performance servers.

*"The coronavirus pandemic has clearly brought home recently just how essential digitalisation is to the entire economy. The crisis has also, however, shown us that our networks are better than their reputation. They have passed the stress test in spite of all the obstacles in the past. (But it goes without saying that our infrastructure could be so much better. For this to be the case, we now simply have to set the right course. Towards our digital future!)"*

**Valentina Daiber**

*"We want to tap the innovation potential that data analysis offers to all areas of life and for the benefit of society. With mobility analyses based on anonymised mobile communications data, we have helped increase the knowledge of the spread of the coronavirus, thus effectively assisting the authorities with their containment strategies."* **Alfons Lösing**

### Advertising for the Corona-Warn-App

The Telefónica Deutschland Group used numerous channels to bring the German government's new Corona-Warn-App to the attention of its more than 44 million mobile communication customers. We wanted to play our part in as many people as possible using the new app, thereby helping to break chains of infection. The data volume used by the app does not count towards our customers' mobile communications tariffs.

# Digital responsibility

## in times of the coronavirus pandemic

### Part 1/2

#### A RELIABLE NETWORK FOR CLOSE COHESION

The COVID-19 crisis has affected society deeply. Our O<sub>2</sub> network was more important than ever, allowing customers to access the latest news and find out about the health situation as well as engage with family, friends, colleagues and business partners. At a time when distancing rules apply, we played a part in millions of people being able to shift large sections of their lives from the analogue world to the digital sphere with our seamless and stable network operations. Our measures to this end were as follows:

- Up to the end of May 2020 we allowed customers to make continued unlimited use of all smartphone apps even after having exhausted their monthly high-speed data volume
- Appropriate dimensioning of network capacities during the pandemic in order to accommodate growing data usage in mobile communications and the fixed line network
- Uninterrupted network monitoring performed by our experts
- Systematic continuation of network expansion
- Continuous availability of our customer service

#### TARGETED ASSISTANCE WITH DIGITAL LEARNING

The coronavirus pandemic has highlighted the digital deficits in schools and is increasing the risk of a growing digital gap within society. With an aid project, we are promoting digital learning opportunities for children from disadvantaged families and deprived areas:

- Campaign run jointly by O<sub>2</sub>, Deutsches Kinderhilfswerk (German Children's Fund) and Amazon
- Distribution of 250 notebooks together with mobile Wi-Fi routers and SIM cards
- Extra teaching provided online and supervision for children in need
- Focus on schoolchildren who cannot participate in face-to-face teaching

O<sub>2</sub> Business is affording swift access to the future of learning with a digital package that can be tailored to a school's specific needs. The all-in-one solution consists of three components:

- Basic technical equipment in the form of Apple iPads and a mobile communications tariff with unlimited data usage
- IT support with the administration licence included
- Information and advice from O<sub>2</sub> Business experts with use of a free hotline and website support

#### DIGITAL CARE PACKAGE FOR SENIOR CITIZENS

It is the elderly who run the greatest health risk in the pandemic and they are often isolated. Working with the Digital Opportunities Foundation, we put together a digital care package for senior citizens. It comprises five components:

- 40 trained O<sub>2</sub> helpers to provide assistance with all topics relating to mobile phones and tablets
- Smartphones and tablets for retirement homes in cooperation with emporia and Huawei
- "Digital(es) einfach erklärt" (Digital Matters Explained Simply): videos explaining the Internet and devices
- "Digital mobil im Alter" (Digitally Mobile in Old Age) podcast on health and safe Internet surfing in the crisis
- Further training locally for trainers of senior citizens

*"This crisis would have hit us even harder four or five years ago when we weren't yet quite as digital. The digitalisation impetus we are currently experiencing will also boost the topic of sustainability further."*  
**Markus Rolle**

*"The results show that with O<sub>2</sub>, we are one of the best providers in Germany. The coronavirus pandemic in particular has shown us in recent months just how important a strong and reliable fixed line network is for each and every customer. Our network can be relied on – the test results demonstrate this impressively."*  
**Mallik Rao**

More information can be found in German on the [coronavirus information page](#).

<sup>1</sup> *connect* mobile communications network test 2021: very good (852 points); in total, three ratings of "very good" were awarded (926, 876 and 852 points). The full ranking can be found [here](#).

# Digital responsibility

## in times of the coronavirus pandemic

### Part 2/2

#### PROTECTING AND SUPPORTING EMPLOYEES

We are at our employees' side in the crisis – their well-being and safety are top priorities. Our programme focuses:

- Health protection through the swift introduction of telecommuting solutions and hygiene measures
- Financial security by topping up the difference between statutory net pay and the short-time working allowance for shop staff, trainees and dual-studies students
- Maximum flexibility for parents in terms of working hours and leave arrangements
- Clear communication and the best possible guidance across all information channels
- Switching health management to digital offerings

The Telefónica Deutschland Group received the 2020 Corporate Health Award for its exemplary occupational health management and a special award for its flexible and innovative pandemic management. More information on COVID-19 and its impacts on the digital working world of the future can be found in chapter 3.3.

#### SOLIDARITY AND RESPONSIBILITY WITHIN SOCIETY

Together with partners from the fields of business, media and culture, O<sub>2</sub> got involved in the "Deutschland gegen Corona" (Germany against Corona) initiative. The joint "Alle für alle" (All for All) campaign invokes the responsibility of each and every individual and seeks to spread confidence. It demonstrates what form social conduct should take in times of the coronavirus:

- Observing the recommended distance of two metres
- Helping people who are in quarantine
- Not hoarding, but only buying what you really need
- Not sharing misinformation
- Obtaining tips from [www.deutschland-gegen-corona.org](http://www.deutschland-gegen-corona.org) and via #allefüralle

#### OFFERING AID ORGANISATIONS UNBUREAUCRATIC SUPPORT

We made rooms in the O<sub>2</sub> Tower in Munich available to the Bavarian Red Cross (BRK) for use as a coordination centre for a number of weeks:

- Unbureaucratic and swift promise of aid
- 30 BRK employees working in three shifts
- Coordination of the measures for the Free State of Bavaria
- Use of the rooms was made possible thanks to the telecommuting rules that applied at the Telefónica Deutschland Group
- Access to the Internet and the available technology

More information can be found in German on the [coronavirus information page](#).

*"For us, the pandemic was an opportunity to sustainably change the ways in which we work, with maximum flexibilisation of the place and time of work for our staff. We enjoyed economic success last year in spite of the crisis situation and more than 90 % of our employees told us they thought we handled the crisis outstandingly. This encourages us to continue to look to the future and to be a trailblazer in shaping the new working world."*  
**Nicole Gerhardt**

*"'Keep your distance – but still stick together'. We are supporting the 'Germany against Corona' initiative because its message is the only right one at this time. Because only by maintaining physical distance in public spaces can we save lives – each one of us individually and all of us together. The partnership complements our own measures. 'Stay at home' is what we ask O<sub>2</sub> customers to do. At the same time, we make sure that they 'stay together anyway' – no longer physically, but digitally, for example via chat or videotelephony."*  
**Wolfgang Metzke**



# Responsible business

1.0 Shaping digitalisation

2.0 Managing corporate  
responsibility

3.0 Responsible business

3.1 Customer satisfaction

3.2 Compliance

3.3 Employer

3.4 Supplier management

3.5 Human rights due  
diligence

4.0 Strengthening life in  
the digital world

5.0 Environmental and  
climate protection

6.0 Derivation and evaluation  
of the CR strategy

7.0 Facts and figures



## Our ambition

We are a fair and trustworthy partner for our stakeholders. In the years leading up to and including 2020 we achieve consistently good to very good results in relevant external assessments and our stakeholder surveys.

### Target attainment:



# Customer satisfaction



## 3.0 Responsible business

- 3.1 Customer satisfaction
- 3.2 Compliance
- 3.3 Employer
- 3.4 Supplier management
- 3.5 Human rights due diligence

### Commitment

We offer our customers the best product quality, price-performance ratio and service experience, the latest innovations and a modern network infrastructure. By 2020 we will offer one of the best customer services in the industry with a high level of customer satisfaction.

### Our achievements

With 5G, we ushered in a new era of mobile communications for our customers. We achieved clear improvements in terms of key customer satisfaction parameters such as the NPS and the churn rate. We received recognition for our performance in the area of the network and customer service in numerous tests conducted by renowned specialist media. We are investing in a strong fibre-optic network together with partners. With service from a single source (One Care) and new digital services such as those in our app O<sub>2</sub> my Service, we underline our customer orientation and our focus on customer satisfaction. Providing outstanding service is a matter of importance to us during pandemic times too.

#### Target attainment:



### Focus SDGs

Our customers and their well-being are our top priority. We offer them digital and analogue advice regarding all of our products and services. We wish to afford everyone access to digital services and are promoting technical innovations in addition to expansion of the network infrastructure while stringently complying with the radiation protection restrictions.



### UN Global Compact

We are committed to observing the UNGC principles related to the areas of human rights, labour standards, the environment and anti-corruption. Customer satisfaction cannot be directly assigned to a principle, but we endeavour to take the UNGC principles into account in everything we do.



- LEGEND
- ✓+ Exceeded
  - ✓ Fully attained
  - ☐ Mostly attained



## 3.0 Responsible business

### 3.1 Customer satisfaction

### 3.2 Compliance

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### 3.5 Human rights due diligence

**GRI** Management approach:  
Marketing and labelling (103-2;  
103-3); 102-43

# Satisfied customers as the basis for success

## BASIC PRINCIPLE AND CHALLENGES

### The focus is on the customer

Advancing digitalisation is changing all areas of our lives. The spheres of politics and business consider it their responsibility to shape this development advantageously for people. One core promise is that digitalisation will lead to further growth and prosperity as well as sustainability. As a provider of digital telecommunications, we are at the heart of this development technologically and with the services we provide to the customers. We offer a network that serves as the basis for companies and users to realise digital business models and applications.

We are active in markets which are characterised by stiff competition and ongoing technological developments. Within the German mobile communications market, our company finds itself in a market environment which remains dynamic, yet rational, and the business recorded solid customer development once again in 2020. In an environment characterised by momentous technical change, we face the challenge of meeting technical and regulatory requirements, anticipating the customers' wishes as best we can and offering them guidance and assistance in an increasingly complex product world. We therefore aspire to enabling everyone to participate in digital life and to use the advantages of digitalisation as it best suits their wishes and needs. Our aim is to narrow the digital gap between different user groups which is caused by social and education-based disadvantages.

In this regard, offering our customers transparency at all times regarding how their data is used and allowing them to determine themselves how it is used are top priorities for us.

The satisfaction of our customers is the foundation of our corporate success. Aspects such as network quality, value-for-money innovative products and tariffs, a strong brand, and sales and service quality are the key factors involved. Here, we consider dealing with customers fairly and with respect to be self-evident.

We aspire to seeing the world through the eyes of our customers and providing them with attractive and simple self-service offerings that suit their habits and individual needs. We aim to make the online customer experience even better still by further expanding these.

In the course of the materiality analysis conducted in the reporting year, we identified customer relations, the product and service experience, and network quality and coverage as the material sustainability topics. The decisive factors were, on the one hand, the diverse impacts of our activities all along the value chain. The focus here is on facilitating broad and straightforward participation in digital life for our customers and promoting sustainable consumer behaviour on the basis of information, education and an appropriate product/service portfolio, from the purchasing of mobile phones through to recycling. On the other hand, a high level of customer satisfaction is one of the key success

factors when it comes to our company's core business and is something we continuously seek to strengthen with our array of services.

## PROCESSES AND MANAGEMENT

### Transparently gauging customer satisfaction

The Chief Consumer Officer (CCO) and the Chief Partner and Wholesale Officer (CPWO) of Telefónica Deutschland Holding AG bear overall responsibility for the area of customer satisfaction. The CCO is responsible for private customer business with a clear focus on the customer experience, the CPWO has responsibility for business with partners, and the Chief Executive Officer (CEO) is in charge of the B2B division. Central management of customer satisfaction is firmly embedded in the company with the Consumer Experience department within the Customer Marketing directorate. Surveys and market research are the responsibility of the Director of the Digital & Data Competence Center (DDC) within the Finance division. Network quality and coverage are the responsibility of the Chief Technology & Information Officer (CTIO).

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We measure customer satisfaction at all levels to the fullest extent permitted by data privacy legislation – at the market level, at all the direct and indirect customer touchpoints (customer journey) and at the contact level (i.e. directly following customer contact). We hope to derive relevant knowledge and measures from this in order to improve customer satisfaction further. The key performance indicators we use are the Net Promoter Score (NPS) as an important control parameter in the area of customer relations and churn rate (excluding M2M).

The NPS verifies customer willingness to recommend the O<sub>2</sub> brand. It reflects the overall satisfaction with the brands as well as with their products and services. The scale ranges from 1, very low customer satisfaction, to 10, very high customer satisfaction. The NPS is determined through a telephone survey of our company's private customers and of our competitors' customers; this is conducted externally. The survey is carried out several times a year according to precisely defined criteria. All NPS improvement measures have the aim of optimising the customer experience. With regard to a good customer experience, it is also important

to us that we identify the difference between the customers' wishes and their perception of the service, assess the customers' overall satisfaction levels, determine whether their expectations are being met and gauge the gap when measured against a fictional ideal service provider. The Customer Satisfaction Index (CSI) has no longer been determined since the beginning of the year and has been substituted with the NPS in order to generate significantly better-quality information regarding how the O<sub>2</sub> and Blau brands are faring compared with the competition. We are noting a positive development in the NPS this year and expect this to remain the case in relation to both private and business customers for some time to come. The churn rate is the migration rate of postpaid customers over a certain period of time divided by the total number of contract customers (postpaid connections excluding machine-to-machine; M2M). We recorded a historically low churn rate of 1.40 % thanks to our measures designed to boost customer satisfaction, our sustainable quality improvements and the impact of the pandemic. The implied annualised churn rate improved to 16.8 % compared with 18.1 % in 2019.

CUSTOMER SATISFACTION	UNIT	2017	2018	2019	2020
Postpaid customer churn rate Churn for postpaid connections excl. machine-to-machine (M2M)	%	1.61	1.65	1.51	1.40

## Responsible Business Plan 2016–2020

### Highlights of the targets achieved

**Commitment:** we offer our customers the best product quality, price-performance ratio and service experience, the latest innovations and a modern network infrastructure. By 2020 we will offer one of the best customer services in the industry with a high level of customer satisfaction.

- We increased the NPS as an indicator of our customer satisfaction by 100 % year-on-year and have recorded a historically low churn rate of 1.4 %.
- We made a success of the 5G launch and we achieved LTE network coverage of 99.6 % in the year 2020.
- Together with partners, we closed network provision gaps and eliminated what are known as grey and black spots. With regard to the fixed line network, we are focusing on the fast expansion of fibre-optic cables via a joint venture.
- We have continuously established new digital services and communication channels such as messaging, WhatsApp and the AI application Aura.
- We received many awards for our customer service – a gold German Stevie Award, the title Digital Champion from *Focus Money*, a test win for the Mein O<sub>2</sub> app and an overall rating of "very good" in the *connect* shop test. In the mobile communications network test conducted by the specialist magazine *connect*, the O<sub>2</sub> network was declared "very good" – for the first time in the company's 25-year history.



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## Customer-specific strategies and guidelines

We have developed clear customer service guidelines in line with our strategy, to give our employees guidance in their customer contact and in optimising our services. We defined seven strategic principles for the form to be taken by our customer and sales services in the areas of Omnichannel (OC) and Customer Sales & Services (CSS). The focus is on the customer at all times. The principles are defined more precisely with dialogue guidelines for customer contact, a quality handbook, the Internal Audit Score (IAS), quality assurance programmes and various training measures. In the reporting year, we also reviewed the significance of the various channels via which we communicate with our customers and subsequently derived targets and measures to boost customer satisfaction. We intend to continue to ensure that the customers can reach us using their preferred channel in the future too.

## Using customers' wishes and feedback for improvements

In order to keep customer satisfaction high, the Telefónica Deutschland Group responds to incoming queries as quickly as possible and according to defined workflows. We use the feedback we receive from our customers and employees in a continuous improvement process to optimise our procedures and therefore the customer experience too. With our customers' consent, we use among other things automated speech analysis for incoming telephone calls in order to evaluate the reasons for the calls and the wishes of customers faster and to record them systematically. Our employees can also directly make a record of improvement suggestions and customer wishes that arise in dialogue with the customers and then pass these on and implement them as part of the continuous improvement process.



Through the speech analysis as well as via regular employee feedback from the operating units, conspicuous fluctuations in contact reasons or voiced customer problems are reported and we use these to derive concrete improvement measures. These are analysed and implemented as promptly as possible as part of the continuous improvement process. The chosen topics are respectively assigned to a person responsible and the progress made with them is tracked via weekly documentation.

We have set ourselves ambitious targets in the area of customer satisfaction: we want to offer excellent customer service with a high level of customer satisfaction. We evaluate the status of our target attainment on the basis of internal performance indicators taken

from direct customer surveys as well as from external evaluations such as the regular tests conducted by the special-interest magazine connect. In 2020 we achieved good or very good ratings for our mobile communications and our fixed line network quality in the various tests. We are also continuously improving and expanding our digital offerings and aim to provide the customer with uncomplicated customer service round the clock and independent of location. Our target is for 76 % of all instances of contact with O<sub>2</sub> and Blau to be digital in the self-service area by the end of 2021 (December 2020: 73 %, average for 2019: 68 %).

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STRATEGIC PRIORITIES

## Digital programme for greater customer satisfaction

The focus of our measures planning is on improving the customer experience. That is why, in addition to optimising the quality of our customer service, we are also aiming to improve contact possibilities by pushing on with digital solutions based on our digital action plan. At the same time, we want to inspire our customers to make self-determined use of digital technologies with our products and base our communication measures on this. An important part of this in the reporting year was the relaunch of the Mein O<sub>2</sub> service portal offering even swifter and more intuitive access to self-service solutions. The important components here are restructuring of the service pages, an optimised search function featuring free-text input, a proactive phone number porting service, expanded mobile functions via the O<sub>2</sub> my Service app and new artificial intelligence (AI) functions via our application Aura. We have already successfully established a number of applications with the Aura digital assistance function and will continue to expand these. WhatsApp was likewise received well by our customers as a digital communication channel as it allows them to raise an issue with us at any time.

The O<sub>2</sub> Community is another important digital platform for O<sub>2</sub> customers. Within this dialogue channel, they can not only seek assistance from O<sub>2</sub> experts regarding their specific matters, but are also able to communicate with each other. For O<sub>2</sub>, interaction with the users represents a major opportunity to better understand the customers' needs. There are now 650,000 registered members and approximately 340,000 people visit the platform every month. For as many people as possible to be able to use the O<sub>2</sub> Community, it is incorporated into the [www.o2online.de](http://www.o2online.de) website as well as the Mein O<sub>2</sub> app. Based on the conversations conducted,

we have seen how much of a help users having contact with others via the O<sub>2</sub> Community has been for them during the coronavirus-related restrictions. When the O<sub>2</sub> shops were closed during the spring lockdown, we had up to 60% more new members registering every week than was the case before the outbreak of the pandemic.

During this stage of the pandemic, we effected closure of the shops in a structured manner. We shifted campaigns and our entire customer contact activities to online formats even more, achieving high usage rates in the process. Together with the company's works council, we additionally implemented fast and efficient rules to allow the employees to obtain short-time working payments. As the restrictions were eased, we succeeded in smoothly reopening the shops while complying with the comprehensive safety regulations.

## Innovative solutions for private and business customers

Sustainable growth and excellent customer satisfaction are top priorities for the Telefónica Deutschland Group. To achieve these, we offer, among other things, innovative tariffs that are designed to make our customers' lives simpler, faster and better. At the beginning of the decade, O<sub>2</sub> became the first mobile communications network operator in the German market to place three unlimited tariffs at the core of its portfolio, each of which has a different maximum surfing speed. At the same time, O<sub>2</sub> upgraded its tariffs that come with a high-speed data volume, providing twice as many gigabytes for the same price. All customers with a higher-end tariff can use the 5G network at no extra charge. 5G is already available in selected locations and the network is gradually being expanded. With the O<sub>2</sub> You configurator, our customers can

GRI Management approach:  
Marketing and labelling (103-2;  
103-3); 102-43

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additionally select the contractual conditions themselves and decide on prepayments, the contract term, their data volume or smartphone usage. With O<sub>2</sub> TV, we also enable our customers to receive live TV at an affordable price any time and anywhere. What is more, O<sub>2</sub> provides information on products and services that helps customers evaluate the smartphones offered from a sustainability perspective, from the purchasing decision through to recycling. An example in our portfolio is the Fairphone, which is not only especially durable, but also boasts environmentally friendly manufacture that meets high social standards. The customers can also learn about the devices' responsible use of resources by consulting the Eco Index.

O<sub>2</sub> has increased the data volume in its products for the self-employed and small businesses too, but not the prices. We offer the self-employed and small businesses a complete product comprising high-data tariffs, top hardware, connectivity of up to ten contracts and up to ten devices per contract, and comprehensive service. We also already guarantee that our customers can use 5G without incurring any extra charges.

In the B2B area, we offer our business customers a variety of tariff solutions that are secure, fair and reliable. In this way, we seek to boost our growth, advance innovations and achieve a high level of customer satisfaction. We have also introduced dedicated business customer contacts within our customer service in order to put the customer at the heart of everything. We launched O<sub>2</sub> Business Unlimited in 2020 as a comprehensive portfolio of tariffs that affords customers unlimited data volumes across all tariffs when working flexibly while on the move. Depending on their use case, the customers can choose different bandwidths (speeds) and select just the right tariff for their employees. As is the case with all other tariffs, this new mobile communications tariff portfolio with talk time and data volumes likewise includes 5G usage.



The O<sub>2</sub> Blue tariff portfolio, which is likewise new, serves business customers who use less data as an alternative since it comes with a limited data volume. All the new tariffs feature a new roaming concept which offers business customers the best possible coverage in terms of their world zone needs. We additionally offer our business customers a comprehensive range of fixed line network products for their connectivity, data security and site networking with our products All-IP and VPN Connect. Moreover, with the new trade-in service, customers can erase their smartphones in accordance with data protection requirements and, if required, have them disposed of in an eco-friendly way.

In the future, the Telefónica Deutschland Group will be offering companies Rich Communication Services (RCS) as an innovative technological solution that enhances messages with media content, brand information and interactive services. We are working closely

with other mobile operators in Germany on this in order to make the customer experience as uniform as possible for all mobile network users.

We are developing new solutions and services for our customers in particular in the area of financial services. For example, O<sub>2</sub> and comdirect are cooperating on O<sub>2</sub> Money and O<sub>2</sub> Banking, thereby offering our customers a smart financial assistant and a current account featuring many free services. All the major providers of digital services now accept payment via mobile phone bill. With this option too, security comes first for us. By participating in programmes such as the Clean Market Initiative, a joint quality offensive involving all mobile operators, the Telefónica Deutschland Group has made a commitment to meeting the highest possible consumer protection standards at all times.



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## Network infrastructure significantly strengthened

To make our customers' network experience better and better, we will invest approximately 30 % more in the next few years than we did in 2019 with investments set to total up to EUR 4 billion by 2022. Much of this will be spent on expanding our networks. We effected fast and extensive network expansion last year, for example. With more than 11,300 new 4G elements, O<sub>2</sub> has significantly expanded its 4G network. More than 7,300 of these transmit to stations covering areas that previously had no 4G. Also, an additional approximately 4,000 4G transmitters were installed throughout Germany to increase capacity and surfing speeds. A 4G network that continues to grow is important because over 90 % of all mobile data flows via this network infrastructure and 4G will remain the backbone of our mobile communications network in the years to come. Our expansion programme focuses not only on towns and cities, but also and above all on regions of Germany which have previously been undersupplied. For example, we are investing among other things in new 4G stations in Lower Bavaria, the Uckermark, the Odenwald, the Westerwaldkreis, Südpfalz, the Harz and Lusatia.

A significant proportion of the new O<sub>2</sub> 4G stations was installed along traffic routes. The company therefore massively expanded its 4G supply to ICE rail routes and motorways in 2020 in spite of the restrictions relating to the coronavirus and complied with its coverage obligations insofar as this was actually and legally possible. In terms of household coverage, O<sub>2</sub> achieved an increase of 14 percentage points in 2020. As such, O<sub>2</sub> has complied with the nationwide requirement stipulated by the Bundesnetzagentur (Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway; BNetzA) of 98 % household coverage. With its more than 20,000 mobile network sites, the company is now providing around 7 million more people throughout Germany with 4G too than was the case at the end of 2019.

In October 2020 the Bundesnetzagentur published its first comprehensive online map ([www.breitband-monitor.de](http://www.breitband-monitor.de)) showing mobile communications coverage in all villages, towns, cities and uninhabited regions of Germany. Drawing on data from the network operators, it shows the mobile communications accessibility right down to the level of individual streets and broken down by the mobile communications standards 2G, 3G and 4G, as well as 5G in the future. The map is updated on a quarterly basis. It shows that 96.5 % of Germany is currently covered by at least one 4G network operator.

## Tapping new potential with 5G

As a leading telecommunications provider, we connect millions of people with mobile communications via our O<sub>2</sub> network. We therefore have a particular social responsibility with regard to mobile connectivity, which we are endeavouring to live up to in particular with the roll-out of the 5G standard. With 5G, our customers will benefit in the future from significantly

higher data rates and reduced data usage time lags. At the same time, we can interconnect even more devices energy-efficiently, which should further boost our Internet of Things (IoT) business and will promote sustainable digitalisation. Our new 5G backbone can unfold its full innovative capacity above all in combination with modern cloud computing and virtualisation solutions. For the introduction of the 5G technology, we continue to rely on our familiar partners at our more than 26,000 mobile network sites – what is known as the access network – throughout Germany. We will use the technology of the European equipment manufacturer Ericsson for our new 5G backbone, the central and most security-relevant part of our O<sub>2</sub> network.

In October 2020 O<sub>2</sub> launched its 5G network in the country's five largest cities: Munich, Berlin, Hamburg, Cologne and Frankfurt. The network was also activated in a further ten cities, including Düsseldorf, Stuttgart, Essen and Potsdam. The company will install numerous additional 5G sites in the high-performance frequency band of 3.6 GHz by the end of 2021.



3.0 Responsible business

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To develop rural areas, the company will also swiftly adopt the dynamic spectrum sharing (DSS) technology. The Telefónica Deutschland Group is seeking to have thus provided more than 30 % of the German population with 5G by the end of 2021 and already half of the population by the end of 2022. The whole of Germany is to have been provided with energy-efficient 5G by 2025 at the latest.

With our support, 5G has already made its way into numerous areas of public life such as the sports and entertainment scenes. For example, the pay TV sports broadcaster Sky used the O<sub>2</sub> 5G network for the first time in Flensburg at the end of the year to show a top handball match live. Several 5G smartphones used the O<sub>2</sub> network to broadcast moving images in HD quality live from the Flens-Arena to complement the conventional cameras used. The system technology for the indoor supply of 5G from the base station to the antennas on the arena roof was provided by the manufacturer Nokia, which was contracted by the Telefónica Deutschland Group.

## Identifying and remedying network faults quickly

Our private and business customers trust in the reliability of our services. They expect network failures to be rectified quickly. By monitoring our network elements comprehensively and continually investing in our network structure, we aim to ensure that the negative impacts on our customers are kept to a minimum. A specialist network department is responsible for efficiently monitoring and resolving problems in the mobile communications and fixed line network. It ensures that the impacts of work in the network are kept minimal for the customer, that customer complaints are analysed and that failures are remedied as quickly as possible. The individual specialist departments then optimise the internal processes, taking the technical framework conditions into account.

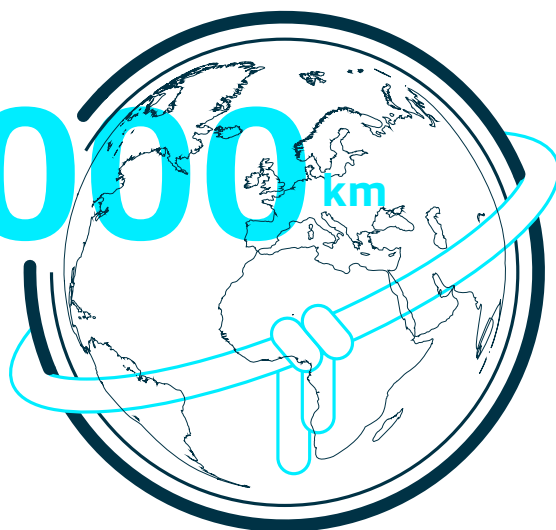
With regard to our network elements, we want to continuously raise the level of automation in monitoring and resolving problems. Since 2017 we have been using a measurement tool to analyse and gauge the quality of the network. The tool generates compre-

hensive figures. This enables us to recognise service restrictions or increased capacity demand at a mobile network site sooner and react correspondingly.

## Partnerships for an efficient fixed line network

We intend to offer our customers the best fixed line network coverage in Germany based on future-proof broadband cooperation models. Through successful partnerships, we offer our customers just the right technology for them from the full infrastructure mix of cable, fibre optics, 4G/5G and DSL. We are working with a number of telecommunications service providers and other network operators, focusing here in particular on regional partnerships. In the reporting year, we extended and expanded our existing fixed line network cooperation with Deutsche Telekom. This will make it possible for O<sub>2</sub> to likewise market Deutsche Telekom's fibre-optic house connection services to its customers in the future. O<sub>2</sub> will additionally continue to use Deutsche Telekom's VDSL and vectoring wholesale products. Using the high-performance cable infrastructures of Vodafone and in the future Tele Columbus, we will reach more households with broadband cable and will round this out with our 4G/5G-based O<sub>2</sub> HomeSpot as a complete fixed line network substitute product. In the future, we will also be able to offer fibre-optic connections via the new company Unsere Grüne Glasfaser (UGG). This is a joint venture between the Telefónica, S.A. Group and Allianz. As the company's first key account, we will be able to market our O<sub>2</sub> broadband products via this infrastructure. Over the next six years, the fibre optics company intends to provide 2.2 million households in predominantly rural and previously undersupplied regions with fibre optics, investing up to EUR 5 billion in expansion in the process. This will allow the company to install a fibre-optic network of more than 50,000 kilometres in length.

Target:  
**50,000 km**  
fibre optics to  
be installed  
in the next  
six years





# Compliance



## 3.0 Responsible business

- 3.1 Customer satisfaction
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- 3.4 Supplier management
- 3.5 Human rights due diligence

### Commitment

We act in accordance with all laws, societal guidelines and values. In the years leading up to and including 2020 we will strive for externally recognised certification of our compliance management system.

### Our achievements

We continuously assess potential compliance risks and performed a compliance risk assessment for the risk areas of corruption and conflicts of interest. We developed guidelines for management of the whistle-blowing channel that specify further the process of reporting possible violations of the rules. By signing up to The Ten Principles of the UN Global Compact, we are boosting our commitment to tackling corruption and human rights violations.

#### Target attainment:



### Focus SDGs

We strive to comply with laws, societal regulations and values in all our internal and external processes. We are also advocating a new digital pact so that everyone can benefit from digitalisation.



### UN Global Compact



- Human rights
- Labour
- Environment
- Anti-corruption

- LEGEND
- ✓ Exceeded
  - ✓ Fully attained
  - ▬ Mostly attained

### 3.0 Responsible business

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#### 3.4 Supplier management

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# Compass for responsible conduct

## BASIC PRINCIPLE AND CHALLENGES

### Compliance as the bedrock of our actions

Social and economic life are founded on integrity and legal compliance. Violations of rules and laws have negative economic, environmental and social impacts and can be detrimental to the upholding of human rights and equal opportunity. Abidance by the law is not only an indispensable basic prerequisite for our conduct. It also allows risks to be reduced and our business foundations to be preserved – something which we seriously jeopardise if we fail to observe regulations and rules. These factors contribute to anti-corruption and conflicts of interest being identified as material non-financial topics for our company.

Our aim is to maintain and increase the trustworthiness of the Telefónica Deutschland Group. Here, the integrity of the company and the sense of responsibility of all our employees play a decisive role. They form the basis for trusting cooperation with our customers and business partners, thereby guaranteeing the good reputation of our company.

Observing statutory requirements, international standards and internal guidelines is a matter of course for us. The [Business Principles](#) of the Telefónica Deutschland Group additionally guide our conduct. Our principles in turn are based among other things on the UN Universal Declaration of Human Rights, the core labour standards of the International Labour Organization (ILO) and the principles of the UN Global

Compact, which we declare our dedicated support for. Our Business Principles are directed at the employees, business partners, shareholders and the company as a whole. As a binding code of conduct, they set standards for our participation in the business world.

Conducting our business in accordance with the principles of efficient, sustainable and transparent corporate governance is a comprehensive requirement for the Telefónica Deutschland Group. We follow the guidelines of the German Corporate Governance Code (DCGK) for this purpose. The [declaration of compliance](#) with the DCGK specifications and our [Management Declaration](#) are published in the [Annual Report](#).

For us, it is about more than merely meeting requirements. We also want to continue to develop and ensure that we act with integrity in the digital age. The digital transformation with its many legal challenges and the legal development anticipated for 2021 in the direction of corporate criminal liability present development scope and options here. Germany's new Corporate Sanctions Act (corporate criminal liability) governs the sanctioning of corporations, i.e. of legal persons under private and public law, associations without legal personality and incorporated partnerships. The current draft bill includes rules regarding the consideration of a company's compliance endeavours and therefore offers companies significant incentives to invest in a good compliance management system

**GRI** Management approach: Socioeconomic compliance (103-2; 103-3); Environmental compliance (103-2; 103-3); Non-discrimination (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Anti-corruption (103-2; 103-3); Anti-competitive behaviour (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Public policy (103-2; 103-3); Human rights assessment (103-2; 103-3); GRI 102-12; 102-16; 102-17; 102-20; 102-21; 102-25; 205-1

**UNGC principles** 5, 10



3.0 Responsible business

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**GRI** Management approach: Socioeconomic compliance (103-2; 103-3); Environmental compliance (103-2; 103-3); Non-discrimination (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Anti-corruption (103-2; 103-3); Anti-competitive behaviour (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Public policy (103-2; 103-3); Human rights assessment (103-2; 103-3); GRI 102-12; 102-16; 102-17; 102-21; 102-25; 205-1; 205-3

UNGC principles 5, 10

(CMS). The significance and importance of an effective CMS will therefore increase considerably in the future. The efficient embedding of the CMS within the company and targeted compliance measures are contributing to risks in the area of corporate crime being proactively identified and effectively combated.

PROCESSES AND MANAGEMENT

## Zero tolerance of corruption

Compliance management is of high importance to the Telefónica Deutschland Group. There is a particular focus on the subject of anti-corruption – this is because incidents of corruption can lead not only to severe financial damages, but also considerable damage to reputation. The Telefónica Deutschland Group condemns all forms of corruption and this is reinforced with its zero-tolerance commitment. We annually oblige our senior management and our Management Board to respect this commitment and comply with our [anti-corruption guidelines](#). Digitalisation is also causing companies' business processes to change. Compliance management systems (CMS) therefore have to be adapted to new circumstances in order to be able to proactively identify risks and effectively manage them. We seek to prevent unfair practices such as corruption, corporate crime and fraud as best we can with preventive measures and, should we not manage this in isolated cases, to systematically uncover these practices. We were unable to have our



CMS fully certified by the end of 2020. We will strive to conclude the external certification process of our CMS in 2021.

## Integrated compliance management system

Maintaining and continuously strengthening our customers' trust is important to us. We absolutely want to avoid financial disadvantages or damage to our reputation resulting from compliance violations. That is why we have established an integrated CMS that guarantees our guidelines are kept to. The main emphases of our CMS include combating corruption and preventing unfair competition and conflicts of interest. Overall responsibility for this lies with the Director of

Integrity Services, who reports to the Chief Officer for Legal & Corporate Affairs. The Management Board and Supervisory Board of the Telefónica Deutschland Group are regularly notified about compliance activities and the ongoing development of the CMS.

A risk assessment in the areas of corruption and conflicts of interest was conducted for Telefónica Germany GmbH & Co. OHG and all the subsidiaries in 2020. All suspected cases of unfair practices such as corruption and the taking and giving of bribes that come to our attention are carefully examined. Substantiated accusations are rigorously pursued and penalties are imposed accordingly. The integrated CMS system helps detect cases of corruption throughout the company and prevent them to the fullest extent possible using suitable measures. Here, we

ANTI-CORRUPTION	UNIT	2017	2018	2019	2020
Total number of cases of corruption <sup>1</sup>	Numbers	0	0	0	0

<sup>1</sup> Confirmed suspected cases that led to measures related to labour law or sanctions.

### 3.0 Responsible business

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**GRI** Management approach: Socioeconomic compliance (103-2; 103-3); Environmental compliance (103-2; 103-3); Non-discrimination (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Anti-corruption (103-2; 103-3); Anti-competitive behaviour (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Public policy (103-2; 103-3); Human rights assessment (103-2; 103-3); GRI 102-12; 102-16; 102-17; 102-21; 102-25; 205-1; 205-2

UNGC principles 5, 10

define cases of corruption as any form of misuse of a professional position to obtain unauthorised tangible or intangible advantages. We received no reports of suspected cases of corrupt conduct in the reporting year 2020. As such, no labour law sanctions were imposed on any employees.

We have moreover defined clear guidelines and specifications for the most important compliance topics that affect daily business. In addition to the [Business Principles](#), they include corruption prevention and competition law guidelines, guidelines on how to handle conflicts of interest, invitations, gifts and incentives, and the Telefónica Deutschland Group's [Human Rights Policy](#). Regulations relating to the procurement of services also apply, such as how to conduct business with service providers. We also produced a new policy for our whistle-blower channel in the reporting year 2020 to clearly define and continue to guarantee the legally watertight and responsible handling of tip-offs, complaints and anonymous reports from stakeholders who are potentially affected. This channel is available for use by our employees as well as all external individuals, and it can be reached by phone, email, fax or post. Information regarding contact options can be found on the company's intranet and website. Data protection is guaranteed by involving a lawyer who acts as an ombudsman. This lawyer has a professional duty of confidentiality and will maintain a whistle-blower's anonymity at their request.

#### STRATEGIC PRIORITIES

### Involving stakeholders in prevention

Keeping our employees closely involved is essential to implementing our compliance measures. We achieve this through targeted communication as well as surveys and training. Our business partners and suppliers ([see chapter 3.4 and 3.5](#)) are also subject to binding specifications, such as the [Supply Chain Sustainability Policy](#) and an [anti-corruption declaration](#) to which they have to consent in order to be commissioned with work.

To sustainably sensitise our employees to these important issues, we conduct, among other things, compliance training courses online and at set intervals of between one and three years. There is mandatory participation in training on, for example, the Business Principles, data protection, information security and Germany's General Act on Equal Treatment (AGG). Our executives on the top management level are also explicitly required to commit to complying with our Business Principles and [anti-corruption guidelines](#) and are given training on this.

Participation in training is monitored by the human resources system Success Factors. All employees receive automatic reminder emails as soon as they are due for mandatory training. Upon completion of the training, an electronic certificate attesting to the employee's successful participation is added to the system. The current level of training is reported to the Audit Committee, a Supervisory Board body, once per quarter. The Management Board likewise receives a quarterly report on the status of the conducting of mandatory compliance training, broken down by Management Board areas of responsibility. We continually review our training concept and adapt it to current developments and the actual needs.

## Responsible Business Plan 2016–2020

### Highlights of the targets achieved

**Commitment:** we act in accordance with all laws, societal guidelines and values. In the years leading up to and including 2020 we will strive for externally recognised certification of our compliance management system.

- More than 95 % of our employees have completed the newly developed and revised training on the Business Principles.
- As the basis for successful certification, we performed occasion-related and process-accompanying examinations and consultations with regard to potential compliance risks.
- We conducted the Integrity Compass compliance survey among our employees.
- Guidelines were developed for the efficient management of the whistle-blowing channel and were implemented within the compliance management system.



3.0 Responsible business

3.1 Customer satisfaction

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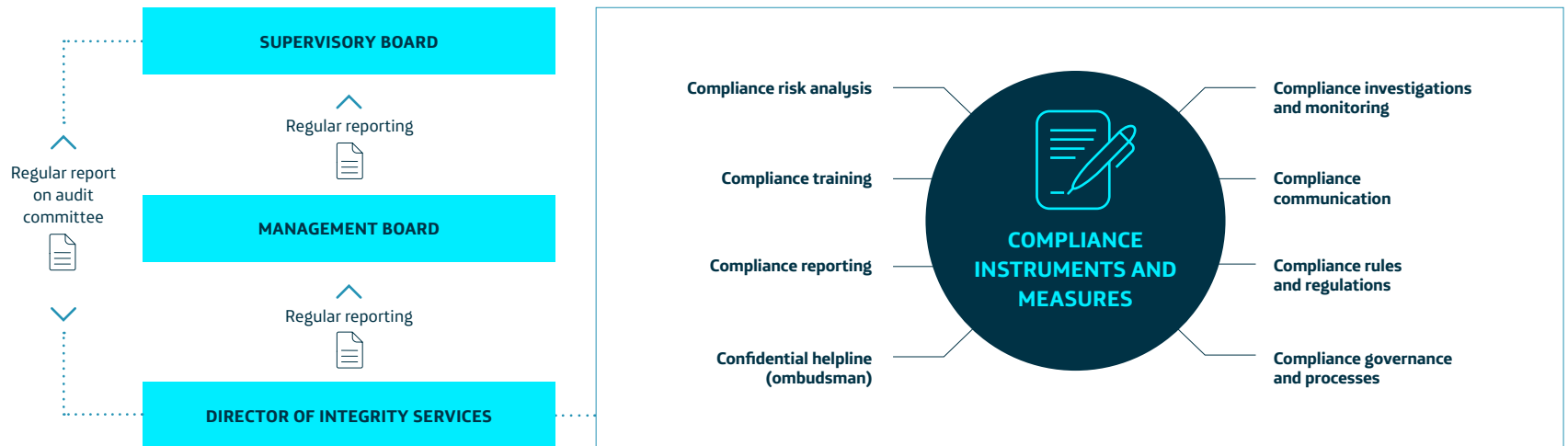
3.5 Human rights due diligence

In addition, there is regular communication on topics relevant to corruption, for example emails and information on the intranet. If required, the Compliance department can offer employees and bodies such as the works council advice on all matters concerning ethical conduct and acting with integrity. We carry out occasion-related and process-accompanying examinations and consultations with regard to potential compliance risks. The Internal Audit department and external auditors regularly audit the CMS as well as our measures for preventing corruption. Our staff are also surveyed regarding the quality and effectiveness of the CMS.

In the reporting year, we took the results of the risk assessment conducted in the areas of corruption and conflicts of interest and derived measures for improvement with regard to these issues. For example, we intend to offer e-learning specifically on the topic of anti-corruption and conflicts of interest for certain risk areas in 2021. We will additionally produce FAQ for all the employees on the topic of dealing with officials and will fine-tune the definition of an "official" in the anti-corruption guidelines, as some uncertainty has been ascertained among the employees in this regard. We consider these measures to be important as

business-related contact with officials calls for particular sensitivity with regard to possible corruption risks. We have again explicitly stipulated the causes of, examples of and consequences of conflicts of interest in the guidelines on this issue and have highlighted appropriate conduct in order to prevent risks and avert damage.

COMPLIANCE AT TELEFÓNICA



**GRI** Management approach: Socioeconomic compliance (103-2; 103-3); Environmental compliance (103-2; 103-3); Non-discrimination (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Anti-corruption (103-2; 103-3); Anti-competitive behaviour (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Public policy (103-2; 103-3); Human rights assessment (103-2; 103-3); GRI 102-12; 102-16; 102-17; 102-20; 102-21; 102-25; 205-1

# Telefónica as an employer



## 3.0 Responsible business

- 3.1 Customer satisfaction
- 3.2 Compliance
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- 3.4 Supplier management
- 3.5 Human rights due diligence

### Commitment

As a responsible employer, we set great store by fair, open and trusting cooperation and offer our employees an inspiring work environment with diverse development and preference options. We benchmark the satisfaction and commitment of our employees on the basis of good to very good results in our regular surveys.

### Our achievements

We improved our employee Net Promoter Score by 32 percentage points in a single year. With the 5 Bold Moves key initiatives, we are entering the digital working world of the future. The new AI platform BEYOND presents the employees with suitable development opportunities. With the All Leaders Journey, we are focusing on the executives' future-oriented skills. Our commitment to the health of our employees was recognised with the Corporate Health Award and a special pandemic management award.

#### Target attainment:



### Focus SDGs

The health, safety, well-being and development of our employees are elementary for us. We want to ensure that they can put the advantages of digitalisation to the best possible use for themselves too and we want to shape the working world together with them. Whenever there are changes, we consider equal opportunity, support the employees in reconciling their work with various lifestyles and promote their engagement.



### UN Global Compact



- Human rights
- Labour
- Environment
- Anti-corruption

LEGEND  
 ✓+ Exceeded  
 ✓ Fully attained  
 ◻ Mostly attained



### 3.0 Responsible business

#### 3.1 Customer satisfaction

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# Fit for the future together

## BASIC PRINCIPLE AND CHALLENGES

### Future-proof organisation and high employer attractiveness as targets

The extraordinary global situation caused by COVID-19 presented the Telefónica Deutschland Group too with entirely new challenges in 2020. As an employer, our top priority when it came to dealing with the pandemic was the health and safety of our employees. A large proportion of the workforce worked together virtually from their respective homes from the beginning of the crisis. While our employees were generally already equipped for mobile working, the changeover to telecommuting solutions posed a huge challenge for our

customer services as stringent data protection requirements still had to be met in the employees' private environments. As many nurseries and schools were closed, we granted the affected parents maximum flexibility in the allocation of their work hours.

We collected, analysed and evaluated the insights from this new way of working, which continued for months, in a structured process involving both our employees and executives. The aim was to preserve the positive changes for the future and to advance the organisation's ongoing transformation with a decisive step in the direction of tomorrow's digital working world. We were thus able to further accelerate the

implementation of our HR strategy with our push to productively shape the "new normal" and with other initiatives in the course of the year. Based on and further developed from the previous years' focuses, it covers the topics of new ways of working and productivity, employee and executive development, and employee engagement. We wish to remain an attractive employer for our employees as well as for external applicants in the future on the basis of appropriate measures and in ongoing dialogue with our staff.

**GRI** Management approach:  
Employment (103-2; 103-3);  
Labour/management relations  
(103-2; 103-3); Occupational health  
and safety (103-2; 103-3); Training  
and education (103-2; 103-3);  
Diversity and equal opportunity  
(103-2; 103-3); Non-discrimination  
(103-2; 103-3); GRI 102-43

**UNGC principles** 6



3.0 Responsible business

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**GRI** Management approach:  
Employment (103-2; 103-3);  
Labour/management relations  
(103-2; 103-3); GRI 102-43

**UNGC principles** 6

PROCESSES AND MANAGEMENT

## Employee survey measures satisfaction and progress regarding attractiveness as an employer

The Chief Human Resources Officer (CHRO) has overarching responsibility for the area of staff matters. Several works council bodies also represent the employees' interests. We conduct regular employee surveys in order to assess the attractiveness of our work environment and the progress we are making with the core issues regarding our transformation. These include short surveys conducted throughout the year known as Pulse Surveys and an annual global Employee Experience Survey. Both types of survey are conducted online, anonymously and voluntarily among all employees of the Telefónica Deutschland Group. The values measured include the employee Net Promoter Score (eNPS), which is a sign of the likelihood of employees recommending Telefónica as an employer. It is therefore a key indicator of our attractiveness as an employer. In 2020 we achieved an eNPS of 53.8 points (previous year: 21.5), thus more than doubling our score compared with 2019. The key drivers were the way in which we handled the coronavirus crisis as an employer and our more flexible ways of working. Other

issues that contribute to the eNPS in particular are the employees' well-being, shared social commitment, and development and career opportunities. Other results show that 91 % of our employees still feel they are part of a team in spite of working virtually while the pandemic situation continues and that the core transformation topics were successfully advanced even during the COVID-19 pandemic. In addition, 93 % of the employees confirmed that equal opportunity is pronounced at the Telefónica Deutschland Group (previous year: 88 %).

The response rate for the global survey was 77 % in 2020; this meant it remained stable at a high level year-on-year (2019: 79 %). Together with the Pulse Surveys conducted during the year, the global Employee Experience Survey plays a part in us regularly reviewing the progress we have made regarding our key HR strategy topics on the basis of data and then implementing targeted measures. We additionally make the results available to executives in a digital dashboard, where they can see the figures for their division and can work on the improvement potential identified, with the assistance of the HR division and external coaches.

### ATTRACTIVENESS AS AN EMPLOYER: ANNUAL EMPLOYEE SURVEY

	UNIT	2017	2018	2019	2020
Response rate	%	68	71	79	77
Employee Net Promoter Score (eNPS) (from 2019 onward)	Score	–	–	21.5	53.8

## Responsible Business Plan 2016–2020

### Highlights of the targets achieved

**Commitment:** as a responsible employer, we set great store by fair, open and trusting cooperation and offer our employees an inspiring work environment with diverse development and preference options. We benchmark the satisfaction and commitment of our employees on the basis of good to very good results in our regular surveys.

- We significantly improved our attractiveness as an employer as measured by the employee Net Promoter Score.
- The 5 Bold Moves key initiatives paved our way into the digital working world of the future by promoting efficient collaboration, productivity and individual flexibility.
- We launched the AI-based platform BEYOND to present our employees with suitable development opportunities based on their skill profiles.
- Via various programmes, we imparted new ways of thinking and working to our executives and strengthened their skills.
- Our occupational health management won the Corporate Health Award various times.
- We promoted our employees' engagement, for example with an attractive work environment, corporate volunteering and initiatives for a joint spirit such as the Tower Run.
- *Focus Money* named us industry winner in its "Top career opportunities" ranking thanks to our diverse promotion and development opportunities.



3.0 Responsible business

3.1 Customer satisfaction

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3.4 Supplier management

3.5 Human rights due diligence

**GRI** Management approach: Employment (103-2; 103-3); Labour/management relations (103-2; 103-3); GRI 102-43

**UNGC principles** 6

## STRATEGIC PRIORITIES Priorities in human resources work

The Telefónica Deutschland Group further developed its HR strategy and implemented new measures in the year under review. The global COVID-19 pandemic additionally demanded an unforeseeable and longer-term change in the way people collaborate within the organisation, which provided us with important insights into a modernised digital way of working. These insights were systematically grouped as five key initiatives (5 Bold Moves) in the course of the year, were rolled out in the company and were anchored with ongoing initiatives. These play a part in accelerating the focal issues of our HR strategy and our transformation.

### New ways of working and productivity

The five key initiatives seek in particular to boost efficient and effective collaboration, productivity and individual flexibility. It is essentially a flexible hybrid model that combines the benefits of mobile virtual work with the advantages of on-site collaboration.

The five key initiatives are "Working Anywhere – working wherever it is most productive", "Working Anytime – maximum work time flexibility within the legal parameters", "Outcome-based Leadership – systematic focus on results", "Digital by Default – virtual meetings as the new standard" and "70 % Less Travel – significantly fewer internal business trips". With the increasingly digital way of working that comes with these initiatives, we are also improving the reconcilability of different lifestyles with professional needs, are promoting inclusion and are offering new opportunities in terms of women in management positions. In addition, the significant reduction in business travel sends out a clear signal regarding climate protection. To support the successful implementation of the key initiatives, we communicated them in an attention-grabbing campaign and complemented them

with an array of measures. These included specific information events, accompanying materials and coaching to equip our employees and executives with the skills needed for the collaboration changes. Other measures to sustainably anchor the initiatives were gradually implemented in cooperation with the employee representatives.

### Employee engagement and attractive working conditions

The engagement of our employees is a key factor in the success of the Telefónica Deutschland Group. With the involvement of the executives, we therefore create a work environment to which our employees can actively contribute with their achievements, their ideas and their social engagement, and in which they can further develop and also reconcile various areas of life with flexible work models. We set great store by interactions founded on fairness, working together as partners and an inspiring motivating work climate.

To promote open communication within the company, various formats involving the Management Board and employees are in place such as Vorstand im Dialog (Management Board in Dialogue), Tower Talk, and Kaffee & Croissant (Coffee & Croissants). Ongoing communication and guidance were made possible during the COVID-19 pandemic situation thanks to additional special formats such as virtual executive conferences, weekly Management Board updates and a dedicated intranet page. Even under changed circumstances, company-wide team events for a good cause such as the Digital O<sub>2</sub> Tower Run boosted employee loyalty, a feeling of unity and a sense of shared social responsibility.

Among other things, we held regular dialogue formats featuring Management Board members in 2020 in order to closely involve the works council and increasingly shape company changes together with them. There is also ongoing informal dialogue with the employee bodies.

We consider the comprehensive additional benefits that the Telefónica Deutschland Group offers its employees to be another important component of our attractiveness as an employer. These include pension subsidies, discounts on public transport, insurance policies, meal subsidies, a [family service](#) and employee credits for our products and services.

Since 2019 the Telefónica Deutschland Group has intentionally linked bonus payments for the Management Board and executives to the company's performance with regard to its sustainability targets. The latter include boosting customer satisfaction, strengthening our reputation, reducing CO<sub>2</sub> emissions and increasing the percentage of women in management positions. For more information, see [chapter 2.3](#).

### Development of employees and executives

The Telefónica Deutschland Group continues to focus on targeted investment in the ongoing self-managed further development of its employees and on acquiring highly qualified, new employees. In this way, the workforce's employability and the organisation's future viability are strengthened in the long term.

In 2020 the Telefónica Deutschland Group launched the BEYOND initiative as a platform based on artificial intelligence which brings suitable development options within the company to the attention of the employees on the basis of their skill profiles. These may be, for example, vacancies, job rotations or project assignments. This is our way of encouraging our employees to be open to adopting different perspectives again and again and to grow with the new responsibilities that come about due to permanent role changes. The platform additionally features "learning journeys" regarding selected, strategically relevant and future-oriented expertise such as data analytics and science as well as access to more than 400,000 videos and 10,000 courses within the digital learning platform LinkedIn Learning. This allows employees to incorporate learning into their day-to-day work con-

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tinuously and on their own terms, in particular building up important data and digital skills and improving the ways in which they work.

To equip our employees with the skills required for the new, sometimes entirely virtual form of collaboration during the pandemic situation, we also provided special information events and assistance. One of the main focuses here was on supporting the executives with the changed task of successfully managing and leading their teams virtually.

Accordingly, offerings known as "leadership journeys" were additionally provided for executives at all levels as part of our executive development programme. The leadership journeys are a way of making a targeted investment in our executives in order to strengthen them in their role as the drivers of change, efficiency and engagement, and to make ongoing further development available to them too. Other supportive measures for executives in 2020 included individual coaching and team workshops together with professional trainers. Specific coaching offered here included individual training in conducting talks skilfully and

sensitisation to and assistance with employees joining and leaving the company.

#### Securing and developing up-and-coming talent

Using various initiatives, we seek to win over and promote young talent. In this way, we secure qualified junior staff for the company and strike a good generational balance.

We launched a new programme for young professionals in 2020, the aim of which is for us to recruit and systematically develop digital talent for our transformation in a targeted way. The Telefónica Digital Transformation Programme is designed with young professionals with data, technology or commercial skills in mind. These qualification profiles are of major strategic and interdivisional importance to our company. Following the application and selection stage, the first candidates embarked on the 18-month programme at the 2020/21 turn of the year. They will spend this time really getting to know the company and continuously expanding their skills. Their stations will include project assignments and job rotations within various divisions as well as at our Wayra inno-

vation laboratory. They are mentored by someone at the Managing Board or directorship level. CEO Markus Haas and CHRO Nicole Gerhardt personally assume the role of programme sponsors.

We further expanded what we offer our trainees and dual-studies students in 2020 and welcomed 50 young new recruits to virtual welcome days held in the summer. These talented young individuals began their time with us on a four-week introductory programme that familiarised them with the company, the products and their colleagues. The onboarding phase, which was predominantly digital due to the pandemic, included an introduction to the areas of data, customer service, sales and strategy. We achieved a retention rate of 81 % among our trainees in 2020. We want to further increase this and have set our sights on a rate of 90 % by 2022.

In addition to the programmes already mentioned, we also offer interns and working students the opportunity to make a success of their subsequent career starts by giving them an initial insight into the business environment.

**GRI** Management approach:  
Employment (103-2; 103-3);  
Labour/management relations  
(103-2; 103-3); Occupational health  
and safety (103-2; 103-3); Training  
and education (103-2; 103-3);  
Diversity and equal opportunity  
(103-2; 103-3); Non-discrimination  
(103-2; 103-3); GRI 102-43; 404-2



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## Promoting diversity and women in management positions

As a company and an employer with some 8,200 employees, we have an important social responsibility with regard to equal opportunity. This applies not only to access to digitalisation, which we as a telecommunications company wish to afford as many people as possible, but also to career opportunities that cater to individual lifestyles. Diversity makes us a more efficient company because in times of accelerated change in particular, the interplay of different skills, viewpoints, experiences and backgrounds is a key factor contributing to success and our ability to compete.

The Telefónica Deutschland Group is actively involved in the Telefónica Group's Global Diversity Council and promotes diversity in a variety of ways: our workforce includes people from some 75 different countries, talented young individuals, older members of staff and, for a number of years now, two women on the Management Board. We have been recognised numerous times for our commitment to equality and inclusion. For

example, we were once again listed in the Bloomberg Gender-Equality Index (GEI) in 2020. Our endeavours to make women in management positions successful and to increase the proportion of women in top management are enshrined in our corporate goals. We have made significant progress here, with the proportion having increased from 23.2% in 2019 to 27.8% in 2020, but nevertheless narrowly missed our target of 30% of top management being women by 2020.

The vibrant internal community TelefónicaConnects serves women as a networking platform. As well as providing inspiration through regular specialist presentations by engaging personalities and role models, it increases the overall visibility of women at the company. Within society, we are also actively involved in the Chefsache (Management Issue) initiative which, under the patronage of Angela Merkel and with top-class support from the fields of business, science, media and politics, promotes equal opportunity for women and men. The Telefónica Deutschland Group also supports the initiative #SheTransformsIT, which champions the increased presence of women in digitalisation.

With our [Human Rights Policy](#), we have made a commitment to fair, respectful and non-discriminatory treatment as the foundations of successful collaboration. We have also underpinned this commitment by signing the Charta der Vielfalt (Diversity Charter). If our Business Principles are violated, for example in the form of bullying or harassment, employees can contact a confidential whistle-blower system with an independent [ombudsman](#) or the [human rights reporting channel](#). More on the whistle-blowing channel, our employee training on treating each other ethically and our Business Principles can be found in [chapter 3.2](#). The online training we provide regarding Germany's General Act on Equal Treatment (AGG) and focusing on diversity is mandatory for all employees every three years. The participation rate at the end of the reporting year was 87.4%<sup>2</sup> with a total of 3,035 training hours.

We are endeavouring to further reduce the gender pay gap within the Telefónica Deutschland Group. Our uniform remuneration system at the OHG business will also serve this purpose, ensuring that positions and salaries are assessed objectively and treated equally.

**GRI** Management approach: Employment (103-2; 103-3); Labour/management relations (103-2; 103-3); Occupational health and safety (103-2; 103-3); Training and education (103-2; 103-3); Diversity and equal opportunity (103-2; 103-3); Non-discrimination (103-2; 103-3); GRI 102-43; 405-1

**UNGC principles** 6

DIVERSITY <sup>1</sup>	UNIT	2017	2018	2019	2020
Women in the company as a whole	Number (%)	3,776 (40.7)	3,562 (40.2)	3,378 (40.1)	3,221 (39.4)
Total number of senior management (Valora) at reporting level 1 (incl. Management Board)	Number	53	55	56	54
Women in senior management (Valora) at reporting level 1 (incl. Management Board)	Number (%)	8 (15)	12 (21.8)	13 (23.2)	15 (27.8)
Women on the Management Board	%	25	25	28.6	28.6
Nationalities of employees	Number	76	74	78	75

<sup>1</sup> Total workforce excluding 50% of employees from the Tchibo joint venture.

A detailed description of the key employee figures can be found [here](#).

<sup>2</sup> Proportion based on number of Telefónica Germany GmbH & Co. OHG employees not including employees on leave and excluding external consultants (staff count: 7,717). Units of training completed in the past three years are included in the calculation. For 2020 this was 6,745 units of training completed between 1 January 2018 and 31 December 2020.

EMPLOYEE KEY FIGURES

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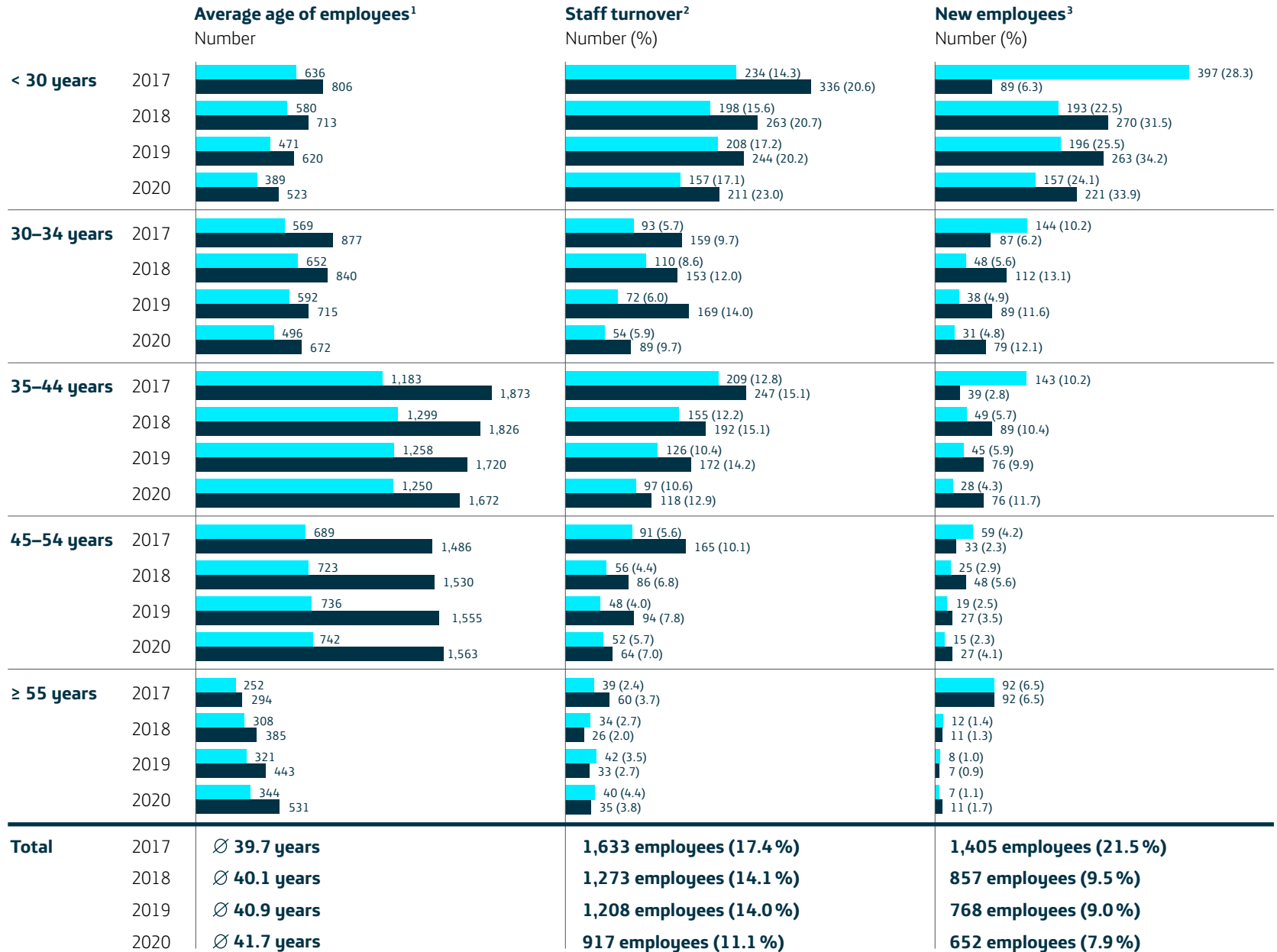
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<sup>1</sup> Total employees excl. 50% of employees from Tchibo joint venture.

<sup>2</sup> The basis is the number of employees who left over the period from 31 December 2019 to 30 December 2020/mean PIP value at the five reporting dates 31 December 2019, 31 March 2020, 30 June 2020, 30 August 2020 and 31 December 2020.

<sup>3</sup> Total employees excl. 50% of employees from Tchibo joint venture.

<sup>3</sup> The basis is respectively the number of new entries over the period from 1 January to 31 December of the relevant financial year. Total employees excl. 50% of employees from Tchibo joint venture.



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**GRI** Management approach:  
Occupational health and safety  
(103-2; 103-1); GRI 102-43; 403-1;  
403-2; 403-3; 403-4; 403-5; 403-6

UNGC principles 3

## Implementing a holistic health policy

### Health and safety even under pandemic conditions

In view of the coronavirus pandemic, we attached particular importance to our duty of care regarding our employees' health and effected a variety of measures as part of our health management to deal with this challenge appropriately.

In the early stages of the crisis in particular, these included clear communication and swift implementation of the binding regulations. As early as at the end of February 2020 a monitoring team was set up comprising the relevant decision makers, department representatives, company doctors, occupational safety specialists and works councils. At the same time, we provided information online in the form of questions and answers regarding development of the coronavirus situation, created a central contact point for employees and executives and sent out weekly information emails. This allowed the employees to reorient themselves in the unusual situation.

In close consultation with the employee representatives, we afforded our employees the greatest possible flexibility regarding their work structuring. Where possible, staff worked from home. We made flexible and accommodating working time and leave arrangements for parents who were unable to simultaneously look after their children at home and work. Returning to the workplace for urgent health, personal or company reasons was made possible in summer 2020. In this instance, the clear priority was the protection of health – the Occupational Health and Safety division performed risk assessments, implemented infection protection plans and made comprehensive advisory services available regarding all pandemic-related matters.

Many of our health management services were swiftly turned into digital offerings in order to continue to provide our employees with good assistance and support

regarding all health matters in spite of the changed underlying conditions. For example, appointments with company doctors could be attended over the phone or digitally.

We placed a particular focus on maintaining the employees' health when working from home, as this was an unusual work situation for many and one which was not always easy for them to manage. In terms of work-life balance, the assistance we provided included virtual advice in the areas of life situation coaching, childcare and support for senior citizens. To maintain physical fitness, we organised digital sports and relaxation courses, webinars and participation in the company-wide running initiative B2Mission. We also offered tips and tricks for healthy eating when working from home. In addition to the current online offerings regarding these topics, a lot of the information can also be retrieved from a media library, meaning employees can catch up later and those who work at the shops can make use of these services too.

The way in which the company dealt with the pandemic situation was received positively by our employees – 95 % of them rated this as very good in our Employee Experience Survey. In addition to the telecommuting models that were made possible, the employees highlighted in particular the company's quick response, the solutions for parents affected by the situation and the extensive clear communication.

With our fast and digital solutions, we vastly expanded the reach of our health promotion offerings and further raised awareness of health among staff. We see this as a major opportunity to promote health management content and offerings in the future too as well as to expedite the digitalisation of activities and processes, for example instruction and training or telemedicine approaches. Our health management will also be adapted to the framework conditions of the new working world and will contribute to the 5 Bold Moves.

### Management system for occupational health and safety

In the year under review, our health management clearly focused on dealing with the coronavirus pandemic and tackling the related risks. We are additionally building on our integrated occupational health and safety management system as derived from a holistic health policy with the following objectives:

- Preventing work accidents and work-related illness
- Promoting the health of our employees through targeted measures
- Increasing work satisfaction and dedication
- Promoting constructive and respectful cooperation

Our "Integrated occupational safety and health management manual", which is based on the DIN EN ISO 45001:2016 standard, forms the foundation of our policy. The manual defines concrete targets with corresponding KPIs which we use to control and improve the management system and sustainably minimise health and safety risks.

The Telefónica Deutschland Group is bound by the provisions of Germany's occupational health and safety legislation as well as other statutory prerequisites and the country's occupational insurance scheme requirements. Overall responsibility for implementation is borne by the Management Board or the management of the company in question together with the executives. The Integrity Services division regularly reports to the Management Board on the latest developments in the area of occupational health and safety.

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**GRI** Management approach:  
Occupational health and safety  
(103-2; 103-1); GRI 102-43; 403-1;  
403-2; 403-3; 403-4; 403-5; 403-6;  
413-1

UNGC principles 3

To create and maintain safe and healthy workplaces, we perform risk assessments as health and safety law requires and act on the basis of nationally standardised guidelines covering all accident and health risks related to the workplace. This above all serves to minimise the risk of accidents and preserve the health of those working in offices, in the shops and at the technical sites. Accident evaluation is the responsibility of each company's occupational health and safety committee.

We also perform regular occupational health and safety audits such as reviewing the management systems in the course of recertification in accordance with the ISO 9001, 14001 and 50001 standards as well as our candidacy for the 2020 Corporate Health Award. To further improve our employees' safety awareness, we conduct regular training and instruction. This includes web-based training on the topics of general occupational safety in the offices and shops, fire safety and work conducted at height.

A quarterly company-wide health forum whose attendance is made up of employer and employee representatives as well as other internal stakeholders is additionally held by Corporate Health Management. As a strategic body, it deals with the planning and management of health issues as well as implementation of the health policy throughout the Group. The health forum also serves as a platform for sharing information, for inspiration and for advice.

## Promoting social commitment and team spirit

For us, social commitment is inseparable from responsible action and is firmly embedded in our corporate culture. Together, we can achieve great things – both at work and for good causes. Our annual global Volunteering Day gives our staff the opportunity to make a difference in their local communities and make a valuable contribution to society and the environment. Around 2 October 2020 approximately 18,000 Telefónica employees across the world put their skills, time and dedication to good use as volunteers.

Social institutions need active support more than ever during a pandemic. To protect our employees' health and safety, we made the switch primarily to a variety of virtual support activities for local communities in the year under review. These included monetary donations, donations of clothes, school materials and hygiene items, and the sewing of masks to offer protection against COVID-19 infection. Globally, the Telefónica, S.A. Group supported over 100 aid organ-

isations in cooperation with Fundación Telefónica, including in Germany the German Red Cross, the Tafel food bank organisation and Die Arche.

The highlight of our joint engagement in the year under review was the Digital O<sub>2</sub> Tower Run, which involved more than 1,500 colleagues clocking up steps for a good cause under the motto of "Virtual but still together". The company donated EUR 25,000 to the non-profit organisation Die Arche for the 25 digital laps between all of Telefónica Deutschland's sites completed by the participants and the distance covered of 55,012 kilometres. The purpose of this sum is to afford disadvantaged children and adolescents access to digitalisation and to digital education. The Digital O<sub>2</sub> Tower Run also contributed significantly to boosting team spirit and to strengthening a sense of connection during the ongoing pandemic situation. The Management Board entered as a team of runners too and, together with the employees' enthusiasm across various virtual communication channels, helped to ensure a week of healthy exercise and a consolidated feeling of unity.



AWARDED

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## Recognition with the Corporate Health Award and a special pandemic management award

Our exemplary health management services are borne out not only by our employees' excellent evaluations, but also by the judgements of independent experts. For example, the Telefónica Deutschland Group received the Corporate Health Award for the second time at the end of 2020 following its first win in 2018. This is one of the most renowned awards for occupational health management given in Germany. In the year under review, the company was not only awarded this mark of excellence once more, but also won a special pandemic management award. Having been classed as excellent in 2020 we are above both the industry and the overall average, with a rating in the current audit of 83 %. This makes our health management one of the best offerings in this area in Germany.

In addition to our fully integrated health concept, we impressed the jury above all with our flexible and innovative pandemic management. The panel in particular acknowledged the company's flexibility and ability to react, which made it possible for the majority of staff to very quickly switch to working from home during the COVID-19 pandemic. They also recognised the fact that flexible solutions were generated for parents and for employees with members of risk groups in their household and that Corporate Health Management swiftly transitioned to innovative online offerings. Another factor was the clear and open communication that offered

the employees the greatest degree of safety possible in these challenging times.

With the Corporate Health Award, its initiators the *Handelsblatt*, EuPD Research Sustainable Management and the ias-Gruppe annually recognise companies which have demonstrably promoted their employees' health and productivity in a special way and have pursued a forward-looking sustainable HR strategy. 352 companies, authorities and institutions put themselves forward for the award.

In addition to a voluntary disclosure and selection by a jury of experts, this recognition is based on the corporate health audit – a status analysis of the respective company's on-site occupational health management. Leading experts from the fields of science, business and health care support the development and realisation of the Corporate Health Award. The panel of high-ranking experts thoroughly inspects and analyses the audit results and then selects the top companies in 15 categories.



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# Bold steps toward tomorrow's digital working world

Part 1/2

## Two key initiatives are clearing the way.

Digitalisation in a globalised world is permanently changing our working world. We have to change how we think, boldly try out new approaches and learn from them. This is how we will make our organisation fit for the future and attractive to new talent. At the same time, we give our employees guidance and security because we handle the opportunities offered by digitalisation responsibly. We want to establish ourselves as a trailblazer here.

The lessons learned during the coronavirus pandemic have accelerated our transformation in the direction of a digital working world and have triggered strong momentum. With our **5 Bold Moves**, we are gearing our collaboration to the future and are placing a clear focus on virtual ways of working, individual flexibility and maximum productivity:

*"The focus is not on the time or place of work, but more than ever on results, productivity and the needs of the individual. Striking the right balance is key – new ways of working cannot exist simply for the sake of it."* **Nicole Gerhardt**



### WORKING ANYTIME – ORGANISING WORK AND LIFE FLEXIBLY

In the course of COVID-19, Telefónica has extended the regular working hours to the maximum legal framework of Monday to Saturday between 6 a.m. and 11 p.m. in order to offer parents in particular the greatest flexibility in organising their working day. For the future, this flexibility in terms of time is to be maintained in order to provide room for a more self-determined conscious use of working time. In this way, the company wants to take greater consideration than before of the fact that people are productive at different times of the day and make it possible to achieve an even better balance between different areas of life in the long term.

### 70% LESS TRAVEL – A CLEAR SIGN FOR THE ENVIRONMENT

Thanks to Digital by Default, travel for internal meetings is to be reduced to a minimum. In addition to the positive effects such as time and cost savings for employees and the company and companies, up to 600 tons of CO<sub>2</sub> can be saved per year. The Telefónica Deutschland Group plans to reinvest the released funds proportionately in employees and social causes.

### WORKING ANYWHERE – WORKING WHERE IT IS MOST PRODUCTIVE

In the future, employees will be able to flexibly choose their workplace with their managers, dependent on where they are most productive. This can vary depending on the person, situation and activity and can be in the office, at home or in a different location. With a flexible hybrid model, the company aims to benefit both mobile and remote working, creating new opportunities for independent development, nationwide staffing and personal life models.

### DIGITAL BY DEFAULT – VIRTUAL MEETINGS AS THE NEW STANDARD

The opposite principle applies: digital meetings are the new standard. This is the prerequisite for a more flexible way of working and offers a wide range of advantages for real-time direct communication and equal efficient collaboration across locations. At the same time, targeted physical meetings remain important. For example, formats such as creative workshops, special one-on-one meetings and team events will continue to take place in person.

### OUTCOME-BASED LEADERSHIP – LEADERSHIP WITH A FOCUS ON RESULTS

The new way of working requires a different kind of leadership. The focus is on the result, not primarily where and when it is achieved. In the future, employees will increasingly work at different times, in different places and virtually. For managers, this is a challenge, but also a clear advantage – through increased productivity, more targeted control of value creation, higher employee engagement or access to an expanded labour market.



# Bold steps toward tomorrow's digital working world

## Part 2/2

The **BEYOND initiative** encourages our employees to continue to develop in the course of the digital transformation and to actively manage their careers themselves. An AI-based platform provides transparency regarding the development opportunities for individuals within the company, the exact skills they need to take the next step and how they can build up these skills themselves. To do this, the platform

compares the employees' individual skill profiles with opportunities currently being advertised within the company and presents them with suitable "matches" in a matter of seconds, be it vacancies, project assignments, job rotations, LinkedIn Learning courses or qualification programmes for data analytics, cloud computing or UX design. This means employees can continuously expand their skill profiles, managers can

identify suitable candidates even more quickly and our company can make the most of its own potential, as the aim is for up to 70% of all vacancies to be filled internally by the end of 2022. So far, more than 1,000 employees have registered for the BEYOND platform.

### EMPLOYEES

#### Upload

Curriculum vitae or LinkedIn/XING profile

- Transparency of short-, medium- and long-term development opportunities in the company
- Job powering based on skills shows new perspectives, also from other disciplines
- Proactive suggestions to expand skills profile in a target-oriented manner

## BEYOND

... translates employees and job profiles into competencies

... matches competence profiles and shows suitable development opportunities or job candidates

### EXECUTIVE/HR

#### Advertisement

Jobs, projects, job rotations, course offers

- Transparency of company-wide competencies for temporary and long-term staffing
- More flexible, faster staffing
- Different perspectives and skills in the team as well as better cross-functional networking



# Supplier management



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### Commitment

We promote sustainable procurement management and supplier management. In the years leading up to and including 2020 we will take CR criteria into account in 100 % of the purchasing processes with our most important suppliers.

### Our achievements

We accelerated the digitalisation of purchasing processes across the board. We expanded our collaboration with the Telefónica, S.A. Group regarding monitoring suppliers identified as posing a risk as well as improvement measures. To make our supplier management even more sustainable, we implemented a four-stage supplier management approach. We performed a human rights risk analysis for the product category of works and services as well as an internal human rights assessment to identify the risks for the Telefónica Deutschland Group. We incorporated purchasing into the work of the human rights committee.

#### Target attainment:



### Focus SDGs

We champion the observance of human rights all along our supply chain and promote sustainable procurement management and supplier management. In this way, we intend to contribute to human dignity, combating poverty, climate protection and economic growth around the world.



### UN Global Compact



- Human rights
- Labour
- Environment
- Anti-corruption

- LEGEND
- ☑ Exceeded
  - ☑ Fully attained
  - ☐ Mostly attained

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**GRI Management approach:**  
Procurement practices (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Child labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); Supplier environmental assessment (103-2; 103-3); GRI 102-9; 102-12

**UNGC principles** 1, 2, 5, 7, 8, 9

# Improving supply chain sustainability

BASIC PRINCIPLE AND CHALLENGES

## Shaping purchasing responsibly

We support the protection of people and the environment, including in complex global supply chains. We endeavour to do justice to the increasing expectations of our stakeholders as well as the international frameworks regarding sustainable value creation. These include in particular the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Convention on the Rights of the Child, the Conventions of the International Labour Organization (ILO), the guidelines of the Organisation for Economic Co-operation and Development (OECD), the UN Global Compact, the SDGs and the ISO standards.

Making supplier relations sustainable enables us to first and foremost reduce the risk of any regulations being violated. This is dependent upon there being maximum transparency, which we wish to achieve by analysing our supply chain structures and identifying country-specific and product-specific risks. In the course of our materiality analysis, we ascertained that all along the value chain we ought to seize numerous opportunities with scope for influence in order to improve the social and environmental situation. We are committed to making the most of these opportunities based on efficient and responsible supplier management. We rated the aspect of human rights as not material to non-financial reporting within the meaning of the specifications of the German Commercial Code (HGB), but we do recognise that we have extensive

impact potential in this area within our own operations and those of our direct suppliers. At the same time, we are aware of the huge sociopolitical relevance of this topic and therefore report in detail on our voluntary commitments and measures in this CR Report and online at [www.telefonica.de/human-rights](http://www.telefonica.de/human-rights).

We have followed the discussions and decision-making processes regarding the due diligence law in Germany and the planned measures at the European level carefully and are actively addressing these matters. At the same time, we support the goal associated with these political projects of establishing stable and fair supply chains in which high human rights and environmental standards apply. We believe we are prepared for the changes in the legal parameters with our supplier management system and will make further modifications in order to meet new requirements.

Our high social and environmental standards gained in significance during the COVID-19 crisis as the pandemic resulted in uncertainties and shortages within our international supply chains too, thus requiring us to modify our management models. The aim was to guarantee that our needs were met and to assist our suppliers with being able to honour their delivery obligations. The top priority was to ensure stable networks for our customers, among other things on the basis of network provision and maintenance as well as the functionality of call centres and physical customer areas. Here, there was, of course, a focus on observance of the stipulated hygiene and protection measures.

The Telefónica Deutschland Group is committed to sustainable procurement management and supplier management. This stance is based on our Business Principles and the principles of integrity, reliability and transparency. In this way, we encourage our suppliers to observe not only quality standards regarding products and services, but also legal requirements as well as ethical, social, environmental and data protection standards throughout the supply chain. In addition, we set great store by efficiency and innovation, supported by new technologies and a procurement process that has been digitalised to the fullest extent possible. The Telefónica Deutschland Group strives for long-term collaboration with its suppliers through fair partnerships. Promoting dialogue, including on critical topics, is a matter of particular importance here.

However, we only have limited scope for action in upstream supply chains. Furthermore, the Telefónica Deutschland Group is not a production company. The end devices used and the network infrastructure including the transmitter masts are not manufactured by the company. Additionally, the global market is very limited in the areas of smartphones and network equipment, and the suppliers active in these areas are difficult to substitute.



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The Telefónica, S.A. Group champions greater transparency and sustainability in the supply chain in international multi-stakeholder initiatives, for example with its membership of the Responsible Minerals Initiative (RMI). Through the Telefónica, S.A. Group, we, moreover, belong to the Joint Audit Cooperation (JAC), which brings together the world's largest telecommunications companies. In addition to knowledge sharing, the JAC's primary aim is to make carrying out supplier audits efficient and uniform at the global level for all of its member companies. We work closely with the Telefónica, S.A. Group on current topics, involvement in the initiatives and supplier audits and supplier assessments made with the EcoVadis platform.

PROCESSES AND MANAGEMENT

Clear responsibilities and requirements defined for suppliers

Telefónica Global Services GmbH (TGS), a subsidiary of the Telefónica, S.A. Group and a contractual partner of the Telefónica Deutschland Group, manages the processes surrounding the purchase of goods and services, including the registration of new suppliers, while pro-

cess authority lies with the global company Telefónica Compras Electrónicas (TCE). TCE is responsible for strategy, development and use of the e-commerce tools used in the procurement process. The majority of our suppliers are listed in the global purchasing model (MCT), which sets out a standardised procurement process within the Telefónica Group. A distinction is made between MCT procurement processes, these being handled by the Purchasing department, and non-MCT procurement processes and low-value purchase processes, which are effected without the involvement of Purchasing.

The Telefónica Deutschland Group works with the Group's national companies around the world and is in close contact with TGS and the Telefónica, S.A. Group, with which it conducts joint workshops on the management of purchasing matters at the global and local levels. If necessary, TGS coordinates its activities with the Telefónica Deutschland Group's Corporate Responsibility, Compliance, Legal and Data Protection departments to achieve supply chain sustainability. TGS is also represented on the human rights committee as well as on the energy and environmental committees as needed. TCE provides the TGS buyers with the most

important sustainability-related parameters regarding suppliers identified as posing a risk in the form of an EcoVadis score in our central purchasing system. The CR department reports on this to the Chief Officer for Legal & Corporate Affairs.

Collaboration with our suppliers is founded on the [Supply Chain Sustainability Policy \(SCSP\)](#), which was updated and adopted by the Management Board at the beginning of 2020 and which is complemented by the Supplier Management Instruction. These follow our [Business Principles](#), are based on the most important international treaties and standards and stipulate comprehensive minimum requirements made of the suppliers and their sub-suppliers regarding responsible business. The [chart on page 61](#) gives a complete overview of the minimum requirements. The other guidelines that serve as operational principles for a sustainable supply chain include the Telefónica Deutschland Group's [anti-corruption guidelines](#), the [Human Rights Policy](#), the [low-carbon procurement guidelines](#), the [energy guidelines](#) and the [environmental guidelines](#).

**GRI** Management approach:  
Procurement practices (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Child labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); Supplier environmental assessment (103-2; 103-3); GRI 102-12; 412-3; 102-48

**UNGC principles** 1, 2, 5, 7, 8, 9

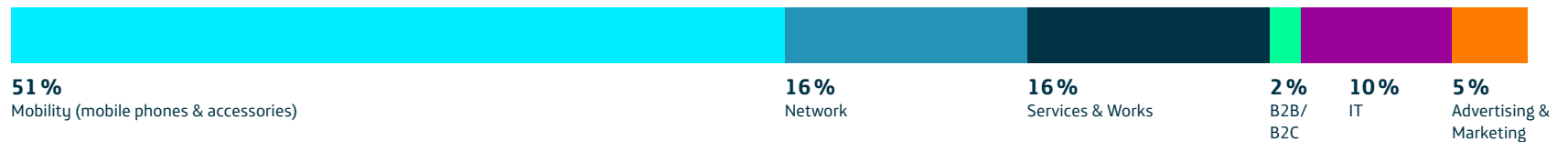
IMPACT OF OUR BUSINESS ON SOCIETY  
VOLUME OF PURCHASES AWARDED, %/TOTAL

**EUR 4.123 billion**

awarded to 820 suppliers

**> 76 %**

of purchases awarded to local suppliers





3.0 Responsible business

3.1 Customer satisfaction

3.2 Compliance

3.3 Employer

3.4 Supplier management

3.5 Human rights due diligence

**GRI** Management approach: Procurement practices (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Child labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); Supplier environmental assessment (103-2; 103-3); GRI 412-3; 414-1; 102-48

**UNGC principles** 1, 2, 5, 7, 8, 9

Suppliers and their employees have the opportunity to observe the minimum requirements for sustainable business by submitting questions or complaints. They can use the channel on the [supplier website](#) for this purpose as well as the [channel for human rights complaints](#) or they can contact an independent lawyer who serves as an anti-corruption [ombudsman](#). Questions and complaints can be submitted anonymously or with the person stating their name. All enquiries are handled confidentially and are carefully examined. Suppliers are required to notify TGS as soon as possible upon identifying a violation within their own business or in the supply chain of the obligations laid out in the SCSP (including those of subcontractors).

STRATEGIC PRIORITIES

**Minimising risks and improving supplier performance**

Our sustainable supplier management is based on a four-stage process which is designed to identify value creation risks, effectively limit these together with the suppliers and improve the suppliers' performance in the area of corporate responsibility. To do this, the Telefónica Deutschland Group seeks to generate the awareness among its suppliers which is needed to strengthen sustainability management within the supply chain.

**Step 1: implementation of the minimum requirements**

All suppliers are required to make a contractual commitment to comply with the minimum requirements for responsible business as laid down in the Supply Chain Sustainability Policy (SCSP). This policy serves as the basis for collaboration with the suppliers and for overall supply chain management. In addition to the requirements of the SCSP, there are the binding

General Conditions for the Supply of Goods & Services and the [anti-corruption guidelines](#).

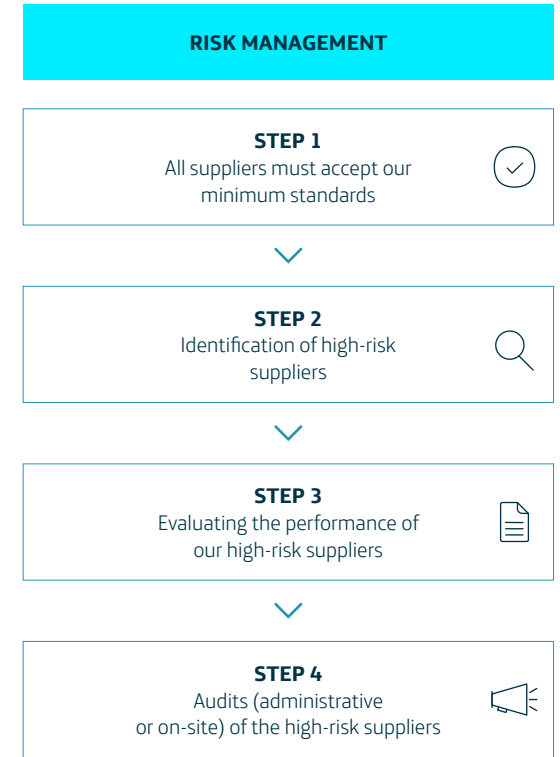
The TGS buyers can access the SCSP as an e-sourcing template within the central purchasing system. The key changes made to supplier management are communicated to the relevant TGS employees and the purchasing departments via the intranet and the purchasing guidelines. The topic of sustainable procurement is also addressed in the employee training on energy and the environment.

In 2020 the Telefónica Deutschland Group began to develop procedural instructions regarding the SCSP for the departments, Purchasing and the CR department in close cooperation with the Telefónica, S.A. Group. The aim of these is to define clear operational responsibilities all along the purchasing process (MCT). Their purpose is also to define how the SCSP rules should be implemented and how their application is to be monitored throughout the term of a contract.

In addition, we specified further aspects of sustainable supplier management in the Telefónica Deutschland Group's purchasing guidelines in the reporting year. These include rules regarding application of the Supplier Management (SuMa) tool for the transparent evaluation of strategic suppliers and their performance in the area of sustainability. Furthermore, the principles of our responsible procurement and supplier management and the key sustainability requirements regarding ethical, social, ecological and data protection matters are now likewise enshrined in them. The new purchasing guidelines will be cleared by the Management Board in 2021.

At the end of the 2020 reporting year, more than 99 % of our suppliers managed by Purchasing had accepted our anti-corruption declaration (previous year: 98 %).

**OUR APPROACH: SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN**



100 % of the suppliers have made a commitment to comply with the Supply Chain Sustainability Policy. As such, we take sustainability criteria into account for all of our total purchasing volume handled via our Telefónica purchasing model (MCT). By the end of 2023 we also want to integrate suppliers who are still outside of this purchasing process (non-MCT).

3.0 Responsible business

3.1 Customer satisfaction

3.2 Compliance

3.3 Employer

3.4 Supplier management

3.5 Human rights due diligence

**MINIMUM STANDARDS FOR SUSTAINABLE BUSINESS THAT ARE DEFINED IN THE SUPPLY CHAIN SUSTAINABILITY POLICY**



**ETHICAL CRITERIA**

Observance of international conventions and national and local laws

Identifying, preventing and reducing negative impacts on human rights

Prohibition of corruption, blackmail and bribery

Avoidance of conflicts of interest



**SOCIAL CRITERIA**

Recognised labour relationship

Work schedule

Appropriate wages and salaries

Prohibition of forced labour and trafficking

Exclusion of child labour

Prohibition of violence and harassment in the workplace

Freedom of association and the right to collective bargaining

Diversity, equal opportunities, inclusion and non-discrimination

Health and safety conditions

Exclusion of conflict minerals



**ENVIRONMENTAL CRITERIA**

Compliance with all laws

Life cycle and preventive action

Documented environmental policy

Environmental management in accordance with ISO 14001

Measures against climate change and reduction of greenhouse gas emissions

Management of waste, avoidance of single-use plastic, eco-rating

Dealing with dangerous substances and chemical products

Environmentally efficient consumption of materials and resources and atmospheric emissions

Environmental training



**DATA PROTECTION, CONFIDENTIALITY OF INFORMATION AND FREEDOM OF EXPRESSION**

Compliance with internationally and nationally applicable data protection legislation (data protection management system)

Guidelines for artificial intelligence

Technical and organisational measures

Right to privacy and freedom of expression

**GRI** Management approach: Procurement practices (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Child labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); Supplier environmental assessment (103-2; 103-3); GRI 102-9

**REPORTING POINTS FOR SUPPLIERS AND AFFECTED PEOPLE**

Suppliers and their employees have the opportunity to observe the aforementioned minimum requirements for sustainable business by submitting questions or complaints; this can be done via our confidential channel on the [supplier website](#), through our [channel for human rights complaints](#), and by making contact with an independent lawyer who serves as an anti-corruption ombudsman.

### 3.0 Responsible business

#### 3.1 Customer satisfaction

#### 3.2 Compliance

#### 3.3 Employer

#### 3.4 Supplier management

#### 3.5 Human rights due diligence

**GRI** Management approach: Procurement practices (103-2; 103-3); Freedom of association and collective bargaining (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Child labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); Supplier environmental assessment (103-2; 103-3); GRI 102-9; 102-48

**UNGC principles** 1, 2, 5, 7, 8, 9

### Step 2: identification of high-risk suppliers

We focus on the suppliers that are the most significant in terms of their potential risk level and the impacts on our business based on their order volume. With the systematic monitoring and the evaluation of potential high-risk suppliers by the Telefónica, S.A. Group with regard to sustainability aspects, we play a part in minimising non-financial risks right at the beginning of business relations. Risk analysis is based on three criteria.

**First criterion:** firstly, the potential risk level of the products and services supplied is evaluated, taking into account the minimum requirements for sustainability aspects within our supply chain as defined by us. These include in particular labour conditions, health and safety, the environment, human rights (child/forced labour), minerals from conflict zones, privacy, data protection and customer promises.

**Second criterion:** we weight the risk based on the origin of the service or product and of its components. In the area of human rights, for example, we refer to Verisk Maplecroft's [human rights indices](#) for reference purposes, which show us the risk levels of different countries.

**Third criterion:** here, the risk of a possible impact on our company's reputation is weighted. The assumption applied here is that the closer the ties between the service/product and Telefónica, the greater the impacts.

Risk analysis is performed for the Telefónica, S.A. Group once a year at the beginning of the year for all the suppliers based on the product groups supplied. The Telefónica Deutschland Group likewise regularly

performs more in-depth risk analyses in the supply chain, for example regarding value added in the product group of mobile phones and accessories, an analysis which was performed in 2019. In addition to the environmental impact of chemicals and high energy consumption, any human rights risks related to the mining of raw materials which are important for production, such as tin, cobalt and gold, were to be identified. In the reporting year, we performed a human-rights-related risk analysis for the product group of Services & Works and an internal human rights assessment to identify the risks for the Telefónica Deutschland Group as a company. We have made the results available online at our [website on the subject of human rights](#). There are plans to incorporate further product groups into the risk analysis in the years to come. More detailed information on this topic can be found in the [chapter 3.5](#).

A distinction is drawn between suppliers with a low, medium and high risk. If we identify a high risk in

relation to a supplier, we require them to participate in an EcoVadis assessment (cf. step 3).

We identified 98 (previous year: 69) out of 820 suppliers (previous year: 723) as potential high-risk suppliers in the reporting year.

### Step 3: assessment of our suppliers' performance

In the next step, we examine the financial and non-financial risks of the suppliers identified in the initial analysis as potentially posing a risk. For this, we call on the EcoVadis self-assessment platform, which offers an all-round assessment on the basis of 21 sustainability criteria including the area of conflict minerals. The EcoVadis supplier assessments are incorporated into our procurement platform, allowing our buyers in the various countries to view information online. A business partner is deemed a high-risk supplier if they score less than 25 out of a possible 100 points in the EcoVadis assessment.



### 3.0 Responsible business

#### 3.1 Customer satisfaction

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#### 3.4 Supplier management

#### 3.5 Human rights due diligence

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**UNGC principles** 1, 2, 5, 7, 8, 9

If a supplier does not meet the required performance level or is unable to provide the information requested, we require them to implement improvement plans in order to comply with our standards. A supplier's account is disabled if they have difficulties complying with the conditions of the offer they are made, there are irregularities regarding delivery of the product or provision of the service or the minimum requirements regarding supply chain sustainability are not met.

A supplier is initially blocked temporarily, but the business relations may ultimately be suspended permanently if the reasons for the suspension remain or if violations are systematically repeated. The details are governed by the global Supplier Management Instruction.

26 % of the potentially high-risk suppliers identified undergo EcoVadis assessment. This gives us the opportunity to demand concrete improvement measures and to monitor their implementation. 18 of the potentially high-risk suppliers already have improvement action plans. This equates to 18 % of the high-risk suppliers. In total, we have sustainability aspect assessments for 71 (2019: 38) of the 112 suppliers registered in EcoVadis for 2020 (across all potential risk levels).

Our long-term target is for 100 % of high-risk suppliers to have an EcoVadis assessment. We want all potentially high-risk suppliers to have plans of action for improving their sustainability performance and to act in accordance with these by 2025.

We were also able to increase the number of supplier assessments performed via SuMa (TGS's Supplier Management) in the reporting year – there were 54 assessments of 32 suppliers, compared with 44 assessments of 25 suppliers in the previous year. The EcoVadis assessments are considered and evaluated in the SuMa process too.

#### **Step 4: audits of high-risk suppliers**

When we decide to work with high-risk suppliers, we examine, if necessary, their actions and in particular the implementation of improvement measures by means of audits conducted on-site. This relates to all sustainability aspects including respecting human rights. Here, we are backing a partnership with 17 other information and communication technology companies that are united in the JAC initiative. The JAC audits in 2020 covered production facilities in Asia, Latin America and eastern Europe. In this area, we work closely with the Telefónica, S.A. Group, can make audit suggestions, jointly review improvement plans and engage in dialogue with suppliers.

On-site audits were conducted on 60 Telefónica suppliers and/or manufacturers within the supply chain through the JAC in 2020. Improvement plans were then drawn up accordingly with 34 of these in order to remedy the risks identified. These related to social topics such as the regulation of working hours as well as health and safety aspects like the provision of emergency exits, lighting and personal protective equipment. In the area of the environment, the management of hazardous substances and waste and the reduction of greenhouse gas emissions were classified as having risk relevance.

The Telefónica Deutschland Group also performed its own local audits in 2020. There were three on-site examinations of risk suppliers in the areas of security, privacy and data protection and regarding occupational health and safety. These three suppliers developed and implemented improvement plans. An additional seven audits were conducted remotely in the area of data protection.





### 3.0 Responsible business

#### 3.1 Customer satisfaction

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**UNGC principles** 1, 2, 5, 7, 8, 9

## Particular responsibility in dealing with conflict minerals

We are especially keen to minimise the human rights risks in our supply chain that go hand in hand with the use of what are known as conflict minerals, such as tin, tantalum, tungsten and gold, as well as their mining and sale for the funding of armed conflict in crisis regions.

Here, we follow the global activities of the Telefónica, S.A. Group, which also set the framework for our actions. Although there are no direct business relations with smelting works or refineries in the upstream supply chain, the Group is continuously strengthening the control of the use of these minerals throughout its value chain. This includes implementation of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which also applies to the suppliers. The aim is to guarantee the traceability of 3TG minerals (tin, tantalum, tungsten and gold) from conflict regions and to minimise the risk of human rights violations. The Telefónica, S.A. Group also complies with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the USA. In the downstream supply chain, we cooperate with a smelting works located in Europe in the area of hardware recycling.

Risk suppliers are assessed using the EcoVadis platform, in particular regarding the implementation of guidelines and due diligence processes for conflict minerals and of risk reduction measures. If necessary, implementation of the measures is checked by means of audits. The Telefónica, S.A. Group also promotes transparency and sustainability in the supply chain as a member of the Responsible Minerals Initiative and the Public-Private Alliance for Responsible Minerals Trade (PPA). It furthermore conducts numerous courses, workshops and communication measures around the world both for suppliers and employees to train them and raise their awareness regarding this topic.

The Telefónica Deutschland Group likewise stipulates obligations for its suppliers in this context and has enshrined a corresponding requirement regarding dealing with conflict minerals in its Supply Chain Sustainability Policy. Here, too, key points are observance of the Dodd-Frank Act and the OECD Due Diligence Guidance for Responsible Supply Chains, with conflict minerals also being covered here. If requested by us, a supplier must complete the Conflict Minerals Reporting Template (CRMT) of the Responsible Minerals Initiative (RMI) or a similar survey recognised by Telefónica in order to improve transparency regarding the origins of such minerals in our value chain.

## Responsible Business Plan 2016–2020

### Highlights of the targets achieved

**Commitment:** we promote sustainable procurement management and supplier management. In the years leading up to and including 2020 we will take CR criteria into account in 100 % of the purchasing processes with our most important suppliers.

- More than 99 % of the suppliers managed by Purchasing have accepted our anti-corruption declaration.
- 100 % of the suppliers have made a commitment to comply with our Supply Chain Sustainability Policy. As such, sustainability criteria are taken into account with regard to all of the purchasing volume managed via the Telefónica purchasing model MCT.
- Beginning with supplier registration, we systematically digitalised our purchasing systems and processes and specified the applicable sustainability criteria on the basis of the Supply Chain Sustainability Policy, which was updated in 2020.
- In close cooperation with the Telefónica, S.A. Group, we expanded the monitoring of suppliers identified as posing a risk and expedited the implementation of improvement measures by high-risk suppliers on the basis of the EcoVadis platform and the JAC audits.
- We performed human rights risk analyses for two of the most extensive purchasing areas, namely mobile phones and services.



### 3.0 Responsible business

#### 3.1 Customer satisfaction

#### 3.2 Compliance

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#### 3.4 Supplier management

#### 3.5 Human rights due diligence

# Focus on human rights due diligence

## BASIC PRINCIPLE AND CHALLENGES

### Upholding human rights and containing risks

Upholding human rights is a key issue for business and society and is increasingly frequently the focus of public debate. It is not only in global supply chains and production facilities of developing countries and emerging nations that there is a risk of violations and actual human rights infringements such as child or forced labour. Developed nations too are by no means immune to human rights risks, be it regarding discrimination or the violation of privacy and data protection.

At the international level, an array of agreements and treaties help to emphasise the significance of human rights issues and oblige the state and companies to act. These do not only include the UN Universal Declaration

of Human Rights and the UN Guiding Principles on Business and Human Rights. The principles of the UN Global Compact and the SDGs likewise explicitly target improvements in the human rights situation, in particular SDG 8 – Decent Work and Economic Growth. There has also recently been increasing regulation of human rights issues at the national level, such as the due diligence law which is to be passed in Germany shortly.

The Telefónica Deutschland Group is committed to respecting and protecting human rights all along the value chain. In this regard, it follows not only the regulatory requirements, but also its own understanding of values as enshrined in the [Business Principles](#).

We are committed to observing the United Nations Guiding Principles on Business and Human Rights. In addition to our Business Principles, our [Human Rights](#)

[Commitment](#) and the [Digital Manifesto](#), we have set out our commitment in our [Declaration of Principles on Respecting Human Rights](#) and are dedicated to realising the goals of the German government's National Action Plan for Business and Human Rights (NAP). We reject all forms of child or forced labour and respect the right of employees to belong to a trade union organisation. We stand up for equal opportunities and treating all people as equals irrespective of skin colour, nationality, ethnic origin, religion, gender or sexual orientation.

Identifying and monitoring sustainability risks in the supply chain and at our own sites is especially important to us in order for us to nip the emergence of legal liability and penalty mechanisms in the bud. Efficient compliance in the area of human rights additionally serves our reputation and our ability to compete. Furthermore, we consider how digitalisation and mobile communication can contribute to the promotion of human rights and improving quality of life and where these potentially limit privacy, freedom of expression, equality and employment quality.

We firmly believe that assessing and managing the impacts of our activities on human rights is fundamentally important for the sustainability of our business. The Telefónica, S.A. Group has been part of the UN Global Compact since 2002 now and actively works with all of its national companies to fulfil the obligations this involves. Based on this obligation, we made upholding

**GRI** Management approach: Freedom of association and collective bargaining (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); GRI 102-16

**UNGC principles** 1, 2, 3, 4, 5, 6



### 3.0 Responsible business

#### 3.1 Customer satisfaction

#### 3.2 Compliance

#### 3.3 Employer

#### 3.4 Supplier management

#### 3.5 Human rights due diligence

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**UNGC principles** 1, 2, 3, 4, 5, 6

human rights a cornerstone of our Business Principles in 2006. With our own accession to the UN Global Compact in 2020 as the German national company, we again underpinned our aspiration and our obligation regarding a responsible human rights policy.

#### PROCESSES AND MANAGEMENT

### Management system for due diligence fulfilment

The Management Board of the Telefónica Deutschland Group bears responsibility for reviewing the performance and implementation of our human rights due diligence.

We established a cross-departmental human rights committee in 2020 for the interdisciplinary advancement of this topic and this maintains ongoing dialogue with the Management Board. The committee comprises representatives of the Corporate Responsibility, Compliance, Legal and Capital Market Law, Data Protection and Human Resources departments as well as a representative each of the Telefónica, S.A. Group and the purchasing company Telefónica Global Services (TGS). The members, who are available to all the employees as central points of contact and advisors, including the employees of affiliated companies, assume additional responsibilities based on their areas of activity. Thus, TGS is responsible for, for example, communicating social and environmental standards to the suppliers, while the Legal department not only integrates the topic of human rights into contracts, but also reviews it in them. The CR department is responsible for managing the human rights committee and for performing risk analyses relating to human rights. The human rights committee affords us swift agency when it comes to responding to or handling

incidents regarding human rights that are reported via our human rights reporting channel or concerning any modifications needed in our management approaches and policies. It also guarantees the monitoring of our human rights due diligence within the company such as, among other things, the functionality of our grievance mechanism.

Our management system for the protection of human rights has a conceptual superstructure that focuses on the process for due diligence fulfilment (human rights due diligence system) and is based on the UN Guiding Principles on Business and Human Rights. The process comprises five components, which are also formulated within the NAP requirements:

1. Guideline and a policy statement
2. Risk analyses to assess the impacts and identify the human rights areas of action
3. Integration of the results into the processes and establishment of measures
4. Monitoring and reporting
5. Grievance and redress mechanisms

As such, the fulfilment of human rights due diligence obligations is a key part of strengthening our sustainable corporate governance. The principle of due diligence as the basis for conscientious action is an instrument which has been introduced in other areas of law too and is already applied to the assessment of business actions.

The UN Guiding Principles on Business and Human Rights specify the concept in relation to the potential and actual impacts of business activities on human rights globally and represent the current international frame of reference for business and human rights. The concept of the human rights due diligence system

derived from this involves companies establishing procedures for determining their potential and actual negative impacts on people and taking action to prevent such impacts and to avoid, end or remedy them insofar as damage has already been caused.

The results of our human rights approach based on this principle should include stable supply chains and improved relations with suppliers, easier access to investments and funds, employee recruitment and retention, new partnerships and cooperations locally and a contribution to value creation and innovation.

We have been extending responsibility for upholding human rights to our suppliers and sub-suppliers too for many years now. The minimum requirements made of our suppliers and sub-suppliers regarding the observance of human rights are set out in the Supply Chain Sustainability Policy. More information on this can be found in [chapter 3.4](#).

3.0 Responsible business

3.1 Customer satisfaction

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STRATEGIC PRIORITIES

## Implementation of the human rights due diligence process

### 1. Policy: Human Rights Policy and Declaration of Principles

The Telefónica Deutschland Group has adopted a [Declaration of Principles on Respecting Human Rights](#) and acknowledges its responsibility for its value chain. This declaration includes orientation towards globally accepted human rights frameworks and standards, the guidelines applicable internally as well as to our business partners, the importance of human rights

risk analyses, the establishment of nine human rights areas of action, grievance mechanisms, structures and responsibilities within the company and reporting principles.

The Telefónica Deutschland Group's [Human Rights Policy](#) specifies our company's obligations to uphold human rights. This looks in detail at the action guidelines for the key stakeholder groups, such as the customers, employees, society and business partners, and explains the work steps involved in the human rights due diligence process.

### 2. Impact assessments: identifying human rights risks and areas of action

The Telefónica Deutschland Group considers human rights risks from two perspectives. There is the inside-out perspective, which relates to the human rights risks caused by the company's business activities. Then there is the outside-in perspective, which examines risks that can affect the business activities from outside.

The Telefónica, S.A. Group most recently performed impact assessments at both the global and country level in 2013 and 2018. The Telefónica Deutschland Group additionally performs an annual risk analysis as part of its company-wide risk management process. The assessment performed in 2020 did not bring to light any serious human rights risks for the Telefónica Deutschland Group, and this is first and foremost attributable to its efficient management system as well as risk-minimising guidelines and measures.

The Telefónica Deutschland Group has expanded its previous endeavours to include its own human rights risk analyses for specific product groups – analysis of Mobility (mobile phones & accessories) in 2018 and of Services & Works in 2020. These were based on the UN Guiding Principles on Business and Human Rights and the requirements of the five core elements of the National Action Plan for Business and Human Rights (NAP). The results of the 2018 risk analysis can be found on our website at [www.telefonica.de/human-rights](http://www.telefonica.de/human-rights). The section below entitled "Risk analysis measures implemented for the mobility product group" provides more information on what we did with the results.

### OUR DUE DILIGENCE PROCESS



**GRI** Management approach: Freedom of association and collective bargaining (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); GRI 102-16; 412-3; 102-48

**UNGC principles** 1, 2, 3, 4, 5, 6



3.0 Responsible business

3.1 Customer satisfaction

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3.3 Employer

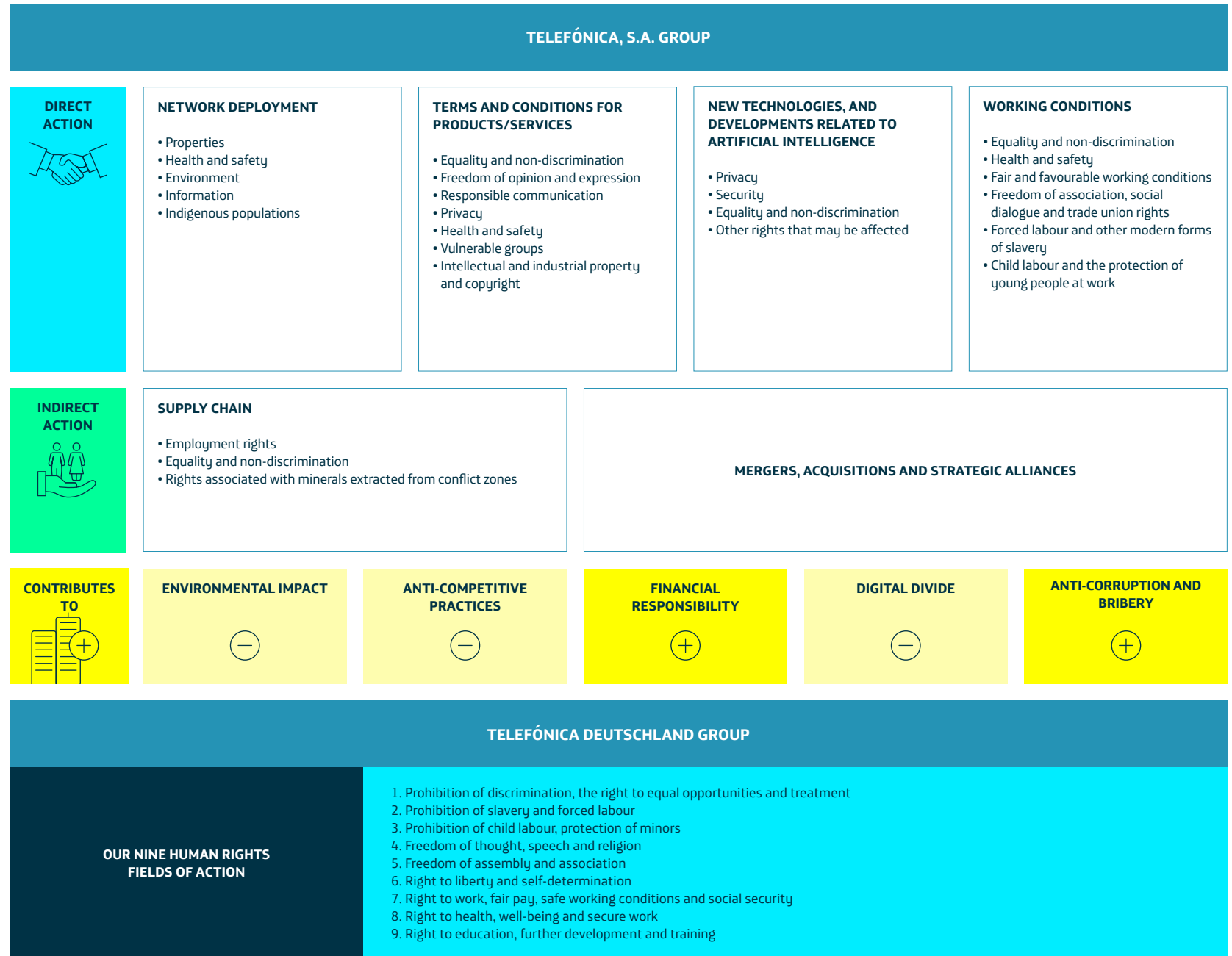
3.4 Supplier management

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Supplier social assessment (103-2; 103-3);  
GRI 102-16; 102-48

**UNGC principles** 1, 2, 3, 4, 5, 6

PRIORITY ISSUES FOR TELEFÓNICA CONCERNING HUMAN RIGHTS



3.0 Responsible business

3.1 Customer satisfaction

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3.5 Human rights due diligence

**Analysis of human rights topics for the product group of services and works**

In 2020 we performed a human rights risk analysis for the product group of services and works, focusing on the service processes. The aim was to achieve a high degree of transparency in order to identify human rights risks and derive and implement preventive measures. We selected this product group as it represents a large share of our total purchasing volume.

We started by identifying the relevant service providers and examining the sectors of logistics, real estate acquisition, cleaning, maintenance, facility management services, energy supply, customer service and call centres, HR and process consultancy, temporary employment, and the installation and servicing of the telecommunications infrastructure. Among other things, interviews were conducted with experts in order to determine the risks. The service sectors to be focused on were then identified on this basis.

Finally, recommendations for risk minimisation action were derived and these were prioritised by the human rights committee. The factors that foster risks include opaque subcontractor structures, false self-employment and illicit work. In some service sectors, these lead to problematic labour conditions such as low pay, violations of working time regulations and health risks. Implementation of the concrete measures defined here to minimise the risks is scheduled for 2021.

**PRIORITISED SECTORS, HUMAN RIGHTS RISKS AND FACTORS THAT FOSTER RISKS**



**GRI** Management approach: Freedom of association and collective bargaining (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); GRI 102-16; 102-48

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3.4 Supplier management

3.5 Human rights due diligence

**GRI** Management approach: Freedom of association and collective bargaining (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); GRI 102-16; 102-48

**UNGC principles** 1, 2, 3, 4, 5, 6

**3. Using the risk analysis results**

We incorporate the conclusions drawn from our risk analyses into our processes and decide upon measures relating to the prioritised topics. This applies in the first instance to the management approaches in the Human Resources, Legal, Security, Marketing, Communications and Operations departments as well as to employee training on the topic of human rights. We include fundamental human rights risks in the Telefónica Deutschland Group's risk management system (risk register). We will also continue to conduct specific risk analyses in the years to come regarding specific aspects or product groups such as the areas of the network and artificial intelligence or human rights issues such as children's rights, privacy and freedom of expression.

**4. Monitoring and reporting**

We continuously monitor the analysed impacts of our business activities on the topic of human rights and these have been added to the company's risk register to this end. The impact assessments are also updated by the Telefónica, S.A. Group every four years and by the Telefónica Deutschland Group approximately every two years regarding the individual product groups.

We are additionally involved in multi-stakeholder initiatives such as the UN Global Compact and the Global Network Initiative (GNI) with the aim of accommodating the trends and expectations in the area of human rights relating both to our industry and the countries in which the Telefónica, S.A. Group is active. In Germany, this is the case for Global Compact Network Germany. The Telefónica, S.A. Group's commitment to freedom of expression and data protection was given especially positive recognition in 2020 in a company assessment performed by the GNI.

In an annual report to the Management Board of the Telefónica Deutschland Group, the human rights committee provides information on the latest human rights developments in politics and society as well as within our company. We also report transparently on human

rights issues in our annual CR Report and make up-to-date information on this available [via the microsite on our company website](#).

**5. Grievance mechanism for all stakeholders**

Even with the measures we implement to protect human rights, violations cannot be entirely ruled out and it is possible that they are not adequately brought to our attention. The Telefónica Deutschland Group puts the [humanrights-de@telefonica.com](mailto:humanrights-de@telefonica.com) reporting channel at its stakeholders' disposal for complaints and whistle-blowing on human rights violations. This channel is open to everyone, regardless of the reporting individual's status or type of contractual or business relationship with the Telefónica Deutschland Group or its associated companies. At the same time, the Telefónica Deutschland Group ombudsman can be contacted via a [confidential helpline](#) at all times. Reports are naturally handled confidentially. Here, too, compliance with our privacy policies is a top priority. The enquiries are generally handled by our company's human rights committee in order to find a solution and a response within an appropriate time. No complaints relating to human rights were submitted to us in 2020.

**Specific training to raise awareness regarding human rights issues**

In addition to training on our Business Principles, which is mandatory for all the employees and also covers human rights issues, we conducted specific training on human rights throughout the Group in the reporting year in the form of 90-minute online workshops. As well as providing general background information on the human rights situation in the telecommunications sector, these online workshops were tailored specifically to the needs of the various divisions. These focused on, for example, the protection of privacy and freedom of expression and on incorporating human rights into network provision, maintenance and product design. The latter is significant in particular in relation to new

technologies such as artificial intelligence, and we are seeking to actively confront the existing human rights challenges here by [establishing our own ethical standards](#).

**Risk analysis measures implemented for the mobility product group**

We analysed the product group of mobile phones and mobile phone accessories regarding human rights risks in 2018. The main conclusions included the decision that we would step up our involvement in the working groups of the multi-stakeholder initiatives that in particular deal with human rights risks related to raw materials. The framework for this is provided by the Telefónica, S.A. Group's membership of the Responsible Business Alliance, the Public-Private Alliance for Responsible Minerals Trade and the Joint Audit Cooperation.

As a consequence of the risk analysis, we coordinated our collaboration with the Telefónica, S.A. Group on the topic of human rights even more closely in 2020. A member of the Telefónica, S.A. Group staff from the Ethics & Sustainability division now permanently

**Human rights**

**CONTACT**

Reporting channel for complaints and whistle-blowing:  
[humanrights-de@telefonica.com](mailto:humanrights-de@telefonica.com)

3.0 Responsible business

3.1 Customer satisfaction

3.2 Compliance

3.3 Employer

3.4 Supplier management

3.5 Human rights due diligence

represents the Group at our human rights committee's quarterly meetings. A key topic of the intensified collaboration is communication regarding the [supply chain audits](#), in particular the Joint Audit Cooperation checks. For example, we made suggestions regarding supplier audits in Asia in 2020 and are given the opportunity to jointly examine the audit reports as well as follow and track the suppliers' improvement measures.

Other measures derived from this risk analysis and since implemented included the establishment of a company-wide grievance mechanism on the topic of human rights, greater transparency requirements made of our business partners with further development of the Supply Chain Sustainability Policy and greater involvement of our suppliers in the EcoVadis auditing mechanism. In terms of the product group of mobile phones and accessories, we see a particular need for action with regard to the responsible use of raw materials and the conservation of resources. In the reporting year, for example, we designed the existing O<sub>2</sub> My Handy hardware offering to be more sustainable. Other environmental initiatives at various

points along the customer journey will be expanded and communicated over the next few years. This constitutes another element of our commitment to sustainable mobile phone life cycles. It complements our mobile phone recycling programme and the Eco Index offering that provides our customers with sustainability information regarding their devices. More information can be found in [chapter 5.3](#).

### Checking the effectiveness of measures using key performance indicators

We see our commitment to upholding human rights and the performance of appropriate risk analyses for the purposes of the NAP as an ongoing process that has to be continuously adjusted and developed. We therefore want to regularly review existing and new measures regarding their effectiveness. In the reporting year, we focused in the area of purchasing on observance of the Human Rights Policy and the updated Supply Chain Sustainability Policy, raising awareness

among the buyers and suppliers, and monitoring on the basis of the EcoVadis platform ([see chapter 3.4](#)). We also performed internal risk analyses in the area of human rights and will incorporate the insights gained into existing or new policies and management processes, for example in the form of a diversity policy for the Telefónica Deutschland Group.

By the end of 2021 we also want to have developed guidelines to strengthen children's rights and prevent child labour. We will endeavour to further incorporate the relevant parts of our Human Rights Policy into the existing company guidelines and management approaches by the end of 2022. We also want to develop and implement measures by then which we will derive from the human rights risk analysis in the area of services and works, such as further development of the human rights complaints channel and greater transparency in communication with those directly affected.

## RESULTS & MANAGEMENT IN THE FIELD OF HUMAN RIGHTS

**GRI** Management approach: Freedom of association and collective bargaining (103-2; 103-3); Child labour (103-2; 103-3); Forced or compulsory labour (103-2; 103-3); Human rights assessment (103-2; 103-3); Supplier social assessment (103-2; 103-3); GRI 102-16; 102-48

**UNGC principles** 1, 2, 3, 4, 5, 6

UN GLOBAL COMPACT PRINCIPLES RELATED TO HUMAN RIGHTS	MANAGEMENT AT TELEFÓNICA DEUTSCHLAND	RESULTS FOR THE YEAR 2020
<b>01</b> Businesses should support and respect the protection of internationally proclaimed human rights.	Our training on the Business Principles provides the employees with information on the topic of human rights.	No complaints via the reporting channel regarding human rights violations
<b>02</b> Businesses should make sure that they are not complicit in human rights abuses.		
<b>03</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	We oblige our suppliers to comply with the Supply Chain Sustainability Policy, have published a Human Rights Policy, are represented within industry associations and use Telefónica, S.A.'s complaints channel for suppliers on the <a href="#">supplier website</a> and the reporting channel <a href="mailto:humanrights-de@telefonica.com">humanrights-de@telefonica.com</a> of the Telefónica Deutschland Group.	No violations of freedom of association and collective bargaining during the reporting period are known to us.
<b>04</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.		No incidents of forced or compulsory labour during the reporting period are known to us.
<b>05</b> Businesses should uphold the effective abolition of child labour.		No incidents of child labour during the reporting period are known to us.
<b>06</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.		No cases of discrimination during the reporting period are known to us.



# Strengthening life in the digital world

1.0 Shaping digitalisation

2.0 Managing corporate responsibility

3.0 Responsible business

4.0 Strengthening life in the digital world

4.1 Digital sustainability innovations

4.2 Digital inclusion

4.3 Data protection and information security

4.4 Protection of children and young people

5.0 Environmental and climate protection

6.0 Derivation and evaluation of the CR strategy

7.0 Facts and figures



## Our ambition

We succeed in encouraging all people to embrace the digital opportunities available and develop their skills in everyday digital life according to their individual requirements and wishes. In the years leading up to and including 2020 over 50 million people benefit annually from our products and programmes, enabling them to live digital and independent lives.

### Target attainment:



# Digital sustainability innovations



## 4.0 Strengthening life in the digital world

- 4.1 Digital sustainability innovations
- 4.2 Digital inclusion
- 4.3 Data protection and information security
- 4.4 Protection of children and young people

### Commitment

In the years leading up to 2020 we will push technologies to simplify linking up people, devices and machines in the private and industrial world. The goal is to support our customers in the realisation of new digital products and business models in order to give all areas of society access to digital products.

### Our achievements

We helped combat the spread of COVID-19 with anonymised mobility data. We executed the most extensive network expansion in the history of our company with 4G network expansion and the roll-out of 5G. In this way, we are facilitating even more smart solutions for mobility providers, energy supply, industry and consumers. Wayra is taking sustainable innovations to market maturity together with start-ups. We are suspending the separation of fixed line network and mobile communications and are investing in a future-proof fibre-optic network together with partners.

#### Target attainment:



### Focus SDGs

We wish to promote sustainable economic growth in order to protect people and the environment. Thanks to innovative technologies, we make responsible production possible and strengthen sustainable development, for example of towns/cities and traffic flows.



### UN Global Compact



- Human rights
- Labour
- Environment
- Anti-corruption

LEGEND  
 ✓+ Exceeded  
 ✓ Fully attained  
 ▬ Mostly attained

#### 4.0 Strengthening life in the digital world

##### 4.1 Digital sustainability innovations

##### 4.2 Digital inclusion

##### 4.3 Data protection and information security

##### 4.4 Protection of children and young people

**GRI** Management approach: Indirect economic impacts (103-2; 103-3); Economic performance (103-2; 103-3); GRI 203-1; 203-2; 413-2

# Sustainable innovations for a better world

## BASIC PRINCIPLE AND CHALLENGES

### Digital solutions for people and society

As one of the largest telecommunications providers in Germany, the Telefónica Deutschland Group sees itself as a pioneer in shaping the digital transformation responsibly. We ensure that everyone is connected to the digital future in order to make day-to-day life permanently better for all. Our declared goal is to sustainably advance digital development. We therefore give consideration to the impacts that our digital business model has on the environment and society, always with the focus firmly on people.

We want to make people's lives simpler, safer, healthier and more environmentally friendly with our digital products and services. During the coronavirus pandemic in particular, the huge benefits of and the need for digitalisation in overcoming current societal challenges became evident, be it for transformation of the working world, making economic value-added processes more flexible, in relation to transport infrastructure or regarding protecting the population's health.

A key factor here is sustainable innovations, which we expedite in a targeted manner in collaboration with the public sector and digital companies. In this connection, we rely on analysing large amounts of data, networking devices, and innovative products for the customer with the focus on mastering day-to-day requirements with digital solutions and making them safer. Our products unite the triad of "Networking. Analysing. Optimising," and are therefore an important

aspect of our ability to compete. With the new mobile communications standard 5G, we can further multiply these effects where data transfer is concerned through real-time applications and capacity increases. 5G will also help us to effectively confront one of the greatest challenges of our times, namely climate change. Intelligent sensors measure power consumption, air quality and biodiversity locally, and it is on this basis that we derive improvement measures for "greener", more liveable towns and cities.

Our start-up accelerator Wayra brings Telefónica and technological disruptors around the world together.

Wayra is the Telefónica Deutschland Group's innovation laboratory, focusing on areas such as artificial intelligence, data analysis and customer service. Wayra identifies start-ups in the new information and communication technologies which demonstrate a high degree of innovation and enables them to test and scale their solutions and products in cooperation with us. Each of the start-ups supported by Wayra has direct contact with one of our departments with the aim of their products being integrated into our existing systems and our core business. Wayra also assists the start-ups with tools, mentoring and advice, modern offices in the heart of Munich and funding.





#### 4.0 Strengthening life in the digital world

##### 4.1 Digital sustainability innovations

##### 4.2 Digital inclusion

##### 4.3 Data protection and information security

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**GRI** Management approach: Indirect economic impacts (103-2; 103-3); Economic performance (103-2; 103-3); GRI 203-1; 203-2; 413-2

To proactively further advance digitalisation in Germany, we launched a EUR 4 billion investment offensive running up to 2022 in order to massively expand our O<sub>2</sub> network in towns and cities, in rural areas and along traffic routes. We want to close the last coverage gaps and we intend to have rolled out a comprehensive 5G network by 2025. By continually improving the O<sub>2</sub> network, we will aim to make our vision of a fully connected, liveable and “green” society a reality.

#### PROCESSES AND MANAGEMENT

### Achieving clear targets while complying with strict data protection requirements

We have set ourselves important strategic targets in the area of sustainable innovations and products. We thus intend to push technologies to simplify linking up people, devices and machines in the private and industrial world. Development and management of innovative projects and solutions extends across all the divisions.

Responsibility for the Internet of Things (IoT) segment together with the business customer area lies with the B2B directorate, which reports directly to the Chief Executive Officer (CEO). The mobility insights line of business is overseen by the Chief Financial Officer and the Chief Partner and Wholesale Officer.

The prerequisites for digitalisation of the relevant services have been created by offering high-performance network infrastructure and data analysis. Complying with the strict data protection requirements for all of our products and technologies is a top priority in our approach.

We act on the basis of rigid ethical principles when using artificial intelligence, and these are enshrined in our own guidelines as well as in the Telefónica, S.A. Group's Digital Manifesto for social responsibility.



## Responsible Business Plan 2016–2020

### Highlights of the targets achieved

**Commitment:** in the years leading up to 2020 we will push technologies to simplify linking up people, devices and machines in the private and industrial world. The goal is to support our customers in the realisation of new digital products and business models in order to give all areas of society access to digital products.

- We tapped the innovative potential of data analysis for the benefit of society in relation to everything from climate-friendly mobility and health care to efficient energy management and private consumption.
- Our Wayra innovation laboratory promoted the transfer of start-ups' sustainable innovations to our business processes and enabled diverse progress in the areas of artificial intelligence, data analysis, the IoT and climate protection.
- We ushered in the age of 5G for German industry and, together with the equipment manufacturer Ericsson, set up one of the most modern 5G mobile communications networks for automobile production for Mercedes-Benz Cars in Sindelfingen.
- With intelligent solutions based on the IoT and 5G, we are promoting the development of smart cities and are supporting the energy and climate transition with the expansion of smart grids and smart metering.
- We expedited the use of artificial intelligence in particular in our customer contact and established high standards regarding ethically responsible and data-protection-compliant conduct, which we universally observe.

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**GRI** Management approach: Indirect economic impacts (103-2; 103-3); Economic performance (103-2; 103-3); GRI 203-1; 203-2; 413-2

STRATEGIC PRIORITIES  
**Network expansion with 4G and 5G**

The Telefónica Deutschland Group is using additional infrastructure investments to pursue the goal of advancing network expansion and perceptibly enhancing the online customer experience. The investment programme centres on stepping up network expansion into rural areas with 4G in particular and the accelerated expansion of 4G and 5G capacities in towns and cities.

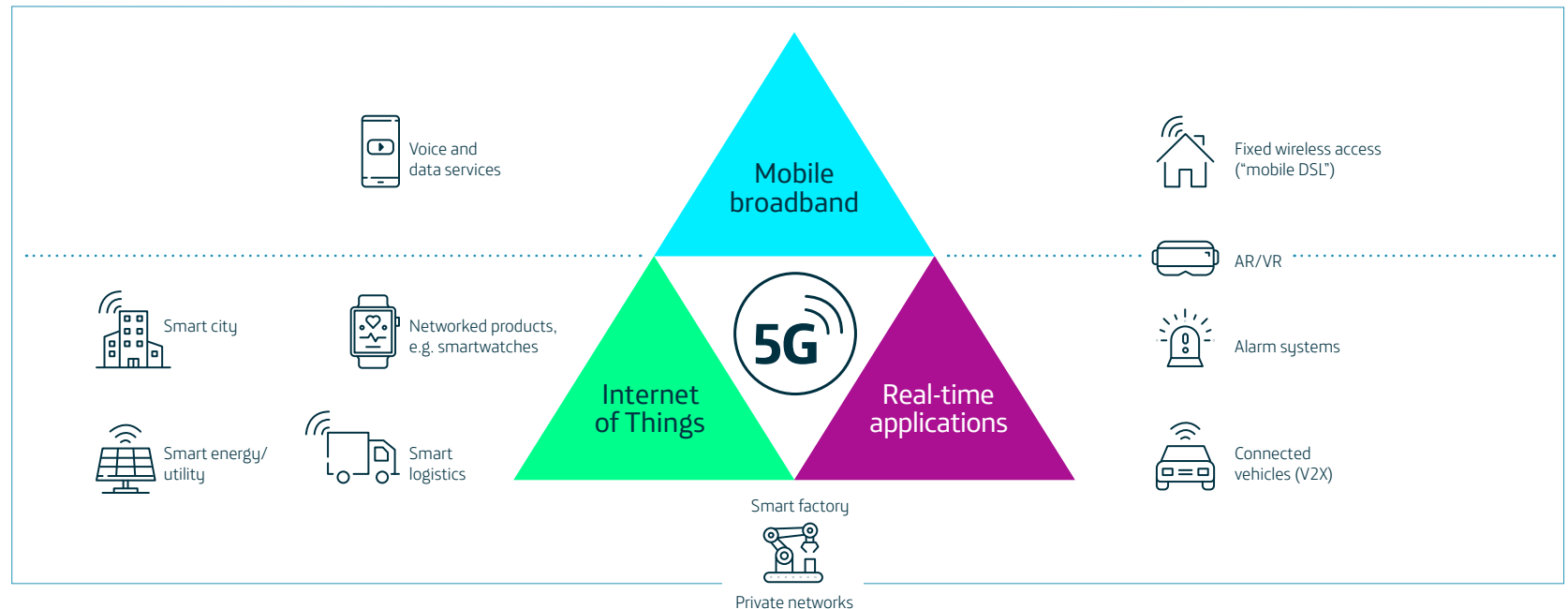
Among other things, our activities in this area are based on the national mobile communications pact concluded by policymakers and network operators in 2019 with a view to advancing Germany's digital transformation. More specifically, this agreement requires the network operators to meet ambitious network expansion targets over the next few years, with expansion throughout the country and to previously

undersupplied regions. In this context, our company will establish an additional 333 sites in so-called black spots by the end of 2021. Together with Deutsche Telekom or Vodafone, we also want to eliminate several hundred "grey spots" in our customers' 4G network provision by the end of 2021. The partners will share active network technology in these places. In contrast to previous cooperations such as site sharing and the operators' agreement on the closure of provision gaps ("black spots"), with this approach, there is no need for a second set of separate wireless technology or additional antennas to be installed.

This is our way of making a major contribution in particular to supplying people in rural regions with high-performance LTE mobile communications and of further improving our customers' user experience. In return, the policymakers have made a commitment to promote the sector's ability to invest. This includes in particular improved payment conditions for the 5G frequencies purchased at auction.

**Comprehensively tapping 5G's innovation potential**

O<sub>2</sub> activated its 5G network in the five largest cities in Germany as well as in other towns and cities in autumn 2020. The added value offered by 5G to society as a whole thanks to the close networking of transport, towns, cities, the world of work and everyday life will far exceed its individual use by the customers. 5G makes it possible for applications to now be realised in real time and for millions of devices to be connected with each other. The new mobile communications standard delivers additional capacities and higher speeds, thereby enabling us to further improve our customers' network experience concerning mobile data use. We have extensive network expertise, which we are applying to the expansion of our 5G network as well as to industrial partnerships.





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## Mobile broadband as a substitute for a fixed line for the digital home

With fixed wireless access (FWA), a 5G-based broadband technology, we will henceforth be able to offer private households and smaller enterprises an interesting alternative to DSL and other fixed line network infrastructures. Signals are received via the mobile communications network, making a fibre-optic, cable or DSL/VDSL connection unnecessary. This option lends itself well to, for example, rural regions with digital infrastructures which are still inadequate and causes lower infrastructure costs than fibre-optic expansion. Based on availability, users will then be able to use 5G with more than one gigabit per second to stream films in 8K UHD, surf the Internet and enjoy their usual day-to-day applications in top quality. Furthermore, in addition to the standard data services, 5G allows applications such as virtual reality (VR) and augmented reality (AR) to unleash their full potential in private and commercial use.

## Real-time applications for improved traffic systems

Thanks to 5G's loading times of less than 1 millisecond, applications can now be realised in real time, for example in the area of connected driving. Using efficient vehicle-to-everything (V2X) communication, the vehicle technology communicates with other vehicles, lorries, cyclists and pedestrians as well as with traffic lights, road signs and roadblocks. If obstacles suddenly present themselves, the car not only warns the occupants, but also takes its own initial steps in real time, increasing the level of traffic safety. According to the US federal government's [National Highway Traffic Safety Administration \(NHTSA\)](#), approximately 600,000 road traffic accidents a year can be avoided with V2X technologies. Additionally, smart vehicle coordination staggers traffic and can make an import-

ant contribution to protecting the environment as it allows fuel consumption and driving behaviour to be analysed and regulated even more precisely.

Together with the German inspection company DEKRA, the Telefónica, S.A. Group opened a new testing centre for connected and autonomous driving based on 5G and V2X in Malaga, Spain, in 2020. This has created a unique research environment for the testing of international 5G frequencies for international use and is available to automotive companies and suppliers as well as start-ups. The Telefónica Deutschland Group is benefiting from this international research and development too. In the future, Telefónica's and DEKRA's research will focus on connection solutions, new services for on-board entertainment and vehicle navigation, improved vehicle monitoring and maintenance, and safety and the prevention of accidents.

## The IoT: quantum leap in device networking

5G is significantly expanding the scope of intelligent networking via the Internet of Things once again. This is what is known as "massive IoT", in other words the networking of millions of devices. This makes devices such as smartwatches and fitness trackers even more intelligent and more application-oriented, for use in, for example, the health care sector or competitive sport. Users can also save large data volumes and applications in the cloud from their smartwatch more quickly and control various devices in their smart home while they are out. 5G offers major potential and additional areas of application for other smart devices too, such as smart clothes or even 5G-enabled implants.



<sup>1</sup> National Highway Traffic Safety Administration (NHTSA) – US federal authority for road and vehicle safety

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The Telefónica Deutschland Group is seeing an increase in demand from SMEs in the area of the IoT. We offer our customers the two network standards narrowband IoT and LTE-M for automatic data transmission between objects and machines. Our customers are afforded access to all the important information needed in order to manage their machines' and devices' connectivity and to analyse processes. We see expanding this interconnectivity as putting us on the right path for creating digital added value for our customers. We are thus already supporting a large number of companies in a vast array of sectors with the digitalisation of their business solutions in the IoT area.

The impressive range includes mobility and logistics companies, energy utilities, wearables manufacturers and producers of robots. With IoT Connect, we have the right tariffs for data transmission and for intelligent interconnectivity and its management: there is IoT Connect Deutschland, which is predominantly for use in Germany, and there is IoT Connect Europa for usage that includes the neighbouring European coun-

tries. With the Vivo-O<sub>2</sub>-Movistar global SIM card, we guarantee maximum network security and availability for the optimum connectivity of machines and devices in Germany and abroad.

The fundamental component of our IoT offering is the Telefónica Kite platform for the business customer area. This offers our customers a convenient and effective management system for all M2M/IoT SIM cards. The system thus serves as an all-in-one solution for the management and monitoring of all of a company's IoT and M2M activities.

### Smart factory: a revolution in industrial manufacturing

With its top reliability and extremely short response times, 5G will be an important support for highly sensitive, automated production processes such as robotics and will serve industry as a tremendous efficiency lever. 5G makes an entirely digital factory and fully connected (intra-)logistics processes possible. We help

companies turn their production facilities into smart factories and advance their digitalisation. We likewise apply the experience we have in planning and installing mobile communications networks to setting up 5G campus networks too, for example in the automotive industry.

In September 2020 Mercedes-Benz Cars put one of the world's most state-of-the-art automobile manufacturing plants into operation – its Factory 56 is a fully digital, flexible and carbon-neutral production factory. A centrepiece of the new, fully connected production plant in Sindelfingen will be the 5G campus network that the Telefónica Deutschland Group installed together with the network equipment provider Ericsson. The fifth mobile communications generation will connect machinery and systems with each other intelligently, securely, wirelessly and in real time.

We are one of the first network operators in Germany to be taking another innovative step by offering our industrial customers a cloud-based 5G backbone too in the future, making the installation of local servers



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superfluous and thereby further significantly simplifying the creation of campus networks. With a cloud-based 5G backbone, new industrial solutions can be developed more quickly, production and logistics processes can be automated to a greater extent and applications can be effected in real time.

### Smart energy: from smart metering to smart mobility

5G supports smart solutions in the energy industry's value chain as well as the conscious management of energy consumption. The energy generated is distributed to the users via smart grids, while smart meters continuously measure energy consumption and provide energy based precisely on the users' current needs. With intelligently connected meters, the user has an overview at all times of how much gas, electricity or water they use and when. The Telefónica Deutschland Group already uses such smart energy

technologies to boost the efficiency of its mobile communications stations.

In the area of smart mobility too, 5G mobile communications will make solutions with increased energy efficiency possible in the future, such as the operation of charging stations for electric vehicles. Entire industry sectors such as logistics as well as companies in all other industries will also benefit from the ability to digitalise their vehicle fleets and individual vehicles. In specific fields of application, we can offer our customers a separate network infrastructure thanks to network slicing, thereby reducing network complexity.

With smart mobility, we offer our business customers IoT-based analysis applications for their company fleets, enabling them to improve driver safety, reduce fuel consumption and lower servicing costs. For example, telematics solutions such as Geotab allow for smart fleet management from a single source and offer our customers even greater transparency,

enabling them to keep to the statutory requirements for average CO<sub>2</sub> fleet emissions. The Geotab telematics devices already feature Telefónica IoT SIM cards ex works that are designed specially for demanding environmental conditions and guarantee a long service life. The application is suitable for all manufacturers' passenger cars and commercial vehicles. The Geotab telematics solution also supports our customers with their own tool for transitioning their company fleet to electromobility.

By the end of 2021  
**27,000**  
locations  
with smart meters

#### EFFICIENCY ADVANTAGE THANKS TO SMART METERING

We use digital innovations to optimise our operating processes too, such as in the area of energy management. Smart meters continuously log the consumption data in much greater detail and transmit it to a cloud server via an IoT wireless unit. The data is stored there safely for us to retrieve at any time and then evaluate in numerous ways.

**In all, a good 12,300 sites are already equipped with a smart meter. The plan is to have equipped 27,000 sites with a smart meter by the end of 2021.**

**Electricity meter replacement offers us some significant advantages:** it gives us detailed records of each site's consumption without us having to visit the sites to take readings. Remote metering can be used to identify any consumption anomalies. In addition, it is easier to guarantee the predictive maintenance of sensitive system components such as fans. Also, having a virtually complete overview of the energy needed in the mobile communications network provides the opportunity to optimise budgeting, purchasing and resetting processes.

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## Smart cities pooling 5G innovations

The enormous capacities and transmission rates of 5G in conjunction with cutting-edge Internet of Things (IoT) solutions are helping cities become smart cities. In smart cities and megacities, it will be possible to make road traffic safer, coordinate it better and advance mobility solutions of the future such as connected and autonomous driving. For the residents, the benefits of an intelligently connected city go far beyond improved road traffic. In the future, they will be able to connect their own household to the smart city too, linking up to, for example, the municipal utilities and their smart metering processes.

We want to play our part in the development of smart cities in which the citizens can benefit from a sustainable quality of life. Our smart city concept is based on our knowledge as a telecommunications service provider of how people use technologies and what the people living in a modern city expect. We make this knowledge available to municipal decision makers and develop with them our product portfolio, open platforms and diverse digital solutions.

## Separation of the fixed line network and mobile communications suspended

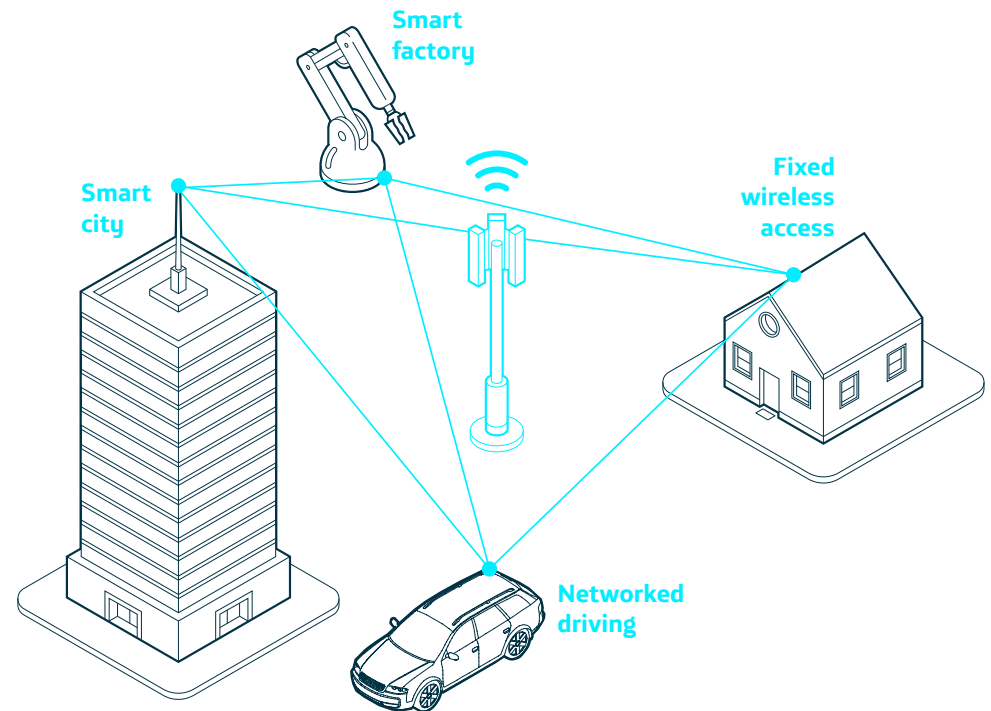
O<sub>2</sub> completely suspended the separation of fixed line network and mobile communications technologies in November 2020 and offers O<sub>2</sub> my Home as a tariff which applies equally to DSL, cable, fibre optics and the mobile-communications-based O<sub>2</sub> HomeSpot. The 4G/5G router makes telephony possible here for the first time and offers customers a fixed line network number, making it a fully adequate alternative solution wherever there is no fast fixed line network broadband infrastructure available.

Thanks to strong partnerships, O<sub>2</sub> also offers its customers the widest fixed line network coverage in Germany. For example, the partnerships with Vodafone and Tele Columbus mean that 24 million households and another 2.3 million households respectively will be provided with broadband cable in the next few months. O<sub>2</sub> supplies approximately 34 million households with DSL via the Deutsche Telekom infrastructure; it will also do this in future with fibre optics.

The partnership with Deutsche Telekom in the area of the fixed line network was extended and expanded from 2021 onward. This will make it possible for O<sub>2</sub> to henceforth also market Deutsche Telekom's fibre-to-the-home (FTTH) services to its customers, who will then be able to enjoy high-speed Internet of up to 1 Gbit/s thanks to access to the fibre-optic network in cities in particular. O<sub>2</sub> will additionally continue to use Deutsche Telekom's VDSL and vectoring wholesale products. Both

companies are also jointly working on developing the network infrastructure. For example, Deutsche Telekom is providing us with some 5,000 fibre-optic connections for new and existing mobile network sites.

In the fibre optics market, we as a participant, are also benefiting from a joint venture between the Telefónica, S.A. Group and Allianz that will build up and market its own fibre-optic network. This will enable us to offer private and business customers high-performance fibre-optic connections to the home as well as to business parks. Over the next six years, the company intends to provide 2.2 million households with a 50,000-kilometre fibre-optic network in predominantly rural and previously undersupplied regions with fibre optics, investing up to EUR 5 billion to do so. We see our involvement in the new fibre optics company as an attractive long-term investment in a market with huge future potential.





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## Sustainable data analysis benefits

As a mobile operator with currently around 44 million connections, we have access to vast data volumes in our day-to-day business processes. This data – such as mobility data – is often exclusively available to us as a network operator. With the mobility insights line of business and research projects, we are seeking to tap the innovation potential that data analysis offers to all areas of life and for the benefit of society, from climate-friendly mobility and health care to efficient energy management and private consumption.

With the project "So bewegt sich Deutschland" (How Germany moves), our partner Teralytics took the anonymised mobile communications data we provided and developed a map that made regional traffic flows visible. By analysing the data, Teralytics was able to gain insights into mobility patterns in Germany that can be of huge value to traffic planners. Taking Hamburg, Berlin and Munich as examples, regional insights were gained into commuter behaviour and the times at which people were going out.

The public transport company Berliner Verkehrsbetriebe (BVG) will likewise draw on mobile communications data analysis with our assistance in the future in order to plan and coordinate their bus and rail services better. Subject to stringent data protection compliance, the company receives anonymised data on passengers getting on and off or changing between modes of transport as well as on transport links. This is based on Telefónica Deutschland Group data and is made available to BVG by Teralytics. The project is supported by the Federal Ministry of Transport and Digital Infrastructure (BMVI) as part of its "Digitalisation of municipal transport systems" funding guidelines.

To make it impossible for data from digital sources such as mobile communications to be associated with a specific person, we use a three-stage anonymisation process. Due to the anonymisation, the customers' consent is not necessary from a legal point of view. We nevertheless make it possible for them to object to their data being used for statistical evaluation by means of a text-message-based process. This gives every customer the opportunity to weigh up their personal preferences and the benefit that their data may create for the economy and society.

## Responsibility during the coronavirus pandemic: using mobile communications data for greater transparency

The relevance of mobility analysis based on mobile communications data was borne out in particular by how the coronavirus pandemic was dealt with. We exercised our social responsibility here and assisted the Robert Koch Institute in its work together with

partners such as Teralytics and Senozon. For example, it was possible to track mobility streams throughout Germany on the basis of anonymised and aggregated mobile telecommunications data. Information of this kind can be used in forecasting the regions in which the coronavirus may spread further. Via Teralytics, for example, data on the number of journeys, the journey distances and the modes of transport used such as cars or planes was made available in the form of a dashboard which was updated daily. This data made it possible for changes in the population's mobility behaviour the length and breadth of Germany to be analysed on a daily basis. This should make it easier to understand whether and to what extent mobility restrictions and other political measures are effective.

We made it possible for mobile communications data to be used in another project too that resulted in greater transparency under pandemic conditions. Here, the GIZ Data Lab and Teralytics used daily mobility data and, drawing on specific mobility patterns during different stages of the pandemic, examined why certain German districts were significantly more successful than others in containing the spread of the virus.





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## Artificial intelligence applied to customer dialogue

The large scope of the ways in which AI can be used ranges from small things that make day-to-day life easier to major benefits for society and the economy, such as supply chain optimisation, improved medical diagnoses and the overcoming of humanitarian disasters. For example, the market research company Gartner is forecasting the business value derived from AI solutions to be USD 3.2 trillion in 2022.

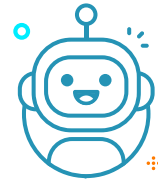
AI is founded on large volumes of data – something which the Telefónica Deutschland Group too generates billions of times a day in its normal business processes, e. g. in the mobile communications network and in its IT processes. The company's internal Digital & Data Competence Center (DDC) uses this data in accordance with the data protection provisions and supports the various departments with extensive analytical know-how, including in relation to AI. More than 80 experts work at the company's dedicated AI centre of excellence, developing concrete solutions for our customers.

This includes the AI function Aura, which is incorporated into the O<sub>2</sub> website and our WhatsApp service channel as a direct interface between us and our customers. Here, Aura offers personalised information and services that we continue to expand in order to reach more customers and broaden our interaction with them. The current fields of application include network fault checks, viewing payment statuses, invoices and tariffs, enquiring about data volumes, adding credit and making use of multimedia services.

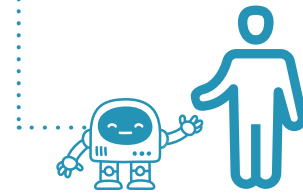
We have a particular responsibility as a company when using AI and we therefore follow ethical principles with which we wish to place the focus on people's interests and boost their confidence in this technology. To this end, we have developed guidelines with criteria on the basis of which we evaluate all AI-related projects. We also base our actions in this area on the Telefónica, S.A. Group's Digital Manifesto.

## OUR ETHICS OF ARTIFICIAL INTELLIGENCE

Our ethical principles on using artificial intelligence make the people the focal point. We assess all projects with AI according to the following ethical principles:

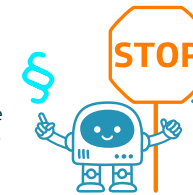


**Fair and accessible for all**  
It is important to us that all AI applications lead to fair results. In addition, all parts of society should have access to these digital opportunities.

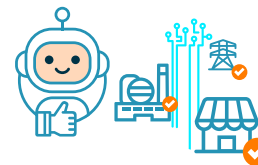


**AI is to serve society**  
We will only overcome people's scepticism if the use of AI creates tangible advantages.

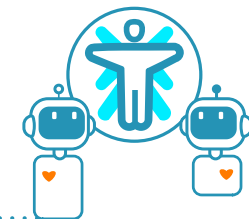
**Rules for AI use**  
Not everything that is possible is also morally justified – there have to be limits on AI's use.



**Transparency and data protection**  
The use of data has to be transparent and the data has to be protected.



**Checking third parties**  
We reserve the right to review the legality, correctness and logic of data from third parties.



**People first, AI second**  
People must remain the highest ethical authority.

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AI is increasingly playing a crucial role at Wayra too. For example, we entered into a cooperation with the start-up Mostly AI, which specialises in data synthesising. This focuses on facilitating the use of large data volumes and at the same time comprehensively protecting the customers' privacy.

### Platform for secure identities on smartphones

Smartphones are increasingly being used as a means of personal identification. However, further steps are still needed for the achievement of a security level comparable with that of an ID card or other identification systems. In 2020 the Telefónica Deutschland Group joined with the federal printing company Bundesdruckerei as well as other companies and research institutions to create a security architecture for services with high protection requirements. This concerns, for example, self-sovereign identity management in relation to e-government, car-sharing services and e-ticket applications for local public transport.

The aim is for a digital identity on a smartphone to offer consumers and service providers, citizens and administrations greater security and convenience in the connected world. The activities were consolidated within the project OPTIMOS 2.0, which was sponsored by the Federal Ministry for Economic Affairs and Energy (BMWi).

### Wayra: successful partnerships with start-ups

In 2020 we promoted 14 new start-ups in the areas of artificial intelligence, fintech, the IoT and data analysis through our Wayra innovation laboratory. For example, we supported Amplitude, a company that has developed an app to teach young people about financial matters. Using various tools, they are able to systematically build up their money management skills, apply them and gear them to their future needs. The service is complemented by tutorials and podcasts. The promoted vCoach start-up is a digital personal trainer for professional communication based on AI. With

the aid of an app, users can whenever they want and from anywhere learn how to give presentations with confidence, provide motivating feedback and work better within a team.

In 2020 Wayra also invested in the Munich-based software company Cobrainer, which digitalises employee profiles for companies and makes their skills transparent with the aid of its expertise intelligence software. Cobrainer was also able to assist the Telefónica Deutschland Group with internal recruitment processes during the coronavirus crisis. We invested in the Berlin-based software company Lana Labs too. As a specialist in the AI-assisted analysis of business and production processes, the company enables businesses to make their work smarter, more efficient and faster on the basis of automatic process analysis and to make optimum use of resources such as capital, materials and HR.

Wayra worked on establishing its own 5G & IoT tech lab, which was inaugurated in spring 2021. Here, start-ups have the opportunity to test and further develop applications and solutions in the areas of 5G and the IoT as well as to present them to the Telefónica Deutschland Group and its customers. The company and Wayra support the start-ups with various services such as hardware development, an IoT data management platform and 5G and IoT test SIM cards.



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Wayra's promotional activities are increasingly focusing on start-ups which are developing sustainable and climate-friendly 5G applications. For example, this is behind its investment in the software company MOTIONTAG. This company specialises in the analysis of anonymised mobility data and in self-learning software that allows travellers to buy the right ticket in an app without first having to deal with the issue of tariff zones and ticket options. The software can be seamlessly linked to the transport companies' IT systems, in turn providing these companies with precise information regarding their customers' travel preferences. They can also use the data acquired to optimise their staffing and their use of materials and reduce their carbon emissions.

The company foldAI, which Wayra supports, uses sensors to log current data in forests and towns/cities to enable foresters and urban planners to better anticipate environmental, economic and social changes and risks. For example, the state of a forest and its growth development are recorded via a dashboard, various

apps, a cloud and 5G. This solution can serve as an important decision-making aid for forest management staff and as a lever for reducing greenhouse gas emissions. The foldAI application was also integrated into the Wayra offices in order for humidity and other values to be measured in real time.

The start-up Haltian's IoT solution aims to improve the well-being and productivity of employees at companies. Data recorded in real time such as air quality or room occupancy makes it easier for problems to be identified. The Haltian technology is already in use at the Wayra offices.

Wayra has also established a series of webinars together with the innovation agency Future Academy X that are designed to help entrepreneurs and companies be better at rising to the challenges of the 21st century. The workshops have focused on, for example, digital fitness, agency, a responsive mindset and social intelligence.

With The Funding Cocktail, Wayra also initiated a conference by investors for investors in 2020 which brought companies together with venture capitalists from all over Europe and featured interesting keynote speeches and panel discussions. All the ticket proceeds from the event were donated to Social Impact, an agency which champions social innovations and a sustainable future.

The business magazine CAPITAL recognised Wayra as Germany's **second-best innovation lab** in 2020.

#### Wayra Tech Lab in Munich



# Digital inclusion



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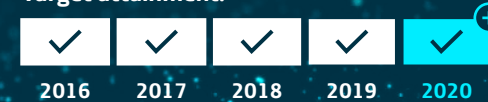
### Commitment

We make people of all age groups fit for the digital world. We will provide 10 million people with inspiration and support in the years leading up to and including 2020 with Germany-wide programmes and initiatives that promote digital participation.

### Our achievements

Following our successful #LOVEMOB campaign, we expanded our commitment to tackling cyberbullying with the WAKE UP! initiative. Our coronavirus care package comprising smartphones, tablets, videos and apps helped senior citizens maintain contact with family and friends and explore the digital world during the crisis. Our digital package for schools is an all-in-one solution offering information, advice, technology and Internet access, and therefore valuable assistance with digital learning.

#### Target attainment:



### Focus SDGs

With our high-quality educational services for all age groups, we seek to promote digital inclusion and reduce inequality in society. We wish to offer everyone access to the digital world and are creating the basis for this with an efficient network in both urban and rural areas.



### UN Global Compact

We are committed to observing the UNGC principles related to the areas of human rights, labour standards, the environment and anti-corruption. Digital inclusion cannot be directly assigned to a principle, but we endeavour to take the UNGC principles into account in everything we do.







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Local communities (103-2; 103-3);  
Customer health and safety  
(103-2; 103-3); GRI 102-12; 413-1

# Digital sovereignty for everyone

## BASIC PRINCIPLE AND CHALLENGES

### Promoting digital participation

We want all people to be able to benefit from digitalisation and we want to enable them to navigate the digital world in a self-determined and safe manner. The coronavirus pandemic has shown once again just how important this commitment is. In these challenging times, digitalisation is playing a significant part in keeping people connected with each another and strengthening social cohesion. But it also leads to other challenges. We want to not only familiarise people with the potential and the opportunities presented by digitalisation, but also sensitise individuals to the potential risks. As we are now clearly seeing, not everyone has the technical prerequisites or the necessary knowledge to handle digital media with confidence. That is why the Telefónica Deutschland Group is committed to helping people of different ages access information, media and digital technology more easily and learn to use them.

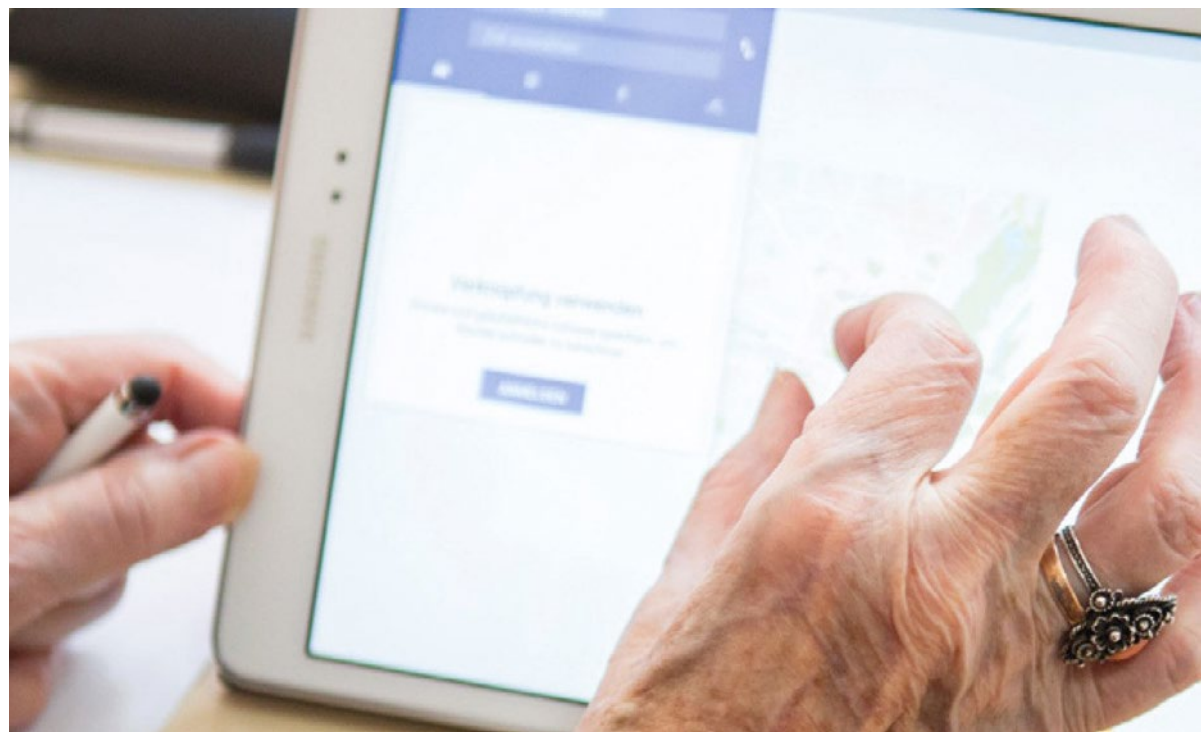
We have been helping young people navigate the digital world and expand their technological and social skills for many years now. This approach has increased in importance during the coronavirus pandemic as many children and young people are spending significantly longer online, where they are increasingly confronted with hate messages and cyberviolence. We help young people deal with cyberbullying with initiatives like #LOVEMOB and WAKE UP!. We adapted to the unusual conditions of the COVID-19 pandemic here and developed interactive educational and learning formats for the digital space.

Recent months have especially starkly illustrated the digitalisation deficits in schooling, and these have exacerbated the educational inequality among young people in many places. Here, we and our partners supported 250 schoolchildren from disadvantaged families with tablets and Internet access. We also offer schools targeted assistance with setting up and using a digital infrastructure.

The Telefónica Deutschland Group and the Digital Opportunities Foundation championed the inclusion of the elderly again in 2020 with the "Digital mobil im Alter" (Digitally Mobile in Old Age) programme. We want this age group to benefit from the digital world

too and, in the pandemic situation in particular, we want to help them use new technologies to maintain social contacts and combat potential isolation. To this end, we developed a coronavirus care package for the elderly and for retirement homes comprising information, training, advice and technical assistance as well as digital end devices that came with SIM cards included.

Last but not least, the O<sub>2</sub> Gurus were once again an important point of contact for people of all ages for questions, tips and tricks surrounding life in the digital world in the year under review.



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PROCESSES AND MANAGEMENT

## Tracking programme target attainment

As part of the Telefónica Deutschland Group's Responsible Business Plan 2020 we pursued the goal of making people fit for the digital world and of reaching 10 million people of all age groups with our programmes by 2020.

To achieve our digital participation objectives, we evaluated our measures and projects and developed them further in a targeted manner on the basis of scientific studies. In the future too, we will evaluate individual programmes and events in detail. The Telefónica BASECAMP serves as the central platform for societal dialogue regarding digital inclusion issues.

To monitor our success, we use targets such as the number of participants at events and symposia and the number of website visits. As regards our projects, we regularly collect feedback from the participants in order to be able to even better meet their specific

needs and expectations in future. Responsibility for the promotional programmes lies with the company's CR department. This reports directly to the Chief Officer for Legal & Corporate Affairs of the Telefónica Deutschland Group and manages programme development and the processes together with the long-standing cooperative partners.

Due to the pandemic, we replaced many of our planned formats involving direct and personal interaction such as workshops and discussion events with online formats and new online series, educational stories and video tutorials. These include the Video4You offering, which inspires people to use digital media and which is aimed in particular at the inclusion of different generations of users.

## Responsible Business Plan 2016–2020

### Highlights of the targets achieved

**Commitment:** we make people of all age groups fit for the digital world. We will provide 10 million people with inspiration and support in the years leading up to and including 2020 with Germany-wide programmes and initiatives that promote digital participation.

- With our anti-cyberbullying initiatives and public discussion events relating to media protection for young people, we have sided with people who are affected by cyberbullying and online hate and have given them access to tangible assistance. We were able to reach more than 7,200 people in 2020 with concrete online services and web series.
- Our "Digital mobil im Alter" (Digitally Mobile in Old Age) programme familiarised elderly people with the digital world and provided assistance during coronavirus times, in so doing reaching close to 88,000 people.
- Think Big, the biggest Telefónica social programme in Germany, helped almost 120,000 young people (40,000 of which in the years 2016 to 2019) in 4,000 projects become shapers of the digital world themselves with their own ideas.
- Our trained service staff and shop and partner shop employees inspired 11.2 million people through workshops, the hotlines and chats, messaging, videos or face-to-face conversations.

**GRI** Management approach:  
Local communities (103-2; 103-3);  
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#### STRATEGIC PRIORITIES

### Assisting people in joining the digital world

#### Taking a stand against cyberbullying

Cyberbullying has become a growing problem in society. Many people feel their freedom is restricted by insults and menaces from others or even feel threatened. The anonymity of the Internet makes the perpetrators feel uninhibited and prosecuting them is often difficult.

According to a 2020 study by [Bündnis gegen Cybermobbing](#) (Alliance against Cyberbullying), almost 2 million children and young people in Germany alone, for example, have been victims of online threats and insults.

The study also makes the dimensions of cyberbullying clear: 17.3% of children and young people aged between 8 and 21 are affected by cyberbullying. This figure is more than a third higher than it was in 2017. And the victims continue to get younger. Based on parents' statements, one in ten children attending primary school has already been a victim of cyberbullying. Among 13- to 17-year-olds, even one in four schoolchildren said they had already experienced cyberbullying.

The far-reaching measures imposed during the coronavirus pandemic and the school closures meant that children and young people spent a lot more time online in 2020. In this environment, the [Federal Criminal Police Office \(BKA\)](#) observed an increase in fake news, extremist propaganda and cyberbullying.

We took a stand against cyberbullying and cyberviolence throughout Germany with our initiatives, such as the #LOVEMOB campaign for greater moral courage online run by our mobile communications brand O<sub>2</sub> in 2019 and 2020. With the WAKE UP! initiative launched by O<sub>2</sub> in summer 2020 together with the German Association for Voluntary Self-Regulation of Digital Media Service Providers (FSM) and Yaez, an agency for



education communication, we are seeking to further strengthen the digital sovereignty of young people as well as social cohesion. In the six-part WAKE UP! web series, schoolchildren, teachers and parents are taught about what forms cyberbullying can take and learn how they can play a part in fair and respectful interaction online. An important element here is what are known as eduStories – digital teaching modules with a fun character via which schoolchildren are set tasks that they can solve with the aid of multimedia content. The modules are based on popular stories taken from social media such as Instagram and TikTok, and they therefore tie in with young people's lifeworlds. The videos also point people in the direction of tangible assistance provided by various agencies. The project is founded on an informed pedagogical concept. With its interactive teaching of skills, the initiative's content can also be used in schools as well as during workshops, fairs and events. All the services and information, including further background information, to do with the topic of cyberbullying are pooled on the website [wakeup.jetzt](#) and can be accessed for free.

Our commitment to tackling cyberbullying is complemented by a variety of events at the Telefónica BASECAMP, which were redesigned as online and hybrid formats due to the coronavirus pandemic. As part of the young+restless format, for example, young online activists, media educators, FSM representatives and experts were joined by numerous guests to discuss the impact of cyberbullying on young people and what could be done about it. In addition to tighter legal regulations and tangible assistance and advisory services, the focuses here were on prevention work, the teaching of media skills and improved collaboration among parents, teachers and the police.

Online hate and cyberviolence can assume many forms and can affect anyone who uses digital media irrespective of how old the individual is. It is therefore more urgent than ever that suitable counterstrategies be developed by the policymakers and society. In October 2020 we discussed this with influencers, representatives of advisory and aid organisations, and representatives of our company together with the Federal Minister for Family Affairs, Senior Citizens, Women and Youth,



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Franziska Giffey, in the virtual debating forum Telefónica BASECAMP on Air. Additionally, the ministry's "Stronger than Violence" initiative was presented in this context. Its aim is for more women and men to have the courage to defend themselves against cyberviolence and for more people around those who are affected by this to help. The idea is for a movement to be created above and beyond the professionals which is borne by committed civil society throughout Germany.

The UdL Digital Talk in September 2020 likewise addressed the fight against online hate. This was discussed by Federal Minister of Justice and Consumer Protection Christine Lambrecht and Philipp Westermeyer, founder of Online Marketing Rockstars (OMS), in a hybrid event held at the BASECAMP observing strict hygiene requirements. The issues discussed included how we interact online and what steps the state should take to protect its citizens from hate speech and to counter democracy being put in jeopardy. The focuses included the promotion of media skills, clear legal obligations for the operators of social networks to take action against hate crime and support for organisations which are committed to countering cyberviolence.

#### Reducing the digital gap among schoolchildren

The coronavirus pandemic has made failings in the digitalisation of education even more evident. In many cases, schools are not adequately equipped for digital learning and teachers are presented with the challenge of having to acquire new skills. According to a study conducted by Initiative D21, 75 % of families encountered digital teaching obstacles during home schooling. We are all responsible for ensuring that the gap between more fortunate children and those from financially disadvantaged families does not get any wider. We seek to play our part here with the programmes and initiatives designed to afford children and young people easier access to a digital and self-determined life.

For example, together with Deutsches Kinderhilfswerk (German Children's Fund) and Amazon, O<sub>2</sub> assisted 250 schoolchildren with their digital learning with notebooks and free Internet access. In socially disadvantaged regions in particular, there are parents who are unable to provide their children with appropriate home schooling due to the large number of siblings or cramped living conditions. The help provided was focused on those schoolchildren who, even after the gradual reopening of schools, could not participate in face-to-face teaching due to their family situation, such as living with a person especially at risk. In addition, children who need particular support in view of their school situation were assisted with extra teaching provided online by the German Children's Fund.

The aid project was realised in partnership with agencies such as day care centres and contact points of the German Children's Fund, various partner organisations, Johanniter-Unfall-Hilfe, Caritas, a women's refuge, refugee accommodation centres and an organisation for street children.

#### Preparing schools for digitalisation

We want to play our part in boosting digitalisation in education with our products and services too. For example, O<sub>2</sub> Business is making quick access to the age of digital learning possible with a digital package for schools that is simple and efficient in equal measure and features extensive information and advisory services. The package comprises Apple iPads, a mobile communications tariff with unlimited data usage and teaching apps. Our O<sub>2</sub> Business experts configure the devices and provide assistance with setting up and using Apple School Manager. Default technical settings ensure that the Internet can only be used for the teaching apps and therefore solely for school-related purposes.

The digitalisation of schools under the conditions of the coronavirus crisis was the subject of digital information events and panel discussions at the BASECAMP again and again in 2020. At the VATM Digital Lunch Break in October, for example, German politicians, company representatives and association representatives came





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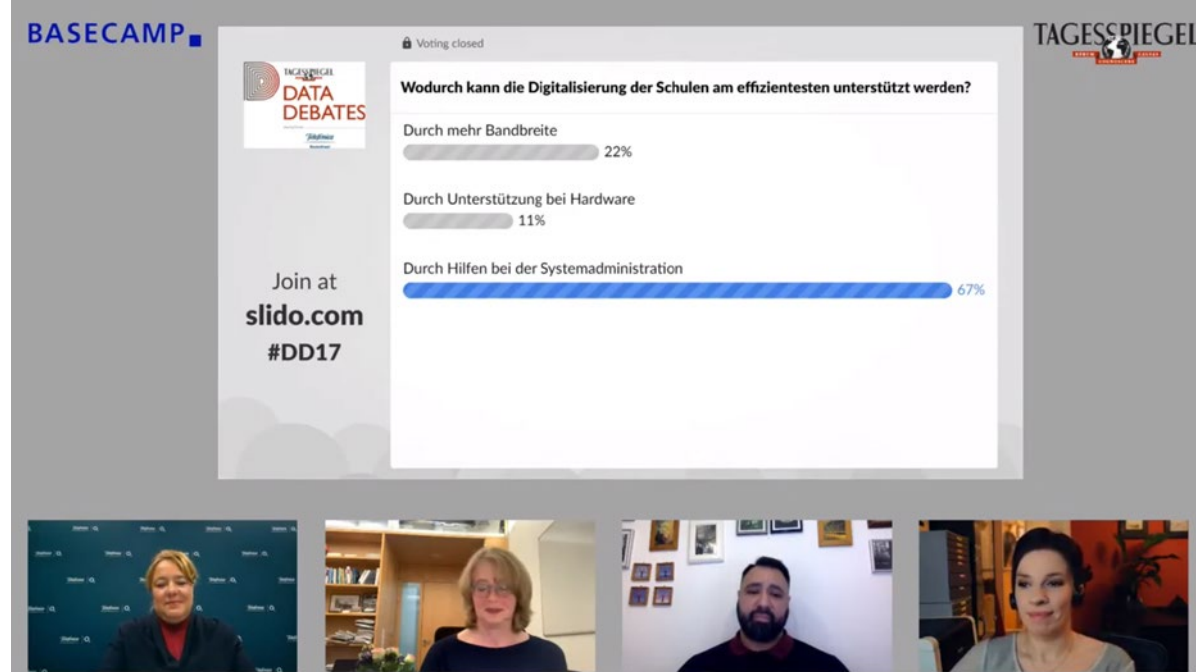
**GRI** Management approach:  
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together with education experts to discuss the central question of “Digitalisation – is our education system fit for the future?”. This focused on the difficulties of implementing the Digital Pact for Schools, the future-oriented transformation of the education sector and the teaching of skills for a digitalised world of work.

Similarly, the *Der Tagesspiegel* Data Debates in December 2020 addressed the topic of “Digital schooling in the coronavirus crisis – stopgap solution or revolution?”. The issues covered here were, in particular, strategies and solutions for radical, digitally based modernisation of the school system and efforts to catch up with other EU countries that are well ahead of Germany in terms of information and communication technologies as well as virtual learning environments. The keynote speech was given by Dr Stefanie Hubig, Minister of Education of the state of Rhineland-Palatinate and President of the Standing Conference of the Ministers of Education and Cultural Affairs, and this was followed by a debate involving other stakeholders and experts from the fields of politics, education and business. The Telefónica Deutschland Group is the initiator and partner of this renowned event series in collaboration with Berlin’s biggest daily paper.

**“Digital mobil im Alter” promotes skills among senior citizens**

Digital technologies can help the elderly to continue to live independently in their own homes for longer and make their lives more self-determined. In addition to media skills, a fundamental prerequisite for this is that they have faith in their own abilities. As also addressed in the German government’s Eighth Government Report on Older People, however, there is a relatively wide gap within the 65+ generation between those who already know how to make the most of these opportunities and those who appear to still have inhibitions for various reasons. As shown by the latest [figures from the Federal Statistical Office](#), more than 7 million people aged 70 and up have never used the Internet.



Together with the Digital Opportunities Foundation, we have been championing greater digital participation among senior citizens for almost ten years. With the project “Digital mobil im Alter”, for example, we give elderly people the opportunity to spend eight weeks familiarising themselves with tablets and gaining online experience with the support of experts. The programme reached around 47,000 elderly people in 2020 (previous year: 32,000). “Digital mobil im Alter” is promoted by ministry representatives and politicians, charities, social agencies, senior-citizen advisory committees and representation, institutions for senior citizens and associations and volunteers.

The “Digital skills for the older generation” guide developed in 2019 on the basis of a study initiated by the Digital Opportunities Foundation and us provides key support in the development of services for senior citizens. The guide was reissued in 2020, distributed to institutions throughout Germany and made available as a download for anyone who is interested.

**Digital coronavirus care package created for senior citizens**

The arrival of the coronavirus pandemic illustrated how important access to digital media is for the older generations in particular. For this reason, the Telefónica Deutschland Group with its core brand O<sub>2</sub> and the Digital Opportunities Foundation designed a digital care package at the beginning of the crisis which was specifically tailored to the needs of elderly people.

For example, not only do we help senior citizens stay in touch with friends and family – we also make it easier for them to access important information and services. This helps to prevent them from losing touch with the outside world and helps them to make their lives more self-determined.

Specially trained O<sub>2</sub> helpers are available over the phone to answer senior citizens’ questions and offer them advice on all topics relating to mobile phones and tablets. Together with emporia and Huawei,

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the partners loan smartphones and tablets to retirement homes that feature pre-installed apps which are especially helpful in the crisis situation. Equipped with these devices, the senior citizens can, for example, communicate via video chat, check local public transport timetables, shop online, make use of entertainment services, play games and train their mental skills.

Explanatory videos show the users how to use search engines, mobile phone operating systems and video platforms. In addition, the six-part "Digital mobil im Alter" podcast with Daniel Finger, a presenter with the broadcaster RBB, provided information on the key topics relating to the use of digital technologies in the crisis. We made extensive training materials and webinars available to the trainers of senior citizens so that they were optimally prepared to provide training in retirement homes.

Within the scope of this project, the partners provided an estimated 600 senior citizens in 50 retirement homes throughout Germany with smartphones and tablets featuring SIM cards free of charge in 2020.

In these pandemic times, we were also keen to provide the elderly with practical assistance locally. As part of the "Digital mobil im Alter" initiative, for example, O<sub>2</sub> took the "my Service on Tour" trailer to the market square in Wittstock an der Dosse in north-western Brandenburg. Staff spent four days there answering senior citizens' questions about setting up and using devices and applications, and they held courses on videotelephony, messaging services and social media. On board the eight-metre-long trailer that has disabled access, there was also hardware on display, lockable device charging stations and a consultation table.

Our goal is to add further attractive formats to what we offer for the digital inclusion of senior citizens, such as a digital "treasure hunt" that encourages them to explore their own town in a fun way. In view of the pandemic, we made this format a purely online one in 2020. This was well received too, including among

participants in Berlin's Seniorenwoche (Senior Citizens Week) and the Seniorenkongress (Senior Citizens Congress).

#### Products and services for senior citizens

O<sub>2</sub> offers end devices which, with important applications conveniently already installed, make senior citizens' lives easier, such as the Android smartphone emporiaSMART.3 and the flip phone emporia-TOUCHsmart. What all of the provider's models have in common is ease of use, a simple display, compatibility with hearing devices and an emergency call function.

In terms of tariffs too, we want to expand the opportunities for senior citizens to use digitalisation simply and uncomplicatedly. Since September 2020 we have been offering customers aged 60 and over a permanent EUR 10 discount on the monthly basic fee for the current O<sub>2</sub> Free mobile communications tariffs. This price advantage makes it easier for this target group to opt for more data volume right from the start instead of a basic tariff.

#### O<sub>2</sub> Gurus at our customers' side

Under the motto of "Help, advise, inspire", the O<sub>2</sub> Gurus were there for our customers of all ages in 2020 both online and in the O<sub>2</sub> shops. In face-to-face conversations locally or via video chats, they helped users of different ages to make the most of digital technologies. For example, our video consultation options were used 3 million times in 2020. The offering also included numerous explanatory videos that visualised digital products and services simply and clearly.

Our customers expect expertise both regarding digital topics and when it comes to sales advice. We decided to discontinue the O<sub>2</sub> Guru concept in autumn of the year under review and replace it with a holistic service offering that will enable every contact to offer comprehensive advisory services in the future. We have been offering our customers these services from a single source both in the shops and over the hotline since October 2020.



# Data protection and information security



## 4.0 Strengthening life in the digital world

- 4.1 Digital sustainability innovations
- 4.2 Digital inclusion
- 4.3 Data protection and information security
- 4.4 Protection of children and young people

### Commitment

We work to ensure customers retain sovereignty over their data and remain the masters of their digital lives. We protect the data of our customers, employees, partners and investors in all products and processes and ensure the Telefónica Deutschland Group's business activities comply with data protection regulations. Our actions in this are straightforward and transparent, and we communicate with all the relevant interest groups about innovations early on.

### Our achievements

We introduced a new data protection risk management system as well as a new data protection advice process featuring new tools and documents. Data protection impact assessment in the case of higher-risk data processing was restructured. Together with Deutsche Telekom and Vodafone, we developed the Zero Impact project to strengthen the telecommunication industry's resilience to cyberattacks.

#### Target attainment:



### Focus SDGs

Strict rules and processes help to systematically safeguard data protection, guarantee information security and ensure that the relevant laws and regulations are complied with. Our customers should always have control over their personal data.



### UN Global Compact

We are committed to observing the UNGC principles related to the areas of human rights, labour standards, the environment and anti-corruption. Data protection and information security cannot be directly assigned to a principle, but we endeavour to take the UNGC principles into account in everything we do.



- LEGEND
- ✓+ Exceeded
  - ✓ Fully attained
  - Mostly attained



#### 4.0 Strengthening life in the digital world

##### 4.1 Digital sustainability innovations

##### 4.2 Digital inclusion

##### 4.3 Data protection and information security

##### 4.4 Protection of children and young people

**GRI** Management approach: Customer health and safety (103-2; 103-3); Marketing and labelling (103-2; 103-3); Customer privacy (103-2; 103-3); GRI 102-43

# Focus on data protection and information security

## BASIC PRINCIPLE AND CHALLENGES

### Responsible digitalisation calls for rigorous data protection and information security

Data security is of huge importance to society as the trust of people and their protection from risks serve as the foundations of successful digitalisation. The ongoing digitalisation process challenges us to rethink data protection and privacy, among other things against the background of the increasing general threat of cyberattacks.

The challenges of data protection and information security have been further heightened by the array of digital formats as a visible expression of the changes in the working world, the preferred option of working from home during the pandemic and the digitalisation impetus triggered by this – not only at our company, but also in our collaboration with our business partners. At the same time, our company has to adapt to rapidly changing legal parameters. In addition to the tightening of the legal situation regarding the transfer of data to non-EU countries as a result of the Schrems II ruling, we have to respond to other legislative initiatives that involve considerable advisory and implementation work, such as the amendment of Germany's Telecommunications Act (TKG) and other new regulations regarding data protection and security in the digital world.

We are company whose core business is generated with data. Every day, millions of customers place their trust in the mobile network and services of the Telefónica Deutschland Group. Data protection and information security are therefore material topics when it comes to our company's responsible business conduct. It is about nothing less than the protection of our company and the trust that our customers place in us. Legal compliance in this area is essential for our reputation and for customer retention, both of which are crucial to business success. It also plays an important part in risk prevention as sanctions such as fines are then effectively avoided.

We therefore make the protection and security of customer data a top priority and ensure that people remain in control of their data. We guarantee data protection and IT security on the basis of the relevant laws and regulations as well as internal requirements, some of which go above and beyond the legal requirements. We also make a commitment in our Business Principles to data protection and to observing information security and transparency. The Telefónica Deutschland Group treats personal and sensitive data confidentially and protects this data from any unauthorised access by third parties. We protect the data of our customers as well as our employees, partners and investors in our processes and products. We seek to guarantee that the Telefónica Deutschland Group's business activities comply with data protection regulations by means of suitable measures.

## PROCESSES AND MANAGEMENT

### Clear rules and processes established

Clear rules and processes help to systematically safeguard data protection, guarantee information security and ensure that the relevant laws and regulations are complied with. This involves our regularly revising existing and adopting new guidelines if additional regulatory needs are identified and then implementing these in the company. The decisive frameworks include the Group's data protection standard, which forms the foundation of the data protection management system (DPMS) as well as our guidelines concerning data protection. These present our principles in handling data and in our communication with our customers and the public in a transparent manner.

The internal guidelines concerning security and rules for minimum security requirements apply throughout the organisation. These are supplemented by a wealth of additional guidelines, standards and procedural instructions on various aspects of data protection. These include the guidelines for reporting data protection and information security incidents, the guidelines on data protection information obligations, the guidelines on data protection agreements, the checklist for the rights of data subjects in accordance with the General Data Protection Regulation (GDPR) regarding the processing of users'/customers' data, the Privacy Consulting Process (PCP), the guidelines on the use of social apps and various procedural instructions. Our approach to identifying and minimising information security risks is documented in our security concept in accordance



#### 4.0 Strengthening life in the digital world

##### 4.1 Digital sustainability innovations

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##### 4.3 Data protection and information security

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**GRI** Management approach: Customer health and safety (103-2; 103-3); Marketing and labelling (103-2; 103-3); Customer privacy (103-2; 103-3); GRI 102-43

with Section 109 TKG. Our privacy policy contains clear guidelines on the protection of personal data that often go above and beyond the statutory specifications. Our employees receive annual training on this. All employees are additionally obliged to observe data and telecommunications secrecy.

The Data Protection Officer and Chief Security Officer are responsible for the management and strategic focus of data protection and information security. They report directly to the Chief Officer for Legal & Corporate Affairs of the Telefónica Deutschland Group, who is a member of the Management Board. The Management Board is thoroughly briefed on information security at least twice every quarter. In addition to reporting to the company's Security Committee and Deep Dive Corporate Security, the Chief Security Officer also regularly reports to the Supervisory Board's Audit Committee, doing so four times in the financial year 2020. The Chair of the Audit Committee reports to the Supervisory Board on the activities of the Audit Committee.

The aim of efficient structures and processes is to prevent violations in the areas of data protection and information security. With our company-wide data protection management system (DPMS) and information security management system (ISMS), we manage the processes that secure data protection standards, our targets, responsibilities and training as well as regular checking of measures that have been implemented. Information security managers and data protection coordinators have additionally been established in the departments as fixed points of contact in order to improve management of the DPMS.

We work exclusively with business partners who accept our data protection rules in accordance with the guidelines on data protection agreements and the corresponding agreements. We also conduct data protection and information security audits among other things where our service providers are located. Likewise, the Telefónica Deutschland Group has clear processes and regulations in place for involving subcontractors and sets corresponding requirements for contracts. Like others, our company is regularly audited by the Bundesnetzagentur (Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway; BNetzA) and the Federal Commissioner for Data Protection and Freedom of Information (BfDI) as the competent authorities.

We also have set rules in place for reporting data protection and security incidents; these are set out in the guidelines on security incidents and in the procedural instructions for data protection incidents and are com-

municated within the company. Our data protection hotline constitutes a first, conveniently reached point of contact for the reporting of incidents. Our suppliers and their employees can moreover turn to us via the Telefónica Deutschland Group's supplier platform if they have any complaints. We endeavour to answer all data protection enquiries quickly and clearly and have defined clear operating processes for this.

The Telefónica Deutschland Group also operates a Cyber Defence Centre (CDC) to reduce the company's cyber risks and improve its defence against cyberattacks. The CDC is a central security centre that protects our company from cyberattacks. Here, key events in our networks and online are permanently analysed and evaluated. This helps to identify attacks and minimise their impacts with quick reactions. We also respond to the consequences of the ever-increasing threat of cybercrime with far-reaching insurance against risks in the areas of information security and data protection.



4.0 Strengthening life in the digital world

4.1 Digital sustainability innovations

4.2 Digital inclusion

4.3 Data protection and information security

4.4 Protection of children and young people

**GRI** Management approach: Customer health and safety (103-2; 103-3); Marketing and labelling (103-2; 103-3); Customer privacy (103-2; 103-3); GRI 102-43; 418-1

Before data is processed, we perform standardised checks within the IT development and analysis processes and in other division-specific processes. Our objectives in the area of data protection and information security are:

- Ruling out the initiation of proceedings due to the violation of data protection regulations by achieving the best possible compliance with the data protection regulations
- Minimising the ratio of initiated processes to actual breaches
- Presenting data usage transparently
- Being able to react swiftly to major disruptions and dangerous situations that may occur, such as network failures, data misuse and bomb threats
- Localising areas of action pertaining to information security

Proceedings were initiated three times in the past financial year due to data protection infringements and violations of the legal provisions in this area. The year-on-year increase is attributable to three ongoing sets of proceedings which have not yet been finalised. No penalties in the form of fines were imposed on the basis of data protection violations. 25 reportable security breaches or incidents with regard to confidentiality, integrity and availability in connection with network and information security were identified in 2020. The incidents relate exclusively to the protection goal of availability and are attributable to network element disruptions.

**DATA PROTECTION AND INFORMATION SECURITY IN NUMBERS**

	2017	2018	2019	2020
Proceedings initiated due to data protection violations (Section 109a German Telecommunications Act; TKG) <sup>1</sup>	1	0	0	3
Penalties in the form of fines as a result of data protection violations during the year	0	0	0	0
Reportable security breaches or incidents relating to information and network security	9	36	26	25
Penalties in the form of fines paid in relation to security breaches or other network security incidents	0	0	0	0

<sup>1</sup> Initiated proceedings are to be understood as proceedings that are ongoing and have not been concluded. Concluded proceedings generally lead to a penalty, a fine or abandonment of proceedings as a result of the authority's suspicion not being borne out. Fines are reported in the indicator "Penalties in the form of fines as a result of data protection violations during the year".

Responsible Business Plan  
2016–2020

Highlights of the targets achieved

**Commitment:** we work to ensure customers retain sovereignty over their data and remain the masters of their digital lives. We protect the data of our customers, employees, partners and investors in all products and processes and ensure the Telefónica Deutschland Group's business activities comply with data protection regulations. Our actions in this are straightforward and transparent, and we communicate with all the relevant interest groups about innovations early on.

- We revised numerous processes and documents to meet the increased statutory requirements, in particular those of the GDPR.
- We implemented a new and comprehensive data protection management system (DPMS) and extended our data protection organisation to the company's individual departments.
- We sensitised our employees to data protection with a wide array of training and awareness campaigns. Among other things, these focused on the topics of moral courage, industrial espionage and security when travelling for business.
- No penalties were imposed on us in the form of fines due to violations in the area of data protection and information security.

4.0 Strengthening life in the digital world

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**GRI** Management approach: Customer health and safety (103-2; 103-3); Marketing and labelling (103-2; 103-3); Customer privacy (103-2; 103-3); GRI 102-12; 102-43

STRATEGIC PRIORITIES  
**Pressing ahead with raising awareness and educating**

We provide regular, targeted and comprehensible information about how we process data. We base our actions on the principles of self-determination, transparency, protecting personal data, and innovation as enshrined in our guidelines regarding data protection.

The most important information tools our customers can access in a direct and targeted manner include the Telefónica Deutschland Group's data protection website and our brands' respective data protection websites. These explain in detail what types of data the Telefónica Deutschland Group processes, how we protect our customers' data and what they themselves can do to protect their data. Consumers can also exercise their rights in accordance with the GDPR. The customers are also provided with data protection information concerning our contracts upon concluding a contract. Our employees regularly undergo mandatory training in the area of data protection and information security, including with the support of external data protection experts. Data protection coordinators who serve as an interface between a department's staff and the data protection team are regularly given especially extensive training. Annual participation in the online training on data protection is mandatory for the employees. In the year under review, 80.3 %<sup>1</sup> of the employees took part in data protection training, with 6,198 training hours provided in total. The training on information security, which equally covers the area of cybercrime, is held as face-to-face training and is also run online. Participation in the online training every two years is mandatory for the employees. If necessary, they can also complete online training independently during the year. At the

end of the reporting year, the participation rate for information security training was 90.2 %<sup>2</sup> with a total of 5,222 training hours.

In the reporting year, we also conducted an employee campaign to raise awareness regarding the processing of personal data in day-to-day business. In particular, this concerned the observance of the protection of personal data in email traffic, during phone calls made in public settings and in dealing with documents which can be viewed by external parties. The aim was not only to raise awareness among all the employees regarding the importance of data protection, but also to offer them concrete tips regarding how they can protect our company, our customers and themselves. The campaign was aimed at employees at all of the Telefónica Deutschland Group's sites, including its shops and customer service centres. The campaign was accompanied and complemented by educational and informational measures for the employees on the topics of phishing emails and scam calls as well as telecommuting security, such as the use of videoconferences.

In accordance with the GDPR, the effective protection of personal data must already be adequately implemented when a process or application is conceived ("privacy by design") and configured ("privacy by default"). We assist our employees in observing and documenting all the measures required for data protection with our own tools and checklists. The GDPR additionally obliges all division heads to structure and manage their data protection measures in a risk-oriented way. The Telefónica Deutschland Group meets this obligation with the data protection risk management system it newly introduced in 2020. We also restructured the data protection advice process as a way of boosting efficiency.

**Data protection and security standards further increased**

In new guidelines issued in the reporting year, we regulated the use of social apps, which are defined by us as applications for accessing and using social media. According to these guidelines, the employees may use social apps for internal communication purposes. Social apps may not be used for exchanging confidential information ("Restricted Access" and "Secret" confidentiality levels) or for communicating with customers or business partners. Communication with customers and business partners via social apps is managed exclusively by the head office and using the official accounts of the Telefónica Deutschland Group.

To increase the company's IT security, the Telefónica Deutschland Group developed a shared process model in close cooperation with Deutsche Telekom and Vodafone called Zero Impact to strengthen the telecommunications industry's resilience where cyber-attacks are concerned. The focus of this joint initiative is on the network providers' operational security and on establishing a comparable and improved company security level. This involved the companies jointly developing security capabilities and scenarios that map out the characteristics of possible attack situations. A corresponding project was initiated within the Telefónica Deutschland Group in 2019 in order for the process model to be rolled out throughout the Group by 2022.

<sup>1</sup> Proportion based on number of Telefónica Germany GmbH & Co. OHG employees not including employees on leave and excluding external consultants (staff count: 7,717). Units of training completed in the past year are included in the calculation. For 2020 this was 6,198 units of training completed between 1 January and 31 December 2020.

<sup>2</sup> Proportion based on number of Telefónica Germany GmbH & Co. OHG employees not including employees on leave and excluding external consultants (staff count: 7,717). Units of training completed in the past two years are included in the calculation. For 2020 this was 6,963 units of training completed between 1 January 2019 and 31 December 2020.



#### 4.0 Strengthening life in the digital world

##### 4.1 Digital sustainability innovations

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**GRI** Management approach: Customer health and safety (103-2; 103-3); Marketing and labelling (103-2; 103-3); Customer privacy (103-2; 103-3); GRI 102-12; 102-13; 102-43

Protection against cyberattacks was also at the forefront of our activities in view of the increase in people working from home and mobile work as a result of the coronavirus pandemic. There was a greater risk here of users from our company being exposed to cyberattacks in which the attackers seek to unlawfully obtain access to our systems and services. The Cyber Defence Centre took preventative steps here such as more swiftly introducing multifactor authentication (MFA) for the Office 365 service and improving VPN capabilities. The CDC also engaged in extensive educational work regarding the changes in work formats, for example with regard to the secure use of video-conferences and observance of the corresponding precautionary measures.

### Close coordination with authorities and associations

We involve both our internal and external stakeholders in a variety of activities in the areas of data protection and information security. For example, we conduct dialogue via our data protection forum to which relevant internal stakeholders belong and discussion takes place on a continuous basis with external partners and the applicable authorities. These include the Bundesnetzagentur, the Federal Office for Information Security (BSI) and the Federal Commissioner for Data Protection and Freedom of Information (BfDI).

The Telefónica Deutschland Group is also represented in global initiatives surrounding data protection, such as the Global Network Initiative, via the Telefónica, S.A. Group. We are additionally members of various professional associations such as Bitkom, the German Association for Data Protection and Data Security (GDD) and the Information Security Forum. In view of the increasing harmonisation of data protection regulations in Europe, we also significantly ramped up networking within the company and professional dialogue with those responsible for data protection in Spain and the UK. This is borne out first and foremost by the Telefónica, S.A. Group's newly introduced half-yearly European data protection conferences, at which all the relevant legal issues are discussed and practical experience is exchanged.

### Customer-friendly offerings for data protection and information security

Communication via social media and chat and messenger services as well as digitally working from home increased massively in importance given the pandemic conditions. It is therefore all the more important for private and business customers to have reliable protection from viruses and threats and to be able to work securely. Together with McAfee, we offer the O<sub>2</sub> Protect solution, providing security for data, identities and privacy be it on a smartphone, tablet, PC or Mac. With O<sub>2</sub> Protect Complete, customers can even simultaneously protect up to five devices of their choosing from viruses, data theft and online threats. If a smartphone or tablet is lost, the device can simply be located and locked using an app or online via the O<sub>2</sub> Protect customer account.







#### 4.0 Strengthening life in the digital world

##### 4.1 Digital sustainability innovations

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##### 4.4 Protection of children and young people

**GRI** Management approach: Customer health and safety (103-2; 103-3); Marketing and labelling (103-2; 103-3); Local communities (103-2; 103-3); GRI 417-1

# Protection of children and young people in the digital world

## BASIC PRINCIPLE AND CHALLENGES

### Responsibility for young media users

These days, children are asking for a smartphone or a tablet at an early age – most young people can no longer imagine living without a mobile device. The coronavirus pandemic has resulted in children and young people spending a lot more time online and using digital devices. In addition, alternating distance and face-to-face teaching in schools noticeably increased the need for digital coordination and information between parents, pupils and teachers.

The Telefónica Deutschland Group therefore considers it important to specifically take responsibility here. We want to enable young people to use digital media in a competent and safe manner and play a part in

protecting them from problematic media content. We have therefore been committed for years to boosting children's media skills and supporting parents with guides and brochures on competently handling their children's mobile freedom.

We also want to ensure the age-appropriate use of the offerings of external service providers that are accessible via our network and the sale of end devices, such as streaming platforms. Our responsibilities include ensuring that our business partners implement the existing and planned new youth protection legal regulations.

Complying with the key youth media protection requirements as dictated by the law in Germany is a top priority for us. In so doing, we also minimise the risk of penalties possibly being imposed on our company and

strengthen our reputation as well as customer loyalty as prerequisites for our success. We are not aware of any instances of the legal requirements regarding youth media protection being violated in 2020 and customer satisfaction as measured on the basis of the Net Promoter Scores (NPS) has increased significantly in recent years.

## PROCESSES AND MANAGEMENT

### Central role for the Youth Protection Officer

Via contractual provisions, the Telefónica Deutschland Group ensures that youth protection is integrated into the product and offering design of our business partners. For more than 15 years, we have had an internal Youth Protection Officer, who is appointed in accordance with Section 7 (1) of Germany's Interstate Treaty on the Protection of Minors in the Media (JMStV) and reports directly to the Chief Officer for Legal & Corporate Affairs. The Youth Protection Officer provides advice and support, so much so that we can be sure products and applications meet the strict legal requirements. We have also been committed to the voluntary self-regulation of mobile communications media protection for young people since 2007. The protection of children and young people online and the promotion of the responsible use of technology and offerings are additionally enshrined in our [Human Rights Policy](#) as clear obligations. We also take this into account in the design of tariffs for young mobile communications users and



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**GRI** Management approach: Customer health and safety (103-2; 103-3); Marketing and labelling (103-2; 103-3); Local communities (103-2; 103-3); GRI 417-1

with regard to security solutions for protecting young people from digital risks and content which is harmful to them.

STRATEGIC PRIORITIES

Further expanding youth media protection

The Telefónica Deutschland Group actively contributes to political and public debate regarding youth media protection in the form of discussion events held at the BASECAMP. We are also involved in relevant interest groups such as the German Association for Voluntary Self-Regulation of Digital Media Service Providers (FSM). We are members of the association's board and are committed to ensuring that practical media protection for the younger generation in Germany always takes into account new trends in children's and young people's user behaviour. We are therefore on the clicksafes Advisory Board and follow the media education work in Germany of this EU initiative that raises awareness regarding competent and critical use of the Internet and new media.

The Telefónica Deutschland Group also combats cyber-violence in the form of hate speech and cyberbullying at various levels and with a variety of formats. Having concluded the #LOVEMOB campaign, in 2020 we launched the WAKE UP! campaign which takes the particular situation of the pandemic into account.

O<sub>2</sub> is also supporting the digitalisation of schools with an education package comprising Internet access, tablets and accompanying IT administration; this is eligible for the German government's immediate equipment programme. This offering enables schools to equip their pupils with loaned devices that are ready to use right away in order that they can participate in the various forms of digital teaching.

More on this topic and on the related initiatives can be found in [chapter 4.2](#).

We want to carefully introduce children in particular to using online offerings and social media. We therefore provide parents and children with a great deal of information about using mobile phones, smartphones and mobile Internet responsibly with our Internet Guide

for Kids and the Mobile Phone Guide for Children and Parents, which are available in German and Turkish.

Tariffs and security solutions offer protection mechanisms

For close and secure communication between parents and children under pandemic conditions too, we have been offering O<sub>2</sub> Free Starter Flex as a suitable entry-level tariff since July 2020. Not only does this provide mobile availability, it also gives parents peace of mind and cost control. For example, fee-based data packages and extra options are blocked from the outset. As a new basic tariff, O<sub>2</sub> Free Starter Flex is perfectly tailored to children's user behaviour. In addition to a flat rate for calls to all German mobile communications networks as well as to the fixed line network, it includes 1 GB of mobile data and EU roaming. This means children are able to contact their parents or important contacts at any time.

In addition, O<sub>2</sub> provides tips and information on child safety online on a special website. This includes the option of automatically blocking offerings which are harmful to children and young people such as data upgrades, data roaming and extra options. We provide parents as the legal guardians with detailed instructions regarding third-party provider services, call options and premium phone numbers and bring their attention to any risks that still exist.

Independently of the services relating to O<sub>2</sub> Free Starter Flex, parents can activate an age rating of "from 16" or "from 18" at any time by calling the O<sub>2</sub> customer service or online, thereby increasing the level of protection for their offspring.

With our mobile safety solution O<sub>2</sub> Protect, we offer our customers and their children additional effective protection from digital risks. Parents can activate individual protection mechanisms via the content filter, web protection and program blocking functions. Our customers can also secure their Android smartphones using O<sub>2</sub> Protect Mobile. The all-round protection package O<sub>2</sub> Protect Complete guarantees online protection for up to five devices.



# Environmental and climate protection

1.0 Shaping digitalisation

2.0 Managing corporate responsibility

3.0 Responsible business

4.0 Strengthening life in the digital world

5.0 Environmental and climate protection

5.1 Environmental management

5.2 Energy & CO<sub>2</sub> reduction

5.3 Conservation of resources

5.4 Mobile communication and health

6.0 Derivation and evaluation of the CR strategy

7.0 Facts and figures



## Our ambition

We harness the opportunities provided by digitalisation to cut raw material and energy consumption. By 2020 we aim to have reduced our direct and indirect CO<sub>2</sub> emissions by 11 % compared with 2015.

### Target attainment:





5.0 Environmental and climate protection

5.1 Environmental management

5.2 Energy & CO<sub>2</sub> reduction

5.3 Conservation of resources

5.4 Mobile communication and health

**GRI** Management approach: Materials (103-2; 103-3); Energy (103-2; 103-3); Emissions (103-2; 103-3); Environmental compliance (103-2; 103-3); GRI 102-11; 102-13; 308-2

**UNGC principles** 7, 8, 9

# Established environmental management for ambitious climate targets

## BASIC PRINCIPLE AND CHALLENGES

### Telefónica on its way to becoming a climate-neutral company

Up to 37 % of Germany's greenhouse gas emissions could be cut by 2030 on the basis of digital technologies. This is huge potential that needs to be exploited in particular in the areas of energy infrastructure, mobility and industry. The telecommunications industry can play a key part in combating climate change and in the decarbonisation of the economy. For example, smart grids use artificial intelligence to make load management possible which evens out the unequal distribution of electricity from renewable energy sources and stabilises the networks. Mobile telecommunications additionally make resource-conserving work formats possible such as videoconferences and telecommuting, efficient cloud services and the use of digital instead of physical products. According to the aforementioned [Bitkom study](#), up to 20 % of global greenhouse gas emissions can be eliminated in the industrial sector alone thanks to increasing digitalisation. However, the increase in the volume of data transmitted via the networks as part of this ongoing digitalisation requires additional electricity and thus causes carbon emissions. Telecommunications companies therefore need to make their networks and data centres more compatible with climate protection by boosting their energy efficiency.

Back in 2016 the mobile communications industry was the first sector in the world to commit to supporting the United Nations' [SDGs](#). In the UN's 2030 Agenda, goal number 13 focuses on climate change. Since 2016 the industry has taken a variety of emergency measures to combat climate change and its impacts.

The Telefónica Deutschland Group's Spanish parent company has committed itself to joining the United Nations in combating climate change. The company is part of the Business Ambition for 1.5°C action alliance. The alliance members intend to use targeted measures and far-reaching changes to limit global

warming to 1.5°C above the pre-industrial average. The Telefónica Group already gets 81.6 % of the energy it uses around the world from renewable sources. The Group brought the date set for its global climate target significantly forward in 2020 and now wishes to achieve its target of net zero carbon emissions in its four main markets Spain, the UK, Germany and Brazil by 2025 rather than the original target of 2050, with Brazil already having attained this in 2020. The Telefónica, S.A. Group discloses its environmental and climate data annually in its CDP report and was awarded the top mark of A by CDP for the seventh consecutive year in the year under review for its achievements here.





5.0 Environmental and climate protection

5.1 Environmental management

5.2 Energy & CO<sub>2</sub> reduction

5.3 Conservation of resources

5.4 Mobile communication and health

**GRI** Management approach: Materials (103-2; 103-3); Energy (103-2; 103-3); Emissions (103-2; 103-3); Environmental compliance (103-2; 103-3); GRI 102-11; 308-2

**UNGC principles** 7, 8, 9

The assumption of responsibility for the environment is also a basic principle of the Telefónica Deutschland Group and is at the very heart of its new climate strategy: we have set ourselves the target of achieving net zero carbon emissions, i.e. being climate-neutral, by 2025 at the latest. For the company, this means its products or the services it provides and its business activities should not, overall, increase the level of greenhouse gas emissions in the atmosphere. To achieve net zero carbon emissions by 2025 we are implementing the following concrete measures, which are determined annually and underpinned by interim goals:

- Network efficiency increase based on a reduction in energy consumption per data volume of around 82 % by 2025 in comparison to 2015.
- We will also improve our green electricity sourcing on the basis of power purchase agreements and electricity we generate ourselves.
- Total electricity consumption will be covered entirely by green electricity from 2021.
- Emissions which are unavoidable will be offset by high-quality carbon reduction projects, preferably projects that remove carbon from the atmosphere.

We will also evaluate the Scope 3 emissions caused throughout the Telefónica, S.A. Group, for example in the supply chain, in a coordinated manner and will implement measures and reduce these emissions. The Group's target is to reduce its carbon emissions by 39 % by 2025 (base year: 2015).

We aspire to using less and less electricity per byte to transport the significantly increasing data volumes that go hand in hand with digitalisation. With these targets, we are striving to be a sustainability trailblazer in Germany's telecommunications industry. We wish to offer our customers the "greenest" network for their sustainable lives in this way. We want to at least reduce and

ideally avoid carbon emissions and only offset those which are absolutely unavoidable. In this way, we want to improve not only our environmental footprint, but also our business figures and our ability to compete. By doing this, we hope to achieve effective risk prevention, a strong reputation, profound brand perception, and high scores for the company in financial market ratings. In view of our far-reaching impact and the unmistakable relevance to business of climate protection that focuses on energy and CO<sub>2</sub>, we logically consider this to be a material topic of our sustainability strategy. We rely on different elements to save energy and reduce greenhouse gas emissions: we invest in energy-efficient technology, use renewable energies and promote low-pollutant mobility, and we are increasingly offering our customers sustainable products and services. With the help of our infrastructure and services, businesses and people can realise their sustainable digital business models and thus conserve the environment.

PROCESSES AND MANAGEMENT

Management systems anchored in the company

In addition to our 2025 climate strategy, our binding company-wide [environmental policy](#) serves as the basis for all activities and is further supported by the [Sustainable Energy Management Policy](#). Both of these are aimed at our business processes in the areas of the network, office spaces, mobility, responsible procurement and our product and services portfolio with the main emphasis on sustainable innovations. Our environmental policy is established in the environmental guidelines in accordance with [ISO 14001](#). This particularly seeks to promote the identification of and compliance with all relevant laws, norms, standards and other binding obligations. Our environmental management system serves to prevent and minimise any negative effects that our activities and infrastructures may have on the



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environment and to keep on improving our environmental performance in general. We have enshrined other requirements in the area of the climate and the environment in internal guidelines such as our sustainability-oriented purchasing guidelines, our waste guidelines and our travel guidelines. We additionally offer our employees online energy and environmental training.

We have also established our own energy guidelines in the company in accordance with **ISO 50001**. The first certification in accordance with this standard was performed by an external certification body in 2016. The guidelines are based on our environmental management system and specify its principles in the area of energy. The Telefónica Deutschland Group's offices have now been certified in accordance with the environmental management standard **ISO 14001** and the quality management standard **ISO 9001** since 2004. Our shops' environmental management is likewise based on the **ISO 14001** standard. In order to manage these processes, we have appointed internal energy and environmental management officers, and we have set up both an environmental committee and an energy committee. Environmental issues and targets as well as all measures are subject to an annual management review. In cooperation with the

Quality Management Officer, the officers report on the management systems directly to the Chief Executive Officer. Climate and environmental strategies and measures are developed in the relevant Management Board divisions Technology, Finance, and Legal & Corporate Affairs and are adopted collectively by the Management Board.

We aim to achieve our goal of improving our company's performance, products and services from an environmental point of view primarily by using a systematic performance evaluation on the basis of the defined targets in the Responsible Business Plan 2020. One of our climate protection targets is to reduce direct and indirect carbon emissions by 11 % by 2020 (base year: 2015). We had already achieved this target in 2019 and by the end of 2020 we had succeeded in further reducing our carbon emissions by a total of 39 % compared with the base year 2015. In 2020 we increased the volume of purchased green electricity over the volume of electricity we purchased directly, resulting in a huge drop in our indirect emissions (Scope 2) going by the market-based method. We want to be supplying all of our sites entirely with green electricity from 2021, including where flat fees are factored into electricity procurement. As part of this strategy, from 2020 we are also reporting the green

electricity that we source with competitors at technical sites featuring infrastructure whose use is shared.

Another of our targets was to reduce energy consumption per data volume (GWh/PB) by 40 % by 2020 (base year: 2015, 0.41 GWh/PB). We already managed to achieve the target in the previous year with a level of 59 %; in 2020 energy consumption per data volume totalled 0.12 GWh/PB. The proportion of renewable energies in relation to total electricity consumption increased further to 96 % in 2020. Regarding our company cars, average fleet emissions are to be reduced to 95 g CO<sub>2</sub>/km for company vehicles newly registered from 2020.

Due to the coronavirus pandemic, there was an unusually sharp slump in the Telefónica Deutschland Group's travel activities in the reporting year, which makes the figure for other indirect emissions due to business travel (flights and rail travel) of marked limited meaningfulness when compared with the previous years' figures. Nonetheless, the company intends to generally reduce business travel between the Telefónica sites in Germany by approximately 70 % compared with 2019. This equates to a reduction of around 600 tonnes of carbon emissions a year.

**ENERGY AND CO<sub>2</sub>:  
CLIMATE TARGETS**

	UNIT	2017	2018	2019	2020
Energy intensity: total energy consumption per data volume	GWh/PB	0.25	0.22	0.17	0.12
Proportion of total electricity consumption from renewable energy sources <sup>1</sup>	%	71	82	84	96
Proportion of green electricity in own procured and controlled energy	%	100	100	100	100

<sup>1</sup> Energy from renewable energy sources consists of direct purchases and electricity purchases certified with guarantees of origin. Since 2020 the calculation of the energy from renewable energy sources has included green power from grid and IT infrastructure used jointly with other companies in addition to the amount of green power purchased by the Telefónica Deutschland Group.

**GRI** Management approach:  
Materials (103-2; 103-3); Energy (103-2; 103-3); Emissions (103-2; 103-3); Environmental compliance (103-2; 103-3); GRI 102-11; 302-3; 302-5; 308-2

**UNGC principles** 7, 8, 9

# Energy & CO<sub>2</sub> reduction



## 5.0 Environmental and climate protection

- 5.1 Environmental management
- 5.2 Energy & CO<sub>2</sub> reduction
- 5.3 Conservation of resources
- 5.4 Mobile communication and health

### Commitment

We will reduce our energy consumption per data volume by 40 % by 2020 compared with 2015 and annually purchase from green electricity sources 100 % of the energy we procure and control ourselves.

### Our achievements

Our new climate strategy formulates a target of net zero carbon emissions by 2025. Through energy efficiency measures, in 2020 we were able to save a total of 7.96 GWh (compared with 2016). With 5G, we will consume significantly less energy per data volume in the future. The carbon emissions of the company fleet fell by 23 % year-on-year. More than half of new registrations are (partially) electrified and the average carbon emissions for new registrations fell to 74.2 g CO<sub>2</sub>/km in 2020. We received the B.A.U.M. Environmental and Sustainability Award for our engagement.

#### Target attainment:



### Focus SDGs

We are supporting the energy transition with innovative technologies and the expansion of smart digital telecommunications networks. We also aim to make our contribution to climate protection in our business activities by purchasing green electricity and with clear efficiency increases.



### UN Global Compact



- Human rights
- Labour
- Environment
- Anti-corruption

- LEGEND
- ✓+ Exceeded
  - ✓ Fully attained
  - Mostly attained

# Clear commitment to energy & CO<sub>2</sub> reduction

## STRATEGIC PRIORITIES

### Targeted improvement in energy efficiency

The Telefónica Deutschland Group is committed to the promotion of a low-carbon economy. We are continually improving our energy efficiency by switching to energy-saving components throughout the company. This enables us to make an active contribution to the reduction of greenhouse gas emissions. We are also focusing on natural resources being used efficiently and we apply environmental criteria to our procurement processes in order to reduce our ecological footprint further. In order to promote the use of renewable energies, we already procure 100% green electricity where we are in a position to do this. Another focus is on developing products and services that make sustainable behaviour easier for our customers.

In the course of the merger of the Telefónica Deutschland Group and the E-Plus Group, we implemented comprehensive measures aimed at environmentally friendly network and office location consolidation. In the network area, progress was moreover made on numerous energy efficiency measures which we implemented by the end of 2020. These primarily concern modernisation of the 2G and 3G networks. By the end of 2020 we had made a total saving of 7.96 GWh (compared with 2016).

We expect to see a significant increase in total energy consumption following the switch to the 5G standard, and this presents us with some major challenges. How-

ever, energy efficiency is being boosted by our building on the existing and strengthened LTE infrastructure for expansion with the addition of 5G technology over the next few years. The “energy consumption per data volume” performance indicator selected by us will continue to allow us to optimally measure and document our progress in the area of energy efficiency in the future. Our company has set itself the goal of significantly increasing its network power efficiency with the very latest mobile communications standard and technical modernisations. Our aim is to consume 82% less electricity per byte by 2025 in comparison to 2015. The key factors contributing to boosting power efficiency are above all the planned deactivation of the 3G network, the expansion of 4G, the roll-out of 5G and data centre modernisations, as power efficiency increases with every new generation of mobile communications. 5G consumes significantly less energy per data volume than the previous generation.

Year after year, we are improving our energy consumption per data volume and are achieving the climate targets we set ourselves ahead of schedule. The data volume has increased by 196% compared with 2015, while energy consumption has fallen by 14.3% over the same period. In all, this equates to a reduction in energy consumption per data volume of 71%. In this way, we are actively supporting the Telefónica, S.A. Group in achieving its targets of reducing Group-wide electricity consumption per data volume by 90% by 2025 and greenhouse gas emissions (Scopes 1 and 2, both compared with 2015) to net zero carbon emissions in the four core markets by 2025.

### Smart metering as the key to efficient network technology

The network technology is responsible for approximately 96% of the company’s power consumption. The power consumed by the network is measured by smart metering systems. In spite of the COVID-19 pandemic, the Telefónica Deutschland Group equipped several hundred mobile network sites a week with smart meters for digital power consumption logging to further increase the energy efficiency of the O<sub>2</sub> network. In all, a good 12,300 sites are currently equipped with a smart meter. The plan is to have equipped 27,000 sites with a smart meter by the end of 2021.

The power consumption of every mobile network installation equipped with a smart meter is recorded every second and is transmitted to a cloud server by an Internet of Things radio unit via the O<sub>2</sub> network. The power consumption of all the sites would then be analysed on the basis of alerts when thresholds are exceeded, thus allowing for predictive maintenance and facilitating the early identification of malfunctions. With smart metering, the company is taking another step towards greater energy efficiency, with the real-time data allowing us to manage our energy consumption better. This also brings us closer to achieving our goal of reducing net carbon emissions to zero.



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**GRI** Management approach:  
Energy (103-2; 103-3);  
Emissions (103-2; 103-3);  
GRI 302-4

**UNGC principles** 7, 8, 9

## Lowering emissions for company mobility

To achieve our targets in the area of mobility, we use our travel guidelines to promote the joint use of company cars as well as switching to the train. Travel activities fell sharply in 2020 due to the pandemic, with the kilometres travelled on flights falling by 81 % compared with 2019 and rail travel kilometres down 77 % year-on-year. In order to attain our target of reducing the average carbon emissions of company vehicles registered from 2020 to 95 g CO<sub>2</sub>/km, we are continually tightening the bonus-malus system for selecting new company vehicles in order to give our employees additional incentives to behave responsibly. The carbon emissions of the company fleet fell by 23 % year-on-year in 2020. The average carbon emissions for new registrations fell to 74.2 g CO<sub>2</sub>/km in 2020. 53 % of new registrations are (partially) electrified. Electric charging stations are scheduled to be introduced at the Munich and Düsseldorf sites in 2021.

The Telefónica Deutschland Group also improved its environmental footprint with up-to-date workplace design. The employees are increasingly working from home and using videoconferences, thereby contributing to a reduction in traffic volumes and the corresponding pollutant emissions. This trend in the direction of mobile and digitalised work formats was further accelerated in 2020 by the pandemic. We want to further advance this transformation and significantly reduce business travel with one of the five key initiatives of our HR strategy, 5 Bold Moves. For more information, see the [chapter about our attractiveness as an employer](#).

## Energy-efficient site operation

The Telefónica Deutschland Group is working specifically on making the energy supply of its own operational processes as climate-friendly and efficient as possible. Thus, an important focus here is reducing the ecological footprint of our offices.

To this end, we are applying modern workspace sharing concepts at the O<sub>2</sub> Tower in Munich, via which we can also use the available office space more energy-efficiently. In addition, lighting control is partly automated via the building services management system. Digitalisation of the central network site in Berlin resulted in significant improvements in the energy and environmental footprints. We are also providing for more energy efficiency in facility management at our Düsseldorf premises: the data centre run there is cooled in an eco-friendly way by two combined heat and power plants. Site concentration will likewise result in energy savings. For example, the Cologne site was closed in 2020 and moved to Düsseldorf. Consolidation of the Potsdam site is scheduled for 2021. A decision has additionally been made to close two satellite buildings at the Munich site in mid-2021.

## Responsible Business Plan 2016–2020

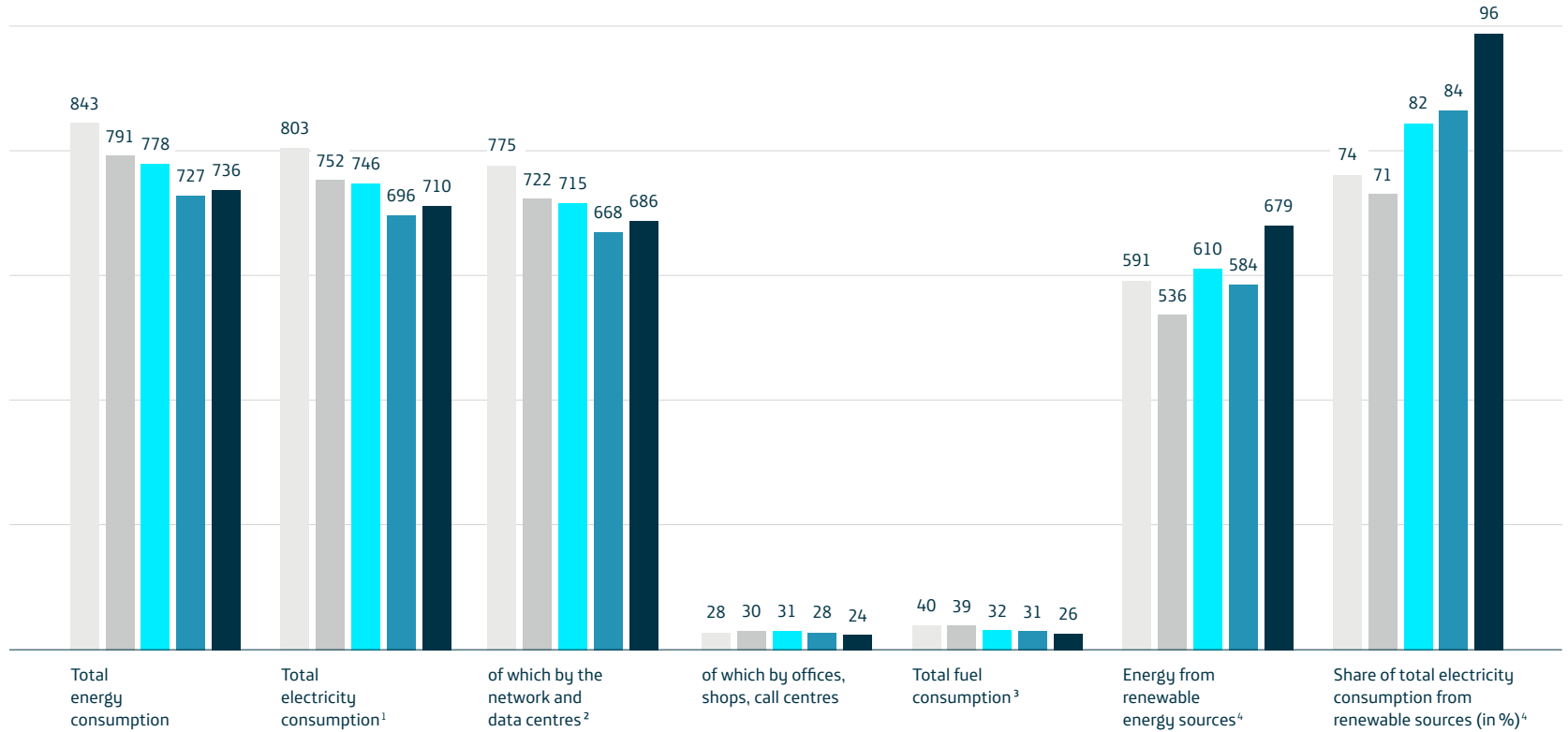
### Highlights of the targets achieved

**Commitment:** we will reduce our energy consumption per data volume by 40 % by 2020 compared with 2015 and annually purchase from green electricity sources 100 % of the energy we procure and control ourselves.

- We reduced carbon emissions by 39 % and greenhouse gas intensity by 78 % compared with the base year, 2015.
- Energy consumption per data volume (in GWh/PB) was 71 % lower in 2020 than in 2015.
- With network consolidation, modernisation and deactivation of the DSL main distribution frames, we were able to achieve a saving in our operating business activities of more than 250 GWh between 2015 and 2020, equating to a cost reduction of more than EUR 58 million.
- We succeeded in making 100 % of the energy we procure and control ourselves green electricity.
- We were able to reduce the carbon emissions caused by business travel to 896 t CO<sub>2</sub>.
- CDP once again confirmed the Telefónica, S.A. Group's global leadership in climate protection.
- We set a new milestone with our climate strategy and the target of net zero carbon emissions by 2025.

**ENERGY CONSUMPTION 2016–2020**  
IN GWH

2016 2017 2018 2019 2020



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GRI 302-1; 302-4

UNGC principles 8, 9

<sup>1</sup> Network electricity consumption is derived from the actual billed and, in some cases, forecasted consumption quantities per electricity demand point.

<sup>2</sup> Network electricity consumption equals the number of mobile telephony and fixed line sites multiplied by an average electricity consumption figure per site. This was determined on the basis of historical consumption data. In perspective, values actually measured by smart meters will replace the values collected statistically here.

<sup>3</sup> Fuel consumption (in the form of diesel, natural gas and district heating) comprises only the units provided via a direct contract between a supplier and the Telefónica Deutschland Group.

<sup>4</sup> Energy from renewable energy sources consists of direct purchases and electricity purchases certified with guarantees of origin. Since 2020 the calculation of energy from renewable energy sources has included green electricity from grid and IT infrastructure shared with other companies in addition to the amount of green electricity purchased by the Telefónica Deutschland Group.

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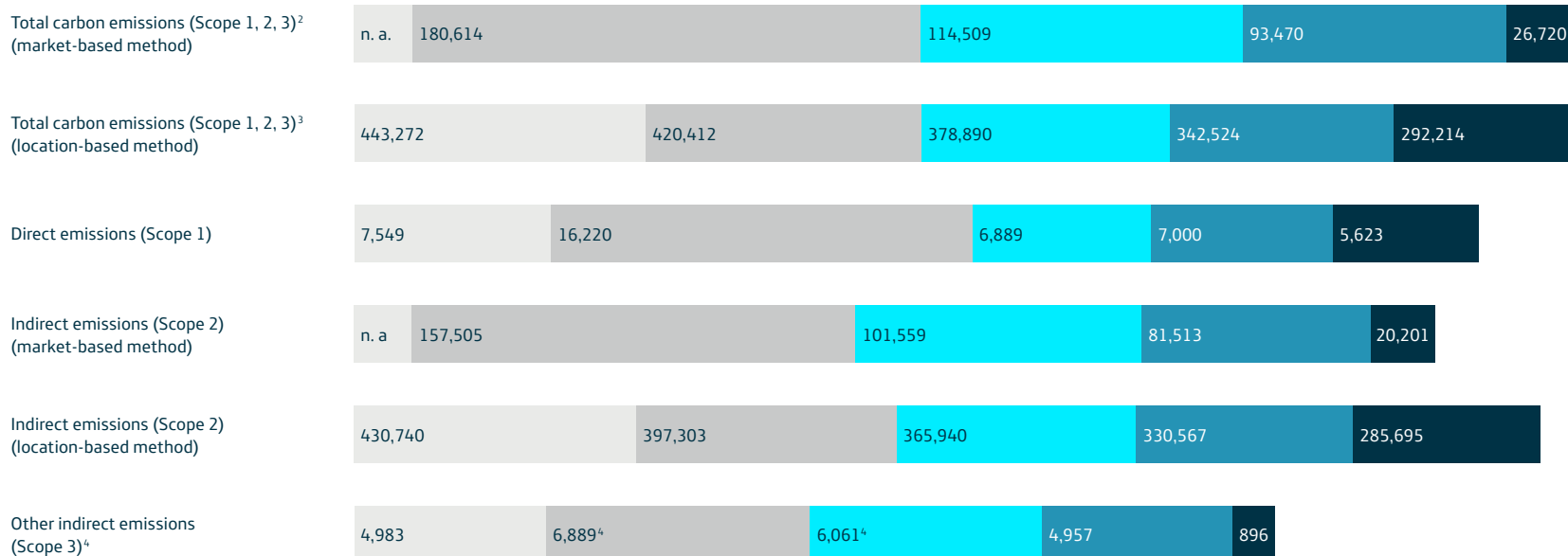
5.1 Environmental management

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**GREENHOUSE GAS EMISSIONS 2016–2020**  
IN TONNES OF CO<sub>2</sub> EQUIVALENT (t CO<sub>2</sub>EQ<sup>1</sup>)



GRI 305-2; 305-3; 305-5

UNGC principles 8, 9

<sup>1</sup> CO<sub>2</sub>eq = CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

<sup>2</sup> Carbon emissions (including Scope 1 and Scope 2) are calculated on the basis of ISO 14064, the Greenhouse Gas Protocol and ITU-T L.1420. A standard Germany-wide conversion factor is used to convert electricity consumption into CO<sub>2</sub> emissions. For the market-based method, 609.37 g CO<sub>2</sub> per kWh in the 2020 reporting year is used (source: 2019 European Residual Mix).

<sup>3</sup> Carbon emissions (including Scope 1 and Scope 2) are calculated on the basis of ISO 14064, the Greenhouse Gas Protocol and ITU-T L.1420. A standard Germany-wide conversion factor is used to convert electricity consumption into carbon emissions, irrespective of the fact that 96 % of this was sourced from renewable energy sources (previous year: 84 %). The Telefónica Deutschland Group uses the electricity conversion factors (development of specific carbon emissions in the German electricity mix during the years 1990–2019) of the Umweltbundesamt (German Environment Agency) and with 401 g CO<sub>2</sub> per kWh from 2019 as the basis for the calculation in the year under review, 2020.

<sup>4</sup> Other indirect emissions from business travel (air and rail travel). Emissions per km for air and rail travel (Scope 3) for 2017 to 2020 were calculated using emission factors applied Group-wide (source: UK government conversion factors). The values for 2017 and 2018 were adjusted retrospectively and expanded to include rail travel. They therefore differ from the reported values in the CR Report 2017 and the CR Report 2018.

# Our target: climate neutrality by 2025

## Paving the way for a sustainable future

Digitalisation can play a decisive part in advancing climate protection as, according to a [Bitkom study](#) on climate effects, millions of tonnes of carbon emissions can be eliminated with smart grids in the energy infrastructure, IoT applications in industry, telecommuting and smart mobility solutions. However, more data traffic also increases the hunger for energy. Our answer to this is to reduce power consumption per byte with energy-efficient mobile communications standards and modernisations. Without exception, we will focus on “green” electricity within the network, at the technical sites and in the offices and shops.

We have been successfully and actively advancing climate and environmental protection within the company for more than 15 years. We already transfer nothing but “green” mobile communications data via our network. Our next ambitious goal is to make our company climate-neutral by 2025!

### **Power efficiency and green electricity are the most important levers**

With our climate strategy, we want to reduce energy consumption per data volume by approximately 82 % by 2025 compared with 2015. 4G expansion and the introduction of 5G are crucial here as 5G requires up to 90 % less power per transported byte than its previous generations. We are also accelerating the transition to smart metering for the operation of our mobile network

sites as digital real-time logging of power consumption on the basis of the IoT also makes it possible to quickly eliminate disruptions, which involve energy losses and are therefore detrimental to climate protection.

We want to be covering all of our power consumption using green electricity by as soon as 2021. We intend to systematically improve the quality of the green electricity we source based on long-term power purchase agreements and our own facilities for generating clean electricity. By means of certified climate protection projects, we will offset greenhouse gas emissions that cannot yet be avoided.

*“We want to be climate-neutral by 2025 at the latest. With this goal, we are making a statement regarding sustainability and will become a pioneer in Germany’s telecommunications sector. We want to at least reduce and ideally avoid carbon emissions and only offset those which are absolutely unavoidable. We want to use less and less electricity per byte to transport the significantly increasing data volumes that go hand in hand with digitalisation.”* **Markus Haas**

Our aim is not only to make our network sites more and more climate-friendly, but also to make our data centres and office buildings increasingly energy-efficient. We also want to make 70 % of internal business travel redundant on the basis of digitalised and virtual work processes. Our new climate strategy is a comprehensive concept that combats climate change and is a key component of our sustainability management.



# Our target: climate neutrality by 2025

## Our measures

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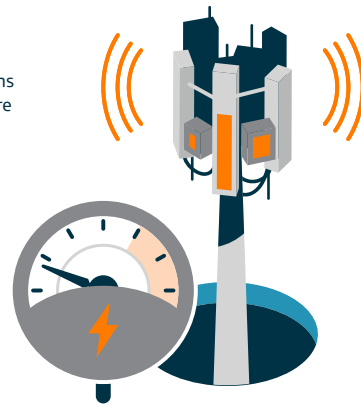
### RENEWABLE ENERGIES

100 % electricity from renewable energies, with higher green power quality and increasing energy efficiency.



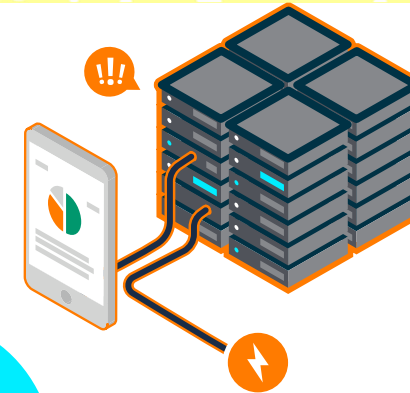
### 5G ENERGY EFFICIENCY

Mobile communications become more and more energy-efficient. 5G consumes up to 90 % less energy per byte than 4G.



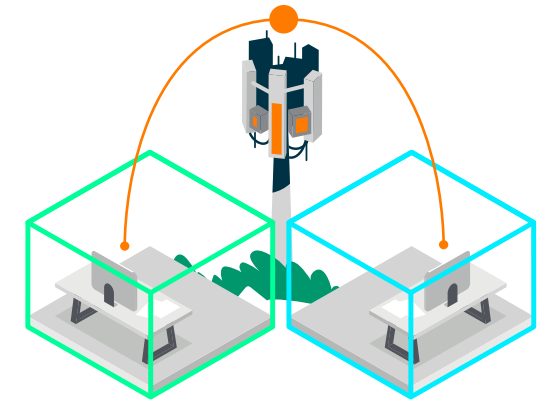
### SMART METERS

Digital electricity meters are read remotely at any time and make electricity-consuming faults at mobile sites more transparent.



### DATA CENTRES

Building control technology based on the IoT enables energy consumption forecasts and optimisations. Recooling via outside air and self-generation of electricity improve the energy balance.



### WORKPLACE

Workplace sharing and virtual collaboration increase energy efficiency and reduce CO<sub>2</sub> emissions.



More information can be found [here](#).

# Conservation of resources



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## Commitment

In the years leading up to 2020 we will annually implement at least one relevant measure for protecting resources in our structures and processes.

## Our achievements

In 2020 we were able to collect more than 110,000 old devices through our mobile phone recycling programme. Use of the half-size SIM card carrier format eliminated 11 tonnes of plastic in 2020. Letters and parcels are sent climate-neutrally. A sustainable smartphone life cycle is at the heart of our offering O<sub>2</sub> Blue My Handy. With the introduction of the waste management system GReTel in 2020 the recording and evaluation of relevant waste quantities is being supported.

Target attainment:



## Focus SDGs

Our measures to protect resources such as the recycling of old devices or reducing the use of plastic are designed to contribute to the spread of sustainable consumption and production patterns, promote biodiversity and enable economic growth that is long-term and environmentally aware.



## UN Global Compact



- Human rights
- Labour
- Environment
- Anti-corruption



LEGEND  
 ✓+ Exceeded  
 ✓ Fully attained  
 ◻ Mostly attained

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GRI 102-43; Management approach: Environment (103-2; 103-3); GRI 301-3

UNGC principles 7, 8, 9

# Advancing the circular economy

## BASIC PRINCIPLE AND CHALLENGES

### Focusing on saving resources and avoiding waste

The finiteness of natural resources and the negative environmental effects of the extraction of raw materials are examples of the major ecological challenges we currently face. They generate considerable pressure to act in the direction of resource efficiency, waste avoidance and circular economy – pressure which has already effected significant changes in the legal and political parameters. These include tighter regulation in the form of, for example, the Circular Economy Act (KrWG), the Batteries Act (BattG) and the Hazardous Substances Ordinance (GefStoffV). The promotion of the circular economy is also a key aspect of the European Union's Green Deal with its corresponding action plans, among other things regarding the electronics and IT sectors. The EU's Taxonomy Regulation likewise attaches particular importance to a resource-efficient and circular economy and seeks to have a steering effect on investments and capital market activities.

Circular economy models also offer companies greater scope for saving valuable resources and therefore cutting costs as well as for offering the customers products and services which are generated and can be used sustainably. This boosts not only their ability to compete, but also their credibility as responsible stakeholders within society.

In view of this, the Telefónica, S.A. Group has already developed its own [circular economy model](#), which also serves as the framework for the gearing of our activities. It is based on the principles of reuse and recycling, the controlling of environmental criteria in

the supply chain, sustainable product offerings and the promotion of ecodesign in product development.

The Telefónica Deutschland Group likewise endeavours to continuously reduce its consumption of resources and its waste volumes. In our current materiality process for the sustainability strategy, we have identified the circular economy as a material topic. As such, this will also be a significant area of action within the framework of our new Responsible Business Plan which will apply up to 2025.

With regard to the circular economy, we are focusing above all on our company's products, network sites, office sites and shops. Our [environmental](#) and [energy policies](#) already focus on conserving valuable resources and responsibly dealing with waste. To achieve this, we optimise our processes continuously and use digital solutions. The reduction of waste is something that the Telefónica Deutschland Group strives for across all processes and divisions. We consistently ensure that statutory environmental standards are observed when disposing of unavoidable waste.

## PROCESSES AND MANAGEMENT

### Targeted management of resource efficiency

Protecting natural resources is one of the most important areas that the Telefónica Deutschland Group addresses with its environmental management system in accordance with ISO 14001. The Environmental Management Officer, who is a member of the CR division, reports to the Chief Officer for Legal & Corporate Affairs regarding measures and target attainment. With the

adoption of our new climate strategy and our target of causing net zero carbon emissions by 2025 we are sending a clear signal regarding the conservation of resources. After all, climate action such as that in the area of network conversion or the use of highly efficient cloud-based data centres engenders new generations of more efficient devices.

Additionally, a series of guidelines and voluntary commitments serve to make the way our company does business resource-efficient. These include the company's commitment to the UN Global Compact and its environmental principles, the [environmental](#) and [energy policies](#), the [Human Rights Policy](#), the [Supply Chain Sustainability Policy](#) including the [low-carbon procurement guidelines](#) and the specifications regarding conflict minerals. We operate on the basis of our own guidelines in the area of waste management too. Recording and evaluating the relevant waste volumes is being supported with the introduction of the waste management system GReTel (Gestión de Residuos de Telefónica), which has been specially developed based on the Telefónica, S.A. Group's needs.



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STRATEGIC PRIORITIES

## Sustainable smartphone life cycles

Smartphones are at the heart of our growing commitment to a resource-conserving circular economy. Their entire life cycle from manufacture to disposal involves environmental impacts. They often end up discarded in a drawer. But according to Bitkom e. V. in 2011 a good 80 % of mobile phone parts can be recycled. Numerous components contain valuable raw materials ranging from metals to rare earths. [Environmental Action Germany](#) (DUH) estimates that approximately 2.9 tonnes of gold, 30 tonnes of silver and 1,100 tonnes of copper are lying around in our homes in the form of unused mobile phones. With their choice of smartphone, its lengthy use and responsible device recycling, O<sub>2</sub> customers can make an important contribution to the conservation of resources.

The existing O<sub>2</sub> My Handy hardware offering has been made more sustainable since the beginning of the year under review. In the reporting year, we created a new [microsite](#) that pools our sustainable customer offerings and information. In accordance with the guiding theme of "Let's keep the planet blue", environmental initiatives at various touchpoints throughout the customer journey will be expanded and communicated in the next few years, with the use of used mobile phones being one of the important issues.

In terms of our procurement activities, we focus first and foremost on selecting smartphones that we wish to offer our customers. With our Supply Chain Sustainability Policy, we oblige our suppliers to comply with high environmental standards in everything from the extraction of raw materials and water consumption to production, transport and dealing with waste. The harmlessness of the resources used is monitored by means of an environmental declaration.

We additionally expect manufacturers to take ecodesign principles and reparability into account as far as possible and to give preference to the use of recycled materials.

## Transparent product and service sustainability

In the next step, O<sub>2</sub> will provide information on products and services on a [website](#) that helps customers evaluate the smartphones offered from a sustainability perspective, from the purchasing decision through to recycling. With the Fairphone, the company offers an especially sustainable device with accessories as part of O<sub>2</sub> My Handy. Its manufacturer sets great store by fair production labour conditions, recycled materials, transparency regarding the raw materials used, reparability and durability, and a well-thought-out recycling approach. O<sub>2</sub> mobile communication customers can learn more about what impact their mobile phone has on the environment and society using the Eco Index. The index provides a great deal of information on energy consumption, carbon emissions, disposal channels, social standards in production, and raw materials of mobile communication devices. For greater transparency, the Eco Index also features in a dedicated section of the product detail pages of those smartphones whose manufacturers have signed up to the initiative. Resource efficiency in the sales channels matters to us too, as illustrated by, for example, the use of the half-size SIM card carrier format in our shops and when issuing cards to new O<sub>2</sub> postpaid customers. This SIM card carrier is only half the size and half the weight of the previously used bank card format. We issued around 5.8 million SIM cards in the new carrier design to our customers and partners in 2020 but only met our target of switching to this format by 97 %. This avoided at least 11.5 tonnes of plastic waste.

**GRI** 102-43; Management approach: Environment (103-2; 103-3)

**UNGC principles** 7, 8, 9





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**GRI 102-43; Management approach: Environment (103-2; 103-3)**

**UNGC principles 7, 8, 9**

In addition, the company dispatches its parcels made of recycled materials to the customers and shops climate-neutrally with DHL GoGreen – and does so at no extra charge. To reduce transport volumes and avoid packing materials, the parcels are tailored specifically to virtually every device dispatched. The packaging for our O<sub>2</sub> DSL routers is designed in such a way that they can be forwarded without the need for outer packaging, with an address label simply needing to be applied.

## Putting old mobile phones into the circular economy

We have been committed to recycling mobile phones for 18 years and, since 2015, have been working with Naturschutzbund Deutschland (Nature and Biodiversity Conservation Union; NABU) and the non-profit organisation AfB as partners for the professional disposal of collected old mobile phones. Our mobile phone recycling programme allows consumers to dispose of their old devices responsibly. This sees the data on working mobile phones deleted via a certified process and the devices processed for remarketing, where possible, by AfB. In comparison with the production of a new mobile phone, this causes fewer emissions and requires less metals and energy. Devices which are inoperable, for example smartphones with a broken display, are destroyed by a mechanical shredder. The pieces measuring just a few millimetres are then given to Umicore. This is a certified metal-works which smelts electrical waste and guarantees correct and environmentally impeccable disposal.

The Telefónica Deutschland Group makes a donation to NABU for every mobile phone collected, with the donations currently going to NABU's insect protection fund and thus promoting biodiversity preservation in particular. The company was able to collect more than 110,000 old mobile phones through the mobile phone recycling programme in 2020 alone.

Since 2020 we have been offering our O<sub>2</sub> Business customers the buy-back of their employees' used smartphones. These working old devices can likewise be refurbished. Data is erased by means of a certified process which is in compliance with the law.

Resource efficiency in the area of products likewise determines how we deal with the DSL routers returned to us by customers. These devices undergo a technical inspection and are refurbished to make them as good as new once again. Routers that cannot be refurbished are disposed of properly by a European smelting operation.

## Conserving resources during network conversion and management processes

In the course of the modernisation of the Telefónica Deutschland Group's network infrastructure, dismantling is performed when a change in technology is effected or when sites are expanded. For the time being, sites that may be relevant in the future as 5G sites

are not being dismantled. With only a few exceptions, the electronic waste generated when base stations are dismantled is economically and technologically useless. Dismantled equipment is therefore recycled quickly and efficiently with the assistance of a specialist recycling company. Valuable raw materials such as iron, aluminium and non-ferrous metals are extracted from the electronic waste as far as possible and, in the case of large yields, can be fed straight back into the economic cycle. Residual waste is disposed of properly in accordance with the applicable statutory provisions. Recycling is performed in accordance with our environmental certification as per ISO 14001, which guarantees fast, correct and verifiable recycling. Furthermore, the electronic waste is collected and taken to a recycling plant with the assistance of efficient transport logistics that aims to avoid empty lorry runs and reduce carbon emissions.

Old hardware in our offices, call centres and data centres is continuously being replaced with models that are new, powerful and more energy-efficient. The disposal or reconditioning of old laptops, monitors or printers is seen to by our IT service partner.



## 5.0 Environmental and climate protection

### 5.1 Environmental management

### 5.2 Energy & CO<sub>2</sub> reduction

### 5.3 Conservation of resources

### 5.4 Mobile communication and health

Our digital service strategy includes a reduction in the use of paper in customer service. We simplify customer dialogue via our digital services such as apps and assistants, which we continuously improve in order to provide customers with the information they require. We see paper consumption savings potential in particular in sending our customers their bills online via, for example, the Mein O<sub>2</sub> app. The proportion of online bills was 91 % at the end of 2020. In the years to come, we want to use additional measures to further increase the proportion of online bills (2022 target: 92 %) in order to promote more sustainable and paper-saving behaviour.

Only recycled paper with Blauer Engel (Blue Angel) certification is used in our offices, call centres and shops. We enable our employees to save paper by promoting digital document administration.

We have additionally introduced RECUP at our sites in Düsseldorf and Hamburg. This is a deposit system for to-go coffee cups which avoids waste disposal and conserves resources. Coffee lovers buy their coffee in a RECUP cup and pay a EUR 1 deposit as well as a price that is slightly lower for their coffee than if it were in a disposable cup. They can then return their empty RECUP cup at their company site or at any RECUP partner throughout Germany and get their deposit back. The cups are washed and put directly back into circulation. This reuse model will be adopted at the Munich site as soon as the restrictions relating to the pandemic are lifted.

## Responsible Business Plan 2016–2020

### Highlights of the targets achieved

**Commitment:** in the years leading up to 2020 we will annually implement at least one relevant measure for protecting resources in our structures and processes.

- In the course of five years, we have collected more than 480,000 old devices through our mobile phone recycling programme.
- We use nothing but paper with the Blauer Engel (Blue Angel) eco-label in our shops and offices.
- The proportion of resource-conserving online bills is 91 %.
- With the introduction of the half-size SIM card carrier format and the eSIM, we saved more than 11 tonnes of plastic in 2020.
- Implementation of the GReTel system increased our waste management efficiency.

GRI 102-43; Management approach:  
Environment (103-2; 103-3)

UNGC principles 7, 8, 9



5.0 Environmental and  
climate protection

## 5.1 Environmental management

5.2 Energy & CO<sub>2</sub> reduction

## 5.3 Conservation of resources

5.4 Mobile communication  
and health

**GRI** Management approach:  
Customer health and safety (103-2;  
103-3); GRI 416-1

# Mobile communication and protection of health

## BASIC PRINCIPLE AND CHALLENGES

### Focusing on people's health and education

Protecting the health of our customers, people living near our operations and our technicians is a priority. This includes ensuring our mobile network base stations comply with the limits, which are checked by the Bundesnetzagentur (Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway; BNetzA). In addition, we make certain the mobile phones that we sell comply with electromagnetic limits. Information and advice on this subject are made available to our customers through our channels. The Telefónica Deutschland Group made a commitment to the German government regarding this back in 2001. The fulfilment of these requirements is reviewed continuously through external expert assessments. For example, the German Institute of Urban Affairs (Difu) has been conducting regular surveys and studies in cities, towns and municipalities on the topic of mobile communications on behalf of Informationszentrum Mobilfunk (Information Centre for Mobile Communications; IZMF e. V.) since 2002. Difu published its 11th report on this in June 2020.

The implementation of extensive mobile communications provision as required by the policymakers and in particular the frequency requirements regarding expansion in rural areas call for numerous new mobile network sites to be created by 2024 at the latest. In addition, establishment of the 5G standard in several areas is resulting in the construction of new sites,

some of which with higher frequencies and a lower range. There is therefore a disproportionately high increase in site expansion in comparison to recent years. These developments have triggered concerns articulated among the public and in the media about health risks caused by radio waves. Citizens see a need for information here too: only 22.5 % of those who participated in a survey conducted by Germany's Federal Office for Radiation Protection (BfS) felt the official bodies provided adequate information about the effects of electromagnetic fields in relation to mobile communications. Nearly half of those surveyed believe they are not afforded adequate protection in view of this. We take the need for information expressed therein very seriously and continue to work on providing the population with information in the best way possible.

In the case of electromagnetic fields generated by mobile phone antennas and mobile communications base stations, there is no evidence of any effects which are harmful to people's health if the statutory limits are adhered to (BMU). There is a very large number of scientific studies on the impact of electromagnetic fields in the frequency range used for mobile communications. These are largely meaningful for the frequencies currently made available for 5G too – according to the studies, there is no confirmed evidence of health impacts caused by mobile communications within the applicable limits and when the requirements made of mobile phones are met. The limits are stipulated in the regulation on electromagnetic fields (26th Ordinance on the Implementation of the Federal Immission Control Act; 26th BImSchV).

To continue to ensure the safety of the applicable limits, the BfS will separately examine the spread of the population's exposure and any biological and health impacts of the frequency bands which have been researched little up to now (26 gigahertz and higher).

The assessment that mobile communications were not harmful to health was also corroborated by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) in 2020. Following extensive research and dialogue processes, it issued updated [guidelines](#) that guarantee the protection of health in particular in relation to high-frequency electromagnetic fields, which also feature in the use of 5G, and we comply with these guidelines.

The Telefónica Deutschland Group can use mobile communications frequencies in the range of 700 MHz to 3,700 MHz for its 4G and 5G networks – frequencies that have been well researched for years. New frequency ranges around 26 GHz or 40 GHz are only to be used in the future and presumably on a small scale and are currently undergoing intensive research.

It is our declared goal on the one hand to communicate the diverse opportunities for society and consumers offered by 5G while on the other appropriately taking into account the fact that people have a great many questions regarding mobile communications and health.



5.0 Environmental and climate protection

5.1 Environmental management

5.2 Energy & CO<sub>2</sub> reduction

5.3 Conservation of resources

5.4 Mobile communication and health

**GRI** Management approach:  
Customer health and safety (103-2;  
103-3); GRI 416-1

We therefore make extensive information available on this topic. However, this is a task that the companies cannot perform on their own as the topic also touches on issues of independence and objectivity. We therefore welcome the creation of the Competence Centre for Electromagnetic Fields as initiated by the German government in 2020 as well as the "Germany talks about 5G" communication measure which was launched.

PROCESSES AND MANAGEMENT

### Strict adherence to statutory requirements and limits

We strictly monitor the fulfilment of statutory requirements and limits when our networks are implemented, maintained or adapted to new technologies, and this is checked and certified by the relevant authorities. To verify compliance with the limits, we implemented a procedural instruction and have our own teams that continuously perform internal audits at the mobile network sites serviced by our technicians and service providers. Monitoring these is the responsibility of an internal department in the area of the mobile access network. As part of their supervisory and control function, our occupational safety specialists monitor compliance with the existing rules and legal requirements, thereby contributing to the protection of the employees and the preservation of their health.

The SAR value was defined in order to measure and evaluate any effects mobile phones may have on people. This value reflects the maximum power absorbed by the body during mobile communications use. The EU has set an upper limit of 2 W/kg when making phone calls, in accordance with the EN 50361 standard. The SAR values of mobile phones are mostly

considerably below these limits, as their transmissions are automatically regulated and reduced when necessary. Telefónica Deutschland Group customers can visit our shops or [www.telefonica.de](http://www.telefonica.de) to find out the precise SAR value of their mobile phone as well as generally find information on the subject of safeguarding health.

STRATEGIC PRIORITIES

### Close dialogue with local authorities and policymakers

The local authorities are above all important partners when we set up or expand our telecommunications infrastructure. For example, we coordinate network expansion closely with the towns, cities and municipalities in which we intend to install technical facilities. As a result, we are fulfilling a commitment we made to the German government, the Federal

Immission Control Act and an agreement with the local authority associations to which the four German mobile communications companies have signed up. This agreement was brought into line with the current requirements in 2020 with the aim of guaranteeing the involvement of the local authorities in the creation of 5G networks and expansion of the network infrastructure too while also facilitating infrastructure expansion which is as swift and as conflict-free as possible. New additions included the detailed rules regarding the expansion and joint use of the existing mobile network sites, dealing with site alternatives and recommendations regarding the use of municipal properties. The agreements reached between the mobile network operators, the German government and the local authority associations also offer the local authorities a broad array of effective dialogue and participation measures.





5.0 Environmental and climate protection

5.1 Environmental management

5.2 Energy & CO<sub>2</sub> reduction

5.3 Conservation of resources

5.4 Mobile communication and health

**GRI** Management approach:  
Customer health and safety (103-2;  
103-3); GRI 416-1

We contributed our expertise to various information events held locally in 2020. These included the inaugural event of the information and communication initiative “Mobilfunk und 5G” (Mobile communications and 5G) launched by Baden-Württemberg’s Ministry of Economic Affairs, Labour and Housing with not only citizens, but also towns, cities and municipalities in mind. We were also involved in the northern and southern Bavarian mobile communications days organised for mayors by the Bavarian Ministry of Economic Affairs, Regional Development and Energy and the regional Chambers of Commerce and Industry (IHK) that focused on the latest developments relating to 5G.

We also addressed the issues of limits and health as well as myths, conspiracy theories and the supposed radiation dangers relating to the new mobile communications generation in the “Mein 5G” series of podcasts. In the podcast episode entitled “5G and the radiation myth”, Valentina Daiber, Chief Officer for Legal & Corporate Affairs of the Telefónica Deutschland Group, spoke with Rita Schwarzelühr-Sutter, Parliamentary State Secretary within the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), and Prof. Dr Alexander Lerchl of Jacobs University Bremen, who has been heavily involved in research on mobile communications frequencies for years.

## Informationszentrum Mobilfunk as a central knowledge platform

We see educational work and information as an important part of our social responsibility towards customers, the public and municipalities. We have therefore continued and significantly ramped up our activities in the area of running the website [www.informationszentrum-mobilfunk.de](http://www.informationszentrum-mobilfunk.de). The information we provide there focuses on setting up and expanding mobile communications networks based on societal consensus as well as consumer



issues and health protection. We and the existing co-member Deutsche Telekom have since been joined by Vodafone and 1&1 Drillisch in this initiative. Anyone who is interested will find online brochures, videos, links, studies, reports, news items and interviews with experts on the website.

In the interviews, renowned scientists give insights into the fields of knowledge and research topics in the rapidly developing area of mobile communications and stimulate the discussion with industry representatives and users. For example, Prof. Dr Lerchl reported here on studies into the impacts of 5G frequencies on human cells. In addition, Martin Rösli, Professor in Environmental Epidemiology at the Swiss Tropical and Public Health Institute in Basel, provided information on the possible health risks of electromagnetic fields. Lutz Stobbe of the Fraunhofer Institute for Reliability

and Microintegration IZM in Berlin spoke about the UTAMO research project, which is looking into the environmental impacts and energy footprints of future mobile communications networks on behalf of the German Environment Agency (UBA).

In the year under review, Informationszentrum Mobilfunk developed two information modules in cooperation with Deutscher Städte- und Gemeindebund (German Association of Towns and Municipalities; DStGB). These cover the topics of dialogue and communication as well as infrastructure and technology. The aim is for the topic of mobile communications to be handled in an objective and science-based way at the local level. We are seeking to continue this cooperation with DStGB for 2021.

# Derivation and evaluation of the CR strategy

1.0 Shaping digitalisation

2.0 Managing corporate responsibility

3.0 Responsible business

4.0 Strengthening life in the digital world

5.0 Environmental and climate protection

6.0 Derivation and evaluation of the CR strategy

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6.5 Responsible Business Plan 2020: 2020 status

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7.0 Facts and figures



Top grade of

# A

for Telefónica, S.A.  
from CDP for the  
seventh time in a row<sup>1</sup>

<sup>1</sup> [www.telefonica.de/news/corporate/2020/12/bestnote-a-in-der-cdp-klima-liste-telefonica-zum-siebten-mal-in-folge-fuer-weltweite-fuehungsrolle-im-klimaschutz-ausgezeichnet.html](http://www.telefonica.de/news/corporate/2020/12/bestnote-a-in-der-cdp-klima-liste-telefonica-zum-siebten-mal-in-folge-fuer-weltweite-fuehungsrolle-im-klimaschutz-ausgezeichnet.html)

6.0 Derivation and evaluation of the CR strategy

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GRI 103-1 (all material topics);  
GRI 102-15; 102-46; 102-47

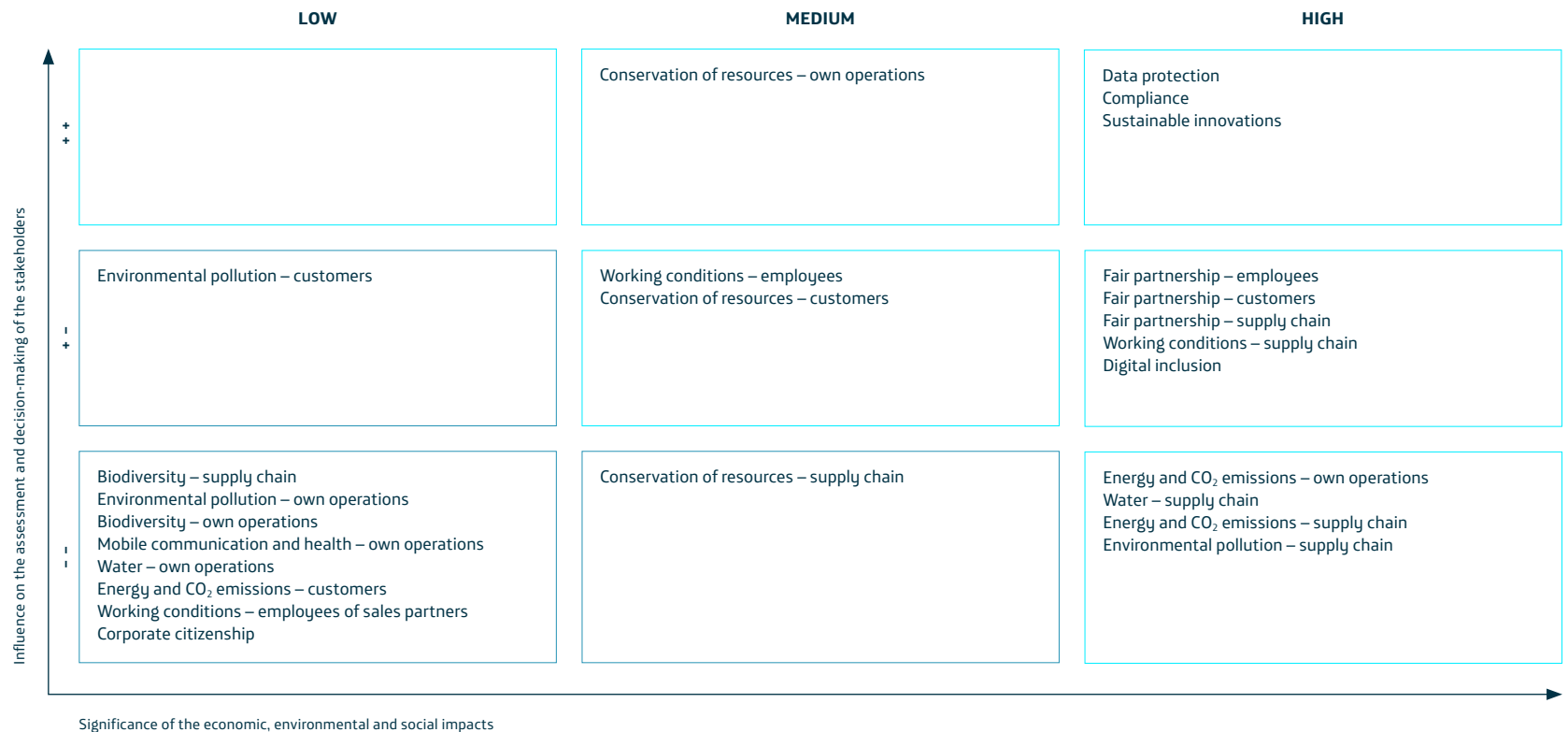
# Materiality according to GRI

The Telefónica Deutschland Group derives the CR focal areas from a continuous CR strategy process that deliberates on stakeholder expectations as well as impacts on society and business relevance. For reporting in accordance with the GRI Standards, the stakeholders' perspective and our societal and environmental impacts are particularly relevant. The

resulting GRI materiality matrix taking this combined approach into account is shown below. The materiality matrix contains the results of a strategic process concerning the assessment of material CR topics that has been ongoing since 2015. A detailed description of this process can be found in [chapter 2.2](#).

We conducted an extensive materiality analysis in the reporting year in the course of further developing the Telefónica Deutschland Group's CR strategy for the years 2021 to 2025. The results of this analysis will guide our actions from 2021 and serve as the basis for future sustainability reporting.

## IN DIALOGUE WITH OUR STAKEHOLDERS



**Legend:** a ++ constitutes high significance for both stakeholder groups, a -- marks low significance for assessment and decision-making and a +- signals a different evaluation by internal and external stakeholders. The topics material to the Telefónica Deutschland Group have a light blue border in the graphic above.

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**GRI** 103-1 (all material topics);  
GRI 102-15; 102-46; 102-47

CLASSIFICATION ACCORDING TO GRI STANDARDS

CR FOCUS AREA	FOCUS/BOUNDARIES	GRI STANDARDS
<b>Supply chain</b>	<ul style="list-style-type: none"> <li>Ensuring fair and respectful cooperation with companies that manufacture products or provide services for Telefónica Deutschland Group (suppliers)</li> <li>Improving working conditions in companies that manufacture products or provide services for Telefónica Deutschland Group (suppliers)</li> <li>Reduction of carbon emissions in companies that manufacture products or provide services for Telefónica Deutschland Group (suppliers)</li> <li>Reduction of water consumption in companies that manufacture products or provide services for Telefónica Deutschland Group (suppliers)</li> </ul>	204 – Procurement practices 308 – Supplier environmental assessment 407 – Freedom of association and collective bargaining 408 – Child labour 409 – Forced or compulsory labour 414 – Supplier social assessment
<b>Employer</b>	<ul style="list-style-type: none"> <li>Guaranteeing fair and respectful treatment of Telefónica Deutschland Group employees</li> <li>Improving working conditions for Telefónica Deutschland Group employees</li> </ul>	401 – Employment 402 – Labour/management relations 403 – Occupational health and safety 404 – Training and education 405 – Diversity and equal opportunity 412 – Human rights assessment
<b>Customers</b>	Guaranteeing fair and respectful treatment of Telefónica Deutschland Group customers	417 – Marketing and labelling
<b>Compliance</b>	Ensuring that Telefónica Deutschland Group's employees and partners comply with all laws and regulations when dealing with each other and with customers	205 – Anti-corruption 206 – Anti-competitive behaviour 305 – Environmental compliance 406 – Non-discrimination 407 – Freedom of association and collective bargaining 408 – Child labour 409 – Forced or compulsory labour 412 – Human rights assessment 415 – Public policy 419 – Socioeconomic compliance
<b>Digital inclusion</b>	Ensuring physical access to digital technology and promoting digital capabilities and media literacy for relevant target groups	203 – Indirect economic impacts 413 – Local communities 416 – Customer health and safety
<b>Sustainable innovations</b>	Developing digital technologies and offerings that make the lives of Telefónica Deutschland Group's customers easier, safer, healthier and more environmentally friendly	201 – Economic performance 203 – Indirect economic impacts
<b>Data protection</b>	Ensuring data protection, so that sensitive data of Telefónica Deutschland Group (e. g. customer data) is not purloined, misused or accessed	416 – Customer health and safety 417 – Marketing and labelling 418 – Customer privacy
<b>Energy &amp; CO<sub>2</sub> reduction</b>	Reduction of CO <sub>2</sub> emissions at Telefónica Deutschland Group sites	302 – Energy 305 – Emissions
<b>Conservation of resources</b>	Reduction of consumption of scarce resources at Telefónica Deutschland Group sites and by customers of the Telefónica Deutschland Group through product adaptation, recycling and reuse	301 – Materials



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**GRI** 102-15; 102-31; 305-1; 305-2; 305-3; 305-4; 305-5

# Financial climate risks

## Evaluating the risks and opportunities related to climate change

The aim of standardised and transparent reporting on climate risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) is to reduce the risk of financial effects on the capital markets caused by climate change and to prepare businesses for the consequences of climate change.

We are aware that the impacts of climate change also entail risks and opportunities for our business model that we must take into account in our plans. We will therefore be gradually implementing the recommendations of the TCFD in order to integrate climate-related resilience into our corporate strategy.

Within the Telefónica, S.A. Group, handling climate change has already been integrated into the areas of corporate governance, strategy, risks and goals. As a member of the Business Ambition for 1.5°C action alliance, the Group has made a commitment to help limit global warming to 1.5°C. In its annual assessment, CDP awarded the Group its top mark of A for its achievements in the area of climate protection. Among other things, it assesses transparency regarding emission reductions and the lowering of climate risks.

With its Responsible Business Plan, the Telefónica Deutschland Group is also pursuing the goal of additionally having a positive impact on its financial results on the basis of an improved environmental footprint. For example, greater energy efficiency helps reduce

greenhouse gas emissions, which, in the long term, should reduce the impact that climate change will have on the company. Efficient and interconnected technology such as that at our network sites which are equipped with smart meters uses predictive maintenance to reduce the risk of facilities failing and therefore the costs related to this.

We are aware of the importance that the TCFD attaches to a scenario and risk analysis. We have only just begun with this, but we will be advancing with this topic in a structured way in order to be as prepared as we possibly can be in terms of strategy too for the consequences of climate change. Our most important tasks here include strengthening our network's resilience as a risk reduction and adjustment measure.

The recommendations of the TCFD are divided into the four areas of governance, strategy, risk management, and metrics & targets, which we report on below.

### 1. Governance

With the energy and climate strategies, the Telefónica Deutschland Group has enshrined how it handles climate change in its Responsible Business Plan. Both of these are developed further and evaluated in close consultation with the Management Board. Within the company, the CR department is assigned to the Management Board division Legal & Corporate Affairs and reports directly to the Management Board. The bonus arrangements in the remuneration of the Management Board and of the executives are subject to the achievement of sustainability goals such as the

reduction of carbon emissions. The company has an environmental management system as per ISO 14001 and an energy management system in line with ISO 50001, both of which are certified. Its greenhouse gas emissions are verified externally in accordance with ISO 14064 on an annual basis.

At the Telefónica, S.A. Group, the climate and energy strategies are part of the global Responsible Business Plan, which is the responsibility of the Board of Directors. Compliance with and the further development of this is the responsibility of the Sustainability and Quality Committee. Environmental management systems in accordance with ISO 14001 have been established almost entirely throughout the Group. Management systems as per ISO 50001 exist in Spain and Germany and their applicability is to be expanded to other sites.

### 2. Strategy

In 2015 the Telefónica Deutschland Group developed a holistic CR strategy that takes into account the business-strategic focus as well as the expectations of our stakeholders. "Environmental and climate protection" is a firmly embedded area of action in our Responsible Business Plan 2020. We are placing energy efficiency and carbon reduction at the heart of our strategy for achieving climate neutrality by 2025 and want to contribute to the sustainable digitalisation of the economy and society.

In addition to the risks reported on below, we identify opportunities for our internal energy management as well as for corporate growth such as selling products

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and services that reduce the customers' carbon emissions. We intend to perform scenario analyses in the future as the Telefónica Deutschland Group in accordance with the TCFD recommendations, to better prepare ourselves for the effects of climate change. We are also endeavouring to incorporate the management of climate-related opportunities and risks into our business model more strongly.

The way in which climate change is handled has been incorporated into the Telefónica, S.A. Group's business strategy. In 2020 the Group formulated new energy and climate targets for the years 2025, 2030 and 2040 which are based on the 1.5°C scenario of the Paris Agreement and were validated by the Science Based Targets initiative (SBTi). A climate-friendly approach to business offers considerable opportunities both for internal energy management and for business growth based on the sale of low-emission products and services. The plan regarding renewable energies offers internal opportunities for the Group to use its own energy generation capacities and long-term power purchase agreements, as does the plan for energy efficiency, which focuses on network modernisation and the expansion of 4G and 5G. These measures should reduce the company's operating costs in the medium to long term. From an external and internal perspective, there are opportunities for business growth, for example with sustainable services for the transition to a decarbonised economy.

## 3. Risk management

The Telefónica Deutschland Group's relevant departments report on their climate-related risks to the general risk management unit on a quarterly basis. The company thus integrates these risks and carries out a net assessment with regard to the potential risks arising from non-financial topics. Based on the probability of occurrence already determined, a conservative approach was adopted in which risks were considered with a probability of occurrence deemed

to be "likely" or "highly likely". We additionally report to the Telefónica, S.A. Group regarding climate-related risks as part of our Group-wide risk management.

Using a global risk management model, the Telefónica, S.A. Group analyses the potential risks and opportunities resulting from the forecast climate impacts. In the case of physical risks, their probability and the impacts that both gradual climate changes and extreme climate events might have on our infrastructures and our operations are determined. In the area of transition risks, the focus is on risks which may arise due to regulatory changes, technological innovations and market or reputational changes. Two medium- and long-term carbon concentration scenarios are applied to the analysis of climate risks. These are the Representative Concentration Pathways (RCP) 2.6 and 8.5 of the UN's Intergovernmental Panel on Climate Change (IPCC).

At the Telefónica, S.A. Group, the strategy includes adaptation measures relating to physical and transitional changes. The main measures include the Business Continuity Plan for Climate Disasters, the Energy Efficiency Plan and the Renewable Energy Plan.

## 4. Metrics & targets

The Telefónica Deutschland Group pursued and achieved its own energy and climate targets as part of its Responsible Business Plan in 2020. For example, it exceeded its target of reducing carbon emissions by 11 % by 2020 (compared with the base year 2015) with a 39 % reduction by the end of 2020. At the same time, the target set for 2020 of lowering energy consumption per data volume by 40 % compared with 2015 was likewise exceeded (71 % reduction). In line with the target, 100 % of the power it procures and controls itself already comes from renewable sources and has done so since 2016. A strategy adopted in 2020 sets the target of making the company climate-neutral by 2025 at the latest with the help of further energy efficiency increases and complete con-

version to high-quality green electricity. Sustainable products and services are additionally to make it easier for the customers to be climate-friendly ("Scope 4" and/or "avoided emissions"). The direct and indirect carbon emission figures (Scopes 1, 2 and 3) can be found in the [table of key figures](#).

The Telefónica, S.A. Group likewise tightened its global climate target in 2020 and now wishes to achieve its target of net zero carbon emissions in its four main markets Spain, the UK, Germany and Brazil by 2025 rather than the original target of 2050. Net zero emissions are to be achieved in the primary markets by this date, taking into account Scopes 1 and 2 including the offsetting of the remaining emissions. Energy consumption per traffic unit (MWh/PB) is to be reduced by 90 % by 2025 compared with 2015. An emission reduction target of 39 % by 2025 was set for the company's value chain, as was a target of net zero emissions by 2040. In the primary markets, power will continue to be procured exclusively from renewable sources and the changeover to green electricity will be promoted by means of long-term agreements and self-generation, including for energy it does not control itself. By 2025 the company additionally wants to help its customers avoid 5 million tonnes of carbon emissions a year ([Telefónica, S.A. Group Annual Report, p. 234](#)) on the basis of connectivity and sustainable services.

OPPORTUNITIES AND RISKS OF CLIMATE CHANGE

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GRI 102-15; 102-31; 305-1; 305-2; 305-3; 305-4; 305-5

CLIMATE CHANGE RISKS

TRANSITION				PHYSICAL	
 <p><b>REGULATORY</b> Increase in the price of certain products and services as a result of taxes or levies on sectors on which we are dependent (energy, transport, etc.)</p>	 <p><b>TECHNOLOGICAL</b> Need for early withdrawal of assets linked to HVAC or for energy transition to clean energy</p>	 <p><b>MARKET</b> Increased energy opex, for example, in countries dependent on hydropower</p>	 <p><b>REPUTATIONAL</b> More information on this subject from major stakeholders (investors, analysts, customers, etc.)</p>	 <p><b>CHRONIC</b> Higher temperatures could entail greater cooling needs.</p>	 <p><b>TEMPORARY</b> More extreme weather events would increase the business continuity risks.</p>
<p>The physical risks have been analysed in detail by the Telefónica, S.A. Group in a climate vulnerability study.</p>					

CLIMATE CHANGE OPPORTUNITIES

 <p><b>RESOURCE EFFICIENCY</b> Through our Energy Efficiency Plan we are optimising our operating and network costs.</p>	 <p><b>ECO SMART PRODUCTS AND SERVICES</b> Our connectivity and digitalisation solutions are key for decarbonising other sectors and will allow us to access new business opportunities.</p>	 <p><b>ENERGY SOURCES</b> Our Renewable Energy Plan enables us to reduce carbon emissions and the energy costs of our network.</p>	 <p><b>RESILIENCE</b> Our adaptation strategy allows us to incorporate risks and opportunities into the company's strategy, influencing our investment decisions, modernisation and network deployment.</p>
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# ESG ratings & finance

We aim to continually improve our sustainability performance. We therefore regularly take part in relevant ESG ratings (ESG = environment, social and governance) and take ESG rating criteria into account in the management and evaluation of our CR performance and for the related sustainability reporting.

We see this as offering huge potential for boosting our responsible conduct and for achieving sustainable corporate financing because systematic orientation towards ESG criteria is increasingly becoming a prerequisite for access to the capital market. This means it is all the more important that we make our contribution to sustainable business practice transparent and that we make meaningful non-financial information available for investment decisions. Telefónica Deutschland Holding AG has been listed in the DAX 50 ESG index, the new standard for listed German com-

panies that demonstrably operate in accordance with ESG standards, since March 2020. Furthermore, CDP gave the Telefónica, S.A. Group the top mark of A for the seventh consecutive year in the year under review for its global leadership in climate protection. CDP's annual disclosure and assessment process serves as a guide for 590 investors with assets totalling more than USD 110 trillion.

We have been able to repeatedly benefit from our good performance and positioning in ESG ratings in the area of sustainable corporate financing. For example, since 2016 we have taken out two loans totalling EUR 900 million with "Europe's climate bank", the European Investment Bank (EIB), which are tied to the expansion of an energy-efficient 4G/5G mobile communications network and to compliance with environmental laws and standards.

In 2019 we were also the first German telecommunications company to take out a sustainability-linked loan in the amount of EUR 750 million with a term running until 2025. With this sustainable syndicated loan, the interest margin is tied among other things to the fulfilment of criteria in the areas of environmental and climate protection, social commitment and corporate governance. An independent sustainability rating produced annually by Sustainalytics is authoritative here, which we were able to improve in 2020 compared with the previous years.

The table provides an overview of the most important sustainability ratings and indices in which Telefónica Deutschland Holding AG is represented.





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PERFORMANCE IN ESG-RATINGS AND INDICES		2016	2017	2018	2019	2020
	Sustainalytics	✓	✓	✓	✓	✓
	Morgan Stanley Capital International <b>MSCI</b>	✓	✓	✓	✓	✓
	oekom research <b>ISS ESG</b>	✓	✓	✓	✓	✓
						
	Financial Times Stock Exchange <b>FTSE4Good</b>	✓	✓	✓	✓	✓
	<b>Vigeo Eiris</b>	✓	✓	✓	✓	✓
	Bloomberg <b>Gender-Equality Index (GEI)</b>				✓	✓
	<b>DAX 50 ESG index</b>					✓

<sup>1</sup> The use by the Telefónica Deutschland Group of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute sponsorship, endorsement, recommendation, or promotion of the Telefónica Deutschland Group by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided "as is" and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

<sup>2</sup> Telefónica Deutschland Holding AG has received an ISS QualityScore rating of "1" in the ISS ESG Social category as of February 1<sup>st</sup> 2021.

# SDG declaration

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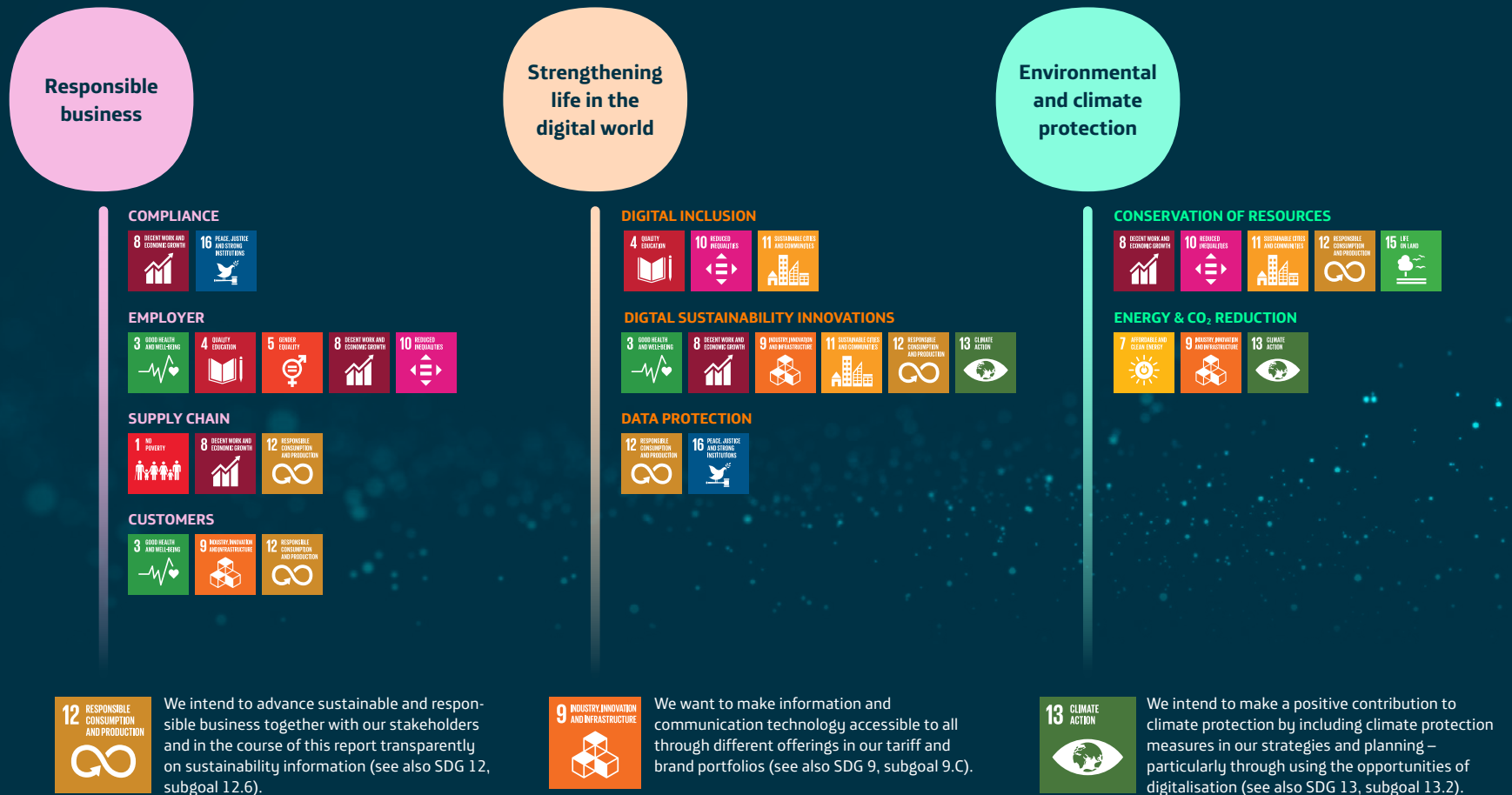
### 6.5 Responsible Business Plan 2020: 2020 status

### 6.6 Responsible Business Plan 2025: CR targets from 2021

The 17 global goals for sustainable development (Sustainable Development Goals, SDGs) were adopted by the United Nations in September 2015. With the implementation of the Responsible Business Plan 2020 the Telefónica Deutschland Group is actively supporting the attainment of the SDGs within the

framework of individual CR topics. We present how we are contributing to the individual SDGs with regard to each CR topic on the corresponding chapter introduction pages. On the level of the ambitions formulated in our Responsible Business Plan 2020 we have additionally selected three of the 17 SDGs to be particularly

focused on within the scope of our CR strategy. Through our activities in these CR focus areas, we particularly intend to contribute to the targets of the respective SDGs outlined in the diagram below.



# Responsible Business Plan 2020: 2020 status

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We measure attainment of the ambitions and commitments laid out in our Responsible Business Plan 2020 using certain indicators. Below is a selection of our achievements in 2020:



We are a fair and trustworthy partner for our stakeholders. In the years leading up to and including 2020 we achieve consistently good to very good results in relevant external assessments and our stakeholder surveys.

We succeed in encouraging all people to embrace the digital opportunities available and develop their skills in everyday digital life according to their individual requirements and wishes. In the years leading up to and including 2020 over 50 million people benefit annually from our products and programmes, enabling them to live digital and independent lives.

We harness the opportunities provided by digitalisation to cut raw material and energy consumption. By 2020 we aim to have reduced our direct and indirect carbon emissions by 11% compared with 2015.

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## Compliance

### Commitment

We act in accordance with all laws, societal guidelines and values. In the years leading up to and including 2020 we will strive for externally recognised certification of our compliance management system.

### 2020 commitment status



### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

#### 2020 TARGET

We continuously improve our compliance management system and will strive for external certification in accordance with the IDW auditing standard 980 by the end of 2020.

#### 2020 TARGET ATTAINMENT

A start was made on achieving this target, but it has not yet been attained. The compliance management system's multistage certification process could not be fully concluded in the reporting year 2020. The target should be met in 2021.

We will review our internal and external processes for the reporting of compliance incidents and will ensure that they meet the statutory requirements as well as the needs of internal and external stakeholders.



We review our internal compliance training concept regularly and continually adjust it to meet operational requirements. At the same time, we strive to ensure legal regulations are adhered to.



## Supply chain

### Commitment

We promote sustainable procurement management and supplier management. In the years leading up to and including 2020 we will take CR criteria into account in 100% of the purchasing processes with our most important suppliers.

### 2020 commitment status



### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

#### 2020 TARGET

We will continuously bring the purchasing processes of Telefónica Global Services (TGS), the specialist departments of the Telefónica Deutschland Group, the CR department and the contact with suppliers into line with the Supply Chain Sustainability Policy by the end of 2020.

#### 2020 TARGET ATTAINMENT



We will continue to perform the risk analyses of suppliers every two years and by the end of 2020 set up a process aimed at improving the sustainability performance of suppliers identified as posing a risk. The next analysis will be performed in 2020.



LEGEND FOR CR TARGETS  
Target attainment level as at 31/12/2019



COMMITMENT LEGEND  
Target attainment level as at 31/12/2020





## Employer

### Commitment

As a responsible employer, we set great store by fair, open and trusting cooperation and offer our employees an inspiring work environment with diverse development and preference options. We benchmark the satisfaction and commitment of our employees on the basis of good to very good results in our regular surveys.

### 2020 commitment status



### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

#### 2020 TARGET

#### 2020 TARGET ATTAINMENT

In addition to regular Pulse Surveys, we conduct an annual anonymised employee survey. Following completion, we initiate dialogue on the results of the survey within the framework of our action planning and we provide our executives with the corresponding tools for this.



In order to position our company for long-term success in a dynamic market environment, we are establishing a smart, flexible and efficient organisation. This includes the following points:

- Promoting agile thinking and working methods as well as cross-functional cooperation and networking. We measure the effectiveness of our initiatives against our agility index, which we introduced in 2019. We set ourselves the target of a score of at least 60 % in the agility index by the end of 2020.
- Promoting new management skills in order to strengthen our executives in their roles and responsibilities:
  - as enablers and linkers for employees and teams (e.g. by means of the SLT Journey, the ELT Journey in the year 2020).
  - as promoters of an open dialogue and targeted learning culture.
  - as drivers of our sustainable success.
- We measure this success on the basis of internal indices.



We prepare our employees for future tasks and offer them attractive internal opportunities for development. In this context, we aim to increase employee mobility in the company by the end of 2020. As the first step, we launched a new employee mobility platform in early 2020 and set a target of 60 % of employees (PIP) being registered (no year stipulated).



*BEYOND was successfully launched in May 2020. The number of registrations is to continue to increase in the next few years.*

We promote, moreover, the targeted development of skills and launch the BEYOND initiative, an AI- and data-based approach which includes a new organisational framework.

We believe diversity, in the sense of a multitude of viewpoints, backgrounds, skills and experiences, is enriching and we promote this in a targeted manner. In order to support women in their careers, we aim to achieve a total share of women on the Management Board and in the Senior Leadership Team (SLT) of 30 % by 2020.



*As at 31 December 2020 27.8 % of the Senior Leadership Team (including the Management Board) was female. The target was therefore missed by just a few percentage points.*

We offer our employees attractive internal opportunities for developing their careers.

We want to:

- by 2020 fill on average at least 30 % of vacancies with internal employees.
- achieve a retention rate of 90 % for trainees and dual-studies students by 2020.



*With a retention rate of 81 % for trainees and dual-studies students, the target of 90 % was not achieved.*

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Target attainment level as at 31/12/2019



COMMITMENT LEGEND  
Target attainment level as at 31/12/2020



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2020 TARGET

The Telefónica Deutschland Group is especially concerned with providing a safe work environment and maintaining and promoting the health of all our employees. By the end of 2020 we will operate an integral health management programme to implement the targets and principles of our health policy. We will in particular introduce a sustainable target and measurement system (KPIs) for occupational health and safety, with the KPIs being ascertained at least once a year.

In addition to the finalisation and launch of the KPI dashboard and implementation of the new instruction concept, there are plans to develop special management training by the end of 2020. This will focus on teaching management about the key occupational health and safety issues and their significance to the company. There are plans to develop a "feel good" concept specifically for the decentralised shop staff.

2020 TARGET ATTAINMENT



## Customer

### Commitment

We offer our customers the best product and service experience, the latest innovations and a modern network infrastructure. By 2020 we will offer one of the best customer services in the industry with a high level of customer satisfaction.

### 2020 commitment status



## OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2020 TARGET

We will continuously improve our customer service up to the end of 2020 according to the needs and wishes of our customers. We will focus on the continuous optimisation of our service offerings.

We will invest consistently in our network infrastructure and while doing so orient ourselves towards the actual benefit for our customers in order to be able to provide them with the best network experience.

2020 TARGET ATTAINMENT



LEGEND FOR CR TARGETS  
Target attainment level as at 31/12/2019



COMMITMENT LEGEND  
Target attainment level as at 31/12/2020



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## Digital inclusion

### Commitment

We make people of all age groups fit for the digital world. We will provide 10 million people with inspiration and support in the years leading up to and including 2020 with Germany-wide programmes and initiatives that promote digital participation.

### 2020 commitment status



### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

#### 2020 TARGET

#### 2020 TARGET ATTAINMENT

We implement various activities designed to teach digital skills and promote the digital participation of people in a variety of age groups. Workshops and discussion events are to be held all over Germany throughout the year. These measures will be complemented by the development of new educational materials in the form of brochures and videos.



We will focus on teaching people how to deal with the challenges of the Internet. This includes topics such as how to deal with cyberbullying or hate speech and how to promote social cohesion. The activities are supported by the O<sub>2</sub> #LOVEMOB campaign.

We promote the digital inclusion of the elderly by loaning tablets to facilities for older people, with events for senior citizens about digital technologies and by publishing a guide on the website. In so doing, we want to reach a total of 9,500 senior citizens in the first half of 2020.



Offering our customers optimum support regarding digital topics remains a key element of our service strategy. Digital and technical topics are increasingly being embedded in all areas in order to further promote our customers' "digital education". Helping Hands videos and social media activities continue to support the customers.



Our employees assist our customers with the use of complex digital services and products, first and foremost via the voice, messaging and video chat channels as well as via our help boxes and the Helping Hands videos on the official YouTube channel.

As digital topics are more and more becoming part and parcel of the service advice offered, they are increasingly falling within the remit of the O<sub>2</sub> Care hotline, while the O<sub>2</sub> Gurus provide assistance with more complex digital topics. We also support our customers with their issues with the help of easy-to-use service apps and many service offerings in our portal, which will be expanded.

POS channels: shops and partner shops

The Gurus and the shop agents in O<sub>2</sub> shops and partner shops are trained and encouraged to use visitor contacts for digital inspiration wherever possible, for example providing assistance with the operation and personal use of smartphones and accessories, the demonstration of new services and apps, and answering questions regarding digital applications and where their mobile use and utilisation at home are concerned.

We continue to be an active stakeholder in the political and public debate on youth media protection and in line with this will continue to participate until 2020 in among other things the management board of Freiwillige Selbstkontrolle Multimedia-Diensteanbieter (the German Association for Voluntary Self-Regulation of Digital Media Service Providers).



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## Digital sustainability innovations

### Commitment

In the years leading up to 2020 we will push technologies to simplify linking up people, devices and machines in the private and industrial world. The goal is to support our customers in the realisation of new products and business models in order to give all areas of society access to digital products.

### 2020 commitment status



### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2020 TARGET	2020 TARGET ATTAINMENT
Digitalisation of the energy transition by 2020: we will provide the digital infrastructure for successfully networking intelligent measurement systems (smart grids/smart meters). Together with our partners, we will offer solutions which provide customers with more transparency regarding their energy consumption	
Networked mobility and reduction in fleet CO <sub>2</sub> emissions by 2020: we supply analysis applications for company vehicle fleets to improve driver safety, reduce fuel consumption and lower maintenance costs. Moreover, we will offer telematics solutions that give our customers more transparency, enabling them to keep to the statutory requirements for average fleet CO <sub>2</sub> emissions.	 <i>Many roll-out projects did not come to fruition in the transport sector due to COVID-19 and as such the targets could not be achieved.</i>
Moving and environmentally friendly urban traffic by 2020: together with partners, we will specifically develop analyses on the basis of our data, which will enable, for instance, personal shuttle services to be put on for entire cities, greenhouse gases to be controlled and flows of traffic to be planned for large events.	
Better quality of life at home by 2020: we will develop the digital infrastructure needed to network intelligent home appliances and sensors that we together with business partners make available to end customers. The aim is for more people to be able to make environmentally friendly and economical use of their apartments.	 <i>In the future, we will focus not only on our customers' quality of life at home, but also on applications they can use when on the move, e.g. tracker solutions that are affordable in the medium term and make it possible for them to keep an eye on valuable items.</i>
Increase in general health awareness by 2020: we will offer a consumer-oriented platform for the Internet of Things that, among other things, enhances sportswear with multiple sensors and analysis programmes to go with them, so exercisers can gain an insight into their vital signs.	 <i>These use cases have not been focused on in the short to medium term since 2019 as we are focusing on affordable solutions for the mass market. The consumer-oriented platform will enable us to gradually incorporate additional sensors and services, prospectively also to boost health awareness.</i>
Reduction in the risk of fraudulent activities in the financial services sector, for example improper access to online banking services, by the end of 2020: we will offer solutions that increase security for consumers and banks by giving companies from the financial services sector the opportunity to verify the correctness of customers' transactions or logins.	

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Target attainment level as at 31/12/2019



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## Data protection

### Commitment

We work to ensure customers retain sovereignty over their data and remain the masters of their digital lives. We protect the data of our customers, employees, partners and investors in all products and processes and ensure the Telefónica Deutschland Group's business activities comply with data protection regulations. Our actions in this are straightforward and transparent, and we communicate with all the relevant interest groups about innovations early on.

### 2020 commitment status



### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2020 TARGET	2020 TARGET ATTAINMENT
Privacy by design/default: we are already involved in planning new products and new processes and are continually advising the departments on data-protection-relevant aspects. We are working towards the data-protection-friendly design of processes and products.	
Introduction of the digital tool for data protection advice and management in 2020: at the same time, we will test the first digital advice applications for our employees in the area of data protection topics (Legal tech).	
We are adapting our internal training concept for data security continuously to company and legal prerequisites, therefore guaranteeing compliance with the statutory provisions.	
An awareness campaign will be launched in 2020 for all employees across the company. We will restructure the process for the management of data protection risks in 2020 to guarantee prioritised processing and the targeted planning of measures.	
We are in regular and constructive dialogue with external stakeholders such as the Bundesnetzagentur (Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway; BNetzA) and the German Federal Commissioner for Data Protection and Freedom of Information (BfDI).	
In 2020 we will examine and test new applications and options for communicating data protection information to our customers more transparently.	
In the area of corporate security, the focus will be on the following measures in 2020: <ul style="list-style-type: none"> <li>• Ongoing optimisation of the existing information security management system (ISMS) in a periodic improvement cycle based on the ISO 27001:2013 standard</li> <li>• Optimisation of operational security within the framework of the Zero Impact programme, target for 2020: conclusion of the analysis stage for the Network (NT) and IT (ST) divisions and start of the analysis stage with other departments</li> <li>• Realisation of security assessments in the Telefónica Deutschland Group in accordance with the agreed 2020 annual plan</li> </ul>	 <i>Most of the examinations planned for 2020 have been completed. In a few cases, prioritisation was changed because additional examination candidates had to be included in the planning.</i>

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Target attainment level as at 31/12/2019



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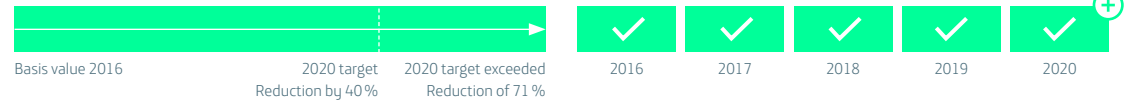
## Energy and CO<sub>2</sub> reduction

### Commitment

We will reduce our energy consumption per data volume by 40 % by 2020 compared with 2015 and annually purchase from green electricity sources 100 % of the energy we procure and control ourselves.

### 2020 commitment status

#### Energy consumption per data volume

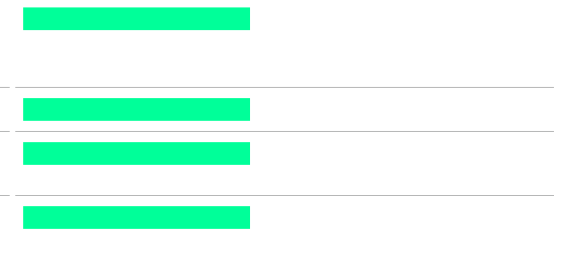


### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

#### 2020 TARGET

- Continuation of various energy efficiency measures in the area of the network. The savings made through energy efficiency in operating business activities (opex) should amount to EUR 15 million by 2020.
- The energy we procure and control ourselves will continue to be 100 % green electricity.
- We will advance the energy efficiency of our buildings in 2020 with consolidation measures as well as the development of additional measures based on energy assessments of several of our main office sites.
- In the area of CO<sub>2</sub> management and mobility, we will reduce our average fleet emissions to 95 g CO<sub>2</sub>/km for all company vehicles newly registered in 2020 by means of incentives.

#### 2020 TARGET ATTAINMENT



## Conservation of resources

### Commitment

In the years leading up to 2020 we will annually implement at least one further relevant measure for protecting resources in our structures and processes.

### 2020 commitment status

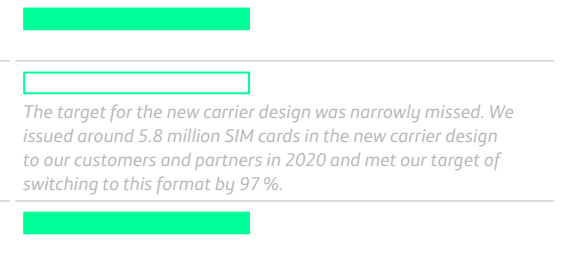


### OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

#### 2020 TARGET

- We will increase the proportion of online bills to approx. 91 % by 2020 in order to promote more sustainable and paper-saving behaviour.
- Through cooperation with our suppliers, we will optimise further the plastic packaging for the SIM cards produced for us.
- By optimising the supply chain processes, we are achieving climate-neutral parcel dispatching: when products are shipped to our shops and to our customers, we use our O<sub>2</sub> My Handy channel for this.

#### 2020 TARGET ATTAINMENT



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# Responsible Business Plan 2025: CR targets from 2021

In the context of our further developed strategy – RBP 2025 – we have set ourselves the following targets starting in 2021, which we make available in detail [on our website](#)

## GOVERNANCE PRINCIPLES

**Mission for 2025: our business as a digital company is founded on the principles of governance for responsible corporate management that we rigorously and systematically apply to all our business processes.**

	COMMITMENT	OUR FOCUSES AND CR TARGETS STARTING IN 2021 AT A GLANCE
<b>Transparency and dialogue</b>	As a trustworthy partner, we engage in transparent dialogue with our relevant stakeholder groups.	<p>Maintenance of good dialogue with all the relevant stakeholders regarding strategic topics by means of events and online publications and development of a communication regulation policy.</p> <p>Publication of a non-financial report and a corporate responsibility report and ESG rating management.</p>
<b>Governance</b>	Corporate responsibility is firmly enshrined in all our divisions. We will manage its implementation and target attainment by means of the Responsible Business Plan 2025.	<p>Governance for responsible corporate management: adoption of a remuneration system and report with ESG criteria and ongoing improvement of our business continuity management system.</p> <p>Further integration of sustainability aspects into existing management systems and boosting of their visibility within the company.</p>
<b>Compliance and ethical principles</b>	We will act in accordance with all applicable laws, societal guidelines and values.	<p>Ongoing improvement of our compliance management system and of the internal compliance training concept in order to effectively and preventively counteract compliance risks.</p> <p>Risk assessments regarding the legal obligations concerning money laundering and the subsequent establishment of an internal control framework.</p> <p>Further development of the human rights complaints channel and drawing up guidelines to strengthen children's rights and prevent child labour.</p>
<b>Data protection and information security</b>	We work to ensure customers retain sovereignty over their data and remain the masters of their digital lives.	<p>Further digitalisation of data protection management with a corresponding software solution and updating the Group's standards in view of the current and new challenges.</p> <p>Proactive dialogue with the stakeholders, in particular with the regulatory authorities, and open transparent coordination.</p> <p>Ongoing optimisation of the information security management system and realisation of security assessments.</p>
<b>Supply chain management</b>	We will take sustainability criteria into account in our purchasing processes and be dedicated to environmental, social and, above all, human rights standards throughout our supply chain.	<p>Ongoing performance of human rights risk analyses for certain product groups (as needed) and implementation of measures in connection with the results of the human rights risk analysis for services and works.</p> <p>Establishment of company-wide processes and structures to ensure compliance with Germany's planned due diligence law.</p> <p>Promoting the standardisation of consultations and guidelines regarding sustainable supply chain management.</p>

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**ENVIRONMENT AND CLIMATE**

**Mission for 2025: we offer our customers the greenest network.**

	<b>COMMITMENT</b>	<b>OUR FOCUSES AND CR TARGETS STARTING IN 2021 AT A GLANCE</b>
<b>Energy and CO<sub>2</sub></b>	We will use the options offered by digitalisation in all areas to reduce energy consumption and avoid carbon emissions.	<p>By 2025 at the latest, the Telefónica Deutschland Group will achieve net zero carbon emissions and improve the quality of its green electricity. In addition, the fleet will be electrified further.</p> <p>Prioritisation of energy efficiency not only through the installation of a more efficient 5G network, but also by continuously improving the existing systems.</p> <p>Reduction in carbon emissions all along the supply chain.</p> <p>Development of an eco-smart strategy to reduce the customers' personal carbon emissions on the basis of products and services.</p>
<b>Circular economy</b>	We will align more and more aspects of our business activities with the principles of the circular economy.	<p>Product cycle: designing products, logistics and digitalisation of business processes according to the principles of the circular economy, for example to avoid plastic waste and to reuse products such as DSL routers.</p> <p>Own office locations and shops: continued switching of use-based office materials to sustainable products and measures in the area of end customer hardware such as expanding sales of used and sustainable smartphones.</p>

**CUSTOMERS AND BUSINESS PARTNERS**

**Mission for 2025: we offer our customers products and services which support a sustainable lifestyle.**

	<b>COMMITMENT</b>	<b>OUR FOCUSES AND CR TARGETS STARTING IN 2021 AT A GLANCE</b>
<b>Product and service experience</b>	We will offer our customers the best value for money and service experience, and we will enable them to live their lives more sustainably.	<p>Boosting customer satisfaction by continuously optimising the service channels.</p> <p>Strengthening the sustainability-oriented product and service portfolio.</p> <p>Boosting the visibility of the topic of sustainability for our customers.</p>
<b>Network quality and coverage</b>	We will offer our customers a modern network infrastructure and afford them network access from anywhere and at any time.	<p>Development and roll-out of the 4G and 5G networks in line with the legal obligations; 5G coverage for more than 30% of households.</p> <p>Safeguarding high network quality by investing in network infrastructure in order to offer the best network experience for Germany.</p>
<b>Digital sustainability innovations</b>	We will play a part in solving societal challenges and will align digital innovations with ethical principles.	<p>Promoting sustainable digital business ideas through Wayra Germany. Corporate responsibility/sustainability is a focal point of its scouting activities.</p> <p>Taking advantage of digital opportunities for sustainability together with our B2B customers, among other things with smart devices, contributing to the digitalisation of the energy transition, networked mobility and the possibilities of the new mobile communications standard 5G.</p> <p>Applying our ethical digitalisation principles to the use of digital tools.</p>



6.0 Derivation and evaluation of the CR strategy

6.1 Materiality according to GRI

6.2 Financial climate risks

6.3 ESG ratings & finance

6.4 SDG declaration

6.5 Responsible Business Plan 2020: 2020 status

6.6 Responsible Business Plan 2025: CR targets from 2021

**EMPLOYEES**

**Mission for 2025: we want to advance tomorrow's digital working world as an attractive employer.**

	<b>COMMITMENT</b>	<b>OUR FOCUSES AND CR TARGETS STARTING IN 2021 AT A GLANCE</b>
<b>Future employability</b>	We will create a framework which enables employees and executives to utilise their diverse skills in the best possible way and further develop on an ongoing basis, thereby boosting their long-term employability with future-oriented skills. Amid the ever-changing demands of the digital world, it is also particularly important to us to maintain and promote our employees' health and safety by being a responsible employer.	<p>Qualification and skills management: among other things developing and expanding digital and data-centred skills and embedding mobility and agility in the company.</p> <p>Leadership in the new working world: leadership development and renewal, in particular against the backdrop of digital or hybrid working models.</p> <p>Health management: providing a safe work environment and maintaining and promoting the health of all our employees based on an integral health management programme to implement the targets and principles of our health policy.</p>
<b>Designing the work environment</b>	We will focus on interactions founded on fairness, equal opportunity and working together as partners to jointly shape tomorrow's working world. We will see our diversity as a strength and offer new ways of working which support our employees' dedication and enable them to reconcile work with a range of lifestyles.	<p>Shaping tomorrow's working world: consistent implementation of the 5 Bold Moves with the aim of ensuring productivity via a hybrid working model, boosting staff engagement and loyalty by offering greater flexibility, and fostering diversity through digital collaboration, making it easier to reconcile work with a range of lifestyles.</p> <p>Utilising the full potential of all employees: strengthening engagement and tapping into the diverse individual potential of all staff members, whatever their gender and generation.</p> <p>Responsible approach to the transformation: acting as a responsible employer by creating an environment in which staff members enhance their long-term employability, maintain their well-being and can use the opportunities presented by digitalisation to their advantage.</p>

**SOCIETY**

**Mission for 2025: we facilitate participation in the digitalised world by affording people access and skills.**

	<b>COMMITMENT</b>	<b>OUR FOCUSES AND CR TARGETS STARTING IN 2021 AT A GLANCE</b>
<b>Digital inclusion</b>	We will afford everyone access to the digital world by means of special offerings.	We make it easier for people from abroad who are based in Germany and tourists to access mobile communication in Germany. To this end, we are continuously expanding the digital access channels and are making simplified and 24/7 digital payment methods available.
<b>Digital skills</b>	We will make people fit for the digital world.	<p>Offering our customers optimum support regarding digital topics remains a key element of our service strategy. In conjunction with our digital assistants, our comprehensively trained staff help our customers with new developments and challenges relating to the use of digital services and digital products.</p> <p>Measures as part of our anti-cyberbullying initiative WAKE UPI, including the development of an online advice platform and workshops for schoolchildren.</p> <p>Measures as part of our "Digital mobil im Alter" (Digitally Mobile in Old Age) initiative with the expansion of our existing offering to include discussion events and digital guides.</p>

# Facts and figures



1.0 Shaping digitalisation

2.0 Managing corporate responsibility

3.0 Responsible business

4.0 Strengthening life in the digital world

5.0 Environmental and climate protection

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# 3rd

place among  
Germany's most  
sustainable  
companies<sup>1</sup>

<sup>1</sup> [www.stern.de/wirtschaft/news/stern-siegel--die-200-nachhaltigsten-unternehmen-deutschlands-9514568.html](http://www.stern.de/wirtschaft/news/stern-siegel--die-200-nachhaltigsten-unternehmen-deutschlands-9514568.html)

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GRI 201-1; 204-1; 102-48

# Table and figures

We measure our CR performance based on key figures and present them in the following tables. The key figures are for the Telefónica Deutschland Group and refer to the financial years 2017, 2018, 2019

and 2020. For the sake of clarity, the key figures are grouped by topic. The values in the table of key figures have been rounded up or down. Due to this rounding, it is possible that – in some rows of the tables – the

rounded figures do not add up exactly to the indicated total figures.

ECONOMIC KEY FIGURES	UNIT	2017	2018	2019	2020
Revenues	EUR million	7,296	7,320	7,458	7,532
Payments to employees – personnel expenses <sup>1</sup>	EUR million	642	610	592	611
Sites with certificates for quality (DIN EN ISO 9001), the environment (DIN EN ISO 14001) and energy (DIN EN ISO 50001)	%	100	100	100	100
Customers: total number of connections	Thousands	47,604	47,089	48,258	48,805
Customers: mobile connections	Thousands	43,155	42,819	43,827	44,275
Total number of mobile network sites <sup>2</sup>	Number rounded	32,000	38,000	34,000	31,000

SUPPLY CHAIN	UNIT	2017	2018	2019	2020
The figures here and in the report comprise the volume and number of orders placed by the Telefónica Deutschland Group which were processed by Telefónica Global Services GmbH (TGS). The figures include all the orders up to 31 December of the financial year in question, irrespective of their processing date. All the latest ACM (ACM is a purchasing tool used to manage the purchasing processes) data is taken into account.					
Purchasing volume	EUR million	3,334	3,840	3,314	4,123
of which volume with suppliers in Germany	EUR million	2,249	2,383	2,171	2,221
Suppliers	Number	888	863	723	820
of which suppliers in Germany	Number	617	596	574	622
Proportion of domestic suppliers	%	69	69	79	76
Proportion of volume attributable to domestic suppliers	%	67	62	66	54
Number of supplier assessments within the SuMa process	Number	56	48	44	54

<sup>1</sup> Personnel expenses include wages and salaries, social security, pensions and restructuring expenses.

<sup>2</sup> The number of sites comprises only sites without a directional radio connection (directional radio repeater), base station controller (BSC)/radio network controller (RNC) sites.

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GRI 102-9; 205-2; 406-1; 412-2;  
415-1; 417-3

UNGC principles 6, 10

SUPPLY CHAIN	UNIT	2017	2018	2019	2020
Identified potentially high-risk suppliers with regard to sustainability	Number	128	116	69	98
Suppliers with an EcoVadis assessment on the basis of sustainability aspects in the reporting year	Number	n. a.	47	38	71
Proportion of high-risk suppliers who underwent an external sustainability assessment (EcoVadis)	%	n. a.	7	10	26

COMPLIANCE	UNIT	2017	2018	2019	2020
Proportion of employees and directors given training in the Business Principles and human rights <sup>3</sup>	%	78.5	78.0	96.8	95.8
Incidences of discrimination, violation of the Business Principles, investigations into Telefónica Deutschland Group relating to anti-competitive practice or complaints regarding environmental impacts	Number	0	1	0	0
Justified objections to advertising conduct	Number	5	13	9	4
Benefits for political parties	EUR	0	0	0	0

SOCIETY	UNIT	2017	2018	2019	2020
Donations to not-for-profit projects <sup>4</sup>	EUR	426,934	240,093	175,500	111,842
Participants in the corporate volunteering programme (employees)	Number	290	184	859	2,360
Time donated <sup>5</sup>	EUR	69,600	49,920	55,440	16,560
Participants in "Digital mobil im Alter – Tablets für Senioren" (Digitally Mobile in Old Age – Tablets for Senior Citizens) <sup>6</sup>	Number (rounded)	2,800	4,500	32,000	47,000
Number of people informed and inspired by the hotline Gurus <sup>7</sup>	Number	352,943	523,057	487,269	492,726
Contacted video Gurus <sup>8</sup>	Clicks (rounded to the nearest million)	1.2	0.8	1.1	3.0

<sup>3</sup> Proportion based on number of Telefónica Germany GmbH & Co. OHG employees not including employees on leave and excluding external consultants (staff count: 7,717, previous year: 7,885). Units of training completed in the past three years are included in the calculation. For 2020 this was 7,390 units of training completed between 1 January 2018 and 31 December 2020.

<sup>4</sup> The figures do not include the monetary value of time donated in the amount of EUR 16,560 (previous year: EUR 55,440).

<sup>5</sup> The sum in euros is derived from the voluntary work performed by employees during "social days" multiplied by eight hours per social day and at an hourly rate of EUR 30. In 2020 we recorded 69 social days in the system; these were integrated into the calculation for the time donated. The majority of the 2,360 volunteers were not recorded under time donated as their engagement took place during regular working hours.

<sup>6</sup> Since 2020 the figure has comprised the total number of website visitors, downloads of recommendations and guides, visitors of live and online events and a quota of 50 % of all podcast streams and views of the explanatory videos. Regarding tablet loans, approximately 50 % of the 424 tablets loaned to individuals were additionally used by another person.

<sup>7</sup> The number of people contacted is the sum of the Guru hotline calls and calls concerning (digital) topics which were made through other channels. Through the realignment and digitalisation of the services, digital subjects are now handled via other hotlines too.

<sup>8</sup> Of the 3.0 m times contact was made, there were 47,270 instances of this being done personally with the video Gurus (e.g. personal advice via video chat).



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GRI 102-8; 102-41; 405-1

UNGC principles 3

EMPLOYEES	UNIT	2017	2018	2019	2020
Total number of employees (PIP) at the reporting date of 31 December <sup>9</sup> The total number of employees is based on active and inactive salaried employees and temporary staff (incl. working students) independent of their term limitation. TGS/TGR, the holding, trainees, interns and degree candidates are excluded. There is no need for a regional breakdown of the key employee figures as Telefónica Deutschland Group staff are only employed in Germany.	Number, people in place (PIP)	9,281	8,868	8,443	8,196
Total employees (FTE) <sup>10</sup>	Number, full-time equivalent (FTE)	8,697	8,295	7,823	7,610
Part-time employees <sup>10</sup>	Number, people in place (PIP)	1,833	1,833	1,972	1,857
Female part-time employees	Number, people in place (PIP)	1,365	1,367	1,391	1,344
Male part-time employees	Number, people in place (PIP)	468	466	581	513
Full-time employees <sup>10</sup>	Number, people in place (PIP)	7,437	7,023	6,459	6,325
Female full-time employees	Number, people in place (PIP)	2,411	2,195	1,987	1,877
Male full-time employees	Number, people in place (PIP)	5,026	4,828	4,472	4,448
Salaried employees with an open-ended contract <sup>10</sup>	Number, people in place (PIP)	8,174	7,834	7,595	7,448
Female salaried employees with an open-ended contract	Number, people in place (PIP)	3,299	3,114	3,040	2,935
Male salaried employees with an open-ended contract	Number, people in place (PIP)	4,875	4,720	4,555	4,513
Temporary employees <sup>10</sup>	Number, people in place (PIP)	1,096	1,022	836	734
Female temporary employees	Number, people in place (PIP)	477	448	338	286
Male temporary employees	Number, people in place (PIP)	619	574	498	448
Employees to whom collective wage agreements apply <sup>10</sup>	Number	7,502	7,588	7,284	7,042
Proportion of all employees to whom collective wage agreements apply <sup>10</sup>	%	around 81	85.7	86.4	86.1
Employees with disabilities <sup>10</sup>	Number	283	288	295	307
Trainees and dual-studies students <sup>10,11</sup>	Number	82	72	101	117

<sup>9</sup> Total employees incl. 50% of employees from Tchibo joint venture.

<sup>10</sup> Total employees excl. 50% of employees from Tchibo joint venture.

<sup>11</sup> We recruited 17 trainees in the areas of commercial and technical training last year. Of the trainees who completed their training in 2020 81 % were taken on.

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GRI 102-8; 401-1; 401-3; 405-1;  
405-2

UNGC principles 6

EMPLOYEES	UNIT	2017	2018	2019	2020
Nationalities of employees <sup>10</sup>	Number	76	74	78	75
Women in the workforce <sup>10</sup>	Number	3,776	3,562	3,378	3,221
Proportion of women in the workforce <sup>10</sup>	%	40.7	40.2	40.1	39.4
Total number of senior managers (Valora) at reporting level 1 (incl. Management Board) <sup>10</sup>	Number	53	55	56	54
Female senior managers (Valora) at reporting level 1 (incl. Management Board) <sup>10</sup>	Number	8	12	13	15
Proportion of female senior managers (Valora) at reporting level 1 (incl. Management Board) <sup>10</sup>	%	15.0	21.8	23.2	27.8
Total number of senior managers (Valora) at reporting level 1 (excl. Management Board) <sup>10</sup>	Number	45	47	49	47
Female senior managers (Valora) at reporting level 1 (excl. Management Board) <sup>10</sup>	Number	6	10	11	13
Proportion of female senior managers (Valora) at reporting level 1 (excl. Management Board) <sup>10</sup>	%	13.3	21.3	22.4	27.7
Female members of the Management Board	Number	2	2	2	2
Proportion of female members of the Management Board	%	25.0	25.0	28.6	28.6
Total difference in salaries for men and women: percentage of women's average target salary compared with average target salary for men (senior management, middle management, rest of the workforce) <sup>10</sup>	%	76	77	78	79
Difference in salaries for men and women in senior management: percentage of women's average target salary compared with average target salary for men <sup>10</sup>	%	104	100	102	91
Difference in salaries for men and women in middle management: percentage of women's average target salary compared with average target salary for men <sup>10</sup>	%	80	83	84	85
Difference in salaries for men and women in the rest of the workforce: percentage of women's average target salary compared with average target salary for men <sup>10</sup>	%	80	80	81	82
Average age of employees <sup>10</sup> Detailed breakdown by age and gender on p. 51	Years	39.7	40.1	40.9	41.7
Average length of service	Years	8.7	9.4	10.2	10.9
Total expenditure on employee training and professional development	EUR million	6.3	7.6	8.1	8.1
Staff turnover <sup>10</sup> The basis is the number of employees who left over the period from 31 December 2019 to 30 December 2020/mean PIP value at the five reporting dates 31 December 2019, 31 March 2020, 30 June 2020, 30 August 2020 and 31 December 2020. Detailed breakdown by age and gender on p. 51.	Number (%)	1,633 (17.4)	1,273 (14.1)	1,208 (14.0)	917 (11.1)
New employees <sup>10</sup> The basis is respectively the number of new entries over the period from 1 January to 31 December of the relevant financial year. Detailed breakdown by age and gender on p. 51.	Number (%)	1,405 (21.5)	857 (9.5)	768 (9.0)	652 (7.9)
Voluntary exits (voluntary rotation index) <sup>10,12</sup>	%	9.7	9.6	9.6	7.5
Employees who have taken parental leave <sup>10</sup> Women with multiple entries were counted as one instance of parental leave in each case, men with two entries were classed as one instance of parental leave, and decisions were made on a case-by-case basis regarding more than two entries for men. Part-time employees on parental leave are classed as active employees.	Number	685 (488 women, 197 men)	663 (472 women, 191 men)	578 (393 women, 185 men)	535 (368 women, 167 men)

<sup>10</sup> Total employees excl. 50% of employees from Tchibo joint venture.

<sup>12</sup> The definition of voluntary exits changed in the reporting year. In addition to employee resignations, voluntary exits now also include, for example, the end of fixed-term employment, (early) retirement and an employee's death. The figures for 2017 to 2019 have been adjusted accordingly.

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GRI 102-8; 401-3; 403-9; 403-10

EMPLOYEES	UNIT	2017	2018	2019	2020
Employees who returned to work after parental leave <sup>10</sup>	Number	350 (184 women, 166 men)	372 (205 women, 167 men)	325 (158 women, 167 men)	296 (148 women, 148 men)
Percentage of employees who returned to work after parental leave <sup>10</sup>	%	92 (89% women, 95% men)	97 (94% women, 100% men)	93 (88% women, 99% men)	97 (95% women, 99% men)
Employees who returned to work after parental leave and who were still in their jobs twelve months after returning <sup>10</sup>	Number	355 (171 women, 184 men)	320 (165 women, 155 men)	312 (161 women, 151 men)	291 (141 women, 150 men)
The figures comprise those employees who returned from parental leave the previous year and who were still employed by the company 12 months after returning.					
Percentage of employees who stay in their job following parental leave <sup>10</sup>	%	92 (88% women, 95% men)	81 (77% women, 87% men)	83 (78% women, 90% men)	88 (86% women, 90% men)

OCCUPATIONAL HEALTH AND SAFETY	UNIT	2017	2018	2019	2020
Absenteeism rate (Number of lost days resulting from workplace accidents and other illnesses/total number of workdays in year) × 100	%	5.7 (7.4% women, 4.7% men)	7.2 (8.9% women, 6.0% men)	6.9 (8.5% women, 5.8% men)	5.9 (7.4% women, 5.0% men)
Lost days recorded due to any form of incapacity to work	Number	125,570 (62,464 women, 63,106 men)	161,745 (80,895 women, 80,850 men)	147,215 (73,025 women, 74,190 men)	122,589 (60,782 women, 61,807 men)
Accident rate <sup>13</sup> (Number of workplace accidents/total number of working hours in year) × 200,000	Rate	0.83 (0.74 women, 0.89 men)	0.59 (0.61 women, 0.58 men)	1.03 (0.99 women, 1.05 men)	0.8 (0.90 women, 0.70 men)
Workplace accidents resulting in lost days <sup>13</sup>	Number	73 (25 women, 48 men)	53 (22 women, 31 men)	88 (34 women, 54 men)	62 (28 women, 34 men)
Rate of lost days due to workplace accidents <sup>14</sup> (Lost days resulting from workplace accidents/total number of working hours in year) × 200,000	Rate	9.56 (5.24 women, 12.28 men)	9.06 (10.03 women, 8.40 men)	20.20 (19.20 women, 20.80 men)	11.40 (11.70 women, 11.30 men)
Lost days recorded due to workplace accidents <sup>14</sup>	Number	840 (178 women, 662 men)	813 (363 women, 450 men)	1,733 (661 women, 1,072 men)	945 (382 women, 563 men)
Number of work-related illnesses	Number	0	0	0	0

<sup>10</sup> Total employees excl. 50% of employees from Tchibo joint venture.

<sup>13</sup> The method used to determine workplace accidents changed in the 2019 reporting year, meaning workplace accidents are not directly comparable with the previous year's figures for 2017 and 2018.

<sup>14</sup> The method of calculating the number of lost days recorded due to workplace accidents was changed in 2019. The figures can therefore not be directly compared with those for 2017 and 2018.

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GRI 302-1; 302-3; 305-1; 403-3;  
403-5; 403-9; 403-10

UNGC principles 7, 8, 9

OCCUPATIONAL HEALTH AND SAFETY	UNIT	2017	2018	2019	2020
Number of work-related fatalities due to a workplace accident or work-related illness (based on local laws, regulations and standards)	Number	0	0	0	0
Occupational health and safety committees (occupational safety committee meetings and health forums) <sup>15</sup>	Number	62	21	22	19
Hours of training in occupational health and safety	Number	4,505	10,025	11,353	9,077
Medical examinations performed	Number	538	538	477	173

ENVIRONMENT	UNIT	2017	2018	2019	2020
ENERGY AND CARBON EMISSIONS					
Total energy consumption Detailed breakdown on p. 107	GWh	791	778	727	736
Total electricity consumption The figure for electricity consumption equals the volumes actually billed per electricity consumption point and, in some cases, forecasts of the volumes consumed.	GWh	752	746	696	710
of which by the network and data centre <sup>16</sup>	GWh	722	715	668	686
of which by offices, shops, call centres	GWh	30	31	28	24
Total fuel consumption Fuel consumption (in the form of diesel, natural gas and district heating) comprises the units provided via a direct contract between a supplier and the Telefónica Deutschland Group.	GWh	39	32	31	26
Energy intensity – energy consumption per data volume The energy intensity equals the energy consumption divided by the data volume in petabytes.	GWh/PB	0.25	0.22	0.17	0.12
Energy from renewable energy sources <sup>17</sup>	GWh	536	610	584	679
Proportion of total electricity consumption relating to renewable energies <sup>17</sup>	%	71	82	84	96
Proportion of green electricity in self-procured and controlled energy	%	100	100	100	100
Total carbon emissions (Scopes 1, 2 and 3) – market-based method <sup>19</sup> (location-based method) <sup>20</sup> Carbon emissions (including Scope 1 and Scope 2) are calculated on the basis of ISO 14064, the Greenhouse Gas Protocol and ITU-T L.1420. A standard Germany-wide conversion factor is used to convert electricity consumption to carbon emissions.	t CO <sub>2</sub> eq <sup>18</sup>	180,614 (420,412)	114,509 (378,890)	93,470 (342,524)	26,720 (292,214)
Direct emissions (Scope 1) with refrigerant emissions	t CO <sub>2</sub> eq	16,220	6,889	7,000	5,623

<sup>15</sup> The high number of occupational safety committee meetings in 2017 is due to a change in the counting method in 2017. All meetings were counted at the level of the local works council regions. Since 2018 only the number of committees has been counted.

<sup>16</sup> Network electricity consumption equals the number of mobile telephony and fixed line sites multiplied by an average electricity consumption figure per site. This was determined on the basis of historical consumption data. In the future, the values actually measured by smart meters will replace the figures recorded statistically here.

<sup>17</sup> Energy from renewable energy sources comprises direct procurement and electricity procurement certified with guarantees of origin. Since 2020 the calculation of energy from renewable energy sources has included green electricity from network and IT infrastructure used together with other companies in addition to the volume of green electricity sourced by the Telefónica Deutschland Group.

<sup>18</sup> CO<sub>2</sub>eq = CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

<sup>19</sup> For the market-based method, 609.37 g CO<sub>2</sub> per kWh is being used in the 2020 reporting year.

<sup>20</sup> A standard Germany-wide conversion factor is used to convert electricity consumption into carbon emissions, irrespective of the fact that 96% (previous year: 84%) came from renewable energy sources. The Telefónica Deutschland Group uses the electricity conversion factors of the German Environment Agency (UBA) (development of specific carbon emissions in the German electricity mix during the years 1990–2019) and therefore took 401 g CO<sub>2</sub> per kWh in 2019 as the basis for its calculation in accordance with the location-based method in the 2020 reporting year.



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GRI 301-3; 305-2; 305-3; 305-4

UNGC principles 7, 8, 9

ENVIRONMENT	UNIT	2017	2018	2019	2020
Indirect emissions (Scope 2) (market-based method)	t CO <sub>2</sub> eq	157,505	101,559	81,513	20,201
Indirect emissions (Scope 2) (location-based method)	t CO <sub>2</sub> eq	397,303	365,940	330,567	285,695
Other indirect emissions (Scope 3) <sup>21</sup> Other indirect emissions due to business travel (flights and rail travel)	t CO <sub>2</sub> eq	6,889	6,061	4,957	896
Emissions avoided through the consumption of renewable energies	t CO <sub>2</sub> eq	282,354	298,290	276,974	272,106
Greenhouse gas intensity <sup>22</sup> The greenhouse gas intensity equals the total carbon emissions (Scopes 1, 2 and 3) divided by the data volume in petabytes.	t CO <sub>2</sub> eq/PB	130.9	108.0	79.2	47.1
Locations shared with other network operators	Number	6,719	6,260	3,219	7,064
Inspection of electromagnetic fields to guarantee the limits are not exceeded	Number	4,314	4,142	4,485	6,456
Investments in and expenditure on measurement of electromagnetic fields <sup>23</sup>	EUR	4,323,649	2,025,000	648,458	845,888
<b>WATER</b>					
Water consumption The water consumption data is partly based on projections.	m <sup>3</sup>	87,156	77,685	64,730	61,632
<b>MATERIAL CONSUMPTION</b>					
Total paper consumption	t	562.6	554.9	514.7	313.7
Paper consumption (offices, shops, call centres) 100 % recycled paper with Blauer Engel (Blue Angel) certification	t	99.6	75.9	72.7	50.7
Paper consumed for customer contact (letters, envelopes, invoices) <sup>24</sup>	t	463.0	479.0	442.0	263.0
<b>WASTE MANAGEMENT</b>					
Total waste This waste is calculated as the sum of the types of waste listed below.	t	1,761.9	3,440.0	1,829.0	1,657.5
Electrical and electronic equipment waste from network operation and offices (e.g. antennas, outdated hardware, routers)	t	403.0	173.9	119.7	88.3
of which electronics and electronic equipment waste from network operation and offices (recycled)	t	29.8	7.6	5.7	9.9
of which mobile phones from customers	t	9.4	7.4	11.2	11.0

<sup>21</sup> The emissions per km for flights and rail travel (Scope 3) for the years 2017 to 2020 were calculated with emission factors applied Group-wide (source: UK government conversion factors). The figures for 2017 and 2018 were subjected to retrospective adjustment, with rail travel being added. They therefore diverge from the figures reported in the 2017 CR Report and the 2018 CR Report.

<sup>22</sup> The calculation of indirect emissions (Scope 3) was adjusted in 2019. The greenhouse gas intensity figures therefore diverge from those in the 2017 CR Report and the 2018 CR Report.

<sup>23</sup> The figures for 2017 to 2019 are partially based on estimates.

<sup>24</sup> Value was provided as an estimate by external service providers.

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ENVIRONMENT	UNIT	2017	2018	2019	2020
a) recycled mobile phones from customers	t	8.1	6.8	11.0	10.4
b) customers' mobile phones sent in for refurbishment	t	1.3	0.6	0.2	0.6
of which electrical and electronic equipment waste from customers without mobile phones (100% recycling/reuse)	t	363.8	158.9	102.8	67.4
Waste from non-electrical/non-electronic equipment	t	1,875.0	3,266.1	1,709.2	1,569.2
of which paper and card waste (100% recycled) <sup>25</sup>	t	119.4	446.0	305.0	212.2
of which cables, pipes and metals (100% recycled) <sup>26</sup>	t	1,681.4	2,710.2	1,322.1	1,262.1
of which batteries (100% recycled)	t	74.2	109.9	82.1	94.9
Number of old mobile phones collected <sup>27</sup> For the old mobile phones collected in the mobile phone recycling programme, the Telefónica Deutschland Group makes a contribution to Naturschutzbund Deutschland (Nature and Biodiversity Conservation Union; NABU) for nature conservation projects.	Number	80,159	96,442	83,057	110,151
Eco Index-rated mobile phone Number of devices in the Telefónica Deutschland Group's current portfolio of smartphones and feature phones (no retailers) that feature an Eco Index rating.	%	95.4	92.3	95.2	97.2

<sup>25</sup> As waste containing paper is not weighed when collected but rather only volumes and the number of waste containers are recorded, since 2017 a more conservative estimate for the recycling volume has been made.

<sup>26</sup> Governed by contractual agreements with waste disposal companies.

<sup>27</sup> The number of mobile phones collected includes mobile phones which are brought into the recycling process and refurbished in the reuse process.

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# CR-relevant awards received in 2020

## Most valuable company in the telecommunications industry

The Telefónica Deutschland Group was the industry winner in the "Germany's most valuable company" study conducted in 2020. The study examined what companies in Germany are doing in the area of sustainability, how they report on the topic and how deeply rooted the topic is in the company DNA. The ranking was created by DEUTSCHLAND TEST together with the IMWF Institut für Management- und Wirtschaftsforschung (IMWF Institute of Management and Business Research) and with the scientific supervision of the Hamburg Institute of International Economics (HWWI).<sup>1</sup>

## Third most sustainable company in Germany

The Telefónica Deutschland Group secured third place in a comprehensive study on Germany's most sustainable companies conducted by the magazine *stern* and the market research company Statista. The study involved the latest sustainability and annual reports of more than 2,000 companies being analysed and 13,000 citizens being surveyed regarding their perceptions of the companies' sustainability.<sup>2</sup>

## Nomination for the German government's CSR Prize

The Telefónica Deutschland Group is the only telecommunications company to have been nominated for the German government's 2020 Corporate Social Responsibility Prize (CSR Prize for short) in the special

category "CSR and digitalisation". In a management survey, the companies were asked to state how responsible business could be efficiently achieved. The focus was on the five areas of action "Corporate governance", "Market", "Workplace", "Environment" and "Corporate citizenship".<sup>3</sup>

## Nominated for the German Sustainability Award

The Telefónica Deutschland Group was nominated as one of the leading companies in the digitalisation field of transformation of the 13th German Sustainability Award. We therefore belong to a group of companies that, in the opinion of the jury of experts, implement transformation in an exemplary manner and use it as an economic opportunity. Comprising five competitions, more than 800 applicants and 2,000 guests at the concluding event, the German Sustainability Award is the biggest prize of its kind in Europe.<sup>4</sup>

## PR award for O<sub>2</sub>, #LOVEMOB campaign against cyberbullying

In the PR Klappe competition run by the Deutscher Marketing Verband (German Marketing Association), O<sub>2</sub> received a bronze award in the category "Influencer Content" in 2020 for its anti-cyberbullying campaign #LOVEMOB. For #LOVEMOB, we joined forces with prominent figures to champion greater moral courage in the digital world and combat the spread of online hate.<sup>5</sup>

Category of  
sustainability and  
corporate social  
responsibility



<sup>1</sup> www.deutschlandtest.de/de/wp-content/uploads/DT-Nachhaltigkeit-2021.pdf

<sup>2</sup> www.stern.de/wirtschaft/news/stern-siegel--die-200-nachhaltigsten-unternehmen-deutschlands-9514568.html

<sup>3</sup> www.csr-in-deutschland.de/DE/CSR-Preis/Ueber-den-Wettbewerb/Nominierte-2020/Sonderpreis-CSR-und-Digitalisierung/telefonica-deutschland-holding-ag.html

<sup>4</sup> www.nachhaltigkeitspreis.de/unternehmen/nominierte-ohne-finalisten/

<sup>5</sup> www.dieklappe.de/die-preisverleihung/die-pr-klappe-preistraeger-2020/#.Bronze

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**O<sub>2</sub> customer service wins gold  
German Stevie Award**

The People Transformation & Transition team in the Customer Service & Sales (CSS) division won a gold **German Stevie Award** business award in the category "Customer service department of the year". This was an acknowledgement in particular of the implementation of O<sub>2</sub>'s large-scale customer satisfaction drive, which has already generated very good results in numerous independent customer service tests.<sup>1</sup>

**Digital Champion title from Focus Money**

In a study, the business magazine *Focus Money* named the Telefónica Deutschland Group the industry winner in the area of telecommunications, awarding it the title of **Digital Champion**. According to *Focus Money*, "Digital Champions" are companies that actively embrace the challenges of digitalisation and respond to them with their own answers and solutions. Its successful omnichannel sales approach was recognised in particular.<sup>2</sup>

**Test win for Mein O<sub>2</sub> app**

The specialist magazine *connect* checks the German network operators' customer service apps once a year in terms of functionality, service and security. In this year's test, the **Mein O<sub>2</sub>** app was rated "very good" for the third consecutive time, with 927 out of a possible 1,000 points, thus securing the overall victory. The app additionally achieved the grade "outstanding" for the first time in the important category "Functionality and handling" with 295 out of a possible 300 points.<sup>3</sup>

Category of  
**customer service**

Category of  
**network quality**

**O<sub>2</sub> network rated "very good"<sup>4</sup>**

In the latest mobile communications **network test** conducted by the specialist magazine *connect*, the O<sub>2</sub> network scored a mark of "very good" – for the first time in the company's 25-year history. In the area of mobile data usage, the network impressed with its reliably powerful data connections, very good call quality and significantly improved network coverage, moving up to second place in the important "mobile data usage" category for Germany. The O<sub>2</sub> network achieved the biggest improvement, with an additional 94 points taking it to a new total of 852 points.<sup>5</sup>

Category of  
**shops and retail**

**Overall rating of "very good" in connect shop test**

In this year's *connect* shop test, the O<sub>2</sub> shops not only clinched the test win once again, but also significantly increased their lead over the competitors and were the only shops to be given an overall rating of "very good". O<sub>2</sub> dominated in terms of individual shop assessments too: 14 of the 25 O<sub>2</sub> shops tested were rated "outstanding" or "very good". One O<sub>2</sub> shop in Münster was even the first in the history of the *connect* shop test to achieve an almost perfect score, scoring 499 out of a possible 500 points.<sup>5</sup>

<sup>1</sup> [www.telefonica.de/news/corporate/2020/03/kundenservice-abteilung-des-jahres-customer-service-team-erhaelt-den-german-stevie-award-in-gold.html](http://www.telefonica.de/news/corporate/2020/03/kundenservice-abteilung-des-jahres-customer-service-team-erhaelt-den-german-stevie-award-in-gold.html)

<sup>2</sup> [www.deutschlandtest.de/de/wp-content/uploads/Digital.pdf](http://www.deutschlandtest.de/de/wp-content/uploads/Digital.pdf)

<sup>3</sup> [www.connect.de/vergleich/service-app-test-2020-mobilfunk-netzbetreiber-deutschland-oesterreich-schweiz-3201171-8891.html](http://www.connect.de/vergleich/service-app-test-2020-mobilfunk-netzbetreiber-deutschland-oesterreich-schweiz-3201171-8891.html)

<sup>4</sup> *connect* mobile communications network test 2021: very good (852 points); in total, three ratings of "very good" were awarded (926, 876 and 852 points). The full ranking can be found here.

<sup>5</sup> [www.o2online.de/vorteile/auszeichnungen-testberichte/](http://www.o2online.de/vorteile/auszeichnungen-testberichte/)

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#### Honoured with B.A.U.M. Environmental and Sustainability Award

Valentina Daiber, Chief Officer for Legal & Corporate Affairs at Telefónica Deutschland Group, received the 2020 B.A.U.M. Environmental and Sustainability Award in the category "Major companies". She was recognised for her many years of fruitful commitment to sustainable business, as borne out by implementation of the Telefónica Deutschland Group's Responsible Business Plan. The environmental award is one of the most important sustainability accolades in Germany.<sup>1</sup>

#### CDP confirms global leadership in climate protection

The Telefónica, S.A. Group is among the top 3% of the more than 9,600 companies around the world that disclosed their environmental data for 2020 through the non-governmental organisation CDP. The company was awarded the top mark of A for the seventh consecutive year. In particular, CDP rates companies highly that very transparently promote carbon emission decreases, the reduction of climate risks and making a contribution to the development of a low-carbon economy. The Group plays a part in global climate targets being achieved above all through digitalisation and mobile communications.<sup>2</sup>

Category of  
**environmental  
and climate  
protection**



Category of  
**employees**

#### Recognition with the Corporate Health Award and a special pandemic management award

The Telefónica Deutschland Group received the *Corporate Health Award* for its occupational health management for the second time in 2020, following its first win in 2018. We also received a special pandemic management award as recognition in particular of the company's flexibility and communication capabilities in the changed circumstances.<sup>3</sup>

#### Industry winner in "Top career opportunities" ranking

In the "Top career opportunities" study published by *Focus Money*, DEUTSCHLAND TEST and the IMWF Institut für Management- und Wirtschaftsforschung (IMWF Institute of Management and Business Research) looked at which of the 22,500 biggest companies in Germany offered their employees optimum prospects, for example with promotion and development opportunities. The Telefónica Deutschland Group achieved full marks and came out as the winner in the telecommunications sector.<sup>4</sup>

These awards and distinctions and others can be found in an overview on our [website](#).

<sup>1</sup> [www.baumev.de/News/9725/ValentinaDaiberTelefonicaDeutschlandHoldingAG.html](http://www.baumev.de/News/9725/ValentinaDaiberTelefonicaDeutschlandHoldingAG.html)

<sup>2</sup> [www.telefonica.de/news/corporate/2020/12/bestnote-a-in-der-cdp-klima-liste-telefonica-zum-siebten-mal-in-folge-fuer-weltweite-fuehrungsrolle-im-klimaschutz-ausgezeichnet.html](http://www.telefonica.de/news/corporate/2020/12/bestnote-a-in-der-cdp-klima-liste-telefonica-zum-siebten-mal-in-folge-fuer-weltweite-fuehrungsrolle-im-klimaschutz-ausgezeichnet.html)

<sup>3</sup> [www.corporate-health-award.de/](http://www.corporate-health-award.de/)

<sup>4</sup> [www.deutschlandtest.de/de/wp-content/uploads/DT-2020-Karriere-allgemein.pdf](http://www.deutschlandtest.de/de/wp-content/uploads/DT-2020-Karriere-allgemein.pdf)



# Our memberships and partnerships

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Our memberships are selected in accordance with our strategic priorities. Memberships should support our business activities and serve as the parameters

within which we can generate added value for society. It is also especially important to us that we promote dialogue on economic and societal issues within the

industry. We continue to participate in initiatives that strengthen responsible business. Below is a selection of our memberships and cooperations.

MEMBERSHIP/COOPERATION	SINCE	TARGET	WEBSITE
AfB gGmbH (Work for people with disabilities)	2013	The old IT hardware of major enterprises and public institutions is recycled (including the deletion of any data) and put back into the market; at least 50 % of the workforce is made up of people with a disability.	<a href="http://www.afb-group.eu">www.afb-group.eu</a>
AmCham – American Chamber of Commerce in Germany e. V.	2010	Corporate network for global business development and for a German-American partnership	<a href="http://www.amcham.de">www.amcham.de</a>
B.A.U.M. e. V. – Bundesdeutscher Arbeitskreis für Umweltbewusstes Management (German Association of Environmental Management)	2011	Membership of the largest corporate network for sustainable business	<a href="http://www.baumev.de">www.baumev.de</a>
Bitkom – Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V. (Federal Association for Information Technology, Telecommunications and New Media)	2001	Membership alongside other companies from the IT, telecommunications and new media industries; active participation, among other things, in working groups looking at the issues of data protection, media policy and occupational safety	<a href="http://www.bitkom.org">www.bitkom.org</a>
BVDW – Bundesverband Digitale Wirtschaft e. V. (German Association for the Digital Economy)	2020	As an initiator of, guide to and accelerator of digital business models, the BVDW represents the interests of the digital economy vis-à-vis policymakers and society. With its network, it advocates market transparency and innovation-friendly framework conditions.	<a href="http://www.bvdw.org">www.bvdw.org</a>
Cybermobbing-Hilfe e. V. (Cyberbullying Support)	2020	Support for the victims of cyberbullying and promotion of prevention work in society	<a href="http://www.cybermobbing-hilfe.com">www.cybermobbing-hilfe.com</a>
Deutsches Kinderhilfswerk e. V. (German Children's Fund)	2009	Association for children's rights and against child poverty	<a href="http://www.dkhw.de">www.dkhw.de</a>
DICO – Deutsches Institut für Compliance e. V. (German Institute for Compliance)	2015	Development of compliance standards and playing a role in shaping good corporate governance	<a href="http://www.dico-ev.de">www.dico-ev.de</a>
DIRK – Deutscher Investor Relations Verband e. V. (German Investor Relations Association)	2014	Europe's largest professional association for promoting dialogue between companies and capital markets	<a href="http://www.dirk.org">www.dirk.org</a>
eco – Verband der Internetwirtschaft e. V. (eco – Association of the Internet Industry)	2002	Companies from the IT and telecommunications industries in the largest Internet industry association in Europe for future Internet topics	<a href="http://www.eco.de">www.eco.de</a>
Europäische Bewegung Deutschland e. V. (European Movement Germany)	2008	Network for European policy in Germany	<a href="http://www.netzwerk-ebd.de">www.netzwerk-ebd.de</a>
FSM Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e. V. (German Association for Voluntary Self-Regulation of Digital Media Service Providers; FSM)	2005	Promotion of the protection of young people (e.g. code of conduct for mobile operators in Germany for the protection of young people)	<a href="http://www.fsm.de">www.fsm.de</a>
GDD Gesellschaft für Datenschutz und Datensicherheit e. V. (German Association for Data Protection and Data Security)	1994	German association for data protection and data protection officers	<a href="http://www.gdd.de">www.gdd.de</a>

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MEMBERSHIP/COOPERATION	SINCE	TARGET	WEBSITE
Global Digital Women (GDW)	2019	Network for accelerating gender equality and making women with a digital focus spanning a number of different industries visible in business and day-to-day life	<a href="http://www.global-digital-women.com">www.global-digital-women.com</a>
GSM Association	2008	Global industrial body representing the interests of GSM mobile operators	<a href="http://www.gsma.com">www.gsma.com</a>
Information Security Forum	2004	Independent non-profit organisation for networking on the topics of cybersecurity, information security and risk management; active participation in its capacity as a member of Telefónica, S.A.	<a href="http://www.securityforum.org">www.securityforum.org</a>
“Chefsache” (Management Issue) initiative	2020	Network of leaders from business, science, the public sector and the media to promote equal opportunity for women and men	<a href="http://www.initiative-chefsache.de">www.initiative-chefsache.de</a>
International Wireless Industry Consortium (IWPC)	2015	Initiative for facilitating global knowledge capital collaboration through real-time insights into vital technology, market and ecosystem developments	<a href="http://www.iwpc.org">www.iwpc.org</a>
klicksafe	2007	Initiative that in Germany promotes the safe use of the Internet and new media on behalf of the European Commission	<a href="http://www.klicksafe.de">www.klicksafe.de</a>
Klimapakt Münchner Wirtschaft (Munich Business Climate Pact)	2016	Major enterprises based in Munich have committed to voluntarily reducing their carbon emissions.	<a href="http://www.muenchen.de/rathaus/wirtschaft/nachhaltig-oeko/klimapakt-muenchner-wirtschaft.html">www.muenchen.de/rathaus/wirtschaft/nachhaltig-oeko/klimapakt-muenchner-wirtschaft.html</a>
Naturschutzbund Deutschland e. V. (Nature and Biodiversity Conservation Union; NABU)	2015	Commitment to people and nature with numerous projects to protect species, the environment and nature in Germany	<a href="http://www.nabu.de">www.nabu.de</a>
NIK – Nürnberger Initiative für die Kommunikationswirtschaft e. V. (Nuremberg Initiative for the Communications Industry)	1998	Network for the digital economy of the Nuremberg metropolitan region and forum for companies shaping digital transformation	<a href="http://www.nik-nbg.de">www.nik-nbg.de</a>
#SheTransformsIT	2020	Advocacy of greater representation of women in digitalisation and better career opportunities for girls and women	<a href="http://www.shetransformsit.de">www.shetransformsit.de</a>
Stiftung Digitale Chancen (Digital Opportunities Foundation)	2010	Commitment to getting more people interested in the opportunities provided by the Internet and supporting people in using it. The goal is to counteract the exclusion of disadvantaged sections of the population from the development of the information society.	<a href="http://www.digitale-chancen.de">www.digitale-chancen.de</a>
Umweltpakt Bayern (Bavarian Environmental Pact)	1995	Voluntary agreement between the Bavarian state government and Bavarian industry on environmental protection	<a href="http://www.umweltpakt.bayern.de">www.umweltpakt.bayern.de</a>
UN Global Compact and Deutsches Global Compact Netzwerk (Global Compact Network Germany)	2020	The world's largest initiative for governance for responsible corporate management and the pursuit of the vision of an inclusive and sustainable global economy for the benefit of all people, communities and markets	<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a> <a href="http://www.globalcompact.de">www.globalcompact.de</a>
UPJ e. V. – Unternehmen als Partner der Jugend (Companies as a Partner of Young People)	2005	Network connecting companies and civil society regarding corporate social responsibility	<a href="http://www.upj.de">www.upj.de</a>
VATM – Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V. (Association of Telecommunications and Value-Added Service Providers)	2001	Networking with other companies from the IT and telecommunications industries; active participation in various working groups	<a href="http://www.vatm.de">www.vatm.de</a>
VDE – Verband der Elektrotechnik Elektronik und Informationstechnik e. V. (Association for Electrical, Electronic & Information Technologies)	2003	Organisation that brings together science, standardisation, testing, certification and application consulting under a single umbrella and advocates the promotion of research and the next generation of those working in the field; supporting member of Special Committee Lightning Protection and Lightning Research (ABB)	<a href="http://www.vde.com/de">www.vde.com/de</a>
Zentrale zur Bekämpfung unlauteren Wettbewerbs e. V. (Centre for Protection against Unfair Competition)	2002	Self-regulation institution active Germany-wide for the enforcement of the law against unfair competition	<a href="http://www.wettbewerbszentrale.de">www.wettbewerbszentrale.de</a>

**The Telefónica, S.A. Group collaborates with associations and other organisations that have a direct impact on our industry and stakeholders. These can be found [here](#).**

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GRI 102-55

# GRI content index

The Telefónica Deutschland Group's 2020 CR Report was prepared in accordance with the Comprehensive option of the GRI Standards. The Telefónica Deutschland Group is also committed to upholding

the principles of the United Nations Global Compact (UNGC) to the "GC Active" level; these cover the areas of human rights, labour standards, environmental protection and anti-corruption. The GRI content index

therefore also illustrates which of the stated GRI indicators simultaneously cover one or more of the UNGC principles.

GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES	
GRI 101: Foundation 2016					
GRI 102: General disclosures 2016					
ORGANISATIONAL PROFILE					
GRI 102: General disclosures 2016	102-1	Name of the organisation	<ul style="list-style-type: none"> <li>Portrait of the company (p. 9)</li> </ul>		
	102-2	Activities, brands, products and services	<ul style="list-style-type: none"> <li>Portrait of the company (p. 9 f.)</li> </ul>		
	102-3	Location of headquarters	<ul style="list-style-type: none"> <li>Portrait of the company (p. 9)</li> </ul>		
	102-4	Location of operations	<ul style="list-style-type: none"> <li>Portrait of the company (p. 9)</li> </ul>		
	102-5	Ownership and legal form	<ul style="list-style-type: none"> <li>Portrait of the company (p. 9)</li> <li>AR (Management Report) (pp. 3–69)</li> </ul>		
	102-6	Markets served	<ul style="list-style-type: none"> <li>Portrait of the company (p. 9)</li> </ul>		
	102-7	Scale of the organisation	<ul style="list-style-type: none"> <li>Portrait of the company (p. 9)</li> <li>AR (Management Report) (pp. 3–69)</li> </ul>		
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> <li>Employer (p. 51)</li> <li>Table of key figures for employees (pp. 142–144)</li> </ul>	Seasonal fluctuations and a breakdown by contract workers are not relevant. This applies to all the employee figures.	
	102-9	Supply chain	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> <li>Table of key figures for supply chain (p. 141)</li> </ul>		
	102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> <li>AR (Consolidated Financial Statements) (pp. 71–145)</li> <li>AR (Management Declaration) (pp. 167–175)</li> </ul>		
	102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> <li>CR strategy (pp. 15–17)</li> <li>Environmental management (pp. 101–103)</li> </ul>		<b>7</b> Businesses should support a precautionary approach to environmental challenges.

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
	102-12	External initiatives	<ul style="list-style-type: none"> <li>Digital inclusion (pp. 86–91)</li> <li>Supplier management (p. 58 f.)</li> <li>Compliance (pp. 41–44)</li> <li>Data protection and information security (p. 96 f.)</li> <li>Contribution to SDGs (p. 127)</li> </ul>	
	102-13	Membership of associations	<ul style="list-style-type: none"> <li>Data protection and information security (p. 97)</li> <li>Environmental management (p. 101)</li> <li>Memberships (pp. 151–152)</li> </ul>	
STRATEGY				
GRI 102: General disclosures 2016	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> <li>Foreword (p. 5 f.)</li> </ul>	Management statement regarding the company's ongoing commitment to the UN Global Compact and to further efforts to implement and promote The Ten Principles.
	102-15	Key impacts, risks and opportunities	<ul style="list-style-type: none"> <li>CR strategy (pp. 15–17)</li> <li>AR (Management Report) (pp. 3–69)</li> <li>Our Responsible Business Plan (pp. 7–8)</li> <li>Financial climate risks (pp. 122–124)</li> <li>Materiality according to GRI (p. 120 f.)</li> </ul> <p>The concrete impacts, opportunities and risks are presented for each material CR topic when it is first addressed.</p>	
ETHICS AND INTEGRITY				
GRI 102: General disclosures 2016	102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>AR (Management Declaration) (pp. 167–175)</li> <li>Human rights (pp. 65–71)</li> </ul>	
	102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>AR (Management Declaration) (pp. 167–175)</li> </ul>	
GOVERNANCE				
GRI 102: General disclosures 2016	102-18	Governance structure	<ul style="list-style-type: none"> <li>CR management (pp. 18–21)</li> <li>AR (Management Report) (pp. 3–70)</li> <li>AR (Management Declaration) (pp. 167–175)</li> </ul>	
	102-19	Delegating authority	<ul style="list-style-type: none"> <li>CR management (pp. 18–21)</li> <li>AR (Management Report) (pp. 3–70)</li> </ul>	

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
102-20	Executive-level responsibility for economic, environmental and social topics	<ul style="list-style-type: none"> <li>• CR management (pp. 18–21)</li> <li>• Compliance (pp. 41, 44)</li> </ul>		
102-21	Consulting stakeholders on economic, environmental and social topics	<ul style="list-style-type: none"> <li>• CR management (pp. 18–21)</li> <li>• Compliance (pp. 41–44)</li> </ul>		
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> <li>• AR (Management Declaration) (pp. 167–175)</li> </ul>		
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> <li>• AR (Management Declaration) (pp. 167–175)</li> </ul>		
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> <li>• AR (Supervisory Board Report) (pp. 157–167)</li> <li>• AR (Management Declaration) (pp. 167–175)</li> </ul>		
102-25	Conflicts of interest	<ul style="list-style-type: none"> <li>• AR (Consolidated Financial Statements) (pp. 71–145)</li> <li>• AR (Supervisory Board Report) (pp. 157–167)</li> <li>• AR (Management Declaration) (pp. 167–175)</li> <li>• Compliance (pp. 41–44)</li> </ul>		
102-26	Role of highest governance body in setting purpose, values and strategy	<ul style="list-style-type: none"> <li>• CR management (pp. 18–21)</li> <li>• AR (Supervisory Board Report) (pp. 157–167)</li> <li>• AR (Management Declaration) (pp. 167–175)</li> </ul>		
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> <li>• AR (Management Declaration) (pp. 167–175)</li> </ul>		
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> <li>• AR (Management Declaration) (pp. 167–175)</li> </ul>		
102-29	Identifying and managing economic, environmental and social impacts	<ul style="list-style-type: none"> <li>• AR (Management Report) (pp. 3–70)</li> <li>• Non-Financial Report (pp. 5–23)</li> </ul>		
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> <li>• AR (Management Report) (pp. 3–70)</li> </ul>		
102-31	Review of economic, environmental and social topics	<ul style="list-style-type: none"> <li>• CR management (pp. 18–21)</li> <li>• AR (Management Report) (pp. 3–70)</li> <li>• Financial climate risks (pp. 122–124)</li> </ul>		
102-32	Highest governance body's role in sustainability reporting	The Supervisory Board discusses the findings of the audit of the Non-Financial Report and the related performance indicators with the auditors and then passes a resolution based on its own audit. The CR strategy is approved by the Management Board once it has been reviewed. The CR department implements the CR reporting on the material topics on the basis of the CR strategy. The Management Board approves the CR Report following review and the Supervisory Board being informed.		



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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
102-33	Communicating critical concerns	• AR (Management Declaration) (pp. 167–175)	The information is not available for the period under review.	
102-34	Nature and total number of critical concerns			
102-35	Remuneration policies	<ul style="list-style-type: none"> <li>• Remuneration Report in AR (Management Report) (pp. 49–61)</li> <li>• Non-Financial Report (p. 8)</li> </ul> <p>With New Reward, the organically developed heterogeneous landscape of various remuneration systems is being superseded by a wide variety of elements. The new remuneration model is clear, fair, attractive and geared to Telefónica Germany GmbH &amp; Co. OHG. One aspect of the new remuneration system as set out in the Group-wide works agreement is clear career bands and levels specific to the Telefónica Deutschland Group: each salary band represents a career level. Clearly defined and transparent classification criteria make development within the salary bands and beyond them possible at the same time. This also makes it obvious what requirements are relevant for the next development steps. Senior experts and the majority of executives receive a bonus in addition to their basic salary; this bonus is linked to corporate targets. Commission is, however, planned for marketing staff.</p> <p>With the bonus for senior experts and for executives, we also provide incentives for the achievement of non-financial targets (CSR index).</p>		
102-36	Process for determining remuneration	<ul style="list-style-type: none"> <li>• AR (Management Declaration) (pp. 167–175)</li> <li>• AR (Management Report) (pp. 3–70)</li> </ul>		
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> <li>• AR (Management Declaration) (pp. 168–175)</li> <li>• AR (Remuneration Report) (pp. 49–61)</li> </ul>		
102-38	Annual total compensation ratio	–	The information is not available for the period under review.	
102-39	Percentage increase in annual total compensation ratio	–	The information is not available for the period under review.	

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
<b>STAKEHOLDER INVOLVEMENT</b>				
GRI 102: General disclosures 2016	102-40	List of stakeholder groups	• Stakeholder engagement (p. 23)	3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	102-41	Collective bargaining agreements	• Table of key figures for employees (p. 142)	
	102-42	Identifying and selecting stakeholders	• Stakeholder engagement (pp. 22–27)	
	102-43	Approach to stakeholder engagement	• Stakeholder engagement (pp. 22–27) • Customer satisfaction (pp. 33–39) • Employer (pp. 46–50, 52–53) • Data protection and information security (pp. 93–97) • Conservation of resources (pp. 112–115)	
	102-44	Key topics and concerns raised	• Stakeholder engagement (pp. 22–27)	
	<b>REPORTING PRACTICE</b>			
GRI 102: General disclosures 2016	102-45	Entities included in the consolidated financial statements	• AR (Consolidated Financial Statements) (pp. 71–145)	
	102-46	Defining report content and topic boundaries	• About this report (p. 2) • CR strategy (pp. 15–17) • Materiality according to GRI (p. 120 f.) • ESG ratings & finance (p. 125 f.)	
	102-47	List of material topics	• CR strategy (pp. 15–17) • Materiality according to GRI (p. 120 f.)	
	102-48	Restatements of information	• New Responsible Business Plan (p. 8) • Supply chain management (pp. 58–64)/ Introduction of new processes and KPIs • Human rights due diligence (pp. 65–71)/ Introduction of new processes and KPIs • Table and figures (pp. 140–147)/ Change of presentation to four years	
	102-49	Changes in reporting	None	
			We conducted an extensive materiality analysis in the reporting year in the course of further developing the Telefónica Deutschland Group's CR strategy for the years 2021 to 2025. The results of this analysis will guide our actions from 2021 and serve as the basis for future sustainability reporting. (RBP 2025: 2021 targets)	
	102-50	Reporting period	• About this report (p. 2)	
	102-51	Date of most recent report	• About this report (p. 2)	
	102-52	Reporting cycle	• About this report (p. 2)	
102-53	Contact point for questions regarding the report	• About this report (p. 2) • Imprint (p. 179)		

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
	102-54	Claims of reporting in accordance with the GRI Standards	• About this report (p. 2)	
	102-55	GRI content index	• GRI content index (pp. 153–176)	
	102-56	External assurance	• Independent Assurance Report (pp. 177–178)	
<b>GRI 200: ECONOMIC</b>				
ECONOMIC PERFORMANCE				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)	
	103-2	The management approach and its components	• Business strategy (pp. 12–14) • AR (Management Report) (pp. 3–70) • Digital sustainability innovations (pp. 74–76)	
	103-3	Evaluation of the management approach	• Business strategy (pp. 12–14) • AR (Management Report) (pp. 3–70) • Digital sustainability innovations (pp. 74–76)	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	• Table of key economic figures (p. 140) • AR (Consolidated Financial Statements) (pp. 71–145)	
	201-2	Financial implications and other risks and opportunities due to climate change		Up to now, the financial impacts of climate change have been low for the Telefónica Deutschland Group and are therefore not reported on in detail.
	201-3	Defined benefit plan obligations and other retirement plans	• AR (Consolidated Financial Statements) (pp. 71–145)	
	201-4	Financial assistance received from government	• AR (Management Report) (pp. 3–70)	
INDIRECT ECONOMIC IMPACTS				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)	
	103-2	The management approach and its components	• Business strategy (pp. 12–14) • Digital sustainability innovations (pp. 74–76)	
	103-3	Evaluation of the management approach	• Business strategy (pp. 12–14) • Digital sustainability innovations (pp. 74–76)	
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	• Business strategy (pp. 12–14) • Digital sustainability innovations (pp. 74–76) • Customer satisfaction (pp. 32–39)	
	203-2	Significant indirect economic impacts	• Business strategy (pp. 12–14) • Digital sustainability innovation (pp. 74–76)	

**7** Businesses should support a precautionary approach to environmental challenges.

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES	
PROCUREMENT PRACTICES					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>		
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> </ul>		
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> </ul>		
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>Table of key figures for supply chain (p. 140)</li> </ul> <p>The term "local suppliers" covers all domestic suppliers of the Telefónica Deutschland Group who are managed via the Telefónica purchasing model (MCT).</p>		
ANTI-CORRUPTION					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	<b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery.	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> </ul>		
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> </ul>		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> </ul> <p>A risk assessment in the areas of corruption and conflicts of interest was conducted for Telefónica Germany GmbH &amp; Co. OHG and all the subsidiaries in 2020. We examined the key business processes relating to which corruption risks typically occur.</p>		<p>The total number and percentage of operating sites assessed for risks related to corruption are not reported as the assessments were performed based on processes and not on sites.</p>
		205-2	Communication and training about anti-corruption policies and procedures		<ul style="list-style-type: none"> <li>Compliance (p. 43)</li> <li>Table of key figures for compliance (p. 141)</li> </ul> <p>The employee training carried out on our Business Principles features content on the subject of anti-corruption. As of 31 December 2020 95.8% of employees have successfully completed Business Principles training that covers the whole cycle of three years. This training was revised in 2019. Moreover, further information (e.g. on dealing with gifts) is available for employees on the intranet. As a rule, our business partners are obligated to comply with our Business Principles. Furthermore, since 2018 we have been requiring all of our suppliers to commit to a binding declaration of compliance with anti-corruption laws via our tendering platform.</p>

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
	205-3	Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>Compliance (p. 42)</li> </ul> <p>There were no incidents of corruption in the reporting year.</p>	
<b>ANTI-COMPETITIVE BEHAVIOUR</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	<b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery.
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> </ul>	
GRI 206: Anti-competitive behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	During the reporting period, no proceedings were initiated against the Telefónica Deutschland Group on the basis of anti-competitive behaviour, cartelisation or monopolisation.	
<b>GRI 300: ENVIRONMENTAL</b>				
<b>MATERIALS</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	<b>7</b> Businesses should support a precautionary approach to environmental challenges.
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Environmental management (pp. 101–103)</li> <li>Conservation of resources (pp. 112–115)</li> </ul>	<b>8</b> Businesses should undertake initiatives to promote greater environmental responsibility.
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Environmental management (pp. 101–103)</li> <li>Conservation of resources (pp. 112–115)</li> </ul>	<b>9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.
GRI 301: Materials 2016	301-1	Materials used by weight or volume	–	Not relevant because the Telefónica Deutschland Group is not a manufacturing business.
	301-2	Recycled input materials used	–	Not relevant because the Telefónica Deutschland Group is not a manufacturing business.  O <sub>2</sub> nevertheless makes information on products and services available online that helps customers evaluate the smartphones offered from a sustainability perspective, from



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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES	
	301-3	Reclaimed products and their packaging materials	<ul style="list-style-type: none"> <li>• Conservation of resources (pp. 112–115)</li> <li>• Table of key figures for the environment (p. 146 f.)</li> </ul> <p>Disclosure 301-3 was adjusted to the concrete conditions of the Telefónica Deutschland Group. The reporting refers to our mobile phone recycling programme, which is not solely based on taking back our own phones. More information about mobile phone recycling can also be found here: <a href="http://www.telefonica.de/handyrecycling">www.telefonica.de/handyrecycling</a></p>	<p>the purchasing decision through to recycling. For more information, see</p> <ul style="list-style-type: none"> <li>• Conservation of resources (pp. 113–114)</li> </ul> <p>The Telefónica Deutschland Group does not report on the packaging of mobile phones because it is not a manufacturing business.</p> <p>The company does, however, dispatch its parcels made of recycled materials to the customers and shops climate-neutrally with DHL GoGreen. More information on measures relating to letter and parcel delivery can be found in</p> <ul style="list-style-type: none"> <li>• Conservation of resources (pp. 112–115)</li> </ul>	<p><b>7</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>8</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><b>9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>
ENERGY					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>• Materiality according to GRI (p. 120 f.)</li> </ul>	<p><b>7</b> Businesses should support a precautionary approach to environmental challenges.</p>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>• Environmental management (pp. 101–103)</li> <li>• Energy &amp; CO<sub>2</sub> (pp. 105–106)</li> </ul>		
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>• Environmental management (pp. 101–103)</li> <li>• Energy &amp; CO<sub>2</sub> (pp. 105–106)</li> </ul>		
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	<ul style="list-style-type: none"> <li>• Energy &amp; CO<sub>2</sub> (p. 107)</li> <li>• Table of key figures for the environment (p. 145)</li> </ul> <p>The Telefónica Deutschland Group does not sell energy.</p>	<p>Cooling energy is integrated into Scope 1 emissions given these emissions are comparatively low. Steam consumption and thermal energy are not relevant because the Telefónica Deutschland Group is not a manufacturing business and electricity consumption accounts for 96.5 % of energy expenditure.</p> <p><b>8</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><b>9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	
	302-2	Energy consumption outside of the organisation	–	Not relevant for internal corporate governance and not demanded by stakeholders.	
	302-3	Energy intensity	<ul style="list-style-type: none"> <li>• Environmental management (p. 103)</li> <li>• Table of key figures for the environment (p. 145)</li> </ul>		

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
	302-4	Reduction of energy consumption	• Energy & CO <sub>2</sub> (pp. 105–107)	
	302-5	Reductions in energy requirements of products and services	• Energy & CO <sub>2</sub> (pp. 103 and 105)	
EMISSIONS				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)	7 Businesses should support a precautionary approach to environmental challenges.
	103-2	The management approach and its components	• Environmental management (pp. 101–103) • Energy & CO <sub>2</sub> (p. 105 f.)	
	103-3	Evaluation of the management approach	• Environmental management (pp. 101–103) • Energy & CO <sub>2</sub> (p. 105 f.)	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• Energy & CO <sub>2</sub> (p. 108) • Table of key figures for the environment (p. 146) • Financial climate risks (pp. 122–124)	8 Businesses should undertake initiatives to promote greater environmental responsibility.
	305-2	Energy indirect (Scope 2) GHG emissions	• Energy & CO <sub>2</sub> (p. 108) • Table of key figures for the environment (p. 146) • Financial climate risks (pp. 122–124)	
	305-3	Other indirect (Scope 3) GHG emissions	• Energy & CO <sub>2</sub> (p. 108) • Table of key figures for the environment (p. 146) • Financial climate risks (pp. 122–124)	9 Businesses should encourage the development and diffusion of environmentally friendly technologies.
	305-4	GHG emissions intensity	• Table of key figures for the environment (p. 146) • Financial climate risks (pp. 122–124)	
	305-5	Reduction of GHG emissions	• Energy & CO <sub>2</sub> (pp. 103 and 108) • Financial climate risks (pp. 122–124)	
	305-6	Emissions of ozone-depleting substances (ODS)	–	Not relevant. Emissions are recorded but due to their volume they are not material.
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other significant air emissions	–	Not relevant. Emissions are recorded but due to their volume they are not material.
ENVIRONMENTAL COMPLIANCE				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)	7 Businesses should support a precautionary approach to environmental challenges.
	103-2	The management approach and its components	• Environmental management (pp. 101–103) • Compliance (pp. 41–44)	
	103-3	Evaluation of the management approach	• Environmental management (pp. 101–103) • Compliance (pp. 41–44)	
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	Compliance with environmental regulations is overseen via the implemented management systems in accordance with ISO 14001 and ISO 50001 within the company.  No considerable fines or non-monetary sanctions were imposed on the Telefónica Deutschland Group during the reporting period due to failure to comply with environmental protection laws and regulations.	8 Businesses should undertake initiatives to promote greater environmental responsibility.

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> </ul>	
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> </ul> <p>New suppliers are required to accept the Supply Chain Sustainability Policy, which includes minimum environmental requirements, in the supplier registration portal. This provides the Telefónica Deutschland Group with information regarding the status of environmental criteria of 100% of its new suppliers.</p>	<p><b>7</b> Businesses should support a precautionary approach to environmental challenges.</p> <p><b>8</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><b>9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>
	308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> <li>Environmental management (pp. 101–103)</li> </ul> <p>No considerable actual or potentially negative environmental impacts were determined among individual suppliers.</p>	
<b>GRI 400: SOCIAL</b>				
<b>EMPLOYMENT</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Employer (pp. 46–50)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Employer (pp. 46–50)</li> </ul>	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> <li>Table of key figures for employees (p. 143)</li> <li>Employer (p. 51)</li> </ul>	<p><b>6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Benefits provided to full-time employees that are not provided to part-time employees:</p> <p>No distinction is made for Group accident insurance (incl. disability and invalidity coverage), health care, parental leave, stock ownership, allowances for food, use of company facilities, e.g. canteen, sports programme and employer's contributions to tax-deductible savings schemes.</p> <p>For employees with contracts of indefinite duration: access to retirement provision because of the legal vesting period of three years.</p>	

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
		<p>Most fringe benefits are offered to part-time employees based on their pro rata level of employment or part-time salary. There are benefits that are provided to part-time employees and full-time employees to the same extent (e.g. allowances for travel to and from work, calling credit for personal use).</p> <p>Supplement for employees in temporary employment: No distinction is made for example for the use of company facilities or allowances for travel to and from work – as a rule, the principle of equality as per Section 8 of the Temporary Employment Act (AÜG) applies.</p>		6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	401-3 Parental leave	<p>• Table of key figures for employees (p. 143 f.)</p> <p>In accordance with Section 15 of the Federal Parental Allowance and Parental Leave Act (BEEG), all parents in Germany are entitled to parental leave in order to look after and raise a child until they turn three.</p>		
<b>LABOUR/MANAGEMENT RELATIONS</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)	
	103-2	The management approach and its components	• Employer (pp. 46–50)	
	103-3	Evaluation of the management approach	• Employer (pp. 46–50)	
GRI 402: Labour/management relations 2016	402-1	Minimum notice periods regarding operational changes	Implemented according to a resolution passed by the responsible works council bodies in a procedure agreed with these with notice periods agreed jointly that are variable depending on the planned change. The provisions of the Works Constitution Act (BetrVG) are fully taken into account.	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)	
	103-2	The management approach and its components	• Employer (pp. 46–50 and 52–53)	
	103-3	Evaluation of the management approach	• Employer (pp. 46–50 and 52–53)	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	<p>• Employer (p. 52 f.)</p> <p>The Telefónica Deutschland Group is bound by the provisions of Germany's occupational health and safety legislation as well as other statutory</p>	Based on our Health & Safety Annex, which governs the occupational health and safety requirements made of our suppliers,

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
403-2	Hazard identification, risk assessment, and incident investigation	<p>It is our declared goal to minimise accident hazards and health risks for all those working in offices, in shops and at technical sites. Our internal and external employees are generally not exposed to the handling of hazardous substances in their work. In the event that this is nevertheless necessary, a risk assessment is used to determine and implement effective measures for protection of the employees' occupational health and safety. In addition to the measures pursuant to the register of hazardous substances, external workers who are not employees of the Telefónica Deutschland Group are also to observe our instructions regarding the handling of hazardous substances.</p>	<p>Our register of hazardous substances is part of the ISO 14001 documentation and is examined and reviewed annually by an external body as part of the monitoring audit. As there are no especially hazardous substances in the register (these being almost exclusively cleaning agents) and those in the register are stored and dispensed by specially instructed service providers rather than employees of the Telefónica Deutschland</p>	
		<p>prerequisites and the country's occupational insurance scheme requirements. Our integrated occupational health and safety management system serves as the implementation framework for a comprehensive health policy and describes the responsibilities, processes and rules required for occupational health and safety management for all those involved in this area. The aim is to achieve the health policy targets set by the Management Board by means of a uniform, consistent and sustainable management system. The management system applies to all Telefónica Deutschland Group companies and their bodies, executives and employees.</p> <p>Our integrated occupational health and safety management system applies</p> <ul style="list-style-type: none"> <li>• to all employees (i.e. internal employees of the Telefónica Deutschland Group with employment contracts),</li> <li>• all other employees (employees of suppliers, consultants, etc. without employment contracts) whose work and/or workplaces are controlled by the Telefónica Deutschland Group and</li> <li>• all other employees (see above) whose work and/or workplaces are not controlled by the Telefónica Deutschland Group, but whose occupational health and safety are nevertheless considerably influenced by the Telefónica Deutschland Group's operating sites or products/services.</li> </ul> <p>• Employer (p. 52 f.)</p>	<p>service providers and other contractual partners, the standards to be observed are defined that likewise apply to the employers of our external workers who are not employees of the Telefónica Deutschland Group whose work and/or workplaces are controlled by the Telefónica Deutschland Group. The same applies to the delivery of products or services. The Health &amp; Safety Annex is attached to each contract and is not publicly accessible.</p>	



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		In 2018 the fire safety regulations for the entire building at the Munich site were revised on behalf of the Telefónica Deutschland Group as a result of the special structure (high-rise building). An external expert serves as Fire Safety Officer for the Munich site on the basis of the applicable specifications.	Group (with instruction in handling these likewise being the responsibility of the service providers), we do not publish this list.	
403-3	Occupational health services	<ul style="list-style-type: none"> <li>• Employer (p. 52 f.)</li> <li>• Table of key figures for employees (p. 145)</li> </ul> <p>Based on our Health &amp; Safety Annex, the following requirements are to be met by the employees of our suppliers/service providers prior to work performance (in particular the performance of work conducted at height): work assignment is only permissible if a preventive occupational medical examination (in accordance with the employers' liability insurance association's principle G41 regarding work involving a risk of falls) indicates there are no doubts regarding the physical suitability of the supplier's/service provider's employees.</p>	Based on our Health & Safety Annex, which governs the occupational health and safety requirements made of our suppliers, service providers and other contractual partners, the standards to be observed are defined that likewise apply to the employers of our external workers who are not employees of the Telefónica Deutschland Group whose work and/or workplaces are controlled by the Telefónica Deutschland Group. The same applies to the delivery of products or services. The Health & Safety Annex is attached to each contract and is not publicly accessible.	
403-4	Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> <li>• Employer (p. 52 f.)</li> </ul> <p>Employer-worker health and safety committees operate in every subsidiary at company level in accordance with the legal regulations (e.g. health and safety committee); as a result of the necessary co-determination rights, however, this is also partly the case at local level per company and there is a nationwide body (Health Forum) at Group level initiated by the employer's side; the share of the total workforce represented in committees and bodies for occupational safety is 100 %.</p>	Based on our Health & Safety Annex, which governs the occupational health and safety requirements made of our suppliers, service providers and other contractual partners, the standards to be observed are defined that likewise apply to the workers of the contractual partner in question with regard to work for or in the Telefónica Deutschland Group.	<b>3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
		Agreements with the social partners (works council) are covered by formal written internal agreements dealing with health and safety topics.	The same applies to the delivery of products or services. The Health & Safety Annex is attached to each contract and is not publicly accessible.	
403-5	Worker training on occupational health and safety	<ul style="list-style-type: none"> <li>• Table of key figures for employees (p. 145)</li> <li>• Employer (p. 52 f.)</li> </ul>	Based on our Health & Safety Annex, which governs the occupational health and safety requirements made of our suppliers, service providers and other contractual partners, the standards to be observed are defined that likewise apply to the workers of the contractual partner in question with regard to work for or in the Telefónica Deutschland Group. The same applies to the delivery of products or services. The Health & Safety Annex is attached to each contract and is not publicly accessible.	
403-6	Promotion of worker health	<ul style="list-style-type: none"> <li>• Employer (p. 52 f.)</li> </ul> <p>In addition to the applicable requirements pursuant to the Social Code (SGB) and the Prevention Act (PrävG), the goals for the promotion of our employees' health on the basis of targeted measures are founded in particular on the "Integrated occupational safety and health management manual", which is based on the DIN EN ISO 45001:2016 standard.</p>	The employer of our external workers who are not employees of the Telefónica Deutschland Group but whose work and/or workplace is controlled by the Telefónica Deutschland Group must afford them access to occupational health care services. Suppliers are to, for example, implement occupational health and safety measures in order to create safe and ergonomic labour conditions for the purchaser's employees and for the external workers too. This is likewise specified in the Health & Safety Annex, which is not publicly accessible.	

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	In cases in which the Telefónica Deutschland Group has control neither over the work nor over the workplace, the binding Health & Safety Annex applies, in which the topics of occupational health and safety (e.g. safety regulations) and related measures are outlined for all suppliers and sub-suppliers.		
403-8	Workers covered by an occupational health and safety management system	(References to reporting period) information on the management system for occupational health and safety for employees of the Telefónica Deutschland Group can be found under GRI 403-1.	Due to missing data, no information can be provided for the reporting period regarding workers who are not employees but whose work and/or workplace is controlled by the Telefónica Deutschland Group. In the years to come, it will be examined whether and to what extent collection of this data is possible or material for the Telefónica Deutschland Group.	
403-9	Work-related injuries	<ul style="list-style-type: none"> <li>Table of key figures for employees (p. 144 f)</li> </ul> <p>As far as registered workplace accidents were concerned, the overwhelming majority of these were sustained on the journey to or from work.</p> <p>The goal of preventing workplace accidents and work-related ill health as well as promoting our employees' health using targeted measures is founded on the applicable laws and the regulations of the employers' liability insurance association as well as the targets pursuant to the "Integrated occupational safety and health management manual", which is based on the DIN EN ISO 45001:2016 standard.</p>	Due to missing data, no information can be provided for the reporting period regarding workers who are not employees but whose work and/or workplace is controlled by the Telefónica Deutschland Group. In the years to come, it will be examined whether and to what extent collection of this data is possible or material for the Telefónica Deutschland Group.	

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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES	
	403-10	Work-related ill health	<ul style="list-style-type: none"> <li>Table of key figures for employees (p. 144 f.)</li> </ul> <p>There are no groups of employees that are subject to work-related ill health, so there was nothing to report in this regard for the 2020 reporting period.</p>	Due to missing data, no information can be provided for the reporting period regarding workers who are not employees but whose work and/or workplace is controlled by the Telefónica Deutschland Group. In the years to come, it will be examined whether and to what extent collection of this data is possible or material for the Telefónica Deutschland Group.	
TRAINING AND EDUCATION					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>		
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Employer (pp. 46–50)</li> </ul>		
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Employer (pp. 46–50)</li> </ul>		
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	82,747 training hours in 2020. A group of 8,196 employees (PIP) yielded an average of more than 10 hours of training per employee in 2020.	The data necessary for a breakdown by gender and by employee category is not recorded due to technical system limitations.	
	404-2	Programmes for upgrading employee skills and transition assistance programmes	<ul style="list-style-type: none"> <li>Employer (p. 49)</li> </ul>		
	404-3	Percentage of employees receiving regular performance and career development reviews	<p>The foundations for introducing a performance management process were laid in 2019. The dialogue between executives and employees has been redefined with different feedback initiatives incl. a feedback guide. The Telefónica Deutschland Group recommends that executives and employees meet for a feedback discussion regarding performance and development at least once per quarter.</p> <p>Among other things, we held regular dialogue formats featuring Management Board members in 2020 in order to closely involve the works council and increasingly shape</p>		

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		<p>company changes together with them. There is also ongoing informal dialogue with the bodies. We additionally commenced negotiations with the body responsible for the introduction and execution of a performance management system.</p> <p>For executives, the Telefónica, S.A. Group continues to put a global system at their disposal.</p> <p>The 2020 employee survey shows that 87 % of the employees have a development appraisal with their executive at least once a year. The same share of employees receive performance-related feedback at least once a quarter.</p>		
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Employer (pp. 46–50)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Employer (pp. 46–50)</li> </ul>	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>Employer (p. 50)</li> <li>Table of key figures for employees (p. 142 f.)</li> <li>Governance bodies: AR (Management Declaration) (pp. 167–175)</li> </ul>	
	405-2	Ratio of basic salary and remuneration of women to men	<ul style="list-style-type: none"> <li>Table of key figures for employees (p. 143)</li> </ul> <p>The information respectively refers to the entire Telefónica Deutschland Group.</p>	
NON-DISCRIMINATION				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Employer (pp. 46–50)</li> </ul> <p>Component of our compliance management system</p>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Employer (pp. 46–50)</li> </ul> <p>Component of our compliance management system</p>	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> <li>Table of key figures for compliance (p. 141)</li> </ul>	



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<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul> <p>Component of our compliance management system</p>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul> <p>Component of our compliance management system</p>	
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The right to freedom of association and collective bargaining is laid down in German law. To minimise any risk posed to freedom of association and collective bargaining in the supply chain, we oblige our suppliers to comply with our Supply Chain Sustainability Policy. No incidents posing a risk to freedom of association or to collective bargaining are known for the reporting period.	
<b>CHILD LABOUR</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul> <p>Component of our compliance management system</p>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul> <p>Component of our compliance management system</p>	
GRI 408: Child labour 2016	408-1	Business sites and suppliers at significant risk for incidents of child labour	To minimise the risk of child labour in the supply chain, we oblige our suppliers to comply with our Supply Chain Sustainability Policy. No incidents of child labour during the reporting period are known to us.	

**3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**5** Businesses should uphold the effective abolition of child labour.

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<b>FORCED OR COMPULSORY LABOUR</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul> <p>Component of our compliance management system</p>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul> <p>Component of our compliance management system</p>	
GRI 409: Forced or compulsory labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	To minimise the risk of forced labour in the supply chain, we oblige our suppliers to comply with our Supply Chain Sustainability Policy. No incidents of forced labour during the reporting period are known to us.	
<b>HUMAN RIGHTS ASSESSMENT</b>				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul>	
GRI 412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	<p>All the operating sites of the Telefónica Deutschland Group and its subsidiaries are in Germany.</p> <p>In 2020 the Telefónica Deutschland Group performed a human rights risk analysis for the product group of services and works. Potential risks in the supply chain were identified and review/action measures were defined. We also performed a risk analysis to assess the impacts on the Telefónica Deutschland Group of possible human rights violations within its own business</p>	<p>The total number and percentage of operating sites assessed for the upholding of human rights are not reported as the assessments were performed based on processes and not on sites.</p>
				<p><b>4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p><b>1</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>2</b> Businesses should make sure that they are not complicit in human rights abuses.</p>

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		operations. We examined the key business processes relating to which human rights risks typically occur. No material risks could be determined for the Telefónica Deutschland Group and its subsidiaries.		
412-2	Employee training on human rights policies or procedures	<p>Our training on the Business Principles includes human rights topics and it is compulsory for all employees to complete this every three years. The Telefónica Deutschland Group reports the number and proportion of employees and directors given training in the Business Principles and human rights. A unit of training lasts 60 minutes and the training time from 2018 to 2020 totalled 7,390 hours. (cf. Table of Key Figures (p. 141))</p> <p>Upon completion of the training, an electronic certificate attesting to the employee's successful participation is added to the system. The current level of training is reported to the Audit Committee, a Supervisory Board body, once per quarter.</p> <p>Additionally, online workshops (approx. 90 minutes) were held on human rights for specific occupational groups/topics such as legal issues, compliance, networks, artificial intelligence, government relations and corporate responsibility.</p>		<p><b>1</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p><b>2</b> Businesses should make sure that they are not complicit in human rights abuses.</p>
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<ul style="list-style-type: none"> <li>• Supplier management (p. 59 f.)</li> <li>• Human rights due diligence (p. 67)</li> </ul> <p>Our suppliers accept the Supply Chain Sustainability Policy, which contains human rights aspects. Beyond this, no clauses specific to human rights are integrated into contracts.</p>		
LOCAL COMMUNITIES				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>• Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>• Digital inclusion (pp. 86–91)</li> <li>• For measures relating to children and young people, see protection of children and young people (p. 98 f.)</li> </ul>	

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	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Digital inclusion (pp. 86–91)</li> <li>For measures relating to children and young people, see protection of children and young people (pp. 98–99)</li> </ul>	
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments and development programmes	<ul style="list-style-type: none"> <li>Digital inclusion (pp. 86–91)</li> <li>Employer (Volunteering, p. 53)</li> </ul> <p>Our programmes are rolled out throughout Germany.</p>	
	413-2	Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> <li>Digital sustainability innovations (pp. 74–76)</li> </ul>	
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	<p><b>1</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p>
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Supplier management (pp. 58–64)</li> <li>Human rights due diligence (pp. 65–71)</li> </ul>	
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> <li>Supplier management (p. 60)</li> </ul> <p>New suppliers are required to accept the Supply Chain Sustainability Policy, which includes minimum social requirements, in the supplier registration portal. This provides the Telefónica Deutschland Group with information regarding the status of social criteria of 100% of its new suppliers.</p>	<p><b>2</b> Businesses should make sure that they are not complicit in human rights abuses.</p>
	414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>Supplier management (p. 63)</li> </ul> <p>No considerable actual or potentially negative social impacts were determined among individual suppliers.</p>	
PUBLIC POLICY				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Compliance (pp. 41–44)</li> </ul>	
GRI 415: Public policy 2016	415-1	Political contributions	<ul style="list-style-type: none"> <li>Table of key figures for compliance (p. 141)</li> </ul>	<p><b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>

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CUSTOMER HEALTH AND SAFETY				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Data protection and information security (pp. 93–97)</li> <li>For processes and measures relating to children and young people, see protection of children and young people (pp. 98–99)</li> <li>Mobile communication and health (pp. 116–118)</li> <li>Digital inclusion (pp. 86–91)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Data protection and information security (pp. 93–97)</li> <li>For processes and measures relating to children and young people, see protection of children and young people (pp. 98–99)</li> <li>Mobile communication and health (pp. 116–118)</li> <li>Digital inclusion (pp. 86–91)</li> </ul>	
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> <li>Mobile communication and health (pp. 116–118)</li> </ul> <p>Compliance with limits is checked by the Bundesnetzagentur (Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway; BNetzA) at all masts. More information is available on the website of the Telefónica Deutschland Group, including a current <a href="#">list of mobile phone SAR values</a>.</p>	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None	
MARKETING AND LABELLING				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> <li>Materiality according to GRI (p. 120 f.)</li> </ul>	
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Data protection and information security (pp. 93–97)</li> <li>For processes and measures relating to children and young people, see protection of children and young people (p. 98 f.)</li> <li>Customer satisfaction (pp. 32–36)</li> </ul>	
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>Data protection and information security (pp. 93–97)</li> <li>For processes and measures relating to children and young people, see protection of children and young people (p. 98 f.)</li> <li>Customer satisfaction (pp. 32–36)</li> </ul>	
GRI 417: Marketing and labelling 2016	417-1	Incidents of non-compliance concerning product and service information and labelling	<ul style="list-style-type: none"> <li>Protection of children and young people (p. 98 f.)</li> </ul>	Further details are not applicable for telecommunications products/services.
	417-2	Incidents of non-compliance concerning marketing communications	There was no legal action in 2020.	Further details are not applicable for telecommunications products/services.



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GRI STANDARD	DISCLOSURE	REFERENCE & COMMENT	REASONS FOR OMISSION	UNGC PRINCIPLES	
	417-3	Incidents of non-compliance concerning marketing communications	• Table of key figures for compliance, 4 justified objections to advertising conduct (p. 141)	Further details are not applicable for telecommunications products/services.	
CUSTOMER PRIVACY					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)		
	103-2	The management approach and its components	• Data protection and information security (pp. 93–97)		
	103-3	Evaluation of the management approach	• Data protection and information security (pp. 93–97)		
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Data protection and information security (p. 95)		
SOCIOECONOMIC COMPLIANCE					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	• Materiality according to GRI (p. 120 f.)		
	103-2	The management approach and its components	• Compliance (pp. 41–44)		
	103-3	Evaluation of the management approach	• Compliance (pp. 41–44)		
GRI 419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	In 2020 no proceedings were initiated on the basis of violation of the order on the means of providing proof as regards limiting exposure to electromagnetic fields (BEMFV). There were also no fines issued as a result in the year under review.		

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## Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information<sup>1</sup>

### To Telefónica Deutschland Holding AG, Munich

We have performed a limited assurance engagement on the disclosures in the sustainability report of Telefónica Deutschland Holding AG, Munich (hereinafter "the Company") for the period from 1 January to 31 December 2020 (hereinafter the "Report").

### Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria").

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

### Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures in the Report based on the assurance engagement we have performed. Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the sustainability report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

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In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Inspection of additional documents and supportive systems
- Comparison of selected disclosures with corresponding data in the Group financial statement and the Group management report
- Evaluation of the presentation of selected sustainability information in the Report
- Use of the work of a practitioner's verification of energy consumption and greenhouse gas emission indicators according to ISO 14064.

### Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January to 31 December 2020 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

### Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Munich, 7 May 2021

### PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Michael Conrad  
Wirtschaftsprüfer  
(German Public Auditor)

ppa. Theres Schäfer  
Wirtschaftsprüferin  
(German Public Auditor)

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A great many employees of the Telefónica Deutschland Group contributed to the Corporate Responsibility Report 2020. We would be pleased to receive any feedback you might have and look forward to hearing from you.

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