

Responsible Business Plan 2020: 2019 Status

We measure attainment of the ambitions and commitments laid out in our Responsible Business Plan 2020 using certain indicators. In this CR Report, we present our status at the end of 2019 (target attainment as at 31 December 2019) and how we will proceed further.

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.



A LOOK AT 2019:



Sustainability-linked loan: first German telecommunications company with a sustainability-linked syndicated loan

Employee Net Promoter Score result: 21.5

Increased Customer Satisfaction Index to 7.61 points

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.



A LOOK AT 2019:



48 million people benefit from our offering

O₂ Gurus support 3.3 million interested individuals

Over 32,000 senior citizens in the "Digital mobil im Alter" programme

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 CO₂ emissions by 11% compared with 2015.



A LOOK AT 2019:



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.

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
We will continuously improve our compliance management system and strive for external certification in accordance with the IDW auditing standard 980 by the end of 2020.	2019 2020	The target remains unchanged.
We conduct an annual employee survey regarding the quality of our compliance programme and the awareness of our employees. The Group-wide survey covers all Telefónica Deutschland Group employees. On completion, we analyse the results to see if there are potential fields of action where there could be improvement.		The target remains unchanged.
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.		The target remains unchanged.

LEGEND
Target attainment level as at 31/12/2019



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.

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	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.		The target remains unchanged.
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.		The target remains unchanged.

LEGEND
Target attainment level as at 31/12/2019



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.

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
In addition to regular pulse surveys, we conduct an annual anonymised employee survey; with this, we aim to achieve an engagement index score of 75% by 2020. Following completion, we start an open 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.		The target continues to be pursued, but using a new employee survey. With regard to the newly introduced indicator that is the eNPS, we want to achieve a value of 26 in the Employee Experience Survey in 2022.
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: <ul style="list-style-type: none"> 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 are introducing in 2019 (determined during the pulse survey). Promoting new management skills in order to strengthen our executives in their roles and responsibilities: <ul style="list-style-type: none"> as enablers and linkers for employees and teams as promoters of an open dialogue and targeted learning culture (determined during the pulse survey introduced in 2019) as drivers of our sustainable success (determined during the pulse survey with the Leadership Index) 		The targets remain unchanged. Further targets we have set ourselves for the end of 2020 are: <ul style="list-style-type: none"> a score of at least 60% in the agility index (determined during the employee pulse survey and the Employee Experience Survey) a Leadership Index score of at least 80 %

LEGEND
Target attainment level as at
31/12/2019



2019 TARGET

2019 TARGET ATTAINMENT

2020 TARGET

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 are therefore launching a new employee mobility platform in 2019.



The targets remain unchanged.

As the first step, we launched a new employee mobility platform in early 2020. 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 have set ourselves a target of 60% of employees (PIP) being registered.

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 the Senior Leadership Team (SLT) of 30% by 2020.



The target remains unchanged.

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 rate of 90% for offering trainees and dual-studies students permanent employment by 2020
- in the years leading up to and including 2020 support women in their careers by achieving a participation rate of at least 16% of eligible women in the company in Women in Leadership and the mentoring programme which goes with it



The targets remain unchanged, except for the Women in Leadership programme.

Further training is to be accessible for our employees in real time and easily. By 2020 all employees will have a digital learning platform at their disposal. Via this, they will in fewer than five clicks be able to find the opportunities for further training that are right for them. The number of users should on average be at least equal to 30%.



The target is no longer being focused on as part of the CR goals; the digital learning platform was introduced by us.

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 the maintenance of industrial, health and safety standards, which will be raised at least annually.



The targets remain unchanged.

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. 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.

LEGEND
Target attainment level as at 31/12/2019



Customers

Commitment

We offer our customers the best product 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.

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
We will continuously improve our customer service according to the needs and wishes of our customers. We will focus on the continuous optimisation of our service offerings.		The target remains unchanged.
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.		The target remains unchanged.

LEGEND
Target attainment level as at 31/12/2019



Digital inclusion

Commitment

We make people of all age groups fit for the digital world. We will provide ten 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.¹

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
<p>The youth programme Think Big will come to an end in May 2019. The focus in 2019 will be on in-depth stakeholder discussions to gain relevant impulses for the development of a new commitment approach for Telefónica Deutschland.</p>		<p>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.</p> <p>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 to be supported by the O₂ #LOVEMOB campaign.</p>
<p>With the programme "Digital mobil im Alter – Tablets für Senioren" (Digitally Mobile in Old Age – Tablets for Senior Citizens [DMiOA]), we want to together with Stiftung Digitale Chancen (Digital Opportunities Foundation) in 2019 reach at least 3,250 elderly people Germany-wide (of which approx. 2,500 are project participants [including online users] and 750 are opinion leaders of senior-citizen age [approx. 50% of all opinion leaders are themselves senior citizens]).</p>		<p>We promote the digital inclusion of the elderly.</p> <p>Plans for the first half of the year:</p> <ul style="list-style-type: none"> • Loaning tablets to 12 facilities • Publication of guidelines on the website <p>We organise at least two "digital walks" with senior citizens, thereby reaching a total of 9,500 senior citizens in the first half of the year (including 250 project participants and 1,050 opinion leaders of senior-citizen age).</p>

¹ Calculations for the years 2015 to 2020 are based on the participants in our programmes such as Think Big and "Digitally Mobile in Old Age – Tablets for Senior Citizens", Basecamp participants and website readers, and volunteers, as well as the number of hotline O₂ Gurus and clicks on our O₂ Guruvideos.



2019 TARGET

2019 TARGET ATTAINMENT

2020 TARGET

O₂ Gurus:

- Our customer service Gurus will also support customers in 2019 in all challenges that they may face in using all digital services and digital products. This will be done via the hotline, chats, video chats, webinars and Helping Hands videos on the official O₂ YouTube channel. Online webinars for employees at the points of sale are also planned for 2019 .
- The Gurus are also part of our commitment strategy; for example, they communicate to parents and children how to use the Internet safely in special Guru workshops, educational videos and portal articles.



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 will continue to support the customers.

Our employees will 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 O₂ Care hotline, while the O₂ Gurus offer 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 O₂ 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 applications and where their mobile use and utilisation at home are concerned.

We will carry on being 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 (German Association for Voluntary Self-Regulation of Digital Media Service Providers).



The target remains unchanged.

LEGEND
Target attainment level as at
31/12/2019



Sustainable 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.

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
More 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. ²		The target remains, but it has been changed. 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.
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.		The target remains, but it has been changed: these use cases will not be focused on in the short to medium term, as we will focus 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.
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.		The roll-out of the smart meter gateway is begun.
Networked mobility and reduction in CO ₂ fleet emissions in the years leading up to 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 will give our customers more transparency, enabling them to keep to the statutory requirements for average CO ₂ fleet emissions.		The application of scope of the telematics solution used by us is to be increased by a further 1,000 vehicles to a total of over 2,000 by the end of 2020.

² The target formulation has changed from that of 2018.



2019 TARGET

2019 TARGET ATTAINMENT

2020 TARGET

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 buses to be put on for entire cities, greenhouse gases to be controlled and flows of traffic to be planned for large events.



The target remains unchanged.

Reduction in the risk of fraudulent activities in the financial services sector, for example improper access to online banking services, by 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.



The target remains unchanged.

LEGEND
Target attainment level as at
31/12/2019



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 clients, employees, partners and investors in all products and processes, and ensure that the Telefónica Deutschland Group's

business activities comply with data protection. Our actions in this are straightforward and transparent, and we communicate with all the relevant interest groups about innovations early on.

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
In 2019 we will introduce a digital tool for data protection advice and management in the company.	2019 2020	The target remains for 2020. The digital tool for data protection advice and management is being introduced at the beginning of 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. In relation to this, we will in 2019 conduct an awareness campaign for all employees throughout the company.		The target remains for 2020. An awareness campaign was launched at the beginning of 2020 for all employees throughout the company. We are now restructuring the process for the management of data protection risks to guarantee prioritised processing and the targeted planning of measures.
We are in regular and constructive dialogue with external stakeholders such as the Bundesnetzagentur (Germany's Federal Network Agency) and the German Federal Commissioner for Data Protection and Freedom of Information (BfDI).	2019 2020	The target remains unchanged. We examine and test, moreover, new applications and options for communicating data protection information to our customers more transparently.
In the area of corporate security, the following measures will be focused on in 2019: <ul style="list-style-type: none"> Ongoing optimisation of the existing information security management system (ISMS) in a periodic improvement cycle based on the ISO 27001:2013 standard Optimisation of operational security within the framework of the Zero Impact programme that is underway. Targets for 2019 are the finalisation of the generic threat catalogue and the launch of a company-wide analysis phase. Realisation of security assessments in the Telefónica Deutschland Group in accordance with the agreed annual plan 		In the area of corporate security, we will focus on the following measures: <ul style="list-style-type: none"> Ongoing optimisation of the existing information security management system (ISMS) in a periodic improvement cycle based on the ISO 27001:2013 standard Optimisation of operational security within the framework of the Zero Impact programme; target for 2020: conclusion of the analysis stage for the NT and ST divisions and start of the analysis stage with other departments Realisation of security assessments in the Telefónica Deutschland Group in accordance with the agreed 2020 annual plan

LEGEND
Target attainment level as at
31/12/2019



Energy & CO₂ 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.

2019 status

Energy consumption per data volume



100% of energy from green sources



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
<p>By 2019 or 2020 we will have implemented the following energy efficiency measures in the area of the network:</p> <ul style="list-style-type: none"> • Modernisation of 2G networks (saving to be expected 6 GWh) and 3G networks (saving to be expected 1.5 GWh) by the end of 2019 • Site deactivation by the end of 2019 of approx. 15,000 network units within the framework of network consolidation and modernisation, saving of approx. 202 GWh • Successive saving of approx. 50 GWh through deactivation of DSL main distributor by 2020 <p>The savings made through energy efficiency in operating business activities (opex) should amount to 15 million euros by 2020.</p>		<p>A new target has not been established for 2020. Instead, an ambitious target is being formulated as part of the Responsible Business Plan 2025.</p> <p>The total savings will be determined by the end of 2020.</p>
<p>By the end of 2020 we will have achieved the following in the area of CO₂ management and mobility:</p> <ul style="list-style-type: none"> • Reduction in average fleet emissions to 95 g CO₂/km by means of incentives for all company vehicles newly registered in 2020 • Analysis of the options for supporting electric mobility for our employees' company and private cars • Implementation of an internal communications campaign on our employees' carbon footprint when it comes to business travel (rail, flying) • Employees are to receive information on commuting (public transport, ride-sharing, short-term rentals) using apps that are already available on the market 	<p>2019 2020</p>	<p>The target remains unchanged.</p> <p>To achieve this, we will revise the vehicle guidelines; this will be done by Human Resources as part of a comprehensive mobility concept.</p> <p>There was an increase in the proportion of hybrid vehicles in the fleet from 1% in 2018 to 12% in 2019. Evaluation of the possibility of using charging stations at the Munich and Düsseldorf sites is a focus for 2020.</p>

LEGEND
Target attainment level as at 31/12/2019



2019 TARGET

2019 TARGET ATTAINMENT

2020 TARGET

As regards energy efficiency in our buildings, we have set ourselves the following targets:

- Exchanging the boilers in the O₂ Tower on floors 1–18 for tankless water heaters in the first half of 2019
- Replacing the halogen lamps in the lobby on the ground floor of the O₂ Tower
- Checking the necessity of the existing uninterrupted power supply and emergency power systems at each location, with regard to age, current requirements, performance and, if need be, demolition
- Return of a third of the rental space at our Düsseldorf location in the first half of 2019



As regards energy efficiency in our buildings, we have set ourselves the following targets:

- Closure of the Cologne site and relocation of the staff to Düsseldorf coupled with space usage optimisation
- Energy evaluation of the Munich, Düsseldorf and Bremen offices by the end of 2020 and derivation of possible measures
- The focus of the evaluation is on the Bremen and Hamburg sites in 2020; other sites will be reviewed based on the location strategy

LEGEND
Target attainment level as at
31/12/2019



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.

2019 status



OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

2019 TARGET	2019 TARGET ATTAINMENT	2020 TARGET
<p>In order to promote more sustainable and paper-saving behaviour, we will expand the share of e-bills to approx. 90% in 2019. We have planned the following measures for this:</p> <ul style="list-style-type: none"> Combining accounts (customers that currently receive several invoices will only receive one in future) DSL customers will also be able to use the My O₂ app in future, which creates opportunities for switching to e-billing 	<p>2019: [] 2020: []</p>	<p>We will use the following measures to increase the proportion of online bills to approx. 91% in order to promote more sustainable and paper-efficient behaviour:</p> <ul style="list-style-type: none"> Expansion of automated push e-billing to other brands (Blau) Expansion of automated push e-billing measures to DSL customers too following their migration to the mobile stack Plans to merge accounts, i.e. customers who receive multiple bills are henceforth to receive a single bill Reduction in unnecessary bill dispatching
<p>Through joint further development with our suppliers, we will optimise further the plastic packaging for the SIM cards produced for us. We aim to deliver a million SIM cards in the new packaging in 2019.</p>		<p>The target remains for 2020, but its scale has been changed. We aim to deliver six million SIM cards in the new packaging.</p>
	<p>New measure for conservation of resources for 2020:</p>	<p>By optimising the supply chain processes, we will achieve climate-neutral dispatching. When products are shipped to our shops and to our customers, we use our O₂ My Handy channel for this.</p>

LEGEND
Target attainment level as at 31/12/2019

