

# 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.

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.

### 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.



# 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.

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.

### 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



# 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

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).

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.

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.

### 2020 TARGET ATTAINMENT



*BEYOND was successfully launched in May 2020. The number of registrations is to continue to increase in the next few years.*



*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.*



*With a retention rate of 81 % for trainees and dual-studies students, the target of 90 % was not achieved.*

LEGEND FOR CR TARGETS  
Target attainment level as at 31/12/2019



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Target attainment level as at 31/12/2020



## 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



# 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

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).

### 2020 TARGET ATTAINMENT



LEGEND FOR CR TARGETS  
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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.	

LEGEND FOR CR TARGETS  
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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
<p>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.</p>	
<p>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).</p>	
<p>We are adapting our internal training concept for data security continuously to company and legal prerequisites, therefore guaranteeing compliance with the statutory provisions.</p>	
<p>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.</p>	
<p>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).</p>	
<p>In 2020 we will examine and test new applications and options for communicating data protection information to our customers more transparently.</p>	
<p>In the area of corporate security, the focus will be on the following measures in 2020:</p> <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>	<p><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></p>

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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

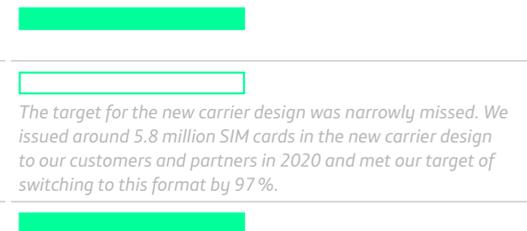


## OUR OPERATIONALISED CR TARGETS AND MEASURES IN DETAIL

### 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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