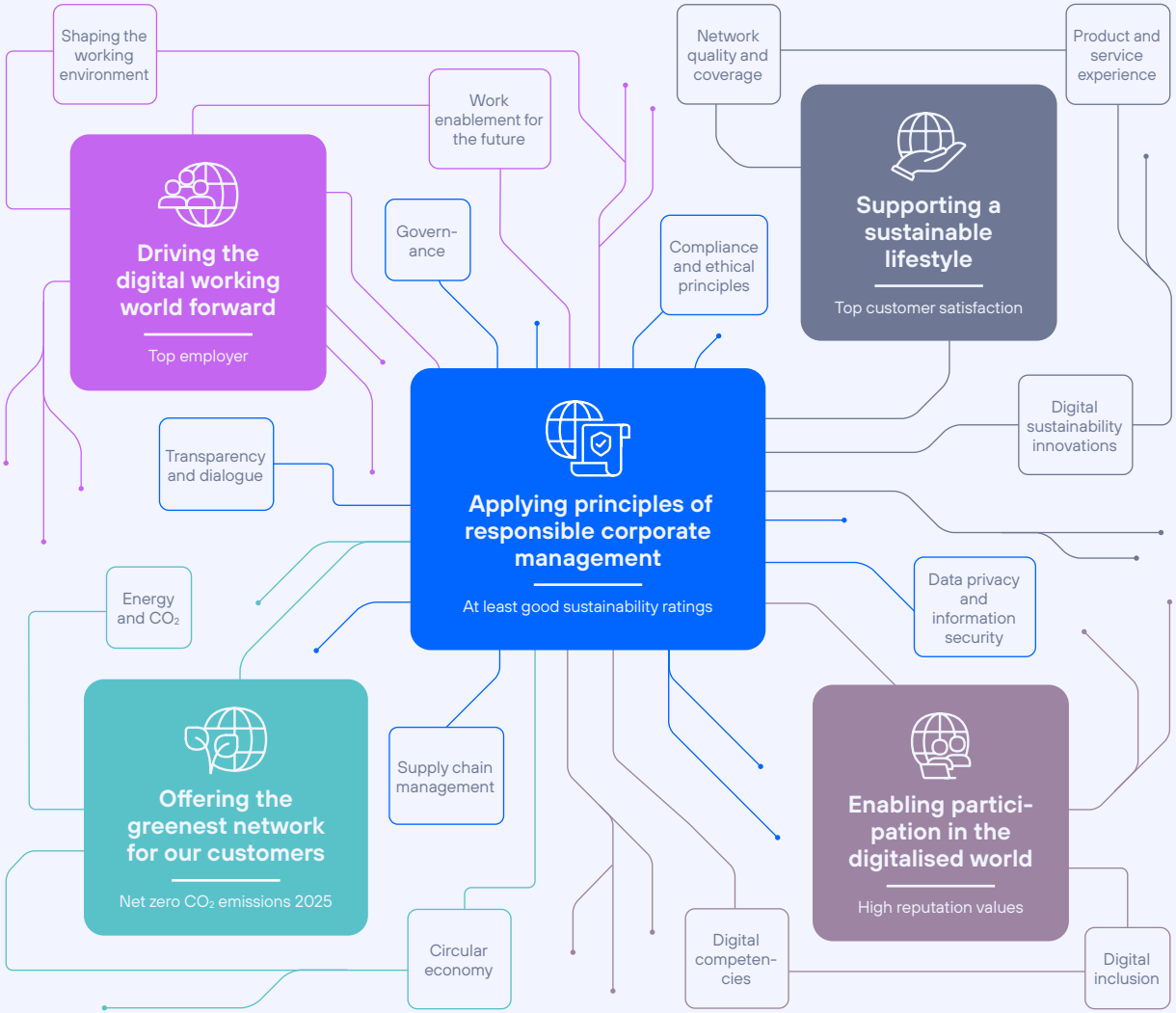
Responsible Business Plan 2025

Digital. Sustainable. Connected.



Telefónica

Our corporate responsibility targets from 2021

The Responsible Business Plan 2025 (RBP) "Digital.Sustainable.Connected." creates a renewed basis for further driving sustainable digitalisation and efficiently managing our sustainability commitment. With concrete measures, we want to become climate-neutral by 2025, further increase customer and employee satisfaction, and enable people to securely participate in digital life. With the RBP 2025, we want to continue to responsibly shape sustainable digitalisation and the transformation of our economy and society in the future. In the context of RBP 2025, we have set ourselves the following targets from 2021:

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.

Performance measurement: we aim to achieve at least good results in relevant sustainability ratings.

TRANSPARENCY AND DIALOGUE

Commitment
As a trustworthy partner, we engage in transparent dialogue with our relevant stakeholder groups.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Good dialogue with all relevant stakeholders	• In 2021 several events on Telefónica Deutschland's strategic issues such as telecommunications, digitization and sustainability will take place at the BASECAMP and the BASECAMP on Air. • In addition to this, we will take upspeaking opportunities at public conferences, enabling senior management to enter into discussion with relevant stakeholders. • We will discuss issues relevant to the company and society in our BASECAMP blog. • We also engage with our stakeholders on our social media channels.
	By the end of 2021: development and approval of a Communication Regulation Policy
Demonstrate transparency and enable the CR performance of Telefónica Deutschland to be assessed	Extensive non-financial reporting: annual production of a non-financial report and corporate responsibility report, observing legal requirements and internationally recognised reporting standards.
	ESG rating management: regular participation in relevant ESG ratings and consideration of ESG rating criteria as well as dialogue results in managing sustainability measures and communications.

GOVERNANCE

Commitment

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.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Governance for responsible corporate management (good governance)	Approve a remuneration system and report including ESG criteria and clawback regulations.
	We will continuously improve our business continuity management system and will strive for external certification in accordance with ISO 22301:2019 by the end of 2021.
Corporate governance for sustainability transformation (Governance for good)	Enhancing visibility of CR issues within the company
	Integrating sustainability aspects into existing management systems

COMPLIANCE AND ETHICAL PRINCIPLES

Commitment

We will act in accordance with all applicable laws, societal guidelines and values.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Certification for our compliance management system (CMS)	We continuously improve our CMS and will strive for external certification in accordance with the IDW auditing standard 980 by the end of 2021.
	We review our internal compliance training concept regularly and continually adjust it on the basis of risk to meet operational requirements and legal obligations. By doing so, we set out to counteract compliance risks in an effective and pre-emptive manner and prevent compliance incidents in the best possible way.
Risk assessments and adaptation of management systems	We analyse the legal obligations that apply to Telefónica Deutschland in relation to money laundering and identify existing processes and risks as part of an assessment aimed at doing so. Following on from this, we will set up an internal control framework, enabling us to mitigate potential risks in the best possible way.
	Implementing relevant aspects of human rights guidance via existing company guidelines and management approaches by the end of 2022.
Focus on human rights	Further developing the complaints channel for human rights and the reparation process by the end of 2022
	Producing guidelines to strengthen children's rights and prevent child labour by the end of 2021

DATA PROTECTION AND INFORMATION SECURITY

Commitment

We work to ensure customers retain sovereignty over their data and remain the masters of their digital lives.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Data protection: expansion of management system and dialogue	We will further digitalise data protection management in 2021 and introduce a corresponding software solution.
	We update the Group Data Protection Standard with regard to current and new challenges.
	We proactively seek exchange with our stakeholders, especially with our supervisory authorities, and maintain open, transparent coordination.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Information security: expansion of standards, assessments and programmes	In the area of corporate security, we will focus on the following measures in 2021: • 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 2021: conclusion of the analysis phase for remaining departments and subsidiaries. Conclusion of the review phase regarding implementation of the measures defined in conjunction with the departments. • Drawing up the annual assessment plan for 2021/2022 and implementing security assessments at Telefónica Deutschland in accordance with this planning for 2021.

SUPPLY CHAIN MANAGEMENT

Commitment
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.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Transparency: risk analysis and monitoring	If necessary, conduct risk analyses within certain product groups (ongoing)
	Develop and implement measures in connection with the results of the human rights risk analysis for services and works by the end of 2022
Harmonisation: consultation and policies	Harmonisation of sustainability controls between MCT and non-MCT (by 2023). Target: 100 % of purchasing processes are covered by the Supply Chain Sustainability Policy
	Implementation of the procedural instructions concerning the Supply Chain Sustainability Policy (2021)
	In 2021, set up company-wide processes and structures to ensure compliance with the planned supply chain law

Environment and climate

Mission for 2025: we offer our customers the greenest network.

Performance measurement: net zero CO_2 emissions by 2025 (scope 1 and 2)

ENERGY & CO_2

Commitment
We will use the options offered by digitalisation in all areas to reduce energy consumption and avoid carbon emissions.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
We will achieve net zero carbon emissions by 2025 at the latest.	Steering of the company-wide process to achieve net zero CO_2 emissions by 2025

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
	Increase the quality of green power:
	Continue to purchase 100 % green power and further develop our green power strategy in 2021
	Develop a Power Purchase Agreement (PPA) strategy in 2021.
	Power generation from renewable energy sources: Pilot projects at selected sites in 2021
	Compensation of unavoidable emissions (Scope 1 and 2): 20 % of unavoidable emissions will be offset in 2021
	Vehicle fleet 50/75 % (partially) electrified by 2025:
	Concept development and start of implementation of the creation of a charging infrastructure for electric cars and hybrids at office locations in 2021.
	Equipping all electric cars and hybrids in the vehicle fleet with e-tank charging cards in 2021 to enable the use of public electric charging facilities.
We give energy efficiency top priority and reduce our energy consumption per data volume by 82 % by 2025 compared to 2015.	Achieving energy savings through the more energy-efficient 5G network: Achieve 30 % household coverage with 5G technology by the end of 2021.
Energy consumption of office locations	Conceptualisation and implementation of site consolidation in Munich. Conceptualisation of site consolidation in Nuremberg
	Assessing a switch-off and potential removal of the existing UPS and emergency power systems
We will reduce carbon dioxide in our supply chain by means of collaboration and optimisation.	Developing a holistic cloud strategy for core systems, taking into account high efficiency standards and carbon dioxide minimisation
	From 2025 cloud services will either be operated directly by the provider/operator in a climate-neutral fashion or the associated emissions will be offset in order to support Telefónica Deutschland's target of net zero carbon emissions by 2025.
Our products and services make a material contribution towards helping our customers to reduce their personal carbon footprint.	Developing an eco-smart strategy by 2025

CIRCULAR ECONOMY

Commitment

We will align more and more aspects of our business activities with the principles of the circular economy.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Circular economy	Circular economy concept by the end of 2021
Logistics	Half-SIM: preventing plastic waste. We plan to supply 6.8 million half-SIM cards to customers/partners in 2021.
	Refurbishing DSL routers: we plan to refurbish 78,000 DSL routers in 2021 and put them back into circulation.
	Climate-neutral shipping: the already introduced climate-neutral shipping (I@H and Mobile) will become the standard delivery method from 2021 onward.
	Plastic: we will continue to promote the reduction of all kinds of plastics in logistics processes. As it is impossible to avoid plastics 100 %, we will stop using non-recycled plastic completely in our own logistics processes by 2025 at the latest.
Digitalising business processes	We will further increase the proportion of online bills to approx. 91.5 % by 2021 (target for 2022: 92 %) in order to promote more sustainable and paper-efficient behaviour.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
End customer hardware	Introducing a new Eco Index
	Introducing a trade-in programme for used handsets
	Continuing and expanding sales of used handsets
	Continuing to offer sustainable handsets, e.g. Fairphone
	Continuation of the waiver of automatic renewals of handset purchase contracts for hardware offers and retention of multi-year installment purchase contracts.
Office equipment	Concept for switching use-based office materials to sustainable products. First substitutions in the 2nd half of 2021.
Conservation of resources	Water-saving programme: developing a concept and assessing the opportunities for saving water at the office sites and shops.

Customers and business partners

Mission for 2025: we offer our customers products and services which support a sustainable lifestyle.

Performance measurement: customer satisfaction (NPS) at top level

PRODUCT AND SERVICE EXPERIENCE

Commitment

We will offer our customers the best value for money and service experience, and we will enable them to live their lives more sustainably.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Boosting customer satisfaction	We continuously improve our customer service through various measures according to the needs and wishes of our customers.
Strengthening the sustainability-oriented product and service portfolio	Developing a concept for strengthening sustainable products and services in conjunction with the relevant departments
	Developing a concept for dealing with the requirements of the so called EU taxonomy
Making sustainability and CR more visible for B2C customers	Implement measures and projects in 2021 to raise customer awareness of sustainability and corporate responsibility issues.
	Adopt an ethical guideline for marketing communications by the end of 2021.

NETWORK QUALITY AND COVERAGE

Commitment

We will offer our customers a modern network infrastructure and afford them network access from anywhere and at any time.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Development and roll-out of the 4G and 5G networks in line with the legal obligations; 5G coverage for more than 30 % of households.	Our goal is by the end of 2022 • to supply at least 98 % of the households in each federal state with at least 100 Mbit/s • to supply all federal motorways with at least 100 Mbit/s where this is legally and factually possible. • the federal highways Federal highways with connection to metropolitan areas (Metropolregionen) and regional centers (Oberzentren) with at least 100 Mbit/s where this is legally and factually possible. • to supply all major rail routes (> 2k PAX[1]/day) with at least 100 Mbit/s by the end of 2022, where this is legally and factually possible • Set up over 2500 ultra-fast 5G base stations • we will run 4G/5G Open RAN trials for both macro network and small cells over 2021 and we are actively promoting the implementation of this new technology within Germany
	Our goal is by the end of 2024 • to supply all other federal highways with at least 100 Mbit/s, where this is legally and factually possible. • to supply all national and state roads with at least 50 Mbit/s where this is legally and factually possible. • to supply the seaports and the core network of waterways inland with at least 50 Mbit/s where this is legally and factually possible • to supply all other rail routes with at least 50 Mbit/s by the end of 2024 where this is legally and factually possible • Put 6000 base stations into operation with at least 100 Mbit/s in "white spots"
	5G Coverage: 30 % (end 2021), 50 % (end 2022), 99 % (end 2025)
Best possible network experience for Germany	We consistently invest in our network infrastructure and focus on benefits for our customers in order to be able to offer them the best network experience German wide.

DIGITAL SUSTAINABILITY INNOVATIONS

Commitment

We will play a part in solving societal challenges and will align digital innovations with ethical principles.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
We foster sustainable digital business ideas	Wayra Germany will support several start-up projects in 2021
	Corporate responsibility/sustainability is a focal point of Wayra Germany's scouting activities
We utilise digital opportunities for sustainability in conjunction with our B2B customers/within innovative partnerships	We use the basis of completed market tests (e.g. O_2 Smart Tracker) as a means of gaining extensive insights into the consumer IoT market and our customers' needs and requirements across a range of dimensions such as service, hardware and, above all, connectivity. With our focus on issues such as smart life and smart devices, we want to use future products to improve our customers' health and lives both at home and on the move, thereby making our contribution to more sustainable and enjoyable lives for our customers.
	Digitalisation of the energy transition: 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 smart meter gateways has already begun and will continue consistently in 2021.

[1] PAX is an auxiliary unit of measurement for the number of passengers.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
	Networked mobility and reduction in fleet CO_2 emissions by the end of 2021: 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_2 emissions. The aim is to increase the application scope of the telematics solution to a total of >2,000 vehicles by the end of 2021.
	In the next few years, Telefónica Deutschland will develop the network of the future based on the new mobile communications standard 5G. In order to develop new business areas based on 5G technology, a key focus is on introducing 5G technology, coupled with the use of cloud solutions, as a platform technology for the first areas of application by the end of 2022. This will make us, as Telefónica Deutschland, an important partner for industry, for example to implement more energy and resource-efficient solutions for our customers.
We use our principles for ethical digitalisation to employ digital tools in people's best interests	In the area of mobility insights, we work with our partners to develop solutions that enable companies and state institutions to gain an understanding of the population's mobility behaviour while strictly observing the applicable data protection regulations. With this work, we support projects which aim to improve urban quality of life or actively combat the current COVID-19 pandemic.

Employees

Mission for 2025: we want to advance tomorrow's digital working world as an attractive employer.

Performance measurement: employer attractiveness (eNPS) at top level

FUTURE EMPLOYABILITY

Commitment

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.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Qualification and skills management	Establishing and expanding digital and data-based skills along with other relevant future skills; embedding mobility and agility in the company By 2022: • establish digital and data-based skills at the company by further expanding corresponding learning journeys • foster mobility by further expanding the internal mobility platform Beyond • specific training on experimenting with agile structures is provided in a leadership journey at the extended management level; individual opportunities to strengthen agile skills are available to all executives.
Leadership in the new working world	Leadership development and renewal with a shift towards independence, resource management, a focus on results, and team development, especially against the backdrop of digital and hybrid working models By 2022: • establish internal mobility as standard for executives. • facilitate specific executive development based on the requirements of the new working world. • further improvement in leadership quality by means of structured assessments

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Health management	Telefónica Deutschland is especially concerned with providing a safe work environment and maintaining and promoting the health of all our employees. We 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, which will be assessed in this way at least once a year. Further development of the KPI dashboard that takes into account new requirements resulting from changes in the working world. Further digitalisation of "feel good" offerings and "feel good" services, especially to meet the requirements for "Working Anywhere" and "Working Anytime".

DESIGNING THE WORK ENVIRONMENT

Commitment

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.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
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. This is in the interests of the company and our staff. It also allows us to make a contribution to society. By 2022: • consistent realisation of our initiatives "Working Anywhere", "Working Anytime" and "Outcome-based Leadership" • consistent implementation of our initiatives "70 % less internal travel" and "Digital by Default"
Utilising the full potential of all employees	Strengthening engagement and utilising the diverse individual potential of all staff members, whatever their gender and generation (from young professionals to experienced co-workers aged over 50) By 2024: establishing a talent pool for female executives suitable for development at senior management level By 2022: • activating a concept which enables staff aged over 50 in particular to have a second career at the company, thereby further promoting internal mobility • expanding the data, technology and commercial elements of the Young Professional Programme in addition to the ongoing options for dual studies or a traineeship, plus subsequent career opportunities at the company • producing an anti-discrimination policy and rolling it out at the organisation • further reduction in the gender pay gap
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. Furthermore, utilising the potential of our employees to make a contribution to high reputation scores as measured by RepTrak Pulse treating our environment responsibly in the digital transformation. By 2022: • enhancing team spirit and employees' identification with the company • improve employability by strengthening opportunities for development and upskilling and rolling out additional offerings

Society

Mission for 2025: we facilitate participation in the digitalised world by affording people access and skills.

Performance measurement: high reputation scores as measured by RepTrak Pulse.

DIGITAL INCLUSION

Commitment
We will afford everyone access to the digital world by means of special offerings.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Access for everyone	• We enable foreign citizens and tourists easier access to mobile communication in Germany. For this purpose, we are continuously expanding digital access channels and providing simplified and 24/7 available digital payment methods. • By the end of 2021, our goal is to provide enhanced digital recharge services at our Ethno brands.

DIGITAL SKILLS

Commitment
We will make people fit for the digital world.

TARGET CATEGORY	OUR CR TARGETS AND MEASURES FROM 2021
Providing optimum support for our customers on digital issues continues to be a central component of our service strategy.	• Digital and technical topics are covered as a matter of course in all areas to support customers in the rapidly evolving digital world. • 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. This is done via voice, messaging, video chats, apps and the portal.
Anti-cyberbullying initiative "WAKE UP!"	With our initiative we want to reach a total of 2 million people in 2021.
Initiative "Digitally Mobile in Old Age"	We aim to reach a total of 1.5 million people with our initiative in 2021.