Corporate Responsibility
Report 2016

Telefónica
Deutschland

Valentina Daiber
**Director Corporate Affairs
of Telefónica Deutschland**

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Tim-Julian Hartmann
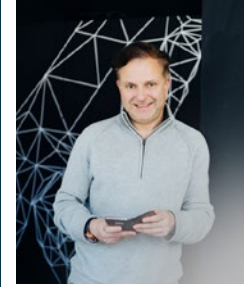**Business partner in the area
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About this report

Corporate responsibility (CR) is an integral part of the Telefónica Deutschland Group's business mindset and activities. With this CR Report, we are comprehensively and transparently covering our sustainability activities for the second time since the merger with the E-Plus Group and are thus keeping our stakeholders informed. These include customers, employees, business partners, shareholders, political decision makers, academia, non-governmental organisations (NGOs) and the interested public. Our previous CR Report was published in May 2016.

Reporting period and report boundary

The reporting period is 1 January to 31 December 2016. The report is supplemented by information regarding relevant CR activities which took place before or after this period. The copy deadline was March 2017. Unless indicated otherwise, quantitative key figures relate to the Telefónica Deutschland Group in the financial year 2016.

Comprehensive reporting in accordance with GRI G4

This report was prepared in accordance with the "Comprehensive" option of the G4 guidelines of the Global Reporting Initiative (GRI). The contents of the report were selected on the basis of materiality, taking into account the stakeholders' primary expectations. The Telefónica Deutschland Group developed a comprehensive strategy in 2015 that embedded corporate responsibility in all company levels and all along the value chain in a multistage process. In 2016 we coordinated our CR commitment even more closely with the

Telefónica Deutschland Group's core business activities by developing the Responsible Business Plan. Detailed information surrounding our CR strategy, measures, results, targets and challenges can be found in the chapters "CR management", "responsible business", "improving life in the digital world" and "protecting the environment and climate". The final chapter, "facts & figures", features all the relevant key figures. The CR Report was audited by the external audit firm Ernst & Young in accordance with the ↗ ISAE 3000 (Revised) standard with limited assurance. Selected management approaches and key figures were examined to this end. The audited disclosures are marked accordingly in this CR Report and in the GRI G4 Content Index.

Report format, reporting cycle and contact

The CR Report 2016 is available as a PDF in English and German at ↗ www.telefonica.de/verantwortung. Additional up-to-date information on the Telefónica Deutschland Group's CR activities can also be found there. We will continue to publish a CR Report annually. Readers with input or questions can contact the CR team at cr-de@telefonica.com. Our latest Annual Report is available to download at ↗ www.telefonica.de/investor-relations-en.

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Introductory Part

1.0

Dear Readers,

These are exciting times we are living in! Digitalisation continues to gather pace and is affecting all areas of our lives: work and learning, friends and family, health, mobility and safety. As Germany's largest mobile-services company with more than 49 million customer connections, we are setting the pace of this development because we believe in the great opportunities provided by digital technologies for a more sustainable world. But we will only be successful if digitalisation serves the people and if everyone is able to benefit from what it achieves. This is the task we have set ourselves.

We want to use the primary resources of digitalisation – connectivity and data – responsibly. This will steadily bring us closer to our vision of becoming the leading digital OnLife Telco. We are making it possible for our customers to live their digital lives according to their personal preferences and wishes. Therefore, we are committed to helping people retain control of their data. We are paving the way for the future by significantly expanding our strategic growth areas, Advanced Data Analytics and the Internet of Things. We consolidated our activities in these areas in Telefónica NEXT, which was established in 2016. It develops digital products and solutions that are of benefit to industry and society in equal measure.

We continued to systematically develop our corporate responsibility strategy in 2016 and coordinate it even more closely with our core business: our Responsible Business Plan 2020 formulates our ambitions and goals in the areas that are fundamental to us and our stakeholders in terms of our sustainability performance. We made some significant progress in this way last year. We accelerated our network integration and continued to roll out LTE technology. With our new O_2 Free tariff, we are responding to our customers' wishes to be able to move around conveniently in the digital world at all times. We have been improving the digital skills of young and elderly people for years with the Germany-wide programmes Think Big and Tablet-PCs für Senioren (Tablet PCs for Senior Citizens). We are also using digital solutions to cut raw-material and energy consumption. We have further reduced our carbon emissions and are prioritising renewable energies. In 2016 our energy management system was certified in accordance with ISO 50001 for all of our offices, shops and network locations.

This CR Report demonstrates how we are promoting sustainable development together with our stakeholders in the digital age. As forward thinkers and shapers, we want to harness the digital revolution for the benefit of society. I invite you to make up your own mind about our approaches and progress by reading this report and hope you find it informative.

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

Telefónica Deutschland – on the way to becoming the leading digital OnLife Telco

With more than 49 million customer connections as of 31 December 2016 the Telefónica Deutschland Group is a leading integrated network operator and is Germany's largest mobile-services operator based on customer numbers. We are responsibly advancing digital change in industry and society. As the digital OnLife Telco, we enable our customers to lead digital and self-determined lives in accordance with their personal wishes and preferences.

We offer private and business customers in Germany postpaid and prepaid mobile products and innovative mobile data services based on GPRS, UMTS and LTE technology. We also make fixed line products such as DSL telephony available to private customers and offer innovative IP telephony and connection solutions in the business customers segment. Modern high-speed Internet products round off our portfolio. We provide a state-of-the-art mobile-communication network. The UMTS network infrastructure now covers approximately 90 % of the German population, while nationwide LTE coverage is at around 80 %.

We are pursuing a focused multi-brand strategy in order to cater to the entire range of customer needs with our products and services. We offer private and business customers especially high-quality mobile and fixed line communication solutions with our premium brand O_2. International corporations trust our Telefónica brand. We reach other important customer groups via our secondary and partner brands. We also market a wide array of mobile phones and digital lifestyle products such as smartwatches, and we offer services including mobile O_2 banking, partnerships with well-known content providers, such as Sky Germany and TV Spielfilm, insurance cover and virus protection. To do so, we use our own shops, independent franchise and premium partner shops, online and telesales channels

and indirect sales channels in cooperation with retailers. The Telefónica Deutschland Group generated combined revenues of EUR 7.5 billion in the financial year 2016 (2015: EUR 7.9 billion) and had 8,843 employees (2015: 8,803 employees)[1].

Our company's structure

The Telefónica Deutschland Group is part of the Telefónica, S.A. Group with its headquarters in Madrid – one of the world's biggest telecommunications providers. Its parent company, Telefónica Deutschland Holding AG, is listed on the Frankfurt Stock Exchange and in the TecDAX. The wholly owned operating subsidiary Telefónica Germany GmbH & Co. OHG operates under the auspices of this parent company, together with its own wholly owned subsidiary E-Plus Mobilfunk GmbH. Telefónica Deutschland Holding AG is headquartered in Munich, Germany.

The company Telefónica Germany NEXT GmbH was founded in Berlin in 2016 as a subsidiary of Telefónica Germany GmbH & Co. OHG in order to advance innovations in the areas of Advanced Data Analytics (ADA) and the Internet of Things (IoT).

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1   The employee figures for 2016 show the respective headcounts of salaried employees and staff on temporary contracts as of the reporting date of 31 December 2016. The same applies to the previous year. The difference compared with the figure of 9,476 employees as published in the Annual Report 2016 (2015: 9,646 employees) relates to inactive employees who are not taken into account in sustainability reporting.

G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-17

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Our brands cover all market segments and customer needs:
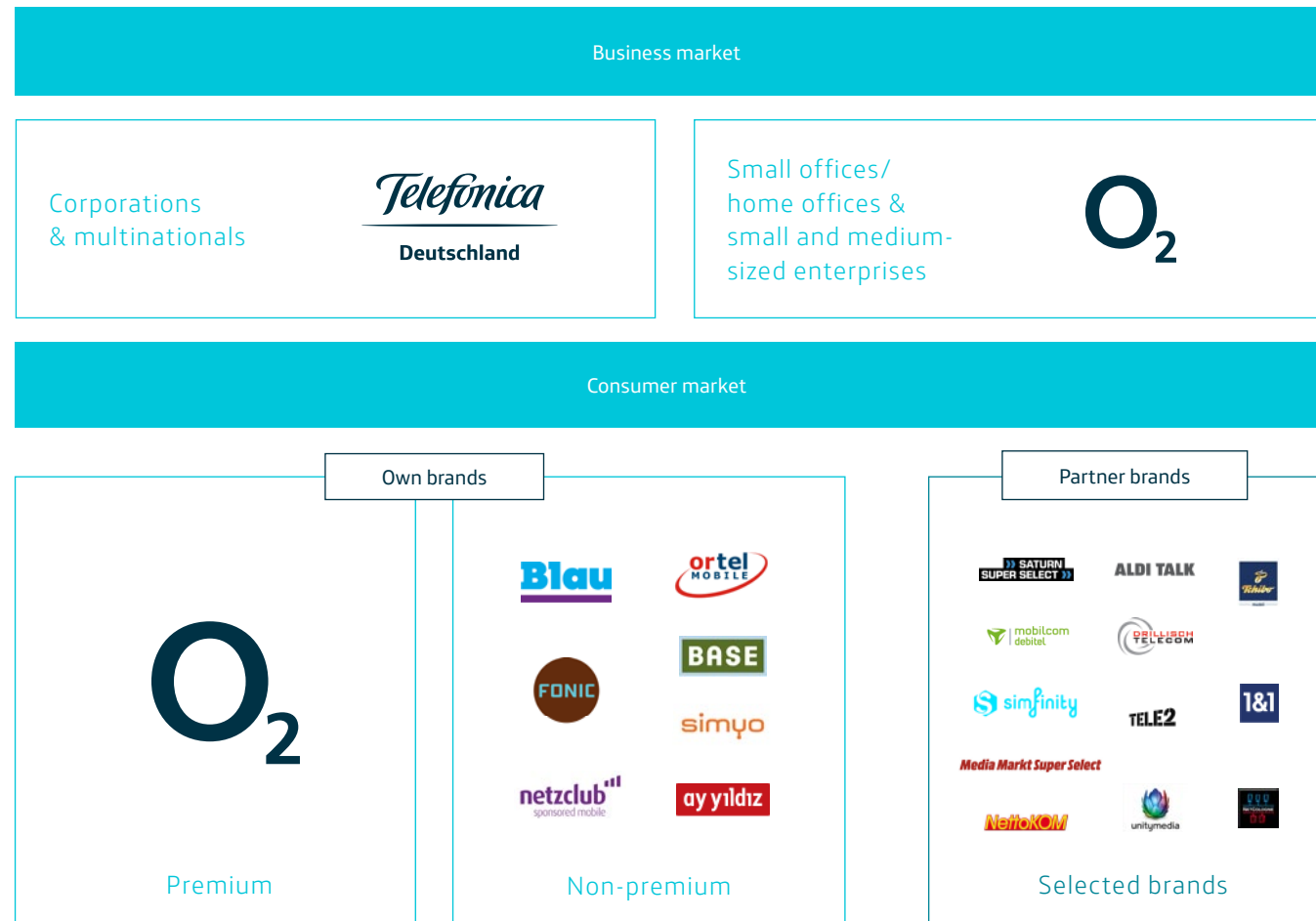
Business market

Corporations
& multinationals

Telefónica
Deutschland

Small offices/
home offices &
small and medium-
sized enterprises

O$_2$

Consumer market

Own brands

O$_2$

Premium

Blau

ortel MOBILE

FONIC

BASE

simyo

netzclub
sponsored mobile

ay yıldız

Non-premium

Partner brands

SATURN SUPER SELECT

ALDI TALK

Tchibo

mobilcom debitel

DRILLISCH TELECOM

simfinity

TELE2

1&1

Media Markt Super Select

NettoKOM

unitymedia

Selected brands

Search

Our milestones in 2016

The right network in the right place

Swift network expansion for 4G mobile-phone technology: 79 % of the German population already has access to LTE-based high-speed mobile telephony. For the 3G technology UMTS, we provide coverage for around 90 % of Germany's population.

Inspiration for and assistance with digital inclusion

Last year alone, we reached more than 3.26 million people and gave them digital inspiration with our programmes Think Big for young people (20,453), Tablet-PCs für Senioren (Tablet PCs for Senior Citizens) (1,249) and O₂ Gurus (3,242,961).

Mobile-phone guide for parents and children

Together with Deutsches Kinderhilfswerk e.V. (German Children's Emergency Fund), we have published the fourth revised edition of a child-friendly brochure with information on using smartphones and other types of mobile phone wisely. The publication is available in German and, for the first time, in Turkish.

Energy management certification

Our energy management in accordance with ISO 50001 helps us further improve our services in the area of energy and reduce costs.

Certified data protection

Our data anonymisation platform, which was developed in close cooperation with the data protection authorities, was awarded TÜV Saarland's "Geprüfter Datenschutz" data protection certification mark. The comprehensive protection of privacy offered and the high degree of freedom of choice were recognised in particular.

Search

Intelligent data analysis for climate protection

Together with partners in a number of German cities, we are examining the potential of intelligent data analytics that local authorities can use to plan infrastructural measures better, measure emissions more accurately and generally make their local public transport more attractive.

Preparation of our Responsible Business Plan 2020

Under the motto of "Our future. Our aspiration.", we have formulated long-term ambitions relating to our material CR issues and established meaningful goals.

Sustainable supplier management strengthened

Our Supply Chain Sustainability Policy, which serves our suppliers as a code of conduct, was completely overhauled, with new aspects such as data protection and anti-corruption being added.

New O$_2$ Free tariff portfolio

Allows the customer to continue surfing and use many popular apps even after their high-speed data volume has been used up. Designed to meet individual customer needs and offered at a fair price.

Mobile-phone recycling contributes to the conservation of resources

Together with the not-for-profit company AfB and Naturschutzbund Deutschland e.V. (NABU, Nature And Biodiversity Conservation Union), we collected 62,361 old mobile phones as part of the programme (36 % more than in the previous year). AfB stands for Arbeit für Menschen mit Behinderung (Work for People with a Disability). 51,145 of these were recycled and 11,216 were remarketed.

Corporate Responsibility Management

2.0

"I am firmly convinced that with digital technologies we can contribute to overcoming social challenges and push sustainable development."

VALENTINA DAIBER
Director Corporate Affairs of Telefónica Deutschland Group

As the digital OnLife Telco, the Telefónica Deutschland Group wants to shape the digital transformation responsibly. With the Responsible Business Plan 2020 the company has interlinked its CR strategy even more closely with its core business and is showing what responsible business management in the digital age means. In the three fields of action "responsible business", "improving life in the digital world" and "protecting the environment and climate", the ambitions of the coming years have been defined and linked to clear performance figures that can be used to measure progress.

CR Strategy
CR Website

Search 🔍

Digital OnLife Telco: from integration to transformation

Life without digital technologies and communicative interconnectivity is inconceivable for us these days. These developments are fundamentally changing society and economic life. As one of Germany's biggest network operators with more than 49 million customer connections, we want to continue to be the driving force behind digitalisation. We have a clear vision: we want to be the leading digital OnLife Telco. We want to offer our customers a digital and self-determined life based on their personal wishes and preferences.

We will achieve our goal with a clear strategy which has up to now been founded on three guiding principles: maintaining our market momentum, successfully concluding the integration of the Telefónica Deutschland Group and the E-Plus Group and advancing the company's digital transformation. We maintained our momentum in the financial year 2016, wrapped up some key integration projects and also laid some important foundations for becoming the leading digital OnLife Telco.

Thanks to the swift implementation of the integration, we are now able to primarily focus on maintaining our momentum and on the company's digital transformation. This not only includes simplifying and digitalising our own processes but also opening up new growth areas such as the Internet of Things (IoT) and Advanced Data Analytics (ADA). In this area in particular, we want to become leaders and have been consolidating our activities in the new company Telefónica NEXT to this end since 2016. The success of innovative business models that improve our customers' lives is dependent on those models being accepted. We therefore enable our customers to use digital applications in a self-determined way and commit ourselves to ensuring they retain control over their data. We want to get

our customers, employees and all the other stakeholders on board with digitalisation and be a trustworthy partner for them at all times.

Digitalisation offers immense opportunities for society and the economy but also poses challenges due to the far-reaching changes it entails. Our risk management ensures that we can recognise these challenges early on and actively counter them. At the same time, we always weigh up the risks against the opportunities that we wish to seize in the interests of business success. What being a trailblazer for the digital revolution means to us above all is shaping this revolution responsibly. We want to steer it in a direction that bears in mind the impact for people and the environment and places the focus on the benefits for society.

Our Responsible Business Plan 2020

Corporate responsibility (CR) is part of the Telefónica Deutschland Group's self-image. With our consolidated position as the largest mobile-services provider in Germany based on customer numbers, our stakeholders' expectations have risen, as have our own high ambitions of responsible business. Our declared goal is to contribute to solving societal challenges with the help of digital technologies and to promote sustainable development. This involves keeping an eye on the impact that all of our business activities have on people and the environment.

an analysis to identify potential improvements and internal workshops involving our specialist departments. It formulates our goals for the coming years and has been approved by the management and the Management Board of the Telefónica Deutschland Group.

VERIFIED

Corporate responsibility continues to be an integral part of core business activities

VERIFIED

In 2015 we began to develop a comprehensive CR strategy to embed corporate responsibility in all company levels and all along the value chain. This involved identifying three CR focal areas which are directly related to the impact that our business activities have: "responsible business", "strengthening life in the digital world" and "environmental and climate protection". We used a materiality analysis to boil these and the material CR issues for our company down to an issues matrix that reflects both the management's and the stakeholders' outlook. On the basis of company-, market- and industry-specific analyses, the stakeholders were selected and and the material CR issues were determined. We reported on this process in detail in ↗ last year's CR Report. In comparison with the previous year, there have been no changes.

We further developed our CR strategy in 2016 with the aim of more closely coordinating our commitment with our core business activities. We drew up our Responsible Business Plan 2020 on the basis of

The Responsible Business Plan 2020 focuses on the three CR areas mentioned. We have identified overarching ambitions for each of them, which serve as important milestones as we go forward. To achieve our goals, the CR department and the specialist departments have jointly developed commitments and informative performance indicators for all of the key CR issues. These can be found in the corresponding chapters of this report and are highlighted in it.

G4-2, G4-18 ☑, G4-19 ☑, G4-20 ☑, G4-21 ☑, G4-25 ☑, G4-26 ☑, G4-EC2

Search

Telefónica's Responsible Business Plan 2020

Our future. Our aspiration.

Responsible business

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.

Material CR issues:

Supply chain

Employer

Compliance

Customers

Strengthening life in the digital world

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.

Material CR issues:

Sustainable innovations

>50 million

Digital inclusion

Data protection

Environmental and climate protection

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_2 emissions by 11 % compared with 2015.

Material CR issues:

Energy & CO_2 reduction

Conservation of resources

CO_2

11%

VERIFIED

Allocation of material CR issues mentioned above all along the value chain of the Telefónica Deutschland Group

(the material issues determined in 2015 remain the same and compared with the previous year were integrated into the Responsible Business Plan):

In the supply chain: working conditions, compliance, data protection, energy & CO_2 reduction, fair partnerships in the supply chain

In own business operations: employer, compliance, data protection, energy & CO_2 reduction, conservation of resources

In distribution markets and with regard to customers: compliance, data protection, digital inclusion, energy & CO_2 reduction, fair partnership with regard to customers, sustainable innovations, conservation of resources

A comprehensive version of our Responsible Business Plan 2020 can be found online.

G4-19 ☑, G4-20 ☑, G4-21 ☑

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Managing CR processes efficiently and in a targeted manner

CR management responsibilities are clearly defined within the Telefónica Deutschland Group. The Corporate Responsibility department develops the national CR strategy in accordance with the global CR strategy of the Telefónica, S.A. Group and the German corporate strategy. It is reviewed and approved by the management and the Management Board. The CR department translates the strategy for the other departments and company locations. It manages all the CR activities across the divisions in accordance with the focal areas of the CR strategy, monitors target attainment and initiates new projects. Dialogue based on partnership is especially important, as it enables us to pick up on the expectations made of our company and important issues and trends. To this end, the CR department and the other appropriate departments communicate closely with our stakeholders.

Coordination across all company divisions

Our internal processes are likewise characterised by cooperation and dialogue, boosting the transfer of knowledge on the topic of sustainability. For example, the Telefónica Deutschland Group discusses overarching corporate responsibility topics with the Telefónica, S.A. Group. In Germany, the relevant specialist departments work with the CR department in various bodies, such as the CR Committee, the Environment Committee and the Energy Committee, and assess the realisation of projects and measures.

Measuring CR performance using performance indicators

The Corporate Board is the top management level within the Telefónica Deutschland Group and comprises the Management Board and the members of the management. They jointly review and verify the CR goals set each year together with the departments. These goals are integrated into our management processes on the basis of company-wide key performance indicators (KPIs). We have defined indicators applicable throughout the Group for all the key CR issues addressed in the Responsible Business Plan.

We review the achievement of these goals in regular meetings with the senior management of the departments involved and our Director Corporate Affairs, who is the individual responsible for CR within the Corporate Board of the Telefónica Deutschland Group. The key CR performance indicators are also verified annually by an audit firm.

The realisation of our goals is only possible together with our employees. We regularly keep them abreast of our CR activities and involve them in our commitment. Our suppliers, who can be found in 27 countries around the world, are likewise important partners in the area of corporate responsibility. Our supplier management embeds ethical, environmental, social, healthcare and data protection criteria in the procurement processes, thus giving our suppliers a clear framework for more sustainable value added. ↗

CR management in the Telefónica Deutschland Group

Corporate Board

Management Board

Management

Makes strategic   Checks guidelines and CR
CR-related decisions   targets and approves these

Director Corporate Affairs

Member of the management and responsible
for CR on the Corporate Board

◀◀ Exchange on CR ▶▶

Telefónica, S.A.

Offers global CR strategy as orientational framework
for local CR positioning

Coordinates globally relevant CR topics and guidelines

Regular exchange on CR

Regular exchange on CR

CR department as coordinating office

Develops the national CR strategy   Coordinates, monitors and reports   Initiates and supervises CR projects
and CR guidelines and translates them   interdepartmentally on CR activities,   with a strong societal impact
for the specialist departments   KPIs and targets

Interdepartmental   Collaborate intensively   Specialist
CR Committee   **steering committees**

Specialist departments

Formulate goals and KPIs in   Realise measures and report   Work in steering committees at operational level
coordination with   to the CR department   to deal with issues involving other departments
the CR department   (e.g. Environment, Energy, Data Protection,
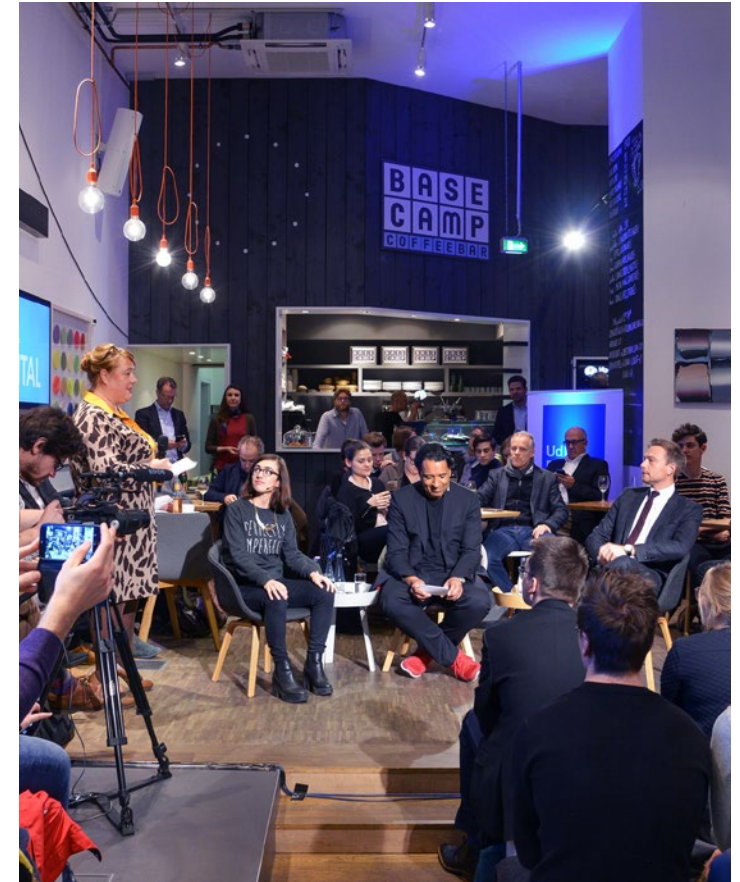   Health and Safety)

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In dialogue with our stakeholders

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Our aim is to generally enhance the digital lives of our customers, business partners and society with innovative technologies and services. To do so, we want to know more about their wishes and needs. It is also important for us that we recognise the impact that our own actions have, so that we can further develop our business model with a focus on benefits for society.

We use various channels to engage in dialogue with our key stakeholders, in particular the customers, employees, shareholders, suppliers, business partners, non-governmental organisations (NGOs) and the political sphere. The following overview presents the ways in which stakeholders can communicate their interests to us and how we work with them.

G4-24 ☑, G4-26 ☑, G4-27 ☑

Telefónica Deutschland in dialogue with its stakeholders

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Customers

Contact via shops, hotlines, chat, innovative formats such as the O₂ pop-up shop, social media, the O₂ customer day, forums

O₂ Gurus in the shops, hotlines, short videos, online chat, social media and in training sessions

Self-service with the Mein O₂ app and o2online.de

External initiatives

Cooperation with industry, academia and civil society on topics relevant to CR

Participation in the Bavarian Environmental Pact and the Munich Business Climate Pact

"Wir zusammen" (Us Together) integration initiatives of German businesses

Shareholders

Annual General Meeting and Annual Report

Website page www.telefonica.de/ investor-relations.html

Local authorities

Cooperation in the area of network expansion

Reaching a consensus on locations

Joint pilot projects relating to infrastructure measures

Digital community

Telefónica BASECAMP with event series such as Digital Masterminds, Data Debates and UdL Digital Talk

Annual Digital Innovation Day

Telefónica **Deutschland**

Suppliers and business partners

Sustainable supplier management based on assessment processes

Vibrant feedback culture

Political and administrative spheres, business and associations

Regular dialogue with, for example, local authority associations to keep local authorities up to date on network expansion

Regular events relating to current political issues

Conducting studies such as "5 Jahre Think Big" (5 Years of Think Big) or the Telefónica Index on Digital Life

The Telefónica Deutschland Group's UdL Digital blog

Security authorities

Strict observation of telecommunications secrecy and data protection

Cooperation with judicial and security authorities in accordance with the legislative requirements

NGOs

Partnerships and knowledge exchange via programmes such as Think Big, Tablet-PCs für Senioren (Tablet PCs for Senior Citizens) and mobile-phone recycling

Employees

Annual staff survey

Events such as "Vorstand im Dialog" (Management Board in Dialogue) and "Kaffee & Croissant" (Coffee and Croissants) with the Management Board

Talent promotion and managerial development

DigitalBrain intranet tool

Comments function for employees on the intranet

A selection of our memberships and cooperations can be found here.

G4-24 ☑, G4-26 ☑, G4-27 ☑

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Taking the pulse of digital life with internal surveys and studies

We initiate studies and surveys in order to better understand current societal developments and accommodate them in our business processes. For example, the ↗ Telefónica Index on Digital Life (TIDL) study published in 2016 provided us with some valuable insights. This meta-study examined the development of digitalisation around the world more thoroughly than any analysis before. According to the study, Germany is already in a strong position among the 34 countries included in the study, ranking fifth in terms of digitalisation, but the country is not yet fully harnessing its potential. Rather than evaluating digitalisation solely on the basis of technical access opportunities, as was the case with previous studies, this study drew on alternative indicators such as digital openness, digital trust and digital entrepreneurship

A representative study commissioned by O_2 and looking at what ↗ Germans no longer wished to do without delivered some interesting results regarding customer wishes. The key finding of the survey of more than 1,000 individuals aged 14 and over was that the majority of smartphone users now consider instant-messaging services, emails, weather forecast services, navigation and surfing the Internet to be indispensable and expect these things to be available around the clock.

Another study on behalf of the Telefónica, S.A. Group looked at how the Internet of Things could be effectively protected from cyber attacks. The authors of the report ↗ "Scope, scale and risk like never before: Securing the Internet of Things" emphasise the fact that while the interconnectivity of devices and products has benefits, there are also substantial risks for businesses and consumers. And these risks need to be avoided first and foremost on the basis of uniform standards and regulation and by means of closer cooperation between the developers and operators.

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Responsible Business

3.0

Our ambition

We are a fair and trustworthy partner for our stake-holders. 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.

Key CR topics

Customers   Supply chain   Employer   Compliance

"Libify can save lives – but only if the emergency call system can establish a direct connection with the point of help. The Telefónica M2M Global SIM card provides for secure communication, especially in difficult situations."

TIM-JULIAN HARTMANN
Managing Director of Libify Technologies GmbH

Libify makes the emergency call system mobile. Until now, the usual solutions only worked as medical-alarm solutions and required corresponding infrastructure in the home. With the Telefónica M2M Global SIM card, Libify Technologies GmbH can – as a partner of Telefónica Deutschland Group – make its IoT products available almost everywhere in the world. The possibility of voice communication via the SIM card gives Libify customers using this M2M application additional security.

Network and products ↗
Libify ↗

Digital added value for our customers

As a digital OnLife Telco, we place the customers at the heart of everything we do. We want to give them real added value with optimum value for money and we want to enable them to use the achievements of digitalisation in accordance with their wishes and habits. To offer them the best possible customer experience, we look at the entire value chain, from a powerful network to innovative products and services in the shops or online.

Our focused multi-brand strategy aims to connect with the customers and their needs precisely where they are to be found. We have also reduced the number of tariffs and options in order to give them maximum transparency and freedom of choice.

Our commitment_ We offer our customers the best product and service experience, the latest innovations and a modern network infrastructure. By 2020 we will offer the best customer service with the highest level of customer satisfaction in the industry.

O₂ FREE

With our new O₂ Free tariff portfolio, we are responding to our customers' clear wishes to be able to move around freely in the digital world at all times without fear of their surfing speed being curbed to a minimum. Even when they have used up their high-speed data allowance, the customers can continue to surf at a speed of up to 1 MBit/s and can still use many popular apps. And with O₂ Free Business, our business customers can use unlimited mobile Internet at a speed of up to 225 MBit/s throughout Germany with LTE Max, enabling them to work whenever they want, be it sending emails or participating in videoconferences.

Focus on customer satisfaction

We can only secure the success of our company and advance the development of sustainable solutions on the basis of a high level of customer satisfaction and fair partnership with the customers. We aspire to identifying our customers' expectations in real time and offering them suitable and useful products and services for their lifestyles and work environments. To this end, we have introduced a multitude of innovative services to the market, making us trailblazers in the area of customer orientation.

Search

SUPER SELECT TARIFFS

The Super Select tariffs are available exclusively through Media Markt and Saturn. They include data sharing, with a joint data volume for several people and devices, while the customers maintain full control over the costs and receive a single bill for all the users. We also offer our O_2 prepaid customers the advantage of carrying unused data over into the next month. Our customers enjoy guaranteed cost certainty when abroad too, with the EU roaming flat rate for O_2 tariffs. Our redirect process additionally offers them especially secure payment to third-party suppliers through their mobile-phone bill.

MEIN O_2 APP

The new Mein O_2 app allows our customers to independently find out about tariffs and bills more simply and more quickly and make changes themselves. Using this intuitive app, prepaid and contract customers can access their contract details from anywhere and at any time, add extra options, view their bills, check their credit level or maintain an overview of their mobile data usage. The app also allows them to check parameters such as network coverage and surfing speed then and there.

O_2 UNITE

With O_2 Unite, our business customers benefit from a simplified and transparent pool-based tariff that grants all of a company's employees a specific amount of talk time, mobile data and text messages. O_2's Digital Phone solution is a cloud-based phone system that makes all employees around the world available on the same fixed line number and gives them Internet access. Our partnerships with our business customers are further strengthened by Telefónica NEXT's innovative services in the areas of IoT and Advanced Data Analytics.

Search 🔍

360° customer dialogue: online and in the shops

Our comprehensive services in all the channels via which our customers can reach us likewise stand for fair partnership and maximum freedom of choice. Customers increasingly expect the solution to their matter to ideally be just a single click away. We are therefore responding to their expectations of customer-oriented digitalisation of the dialogue formats and are increasingly focusing on digital self-service and top quality of each and every instance of customer contact. Customers are already making use of the diverse ways in which they can communicate with us or with each other online, such as the O_2 customer forum, social media, videos, chat or the new online magazine YouCanDo.

Our own O_2 shops and our partner shops are an important anchor point for customer dialogue. With the steady roll-out of a new shop concept in the format of a "store of the future", we are inviting our customers to discover the many opportunities offered by the digital world with live devices in-store. Additionally, our O_2 Gurus personally communicate the primary trends and tricks in the digital world in our shops and online. ↗

We held our first O_2 customer day at the Telefónica headquarters in Munich in March 2016. This gave the customers an exclusive peek behind the scenes and allowed them to seek advice personally from our service staff and the O_2 Gurus on topics in the areas of mobile telephony, DSL, smartphones and apps. We plan to hold the O_2 customer day in other cities too in the future.

Targeted measures to combat customer hotline congestion

The process of transitioning former BASE and E-Plus contracts to the O_2 brand resulted in periods of heightened information needs in 2016, involving long waits on our O_2 customer hotline. We acted upon this immediately, taking steps to guarantee the usual level of service quality. These included increasing our staff capacities by up to 30 % for the service channels (customer hotline, online chat and social media) and comprehensively optimising the help section on the O_2 website.

Responsibility and partnership in the supply chain

VERIFIED

The Telefónica Deutschland Group is committed to sustainable procurement and supplier management along its entire value chain comprising some 780 suppliers in 27 countries. In order to guarantee this, we make high demands of our suppliers in terms of their responsibilities, not only promoting the observance of product and service quality standards but also ethical, social, environmental and data protection aspects. We and our suppliers are united by our long-term business relations founded on partnership and our shared commitment to highly efficient processes.

Our 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.

Telefónica Global Services GmbH (TGS), a subsidiary of Telefónica, S.A. Group, is responsible for buying most of the goods and services. The Telefónica Deutschland Group's Corporate Responsibility, Compliance, Legal and Data Protection departments work with TGS in the areas of sustainability and compliance within the supply chain and define the tasks to be performed by TGS.

We break the goods and services we procure down into seven product groups:

01 Network infrastructure
(e.g. switching systems, data lines, electricity systems)

02 Services and types of operation
(e.g. technical support, facility management, logistics and sales)

03 Market products
(e.g. office materials, call centre systems, furniture)

04 Information systems (e.g. computer infrastructure, data transmission systems, technical support)

05 Advertising and marketing
(e.g. market research, sponsorship, trade fairs)

06 Content
(e.g. concepts, strategy consultancy)

07 Mobility
(e.g. mobile phones and accessories)

G4-12 Supply chain ☑, G4-DMA Procurement ☑, G4-DMA Supplier assessment ☑, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-DMA Human rights ☑, G4-HR11

Supply Chain Sustainability Policy brought into line with new challenges

VERIFIED

The sustainability aspects of our dealings with our suppliers are governed by the ↗ Supply Chain Sustainability Policy, which serves the suppliers as a code of conduct. The policy follows our Business Principles, providing a uniform framework for relations with our interest groups and strengthening our commitment to sustainable supplier management. The Supply Chain Sustainability Policy is founded on key international treaties and standards such as the UN's Universal Declaration of Human Rights, the conventions of the International Labour Organization (ILO), OECD guidelines and ISO standards. It also reinforces our commitment to the latest global frameworks such as the UN Guiding Principles on Business and Human Rights and the Sustainable Development Goals.

We completely overhauled the Supply Chain Sustainability Policy in 2016, updating important existing issues and incorporating new aspects such as data protection and anti-corruption.

All of our suppliers are in future to be obliged to implement these minimum standards and pass these on to their subcontractors. The suppliers must be in a position to provide evidence at any time that the principles are being observed.

VERIFIED

We will implement the new Supply Chain Sustainability Policy in 2017 and will gradually communicate it to all the suppliers. It will be applied to all procurement of goods and services, including those of our subsidiaries, and independent of ↗ business segment and location. Its scope will include the entire supply chain. At the same time, we are working on internal guidelines regarding implementation of the necessary modifications to the purchasing processes of TGS, the specialist departments, the CR department and supplier contracts; we will start to introduce these in 2017 with the aim of concluding this process by 2020.

G4-DMA Procurement ☑, G4-DMA Supplier assessment ☑, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-DMA Human rights ☑, G4-HR10, G4-HR11

26

*Depiction of the minimum requirements for responsible business,
as defined in the Supply Chain Sustainability Policy:*

Ethical criteria

– Observance of international conventions and national and local laws

– 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

– Freedom of association and the right to collective bargaining

– 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

– Climate change measures

– Management of waste

– Dealing with dangerous substances and chemical products

– Environmentally efficient consumption of materials and resources and atmospheric emissions

Data protection and confidentiality of information

– Data protection rules

– Technical and organisational measures

G4-DMA Procurement ☑, G4-DMA Supplier assessment ☑, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-DMA Human rights ☑, G4-HR11

Search

VERIFIED

Focus on human rights

The principles of respecting and defending human rights are firmly embedded in our sets of rules. For example, we have made a commitment in our Business Principles to observing the United Nations' Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO). We stand up for equal opportunities and treat everybody equally, with no prejudices regarding race, skin colour, nationality, ethnic origins, religion, gender or sexual orientation. We also do not tolerate any form of child or forced labour and guarantee the right of employees to belong to a trade union organisation. Observance of the guidelines is managed via an integrated ↗ compliance system.

We require our suppliers to likewise assume responsibility in the area of human rights. Our adopting this attitude is confirmed by our materiality analysis, which pinpointed challenges in this area, in particular in the upstream supply chain. Our activities that contribute to a more sustainable supply chain mean we are meeting our due diligence obligations regarding compliance with human rights. We specifically addressed this issue in the new Supply Chain Sustainability Policy and in the supplier management risk analysis conducted in 2016. We strengthen our commitment through involvement in industry initiatives, such as via the Telefónica, S.A. Group's membership of the Joint Audit Cooperation.

Supplier management risk analysis conducted

VERIFIED

In 2016 we conducted a comprehensive analysis of the risks relating to the goods and services we procure, focusing on our key suppliers in terms of risks and procurement volumes. We evaluated the global and industry-related risks pertaining to CR topics for all of our product groups and sub-groups. This involved 586 suppliers being analysed, of which 112 showed signs of a potentially high risk, albeit without any violations having come to light. The primary risks are related to labour conditions, health and safety, environmental protection, human rights and conflict minerals. There were lesser risks in the areas of customer promises and data protection. In consultation with the Telefónica, S.A. Group, we will gradually call upon suppliers with a potentially high risk to complete a self-assessment within the EcoVadis suppliers' platform. We will henceforth conduct a risk analysis of our suppliers every two years. We also intend to put a system in place by 2020 to improve the sustainability performance of suppliers with a high risk.

We also reviewed our existing supply chain guidelines and processes with a compliance risk assessment in 2016 and will derive further risk mitigation measures from this together with TGS. The Global Anti-Corruption Policy was successfully implemented in 2016 in consultation with TGS. The policy obliges all suppliers to declare via the registration process on our tendering platform that they will comply with anti-corruption laws and supplements the local guidelines.

G4-DMA Procurement ☑, G4-DMA Supplier assessment ☑, G4-EN32, G4-EN33, G4-LA14, G4-LA15,
G4-DMA Human rights ☑, G4-HR10, G4-HR11

Further development of sustainable purchasing criteria

VERIFIED

We provide buyers with the most important information on sustainable supplier management, such as the new Supply Chain Sustainability Policy.

For supplier management, we use with SUMA (Supplier Management) a standardised tool as a rating system. It helps us to assess specific suppliers with regard to cost and quality criteria as well as social, environmental and economic commitment. We continuously review and develop our sustainability-related benchmarks, for example with energy management pursuant to the ISO 50001 standard. We evaluated 43 supplier companies with our SUMA process in 2016. It also serves as an important part of our quality and environmental management certified in accordance with ISO 9001 and ISO 14001. After assessment, we determine improvement measures in close cooperation with the departments and the suppliers and systematically monitor these measures. With SUMA, we encourage our partners to act more sustainably, as their performance in this area has a bearing on how we assign our contracts.

There is a point of contact for our suppliers and their employees within our ↗ supplier platform, which they can use if they have any questions or complaints and which can also be used anonymously, if necessary.

Increased cooperation at the industry level

VERIFIED

Together with the Telefónica, S.A. Group, we are involved in numerous international industry initiatives and promote multi-stakeholder dialogue in the interests of greater transparency and sustainability within the supply chain. This includes membership in the Global e-Sustainability Initiative (GeSI), the Electronic Industry Citizenship Coalition (EICC) and the Public-Private Alliance for Responsible Minerals Trade (PPA). We have expanded our involvement since 2016 and are now part of the Joint Audit Cooperation (JAC), an alliance of the world's largest telecommunications companies, through the Telefónica, S.A. Group. The aim of the JAC is to share resources and best practice in order to boost corporate responsibility within the supply chain. For example, the JAC handles the supplier audits of all of its member companies all over the world.

G4-DMA Procurement ☑, G4-DMA Supplier assessment ☑, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-DMA Human rights ☑, G4-HR10, G4-HR11

"I want my employer to trust me and to give me the scope to become a real 'intrapreneur'. I would like to challenge the status quo with innovative ideas and thereby share in shaping the digital future."

KATHARINA KREMSREITER
Onlife Graduate at the Telefónica Deutschland Group

ⓘ

Seizing the initiative, bringing in your own ideas, thinking like an entrepreneur – all these are core skills that young talent has to possess to be able to help shape tomorrow's world with the Telefónica Deutschland Group.

The Onlife Graduates programme for bachelor and master graduates is therefore no ordinary trainee programme. Here, young graduates are given the opportunity to develop a start-up idea together with other programme participants – Telefónica Deutschland Group is developing the next generation of digital rock stars.

Employer ↗
Onlife Graduates ↗

Attractive employer in the digital age

Our interactions with employees of the Telefónica Deutschland Group are characterised by fairness and partnership. Our Business Principles stipulate how we behave – in everything we do. We create optimum labour conditions with comprehensive health management, performance-related remuneration and attractive career opportunities. We give consideration to diversity and equal opportunity in our employee development and when recruiting new staff members. We also communicate openly, transparently and comprehensibly with our employees. We behave respectfully and appreciatively, take our employees' interests into account and foster communication and dialogue founded on trust.

> **Our commitment_ In the years leading up to 2020 we will position ourselves internally and externally as an attractive employer and achieve generally good to very good results in our employee surveys.**

VERIFIED

Our HR strategy follows the company's digital transformation strategy and focuses on the topics of expertise, talent and leadership. This integrates the goal of acquiring the best employees and developing their skills such that our company has continued success in the future. The Director Human Resources has overarching responsibility for the area of human resources. In the 2016 reporting year, this individual reported directly to the Chief Operating Officer. Since 1 January 2017 they have been reporting directly to the Chief Executive Officer. The aim of the Telefónica Deutschland Group's health

management is to increase our employees' awareness of a healthy way of life and working, thereby boosting their employability. Here, we focus on optimum individual labour conditions and skills and on our employees' work-life balance.

VERIFIED

Annual employee survey gives a clear idea of the employee mood

In keeping with our aspiration of being an attractive employer, we offer flexible working hours, modern workplace concepts, pension subsidies and discounts on public transport and insurance cover. We regularly gauge employee satisfaction. We conduct an employee survey once a year in order to assess the employees' dedication and the general mood at work. The teams and departments then independently derive measures for improvement, based on the anonymised results of these surveys. The 2016 result of 61 points (2015: 67 points) shows that, even with the challenges of the merger, we can count on our employees' motivation, with 76 % of those surveyed considering themselves to be full of energy and wanting to do their very best.

Integration process on the right track

The new Telefónica Deutschland Group is focusing on simplifying and digitalising its business model in order to create lean and efficient structures in all areas. The company had 8,843 employees in the 2016 reporting period, of which 8,096 were permanent salaried employees.[1] A framework redundancy package including a severance payment programme was introduced in order to eliminate 1,600 jobs during the integration of the E-Plus Group and is scheduled to run until the end of 2018. Approximately 80 % of this had already been implemented by the end of 2016. In many instances, this related to the elimination of duplicated positions. We want to avoid redundancies in the future too.

At all times, we keep our employees abreast of changes relating to the integration processes proactively and in a timely manner. We enable our executives to oversee and implement the processes responsibly. In this context, we offered our executives training that would optimally prepare them for sensitive talks with employees. The participants gave these training sessions an overall mark of 1.4. We also provided our employees with tips and tricks for dealing with the challenges of the merger in our "Pragmatisch Sofort" (Immediately Pragmatic) series. This series of training sessions was experienced by more than 600 participants, and this training was likewise rated positively (average mark of 1.5).

Forward-looking human resources development with a digital focus

We are expanding our system of vocational training and professional development with targeted talent promotion and managerial development programmes. Our training sessions were attended 7,177 times in 2016, equating to a total of 69,348 hours of professional development. 83 trainees began their careers with us, in clerical and technical areas. Our trainee retention rate was high in 2016: we took nearly 80 % of our trainees on, initially on a one-year contract. We plan to introduce dual-studies master degrees in 2017. We also offer a wide array of courses with an international focus at Universitas Telefónica in Barcelona, including ten-month MBA-style training, either on-site or through distance learning.

We also launched the new Onlife Graduates programme at the end of 2016, which 13 young bachelor and master graduates are completing as trainees. Together with other programme participants, these "Onlife Graduates" develop their own start-up ideas with the assistance of experienced executives. We also signed up to a partnership with Udacity, a leading provider of online professional development courses based in Silicon Valley, California, last year. We expect this to give us a real boost in our building up our digital expertise, for example in the areas of data analytics and machine learning, as well as Web and mobile development.

VERIFIED

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1 Not including working students, degree candidates and interns, but including temporary staff and trainees; not including Telefónica Global Roaming (TGR) and Telefónica Global Services (TGS).

Employees by age group and gender

VERIFIED

Number of employees by age group and gender

♀ 2015 ♂

Ø **39.5**

Average age

	2015			2016	
	571 / 765	< 30		649 / 842	
	634 / 900	30–34		637 / 884	
	1,230 / 2,082	35–44		1,196 / 1,957	
	679 / 1,505	45–54		708 / 1,488	
	200 / 237	> 54		227 / 255	

♀ 2016 ♂

Ø **39.7**

Number of senior management employees by age group and gender

♀ 2015 ♂

♀ 2016 ♂

	2015		2016
68	Total number of senior managers (incl. Management Board)		**62**
10	Women in senior management		**10**
15.2 %	Proportion of women in senior management		**16 %**

Number of senior management employees by age group and gender for 2016

3   **19**   **7**   **32**   **1**

Aged 35–44   Aged 45–54   Aged > 54
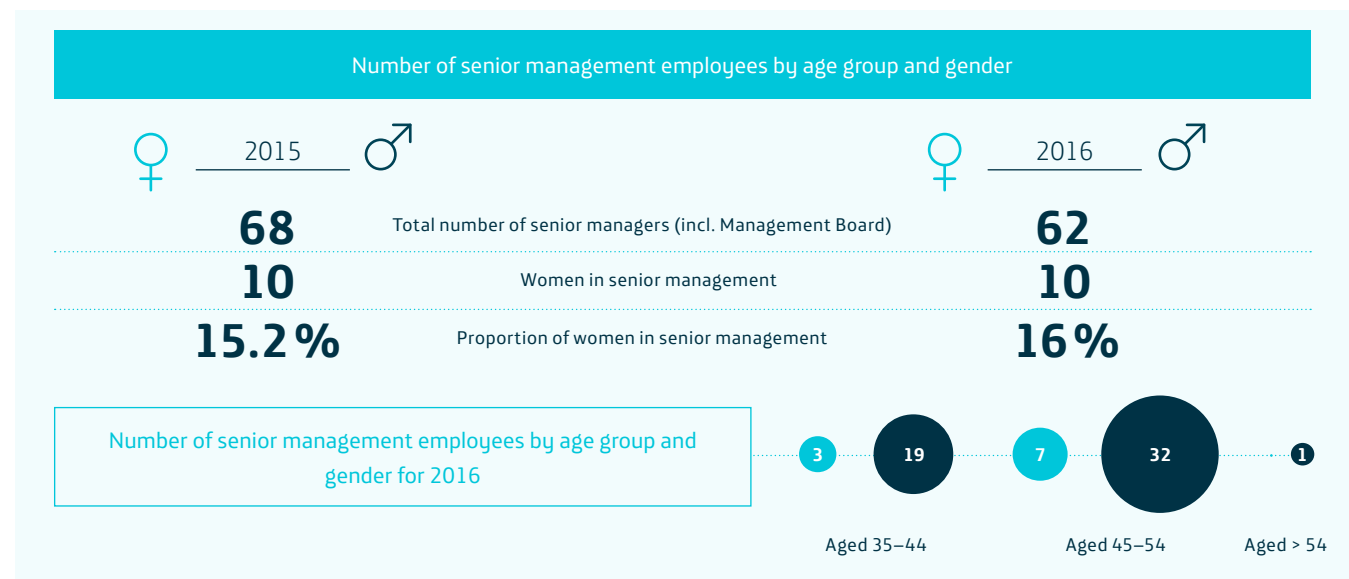
We make our employees' day-to-day work easier with the modern network DigitalBrain. This multi-award-winning knowledge management system is fully integrated into the intranet and brings experts and knowledge together within the company. It is available to all the employees, irrespective of their location, organisation or hierarchical level. With this, we aim to promote a culture of cooperation and demonstrate the added value that digital technology can also generate within the company.

Readying executives for new tasks

The digital age makes new demands of our executives, with day-to-day work becoming increasingly virtual, faster, more complex and more flexible. The core skills that need to be strengthened among the executives at all the national subsidiaries around the world were identified, these being in particular digital experience, transformational expertise and learning agility. Based on this, personal development plans were implemented in the course of "digital development festivals" in 2016 and executives' qualifications were increased by means of workshops, webinars and digital learning trips.

VERIFIED

A development option specifically for executives has been in place since 2016. Comprising four modules, it covers the leadership basics such as communication, labour law and business administration knowledge and the topic of leadership in the digital age. The majority of our executives have made use of this option since it was first introduced in June 2016.

In view of the particular challenges of the Telefónica Deutschland Group's transformation process, we gave our executives additional training to enable them to successfully lead the new teams with their changed responsibilities through this process and reflect on their leadership behaviour.

A commitment to promoting diversity

VERIFIED

We view diversity among our staff as an opportunity and a prospect for a successful future, and we have firmly established this in our Business Principles. We have also been a signatory to the "Charta der Vielfalt" (Diversity Charter) since 2007. Our company has employees from more than 70 different countries, who are all subject to uniform rules with regard to fair and equal pay and promotion. Since 2010 our diversity officers have been initiating programmes to promote women in leadership positions and have been promoting the implementation of voluntary quotas on committees and in the business divisions. In 2011 we signed up to the Memorandum for Women in Leadership Positions, thereby pledging our commitment to progress in this area. We have had success here, as demonstrated by the high ranking of the Telefónica Deutschland Group in the German Gender Index that covers listed companies in Germany. One of the three members of the Management Board was a woman in 2016, as were five of the 16 members of the Supervisory Board. Since 2017 the Management Board has comprised two members, one of which is a woman. This places us above the target of 30 % female Supervisory Board members within German stock corporations, as set by the German federal government. In total, there were 3,417 female employees within the company in the year under review – that is approximately 39 % of the workforce.

Employees from over
70 nations

Reconciling career and family

VERIFIED

We make it possible for all employees to reconcile their work with their family and private lives. We offer concrete support with the option of working from home, flexible working hours and family care services via the website www.famPLUS.de and at the company's own day care centres in Munich and Düsseldorf. Of 752 employees who had taken parental leave, 93 % returned to their jobs in 2016. Together with the health management division, our employee initiative Working Moms and Dads organises an annual children's day within the company and other activities. We expanded our portfolio in 2016 with a new family service entitled famPLUS, which is available throughout Germany and provides advice and assistance in various life situations.

Key figures on parental leave within the Telefónica Deutschland Group

VERIFIED

	2015		2016	
Employees who have taken parental leave (men/women)[1]	757	218 ♂ 539 ♀	752	228 ♂ 524 ♀
Employees who returned to work after parental leave[2]	345	143 ♂ 202 ♀	408	196 ♂ 212 ♀
Employees who returned to work after parental leave and who were still in their jobs twelve months after[3]	319	132 ♂ 187 ♀	340	176 ♂ 164 ♀
Percentage of employees who returned to work following parental leave	99 %	100 % ♂ 99 % ♀	93 %	96 % ♂ 91 % ♀
Percentage of employees who stay in their jobs following parental leave	92 %	92 % ♂ 92 % ♀	77 %	88 % ♂ 68 % ♀

1   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.
2   Details were altered slightly in comparison to the CR Report 2015 due to changed data collection and data definitions. This has, however, not resulted in fundamental changes in trends.
3   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. Details were altered slightly in comparison to the CR Report 2015 due to changed data collection and data definitions. This has, however, not resulted in fundamental changes in trends.

G4-LA3

Health management boosted again

VERIFIED

We assume responsibility for our employees' occupational health and safety and expanded our health programme to all of our locations in 2016. The focus of our integrated health management system in 2016 was on burnout prevention, the promotion of sports activities and the management of employee reintegration following extended sickness-related absenteeism. The Corporate Board adopted a set of goals and corresponding performance indicators in the area of health management in February 2017. 16 workplace accidents were recorded in the year under review, resulting in 153 lost days. This equates to declines of 11 % and 23 % in these figures compared with the previous year. There were approximately 4,100 hours of training on health topics in 2016.

We also initiated the Employee Assistance Programme in 2016, offering our employees qualified external advice regarding private or work-related conflict issues. New health management guidelines were drawn up in line with DIN EN ISO 45001:2016 ("Integrated health management manual"). The Health Forum established in 2015 oversees health and safety issues throughout the Group and serves as an operational supervisory body. It is interdisciplinary in its structure, in particular comprising employer members and members of the employee representation bodies, in order to guarantee a uniform approach.
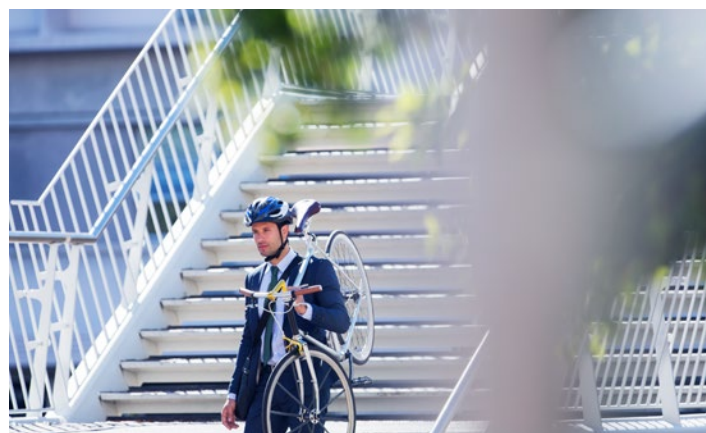
VERIFIED

Compliance ensures that we act with integrity

We aim to maintain and strengthen our company's trustworthiness because all of our employees acting responsibly and with integrity serves as the foundations for the Telefónica Deutschland Group's good reputation.

Our 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.

Ethical principles and standards embedded throughout the company

VERIFIED

Our business activities are founded on the observance of statutory requirements, international standards and our own internal guidelines. These include the Business Principles of the Telefónica, S.A. Group as well as our own, which are based on the UN's Universal Declaration of Human Rights and the core labour standards of the International Labour Organization (ILO). We are committed to these values, just as we are committed to efficient, sustainable and transparent corporate governance. In addition to the applicable laws and standards and our own principles, we follow the German Corporate Governance Code (DCGK), which comprises rules and recommendations for monitoring and managing companies. As such, the Management Board and Supervisory Board of Telefónica Deutschland Hold-

ing AG report on corporate governance within the company in the Corporate Governance Report. We publish this report, our declaration of compliance with the DCGK guidelines and our Management Declaration in the Annual Report.

Our principles not only guide us in the development of work processes but also in how we interact with our employees, customers, shareholders and other stakeholders. Our ↗ Business Principles set benchmarks for our involvement in business life. They also provide targeted assistance with legal or ethical conflicts of interest and promote our acting professionally and with integrity. To clarify the rules in day-to-day use, we drew up clear internal guidelines, in particular for the areas of anti-corruption, competition law and the protection of confidential information and how to deal with gifts and invitations. It is the responsibility of each line manager to monitor compliance with the rules in their respective areas of responsibility, doing so in close cooperation with the Internal-Audit, Legal and HR departments. The Compliance department assists in an advisory capacity. If identified, violations are systematically followed up and action is taken.

Overall responsibility for compliance within the company lies with the Director Compliance, Corporate Security and Data Protection. The Management Board and Supervisory Board are regularly notified about the compliance activities and the ongoing development of the compliance management system (CMS). The CMS is included in the audit schedule of our Internal-Audit department. We aim to obtain external certification of our CMS in accordance with IDW auditing standard 980 by 2020.

VERIFIED

G4-14, G4-15, G4-56, G4-57, G4-58, G4-DMA Compliance ☑, G4-DMA Grievance mechanisms, G4-LA16, G4-DMA Human rights ☑, G4-DMA Anti-corruption ☑, G4-SO3, G4-SO4, G4-DMA Public policy, G4-DMA Anti-competitive behaviour

Training and information to prevent violations
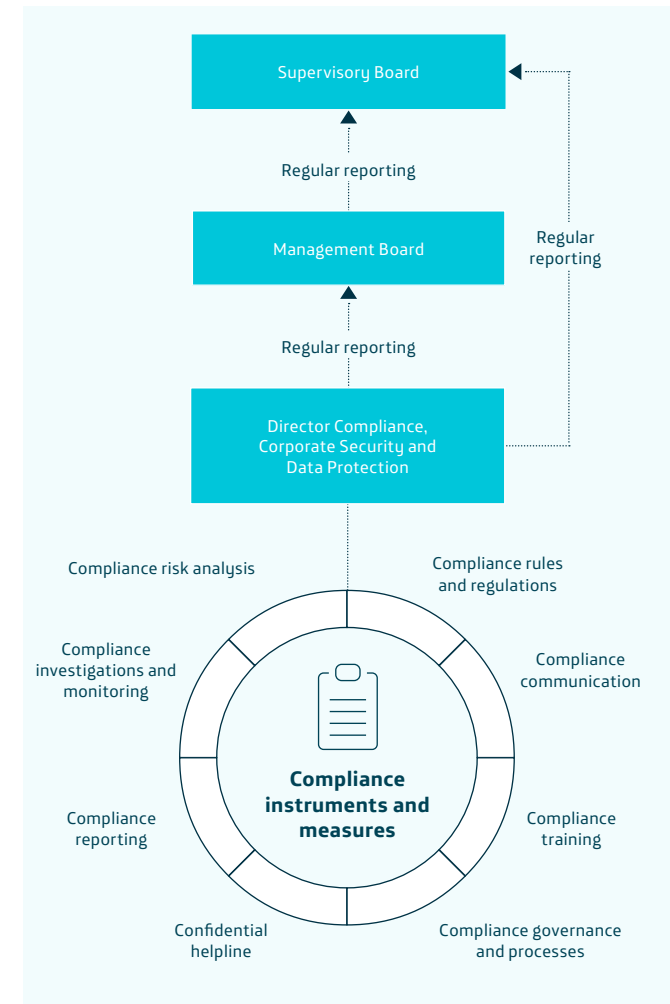
VERIFIED

It is a matter of importance to us that we raise awareness among our employees so as to prevent and minimise violations of the rules and the risks inherent to this. We do so with a comprehensive programme of training in the form of online training. All the employees are obliged to participate in a training session on our Business Principles and to repeat this every three years. Between 2014 and 2016 close to 83 % of our salaried employees received training on our Business Principles and on the aspects of bribery and anti-corruption. We re-assessed our compliance training concept in 2016 and brought all the existing formats together on a new platform.

In 2017 we aim to make a digital app available to the employees containing key information in the area of compliance. We also intend to introduce a tool with which we can measure our employees' compliance awareness.

Our employees are required to notify the Compliance department of any potential violations of our principles. They can do so by phone, intranet or anonymously via an ombudsman. This channel is also open to our suppliers and other stakeholders. It is especially important to us that we maintain the independence of this confidential hotline and we guarantee that any reports will be recorded and handled by an external independent counsel of trust (the ombudsman).

Two incidents were reported in the 2016 reporting year; these related to the areas of discrimination and Business Principles. We examined these thoroughly and sanctions were imposed accordingly.

Compliance at the Telefónica Deutschland Group

G4-14, G4-15, G4-56, G4-57, G4-58, G4-DMA Compliance ☑, G4-DMA Grievance mechanisms, G4-LA16, G4-DMA Human rights ☑
G4-HR3, G4-HR9, G4-DMA Anti-corruption ☑, G4-SO3, G4-SO4, G4-DMA Anti-competitive behaviour

Strengthening life in the digital world

4.0

Our ambition

>50 million

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 in-dependent lives.

Key CR topics

Sustainable innovations

Digital inclusion

Data protection

"Linking the Internet of Things for end consumers with insights from smart data analysis offers a great deal of potential. Together with partners, we want to tap this potential to benefit business and society."

DR NICOLAUS GOLLWITZER
CEO of Telefónica Germany NEXT GmbH

The Telefónica Deutschland Group has consolidated the strategic growth areas of Advanced Data Analytics and the Internet of Things in a new company, Telefónica Germany NEXT GmbH, headquartered in Berlin. It sees itself as a partner for companies and supports them in making better use of the growth opportunities digitalisation presents. With Advanced Data Analytics, Telefónica NEXT is directing its focus towards the social and business benefit that can be derived from the analysis of large data volumes. At the same time, the corporate spin-off of the Telefónica Deutschland Group works on IoT solutions with a focus on the end consumer.

Sustainable innovations ↗
Telefónica NEXT ↗

Search 🔍

A strong network and innovative products

Digitalisation does not just affect every area of our daily lives – it also offers major opportunities for growth and prosperity. As a digital OnLife Telco, we want to enable everyone to be a part of digital life and benefit from the advantages offered by digitalisation. Our maxim is "We choose it all". Our customers can use the achievements of digitalisation in accordance with their wishes, preferences and habits. We are committed to helping people retain control of their data and independently shape their digital lives.

Integration of the O_2 and E-Plus networks will essentially be completed by the end of 2017. The customers will already begin to benefit directly from the network performance improvements this entails in the course of the year. The new joint network will ultimately comprise approximately 25,000 mobile-network locations throughout Germany. In addition to network integration, we are rapidly expanding our LTE network, which gives users high-speed access to the mobile world. We are drawing on Advanced Data Analytics to plan our networks and are systematically basing expansion of the LTE network on the customers' actual needs.

Our 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.

Network integration and expansion still on track

The network experience we offer our customers has steadily improved since the merger of the Telefónica Deutschland Group and the E-Plus Group. In 2015 the company opened the UMTS networks of O_2 and E-Plus up to all the customers. It followed this up with national roaming with GSM in 2016. These network integration milestones consolidate the strengths of the two networks. The joint UMTS network infrastructure now reaches approximately 90 % of the German population.

Product innovations for greater convenience and security

We secure sustainable business success and growth first and foremost with innovations and customer-oriented products that offer people direct benefits and with technology they can trust. We therefore offer solutions and applications that are both easily accessible and secure. We introduced an array of digital highlights to the market in 2016:

O₂ FREE

With the new O₂ Free tariff portfolio, people can explore the digital world at their convenience whenever they want, without having to worry about their data consumption. Even when they have used up their high-speed data allowance, the customers can continue to surf at a speed of up to 1 MBit/s and can still use many popular apps.

VOICE OVER WI-FI (VOWI-FI)

With this solution, we enable our customers to make calls on their smartphones in Wi-Fi mode. This is initially available to owners of a Sony Xperia X Compact or the iPhone 6 or 7. These will be followed by more VoWi-Fi-enabled devices in the months to come.

O₂ BANKING

O₂ Banking is the first entirely mobile bank account that allows O₂ customers to manage all of their transactions on their smartphones, such as opening an account or making transfers using a mobile-phone number – all without having to enter a long IBAN number. O₂ Banking is based on the latest security standards.

Wayra promotes start-ups

Telefónica supports the growth of innovative and technology-oriented start-ups around the world with the Wayra accelerator programme. It is currently supporting more than 300 new digital start-ups in Europe and Latin America. A number of company founders developed their business models at the Wayra Academy in Munich in 2016 and brought them to market maturity. They were provided with technical tools, qualified mentors, modern office space and the funding needed for the best possible growth of a start-up.

Wayra Deutschland has already helped many start-ups to succeed, including the Foodora delivery service, which can now be found in ten countries throughout Europe. Foodora first and foremost offers working customers in densely populated urban areas quality food from popular local restaurants. The Parkpocket app is another example. This offers optimised and environmentally friendly parking space solutions in cities in Germany, Austria and Switzerland, for the benefit of both private users and businesses.

Business areas of the future: Advanced Data Analytics and the Internet of Things

As Germany's largest mobile-network operator in terms of customer numbers, the Telefónica Deutschland Group is a key driver of digital transformation and thus plays a major part in making the digital future a reality. Analysing large volumes of data is a big part of this, as are intelligent devices and connected objects for the customers. The German market is still in the early stages of development in both of these areas. We therefore brought the data-based growth areas of Advanced Data Analytics and the Internet of Things together in the newly founded company Telefónica Germany NEXT GmbH in summer 2016.

Telefónica NEXT sees itself as an industry partner, offering other companies solutions that allow them to better harness the growth opportunities offered by digitalisation. Additionally, its digital projects and services help to simplify and enhance people's lives in many ways.

The Telefónica Deutschland Group is contributing to the Internet of Things in two ways: we offer an efficient network and IP connectivity – the bedrock of the Internet of Things. In the M2M business area, we offer all-in-one solutions that combine hardware with IP connectivity. We are also advancing the Internet of Things in the end customer segment together with partners under the auspices of Telefónica NEXT.

Search

Business areas of Telefónica Germany Next GmbH
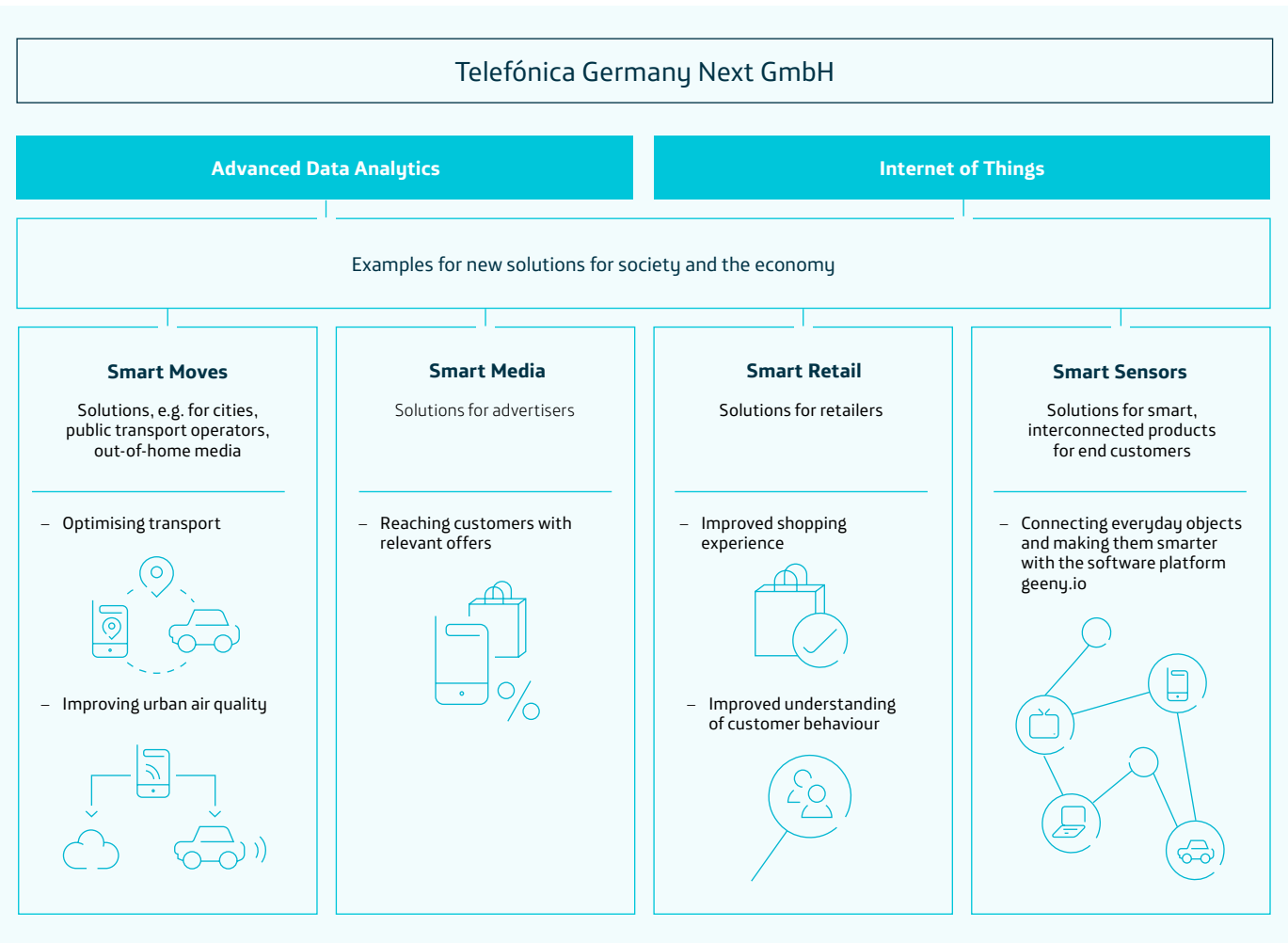
Telefónica Germany Next GmbH

Advanced Data Analytics

Internet of Things

Examples for new solutions for society and the economy

Smart Moves	**Smart Media**	**Smart Retail**	**Smart Sensors**
Solutions, e.g. for cities, public transport operators, out-of-home media	Solutions for advertisers	Solutions for retailers	Solutions for smart, interconnected products for end customers
– Optimising transport	– Reaching customers with relevant offers	– Improved shopping experience	– Connecting everyday objects and making them smarter with the software platform geeny.io
– Improving urban air quality		– Improved understanding of customer behaviour	

The following applications for the Internet of Things are already available in the market:

IOT CONNECT:
GREATER FLEXIBILITY FOR COMPANIES

IoT Connect is a tariff portfolio developed specifically for IoT applications that affords companies greater digitalisation flexibility on the basis of connected machines that configure themselves and optimised business processes. With IoT Connect, companies do not have to worry about rigid standard tariffs limiting their processes and can instead choose packages that are always tailored to their specific needs.

TELEFÓNICA M2M GLOBAL SIM CARD:
HARDWARE AND
SOFTWARE COMBINED

As a global telecommunications company, we offer our customers the Telefónica M2M Global SIM card. This solution offers businesses various SIM cards for industry and secure communication – thanks to encryption and redundant data backups.

SMART M2M PLATFORM FOR MANAGED
CONNECTIVITY – CONNECTING DEVICES
INTELLIGENTLY

This platform gives our B2B customers a better understanding of their processes, thus boosting the chances of their company growing. The customers define rules and caps with automated alarms, control individual connections or remain up to date on the status, location and availability of their M2M connections in real time.

GEENY:
CONNECTED DAY-TO-DAY SOLUTIONS

Starting in 2017 Telefónica NEXT is establishing a global IoT platform called Geeny that allows businesses to offer connected solutions to consumers too, for example in the areas of care for the elderly and healthcare. Geeny allows various IoT devices to be used on a single platform: switchable sockets or blood pressure monitors can be connected to one another via Geeny, which then serves as a smart care system to, for example, make people who require care more independent.

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With the business area of Advanced Data Analytics, we are focusing on the benefits to society and the economy of analysing large volumes of data. Not only does this offer major opportunities for sustainable solutions in all areas of life from mobility and health to private consumption – it also allows our companies to contribute to overcoming societal challenges such as climate change by developing new products and services. Data protection and data security are our top priorities at all times. We therefore only ever use anonymised and aggregated data for these statistical analyses. ↗ In addition, our customers can choose not to have their data anonymised and analysed because we believe in giving people the greatest possible control over and security in how they shape their digital lives.

One of our major projects right now involves examining the potential of Advanced Data Analytics in a number of German cities to see whether local authorities can use this to plan infrastructural measures better, measure emissions more accurately and generally make their local public transport more attractive.

In this regard, it is especially important to us that we trigger a debate within society regarding data usage. We have therefore created a website dedicated to Advanced Data Analytics in 2016 which gives anyone who is interested background information on the topics and examples of use. In early 2017 we launched the Data Debates series of monthly talks at the Telefónica BASECAMP together with the *Tagesspiegel* newspaper. In these talks, well-known guests discuss the impacts of digitalisation on society in general and on specific areas of life.

Digital inspiration with a new O$_2$ shop concept

The new O$_2$ shop concept revolves around the customer and digitalisation. Surrounded by the new shop design, visitors are inspired by special themed islands of innovative products and services and experience the opportunities offered by the digital world right there in the shop. In addition to workshops, the customers are given assistance and support with their questions by specially trained O$_2$ Gurus.

"With our project CrowdProtect, we are working on an app that can alert the emergency services nearby within a second. The support provided by Think Big Pro helps us to build up our social business in a sustainable way."

FREDERIC MEYER-SCHARENBERG
Think Big Pro project maker at CrowdProtect Germany

ⓘ

Every year in Germany alone, there are over 100,000 acts of violence committed. The CrowdProtect app combines prevention of violence, a mobile emergency call system and victim care.
The CrowdProtect team qualified for Think Big Pro support and not only received financial assistance amounting to 5,000 euros, but also was given a co-working space for eight months. There, the project makers are supported with coaching, workshops and advice on how to build up their social business.

Digital Inclusion ↗
CrowdProtect ↗

Digitalisation: involving everyone

With our digital solutions, we simplify our customers' work and life-styles and make them more sustainable. We also see it as our responsibility to allow everyone to benefit from the advantages of digitalisation. We want to enable them to navigate the digital world independently and safely. To this end, we not only tap the opportunities offered by faster technological progress but also actively work on limiting the concomitant risks, strengthening people's skills and assuaging their reservations.

Our commitment_ We make people of all age groups fit for the digital world. With Germany-wide support programmes such as Think Big and Tablet PCs for Senior Citizens and our O₂ Gurus, we will in the years leading up to and including 2020 provide inspiration and support to 10 million people.

O₂ Gurus: companions in the digital world

There are many reasons why people's access to the digital world may be restricted, such as inadequate technical parameters, a lack of money, insufficient knowledge or little confidence in the use of media. We counteract these with our vision of involvement that affords everyone access to information, media and digital technology.

As trained experts, our O₂ Gurus have a key role to play, supporting the customers in their use of digital services, be it online, over the phone or in the shops. They offer interested people of all ages tips

on how to use digital technologies correctly in free workshops. Popular topics include safe digital applications for children and advice for schoolchildren and students who want to know more about their digital footprint and safe use of the social Web.

Since the O₂ Guru project was launched in 2014 we have reached more than 6,500 people with 2,500 workshops. And since 2015 our workshops have also been available online as webinars, and we continue to develop the array of topics covered. We have supplemented these formats with videos, chats and blog articles full of useful information about the digital world. To date, approximately 700,000 people have used the O₂ Guru hotline, while 50,000 users were reached via chat and video.

Digital and mobile in old age

Many elderly people are reticent about using digital technologies even though they can simplify daily life in many ways, be it video calls with friends or family, looking up public-transport connections, businesses or restaurants, or using news, weather or entertainment services. Together with Stiftung Digitale Chancen (Digital Opportunities Foundation), we have set ourselves the goal of familiarising the elderly with digital and mobile media too and giving them access to this.

Under the motto of "Digitally mobile in old age", we are doing our bit in this area with the project Tablet-PCs für Senioren (Tablet PCs for Senior Citizens). In partnership with the Digital Opportunities Foundation, people living in retirement homes learn how to use manageable tablet PCs that are made available to them for eight weeks together with a flat-rate Internet fee. Some of the devices then stay at the homes at the end of the programme. Some 1,000 senior citizens at 32 locations have participated in the project and familiarised themselves with the devices since it was launched in early 2016. A further 270 learned about the project at events. There is an ongoing study in which 900 project participants are being asked about their experiences in order to determine the extent to which digitalisation is enhancing the senior citizens' daily lives; the results are due to be published in mid-2017.

Part of the project concept is about boosting the senior citizens' physical and mental mobility. The Generation Challenge held in October 2016 was all about mobility with digital support. 100 senior citizens and young people were invited to familiarise themselves with the game Pokémon Go and then go out hunting wild Pokémons with tablet PCs. They were also able to talk to experienced media educators about the opportunities and risks inherent in the digital world.

Young and old hunting Pokémons together

Otto Schily (former federal minister), Valentina Daiber (Director Corporate Affairs at Telefónica Deutschland), presenter Moritz Müller-Wirth (Deputy Editor-in-Chief at *DIE ZEIT*), Jutta Croll (Chairwoman of the Management Board of Stiftung Digitale Chancen (Digital Opportunities Foundation)) and actor Erol Sander discuss digital mobility in old age.

Likewise in October 2016 we discussed digital mobility in old age with well-known guests at the Telefónica BASECAMP. This was also aimed at dispelling elderly people's reservations with regard to mobile Internet and the new technology. The event was prompted by the current ↗ZEIT legacy study and the *ZEIT* summit on the future, "Der Auftrag" (The Task), in Berlin.

Think Big programme for young people:
from consumers to shaping the digital world

Digitalisation opens up new social-responsibility opportunities for young people in particular. For the past five years, we have been boosting young people's digital skills with the Think Big programme, which is a joint initiative of the Telefónica Foundation, the Deutsche Kinder- und Jugendstiftung (DKJS, German Children and Youth Foundation) and O₂ under the patronage of Germany's Federal Minister for Family Affairs, Manuela Schwesig.

The programme uses workshops, coaching and financial project support to inspire and support 14- to 25-year-olds in expanding their digital skills, developing ideas and entrepreneurship and embarking on their own social projects. Over 98,000 young people have already had the courage to become shapers of our digitalised society through more than 3,500 Think Big projects.

The programme reached more than 20,000 young people in 2016 alone. We were able to support close to 8,000 of these with sponsored projects, while we reached out to more than 12,000 young people via events to bring them into contact with digital topics. WOHN:SINN and Wefugee are two examples of projects we sponsored in 2016. The people behind the WOHN:SINN project created an online exchange for shared accommodation, bringing together people with and without disabilities for inclusive housing projects. The Wefugee team created a digital platform for refugees, volunteers and organisations that gives refugees access to essential information and puts them in touch with other people, while also taking some of the burden off the advisory bodies in their day-to-day work.

The 2016 Think Big tour in numbers and images
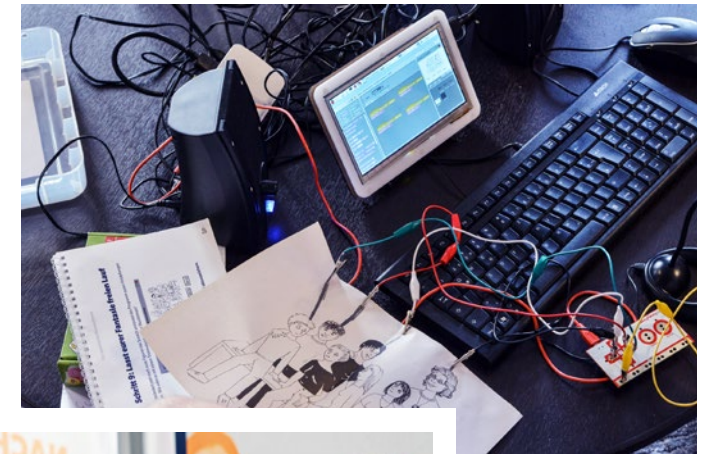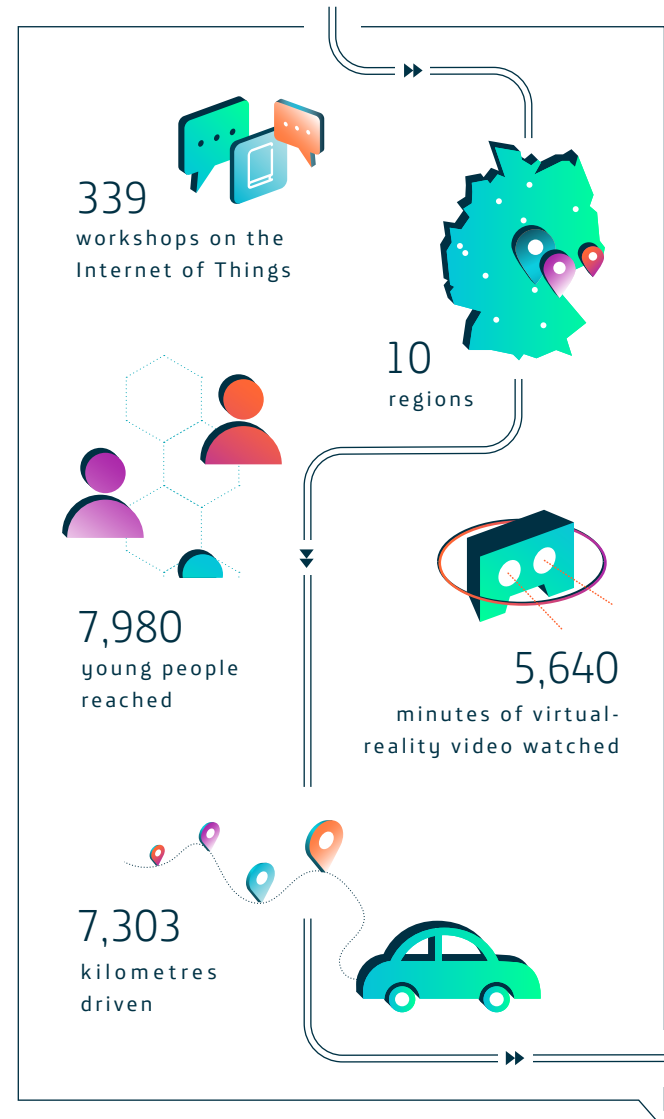
339 workshops on the Internet of Things

10 regions

7,980 young people reached

5,640 minutes of virtual-reality video watched

7,303 kilometres driven

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The following formats and programme aspects were some of last year's highlights:

Anniversary event marking five years of Think Big

Under the heading of "Five years of Think Big – improve things digitally", Germany's Federal Minister of Education and Research Johanna Wanka, the Telefónica Deutschland Group's Head of CR Claudia von Bothmer, Managing Director of the Deutsche Kinder- und Jugendstiftung (DKJS, German Children and Youth Foundation) Heike Kahl and Think Big project maker Patrick Lühlow met at the Telefónica BASECAMP to discuss which skills young people need in the digital age. At interactive stations, the guests were given an overview of the programme's achievements to date and learned how the young people implement their ideas. In addition, the Think Big project Help-O-Mat – an online platform for voluntary work – was awarded the Digital Cup by the Think Big Facebook community for being an outstanding digital project.

Study shows that Think Big fosters a change in people's digital perspective

Cologne University of Applied Sciences conducted a study entitled "Jugendengagement und digitale Teilhabe" (Youth Engagement and Digital Participation) that highlights what part the Think Big programme plays in the development of young people's skills in a digitalised society. According to the study, it boosts young people's confidence, gives them experience in project management, increases their willingness to start a new project and boosts their interest in social responsibility. The key findings were that Think Big played a part in changing people's digital perspective and that educationally disadvantaged young people also benefited from it. Using familiar tools such as WhatsApp and Facebook, they learn new dimensions of media usage and then advance social ideas and projects through which they wish to achieve something.

2016 Think Big tour on the Internet of Things

For ten weeks, the youth programme's tour vans visited many schools and events, reaching almost 8,000 young people and making new digital opportunities understandable and tangible for them in just under 400 workshops. One of the highlights was a stop at the Telefónica BASECAMP in Berlin during which around 90 schoolchildren contributed to the Internet of Things in workshops. This was followed by a discussion with guests from the worlds of media and politics about how young people can get involved in society with the help of the latest digital technologies.

Winners of the 2016 Digital Cup: Fabian Sedlmayr (left) and Nils Aschmann (right) (Help-O-Mat) with German Federal Minister of Education and Research Johanna Wanka (second from left), Heike Kahl (DKJS, left) and Claudia von Bothmer (Telefónica Deutschland, right)

We promote integration with digital technology

The Telefónica Deutschland Group is also involved in the "Wir zusammen" (Us Together) integration initiative of German businesses. In this context, we fitted out refugee accommodation throughout Germany with free Wi-Fi in 2016, making it easier for refugees to stay in touch with their families back home.

In addition, our Think Big young people's programme is already helping refugees to integrate in Germany with more than 100 projects. To give two examples of ideas that have been implemented, there is the Bazaar project with its motto of "Sharing is Caring" that gives Germans and refugees a place to come together and interact with their respective skills and interests. They have created an online platform for this purpose and they organise regular get-togethers. In the Think Big project called Habibi House, students and refugees are jointly designing a new home. "Habibi" means friend or dear in Arabic, so it's about creating a dear home. Together, they have designed modular wooden homes. The first model home is already close to completion – also thanks to Think Big basic funding.

Think Big in numbers

2011

Think Big was launched

>98,000

young people from all social backgrounds were activated

>27,000

young people participated in coaching and training in 2016

1,225,000

young people reached so far

3,500

supported projects

"My smartphone plays a central role in my daily life. It's important to me that my data are safe and that I can decide for myself when and how they are used."

KATRIN DONAUER
Private customer with O$_2$

The Telefónica Deutschland Group is committed to ensuring customers maintain control over their personal data. The company therefore transparently communicates to consumers and the public how personal data is used and the purpose of its usage. Customers can at any time see the data stored on them and change it in the Mein O$_2$ customer portal. Data are not transferred to third parties. Exceptions are only made if customers have given their consent for this to happen, there is a legal obligation or this is necessary for contract purposes.

Data Protection and Information Security ↗

Data protection and information security for our customers

Millions of customers use our communication networks and place their trust in our services every day. Making sure their data is protected and secure is therefore one of our top priorities. You can only maintain your success in the digital world if you can win and hold on to your customers' trust. We are therefore committed to helping people retain control of their data and independently shape their digital lives.

> **Our commitment_ We protect the data of our customers in all products and processes and guarantee that all employees are trained in data protection sufficiently and to the extent stipulated by law. We are therefore committed to helping customers retain control of their data and independently shape their digital life.**

Data protection enshrined in the corporate strategy

Smartphones, connected cars, smart electricity meters, fitness trackers and many other day-to-day items communicate with their manufacturers and servers, giving an insight into the users' wishes and behavioural patterns. The issues of data protection and data security are therefore now more important than ever before. When we process and analyse data, we make sure that we respect the customer's privacy and that they retain control of their own data. Data protection is accordingly taken into account in our business processes and in our development of products and services.

We see data protection as a key component of our corporate strategy and have therefore enshrined it in our Business Principles and internal guidelines. Our business activities are founded on the legal requirements and regulations, such as data protection legislation and security provisions. When developing new products in particular, we take data protection regulations into account early on and design them with data protection in mind.

Our employees are obliged to observe data and telecommunications secrecy. Our guidelines stipulate that each and every employee is jointly and personally responsible for the data entrusted to them. We also require our suppliers who handle sensitive data to train their employees in this area, and if necessary, we check that this is indeed the case.

Clear rules, structures and responsibilities

Data protection and information security throughout the company are managed by the Director Compliance, Corporate Security and Data Protection. They are responsible for compliance with and the continued development of the data protection and information security standards and guidelines. Within this area, there is a dedicated Data Protection department which is headed by the Group-wide Data Protection Officer, who reports directly to the company's CEO. Overarching management is seen to by a data protection forum comprising members of the relevant departments and various steering committees at the operational level.

V E R I F I E D

G4-DMA Customer health and safety, G4-DMA Product and service labelling, G4-PR3, G4-DMA Marketing communications, G4-DMA Customer privacy

Search

Our privacy policy contains strict requirements for the protection of personal data:

01 We handle our customers' data responsibly and do not share it with third parties. The only exceptions to this are if the customers give their consent, if we are legally obliged to do so or if this is necessary for contract purposes.

02 We communicate transparently how Telefónica uses personal data and what for. Customers can view and amend their recorded data at any time using the Mein O$_2$ customer portal.

03 We only collect the data we need in order to provide our services, for example data regarding service quality, to prevent misuse and for the purposes of invoicing.

04 When processing information for statistical analyses, we only ever use data which is anonymised and aggregated, thereby preventing inferences from being made regarding personal information.

The Telefónica, S.A. Group published its first Group-wide ↗ "Report on Transparency in Communications" in 2016. This lays out the legal requirements for cooperation with the authorities in each country individually and gives details of the number of data-related enquiries received by the company.

We have been offering Web-based training in the area of data protection to all the employees for some years. There are also internal guidelines that apply, such as those relating to the drafting of contractual relationships and to the disclosure of data protection incidents. Additional personal training was given in 2016 in the areas of purchasing, the network and online. In 2016 we also introduced a new contact point for customers or other external persons to report data protection incidents over the phone. In addition, we launched an internal project for the introduction of the provisions of the EU's General Data Protection Regulation.

The newly founded company Telefónica NEXT uses both anonymised and personal data as the basis for developing innovations. The ways in which these two types of data are used differ considerably: so-called big data, which is made up of anonymised data, cannot be related back to individual customers. In contrast, personal data allows Telefónica NEXT to tailor what it offers to specific customers. The customer's explicit consent is required for this second type of data usage. Not only is the data given comprehensive protection but the customers also retain control of their data by granting or revoking their consent to use of their data. This is at the very heart of our guiding principle of "We choose it all".

Being Germany's largest mobile-network operator based on customer numbers, we have a lot of data at our disposal, such as mobility data. TÜV Saarland gave the centrepiece of our data analysis, our data anonymisation platform, its "Geprüfter Datenschutz" data protection certification mark. In its report, the testing organisation emphasised the comprehensive protection of privacy offered and the high degree of freedom of choice for the customers.

VERIFIED

G4-DMA Customer health and safety, G4-DMA Product and service labelling, G4-PR3, G4-DMA Marketing communications, G4-DMA Customer privacy ☑

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Data protection at the Telefónica Deutschland Group
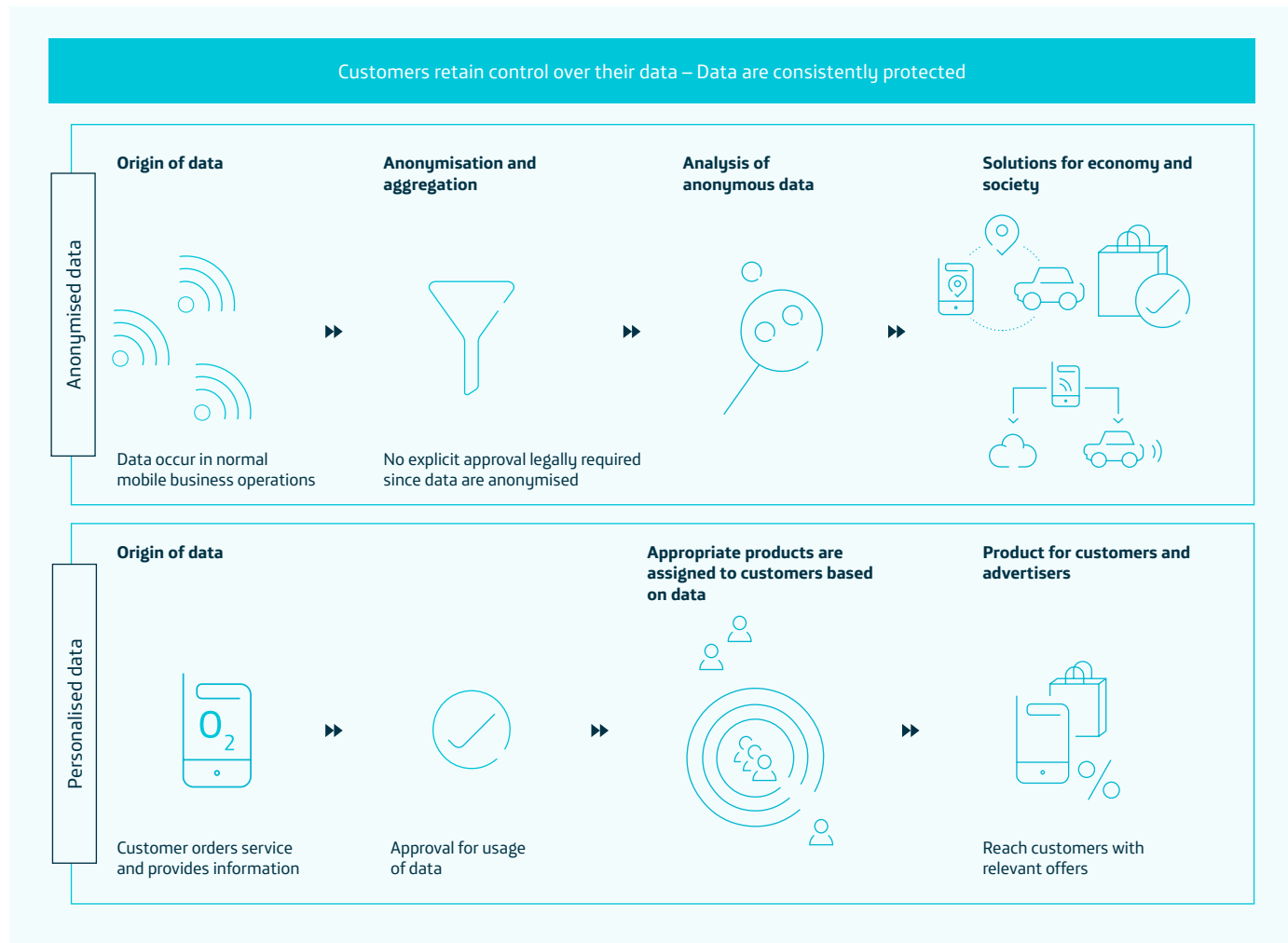
Customers retain control over their data – Data are consistently protected

Anonymised data

Origin of data

Anonymisation and aggregation

Analysis of anonymous data

Solutions for economy and society

Data occur in normal mobile business operations

No explicit approval legally required since data are anonymised

Personalised data

Origin of data

Appropriate products are assigned to customers based on data

Product for customers and advertisers

Customer orders service and provides information

Approval for usage of data

Reach customers with relevant offers

Transparent reporting of data protection incidents

VERIFIED

Data protection violations can occur, even with stringent technical and organisational security standards in place. Our company is legally obliged to notify the relevant regulatory authorities within 24 hours in the event of a violation of the protection of personal data. The unauthorised sharing of data, for example emails being sent to customers with false data, also constitutes such a data protection incident.

In 2016 the Telefónica Deutschland Group reported 236 data protection incidents to the German data protection regulation authorities as per Section 109a of the German Telecommunications Act (TKG) (2015: 71 reports). The reporting procedure follows a regulated process which is defined in the company's own "Data protection incidents" guidelines. We attribute the year-on-year increase to improved internal reporting processes and greater awareness of the problem among our employees.

We also conducted four supplier audits in the area of data protection in the year under review, examining service providers in the fields of IT, HR and internal bodies, with no violations having been identified.

Management of information security and data protection further integrated

VERIFIED

We also make a commitment in our Business Principles to information security. We handle sensitive data confidentially and protect it from potentially being accessed by third parties. This involves our using a detailed authorisation management system, modern and standardised encryption methods and secure registration procedures that only afford access to confidential information to authorised individuals. We also ensure that our customers can continue to use our services even if individual components or indeed entire locations fail by processing data at data centres which are spread out geographically.

We manage our processes using standards, targets, responsibilities, training and regular reviews of the measures already implemented within the Information Security Management System (ISMS) and the Data Protection Management System (DPMS) established in 2015. The ISMS is oriented towards the international standard ISO 27001:2013. We check the efficiency and functionality of our management approach on the basis of regular assessments, internal audit checks and benchmarking against other companies.

Our activities in 2016 focused on creating a functioning governance structure in the area of information security in order to integrate this topic into all of the relevant business areas and processes. At the same time, a cyber-security emergency centre was established as a new way of reporting security incidents. We also broadened the security assessments used to check the systems and processes of the business divisions and suppliers.

G4-DMA Customer health and safety, G4-DMA Product and service labelling, G4-PR3, G4-DMA Marketing communications, G4-DMA Customer privacy ☑, G4-PR8 ☑

Digital safety and media skills for children and young people

Mobile phones have been day-to-day multimedia companions for some time now, including for children and young people. According to a recent study, more than half of six- to 13-year-olds in Germany own a smartphone. We see it as our duty to promote the skilled, confident and safe use of digital media among children and young people. We do so with our Think Big youth programme and other initiatives that promote media skills among young people.

In the interests of youth media protection, we endeavour to protect young people from problematic media content that might harm their physical or mental development. Our youth protection strategy is primarily founded on education about media, technical precautions and price transparency. Our priority is to meet the stringent youth media protection requirements as dictated by the law in Germany. Our Youth Protection Officer advises and supports the company in bringing its products and applications into line with the legal requirements.

We also ensure that the protection of minors is integrated into product and service design not only within the company but also at all times at our cooperative partners by means of globally applicable youth media protection guidelines. We are a member of Germany's Voluntary Self-Monitoring of Multimedia Service Providers (FSM e.V.) and committed ourselves to the voluntary self-regulation of youth media protection in mobile telephony back in 2007.

We make information regarding the protection of minors, such as tips for parents regarding the right tariff to choose and protective mobile-phone functions, available to customers ↗ online. Our O₂ Gurus also have a thorough understanding of this issue and serve as important opinion leaders in the area of building up media skills.

O₂ Protect helps parents and children

O₂ Protect is our way of offering our customers and their children a mobile safety solution that allows them to protect themselves from online dangers. O₂ Protect is based on the McAfee Antivirus & Security app. Our customers can either protect their Android smartphones with O₂ Protect Mobile or are given all-round online protection for up to five devices with O₂ Protect Complete. O₂ Protect Complete also gives parents the option of activating a child safety lock and determining where their children are allowed to surf and for how long.

Schooling in young people's media skills

We are also involved in developing materials used to teach about media skills in schools. In our ↗ "Medien in die Schule" (Media to Schools) project, which provides teachers with materials that they can use and edit freely, we were actively involved in devising the "Young people and mobile phones" teaching module, which focuses on data protection and how to use smartphones consciously. This gives teachers effective support in helping young people to use their main media skilfully, creatively and safely. We were also actively involved in the work of the Zentrum für Kinderschutz im Internet (Online Child Protection Centre, I-KiZ), a youth media protection think tank founded by Germany's Federal Ministry for Family Affairs.

Mobile-phone guide for parents and children

To teach children and parents to be aware of how they use their smartphones and other mobile phones, we published the fourth revised edition of the child-friendly brochure "Fit fürs Handy – Der Handy Guide für Kinder und Eltern" (Using mobile phones – the mobile phone guide for children and parents) together with Deutsches Kinderhilfswerk (German Children's Emergency Fund) in 2016. The publication is available in a bilingual version with German and Turkish for the first time thanks to a partnership with the Telefónica brand AY YILDIZ.

The brochure is available online and on request in the shops.
German version   ↗
Turkish version   ↗

Environmental and Climate Protection

5.0

CO₂ ⬇ **11%**

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_2 emissions by 11 % compared with 2015.

Key CR topics

Energy &
CO_2 reduction

Conservation of
resources

Managing environmental protection efficiently

VERIFIED

We want to reduce our company's impact on the environment and increase people's awareness of what they can do as individuals to contribute to climate protection. We aim to conserve energy and reduce greenhouse gas emissions. To achieve this, we focus on energy-efficient technology and buildings and make use of renewable energies, climate-friendly mobility and sustainable products and services. We also see to it that our own processes do not waste natural resources and we reduce our waste volume.

The Telefónica, S.A. Group has set itself global energy and climate targets for 2020. Its aim is for the Group to source 50 % of the electricity consumed for operational purposes from renewable energies by then, with a further target of up to 100 % set for 2030.

We orient ourselves towards the globally applicable standards of the Telefónica, S.A. Group. Our aspirations are enshrined in our ↗ Environmental Guidelines and our ↗ Energy Guidelines. Our Energy Guidelines were newly established within the Telefónica Deutschland Group in the 2016 reporting year, while our Environmental Guidelines were introduced in 2015. Both of these frameworks and their mandatory specifications were communicated both to our employees and to Telefónica Global Services, our procurement service provider.

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With our German environmental strategy, we are doing our bit to boost climate protection and improve energy efficiency. It focuses on:

01 Our own business processes in the areas of the network, office space and mobility

02 The sustainable procurement of goods and services, in particular our energy procurement

03 Our portfolio of products and services under the heading of green services

Management systems with clear responsibilities

The Telefónica Deutschland Group's environmental and energy targets are approved annually by the management. Target attainment and all the processes and measures are overseen by the Environmental Management Officer, the CR department and a cross-divisional Environment Committee. Energy management is the responsibility of the Energy Management Officer, the energy manager and a cross-divisional energy management team.

VERIFIED

All of our main offices have been certified in accordance with ↗ISO 14001 and ↗9001 since 2004. Compliance with the globally applicable standards was confirmed for Telefónica Deutschland Holding AG again in 2015. In addition, the company introduced an energy management system pursuant to ↗ISO 50001 in 2016 which is likewise certified.

Doing more for the environment together

We are involved in regional and national organisations and projects for environmental and climate protection. We have been a member of Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V. (German Environmental Management Association, B.A.U.M.), the biggest environmental initiative in the business world in Europe, since 2011. Together with the worlds of politics and business, we promote improvements in businesses' environmental protection and foster sustainable business as part of the Bavarian Environmental Pact, which was extended in 2016. We also made a commitment in 2016 to reduce our carbon emissions at our Munich site as part of the Munich Business Climate Pact created together with other major enterprises. Our mobile-phone recycling project features on the ↗Klimareporting.de platform, where companies exchange information about successful climate protection strategies all along the value chain. By recycling and reusing our mobile phones, we can reduce our indirect carbon emissions (Scope 3).

Environmental commitment of the Telefónica Deutschland Group
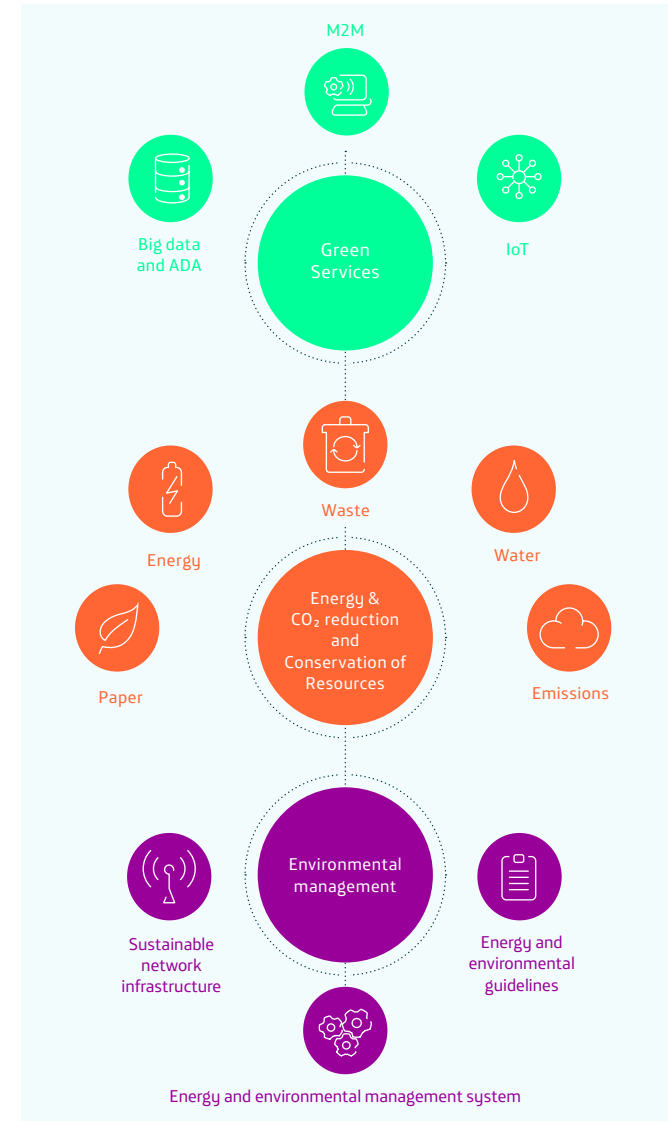
Energy and environmental management system

Conserving energy and lowering emissions

VERIFIED

Our company's greatest consumption of resources is in the area of energy. Energy efficiency and carbon reduction are therefore two of our key approaches within the value chain. Our operational principles are as follows: we buy responsibly, avoid energy consumption wherever possible and focus on energy-efficient technology. In 2016 we began to implement energy efficiency projects that will contribute to a reduction in our energy consumption by 2020. In particular, these include sustainable energy management within the network and the company's buildings, such as offices, call centres, shops and data centres. The savings made through energy efficiency in operating business activities (opex) should amount to 15 million euros by 2020.

> **Our 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 – without the purchase of compensation certificates.**

Full transition to renewable energies

In 2016 we made an almost complete transition to renewable energies wherever we control the procurement processes ourselves, such as for the network, offices, call centres, shops and data centres. In terms of our total electricity consumption, which also includes third parties, we are on a par with the previous year, with the proportion of renewable energies at 74 %. Based on this, we defined a strategy for the procurement of green energy for the years up to and

including 2020. In this strategy, we make a commitment to using renewable energies and thereby to supporting Germany's energy transition.

VERIFIED

Less energy consumption thanks to efficient network technology

Our most important lever when it comes to reducing energy consumption and carbon emissions is our network technology, which accounts for most of our electricity consumption (more than 92 %). We succeeded in reducing our energy consumption in 2016 by means of network consolidation and by replacing older systems with modern network technology. Our energy consumption per data volume totalled 0.30 GWh/PB in 2016,[1] compared with 0.41 GWh/PB in 2015.

We made significant progress in the area of network consolidation last year. By the end of 2016 we had already deactivated and dismantled just under 5,000 of the approximately 14,000 locations scheduled for this by 2018. At the same time, we focused on modernising the units in the 2G and 3G networks. Wherever possible, we share free-standing transmitter masts with other mobile-network operators or with companies that operate radio systems. This not only reduces the adverse impact on the scenery but also energy consumption and the volumes of waste. In 2016 we made shared use of more than 4,900 locations within the Telefónica mobile-phone network.

1   Gigawatt-hours per petabyte

Energy consumption, 2012–2016

Energy consumption

Legend: 2012   2013   2014   2015   **2016**   VERIFIED

	Total energy consumption[1] (in GWh)	Total electricity consumption (in GWh)	of which by the network and data centres (in GWh)	of which by offices, shops, call centres (in GWh)	Total fuel consumption[2] (in GWh)	Energy from renewable energy sources (in GWh)	Share of total electricity consumption from renewable sources (in %)
2012	511	486	463	23	25	340	70
2013	514	490	468	22	24	284	58
2014	620	590	561	29	30	354	60
2015	859	817	776	41	42	602	74
2016	843	803	775	28	40	591	74

1   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.

2   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 Telefónica (72 % of data centres and office buildings, 4 % of call centres and 13 % of shops (by area in square metres)) and does not include those units that are managed via the lessor.

Greenhouse gas emissions, 2012–2016

Greenhouse gas emissions

Legend: 2012 2013 2014 2015 **2016** VERIFIED

	Total carbon emissions (Scopes 1, 2 and 3)[1] (in tCO_2eq)[2]	Direct emissions (Scope 1) (in tCO_2eq)[2]	Indirect emissions (Scope 2) (in tCO_2eq)[2]	Other indirect emissions (Scope 3)[3] (in tCO_2eq)[2]
2012	241,343	5,955	231,062	4,326
2013	242,145	5,825	232,776	3,544
2014	292,372	7,079	281,303	3,990
2015	479,196	9,541	464,313	5,342
2016	443,272	7,549	430,740	4,983

1 Carbon emissions (incl. Scope 1 and Scope 2 as shown above) are calculated on the basis of ISO 14064, Greenhouse Gas Protocol and ITU-T L.1420. A standard Germany-wide conversion factor is used to convert electricity consumption to carbon emissions, irrespective of the fact that 74 % of this was sourced from renewable energy sources (previous year: 74 %). This is 535 g CO_2 per kWh in 2016. In previous years, the electricity conversion factor of the International Energy Agency (IEA) was used (475.41 g of CO_2 per kWh in 2015). Since 2016 the factors of the German Environment Agency (UBA) have been applied with retrospective effect (569 g of CO_2 per kWh in 2015) in order to improve the figures' currentness and regionality. This has, however, not resulted in fundamental changes in trends.

2 $CO_2eq = CO_2$, CH_4 & N_2O.

3 Other indirect emissions due to business travel

Energy transition within our operating processes too

The data centre at our Düsseldorf site runs on a decentralised, climate-friendly and efficient energy supply generated by two on-site combined heat and power (CHP) systems. The data centre provides IT services for all the key business areas and contains the data of millions of our customers. The CHP systems have an energy conversion efficiency rating of 83 % and can be operated redundantly and thus meet the most stringent quality and safety requirements, including if the public grid fails. Our use of biogas as an energy source has an especially positive effect on the environment, as it allows for the essentially carbon-neutral generation of cooling and electricity. Our CHP systems generated 0.7 GWh of electricity in 2016, allowing us to reduce our carbon emissions by 360 tonnes.

Our new centralised logistics site for mobile-telecommunications hardware in Harsewinkel is run entirely on renewable energies. For example, the warehouses are air-conditioned using geothermal energy, while photovoltaic installations use solar energy to generate electricity. We also took action at a number of office sites in 2016 in order to boost the sites' energy efficiency. In Frankfurt am Main, new air conditioning equipment with better regulation and greater energy conversion efficiency was installed. In Teltow, energy is being conserved thanks to new sensor-controlled lighting.

We have been participating in Deutsche Post DHL's GoGreen programme since 2013, through which we offset 1,012 tonnes of carbon emissions in 2016 (2015: 1,420 tonnes); these are emissions caused by, for example, our sending customers their bills or payment reminders.

Concepts for climate-friendly mobility

We have set ourselves binding targets for the coming year in the area of climate-friendly mobility. We want to cut the carbon emissions caused by business travel by 10 % by 2018 (reference year 2015). In the meantime, we will develop new travel guidelines in line with this target and will implement a concept for greater climate protection in relation to journeys to and from work. We want to reduce the average emissions of our vehicle fleet to 95 g of CO$_2$/km by 2020 by restricting the number of vehicles with high carbon emissions and by funding electric cars.

Wherever possible, we already substitute business travel with videoconferences and teleconferences. We are also helping to reduce commuter traffic by offering employees opportunities to work from home. We continue to work on measures for the new travel guidelines and are looking into the increased use of rail services rather than company and hire cars, as well as alternative concepts such as car sharing, car pooling platforms and bike leasing models.

"Together with our partners, we ensure used mobile devices are remarketed or expertly disposed of, thereby saving enormous resources."

DANIEL BÜCHLE
Managing Director of the non-profit company AfB

AfB, which stands for Arbeit für Menschen mit Behinderung (Work for People with a Disability), is the biggest customer of used Telefónica Deutschland Group IT devices. The not-for-profit company is specialised in acquiring companies' and public institutions' IT hardware that has been taken out of service. After processing and certified data deletion, AfB sells the devices on. Inoperable devices are disposed of expertly and in an environmentally sound way. What makes AfB special is the fact that all of the company's workflows have been designed to be barrier-free, thereby allowing them to be carried out jointly by people with and without disabilities.

Conservation of Resources ↗
AfB ↗

Using fewer natural resources

Conserving resources and handling waste responsibly are integral parts of our commitment to protecting the environment – a commitment that we continue to expand with concrete measures.

> **Our commitment_** In the years leading up to and including 2020 we will annually implement at least one further relevant measure for protecting resources in our structures and processes.

Significant decline in paper consumption

We prefer to send documents and messages to our customers digitally and want to further increase the proportion of our paperless communication. For example, we aim to increase the proportion of online invoices by 2 % per annum by 2018 in comparison to the 2015 reference figure of 90.4 %. We succeeded in reducing paper consumption in our offices, shops and call centres by 26 % year-on-year to 102.5 tonnes in 2016 thanks to ongoing process optimisations and the digitalisation of our working world.

All of our Telefónica offices in Germany have been using certified Blauer Engel (Blue Angel) recycled paper since 2014. We plan to have transitioned all of the Telefónica Deutschland Group's offices, call centres and shops to recycled paper by the end of 2017. Our customers have been used to being given environmentally friendly paper bags in our O₂ shops for some time.

Responsible use of network technology and hardware

We pay close attention to compliance with environmental standards as we dismantle thousands of base stations as part of our network consolidation. We endeavour to be as transparent as possible about our waste management, divulging information about the volumes of waste produced, its origins, how it is disposed of and the types of waste, such as metals, electrical items and liquids. We adopted uniform guidelines on waste and how to handle it in the year under review. Wherever possible, we give priority to resources being recycled by certified waste management companies. Hazardous waste from our network is disposed of ecologically by certified service providers.

We give old IT equipment such as PCs, notebooks and flat-panel displays to the not-for-profit company AfB gemeinnützige GmbH, which has a workforce that is more than half made up of people with disabilities. AfB stands for Arbeit für Menschen mit Behinderung (Work for People with a Disability). It guarantees the certified deletion of hard drives, cleans the equipment and sells it on with a warranty. It also disposes of hardware that can no longer be used expertly once all the data have been deleted. 19.7 tonnes of hardware were logged in 2016, 63 % of which could be reused, while the rest was recycled.

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Mobile-phone recycling programme promotes environmental awareness

Again in 2016 we did our bit to conserve resources with our mobile-phone recycling programme. The programme, which is run in part-nership with ↗ Naturschutzbund Deutschland e.V. (NABU, Nature And Biodiversity Conservation Union) and ↗ AfB, involves phones that still work being wiped and processed by a certified body, so they can be reused. Mobile phones that no longer work are disposed of securely. NABU receives money for some of the mobile phones collected, which is put towards restoring the lower Havel river.

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We collected 62,361 old mobile phones in 2016, 36 % more than in the previous year. Of these, 51,145 were recycled and 11,216 were remarketed. We collected an additional 55,703 used devices for reuse outside of the mobile-phone recycling programme. The total number of old mobile phones collected was therefore 118,064.
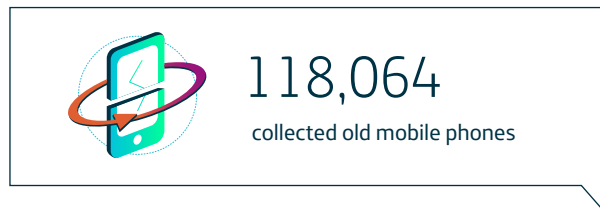
We seek direct contact with our customers in order to generate greater awareness of recycling. During the European Week for Waste Reduction in November 2016 we informed users about mobile-phone recycling and reuse at the O₂ Live Concept Store in Berlin. They had the opportunity to have their devices checked, cleaned, optimised or recycled by experts and were offered tips on the sustainable use of mobile phones.

Eco Index for greater customer control

The Eco Index allows O₂ mobile-phone customers to learn more about the impact that their mobile phones have on the environment and society. It provides details of a phone's energy consumption, car-bon emissions, disposal, ethical standards and the resources used, production and usage, all rated on a scale of 0 to 5. At the end of 2016 around 92 % of our current product portfolio (smartphones and fea-ture phones) was covered by the ↗ Eco Index.

118,064
collected old mobile phones

92 %
of current product portfolio by the
covered Eco Index

"Cities play a decisive role in climate protection. We see great potential in the use of mobile-communication data to decrease the emission of harmful substances in cities and together push innovative measures."

ANDREA RUMIZ
Director Key Accounts of South Pole Group

ⓘ

Cities are struggling with a constantly increasing burden when it comes to CO₂, fine dust and nitrogen oxide. However, before the local authorities can begin implementing countermeasures, they need precise data on where the impact is especially high. A pilot project in Nuremberg shows how cities can be supported in this task with the help of smart data analysis. Telefónica NEXT is participating in this project with anonymised mobile-communication data together with the South Pole Group, which is specialised in sustainability solutions, the data analysis experts at Teralytics and the city of Nuremberg.

Green Services ↗
South Pole Group ↗

Digital innovations for energy efficiency and mobility

We want our products and services to make life easier and protect the environment. Our innovative solutions should help our customers and society as a whole to make their actions more sustainable and more energy-efficient.

Digital services to accelerate the energy transition

The Telefónica Deutschland Group was one of the first service providers to develop a communication solution that digitalises the energy transition, namely Smart Meter Connect. Using a combination of mobile telecommunications and broadband power lines, this allows consumption data to be sent to energy utilities and users automatically, securely and quickly, all in real time. Together with our partners, we are working on intelligent technologies that make energy consumption more transparent and efficient. Smart Meter Connect also meets the most stringent security and data protection standards as laid down in Germany's new Act on the Digitalisation of the Energy Transition introduced in 2016.

Smart meter gateways with mobile-communication coverage

Smart meter gateways without mobile-communication coverage connected using mesh

Mesh technology
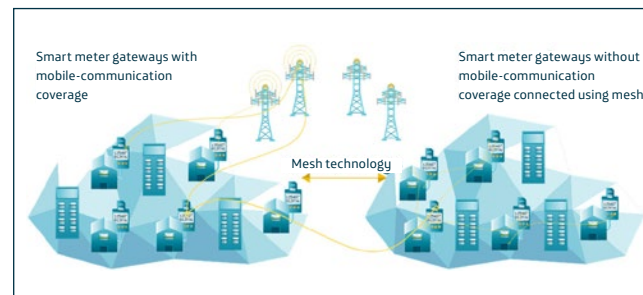
Advanced Data Analytics for improved traffic planning in cities

Many German towns and cities struggle with air pollution. It is in particular motorised private transport that leads not only to high carbon, particulate matter and nitrogen emissions but also to greater noise-related stress. Much of the potential in the area of future-oriented mobility can be tapped with the aid of Advanced Data Analytics, these often being superior to the conventional methods. The analytics are based on data which is collected anyway in the course of the Telefónica Deutschland Group's normal mobile-telecommunications operations. This is data which is generated when, for example, mobile phones communicate with the mobile-phone masts when they are used for surfing the Internet or making calls. An array of research and pilot projects currently being conducted by Telefónica NEXT in conjunction with development partners, academia and German cities demonstrate the potential of data analytics, including the following:

Hamburg: future vision of on-demand shuttle-based mobility
A flexible and needs-based shuttle system integrated into the local public-transport system would lead to greater vehicle capacity utilisation and therefore to reduced health risks. This is the key finding of a study conducted in Hamburg by the car sharing app flinc, for which Telefónica NEXT analysed anonymised mobile-telecommunications data. 35 million trips were logged on the basis of people's mobile-phone usage and appropriate shuttle transport models were then simulated.

Stuttgart: tackling traffic jams with anonymised data

With the capital of Baden-Württemberg having a great many traffic jams and poor air quality, there is a great need for optimised traffic planning there based on precise traffic data. In a study, the Fraunhofer Institute for Industrial Engineering (Fraunhofer IAO) examined the extent to which mobile-telecommunications data could be used for reliable traffic planning. As one of its findings, the institute confirmed the potential of mobile-telecommunications data for traffic planning. We contributed anonymised data to this study.

Nuremberg: intelligent measurement of traffic flows contributes to climate protection

We are involved in a climate protection project in Nuremberg which is examining high traffic-related emissions. It focuses on recording traffic flows, noting which kind of transport user uses which means of transport to travel which journeys. Intelligent analysis of mobile-telecommunications data can provide important answers, thus allowing towns and cities to then implement targeted measures in especially critical regions. The project partners are the South Pole Group, which specialises in sustainability solutions, and the data analytics experts Teralytics. The project is sponsored by the Low Carbon City Lab (LoCaL), an EU programme run by Climate-KIC.
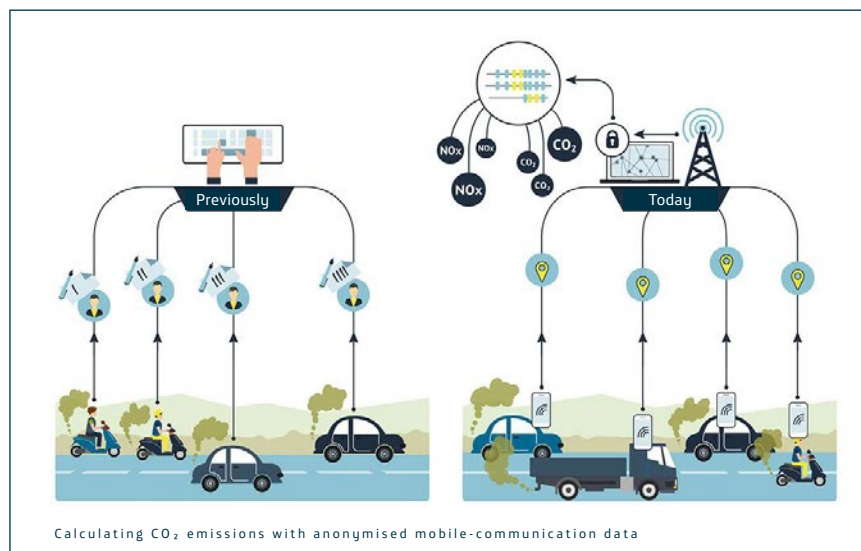
Calculating CO₂ emissions with anonymised mobile-communication data

Mobile telecommunications: safety and health first

We stringently observe all the limits applicable to mobile phones and mobile-network base stations. We also provide our customers with transparent information on this through our products. And in our network operations and when converting to the LTE standard, we comply with the legal requirements as the basis for being awarded permits by the authorities. In building up and expanding our telecommunications infrastructure, we focus in particular on cooperation with the local authorities. This partnership was reinforced in 2016 with the extension of the Bavarian Mobile-Phone Pact and implementation of a funding programme in the area of electromagnetic fields in Bavaria (FEE). This involves local authorities in Bavaria being given financial supportfor mobile-phone measurements and corresponding forecasts. These measures clarify our overarching voluntary commitment to the federal government made in 2001, the fulfilment of which is under ongoing external observation.

Electromagnetic fields: impacts under control at all times

A matter which is especially important to us is education and research in the area of electromagnetic fields. The Mobi-Kids study, to which we contribute mobile-phone usage data, is looking at whether communication technologies represent a risk factor for the development of brain tumours among young people. It is being conducted by the Ludwig-Maximilians-Universität-München (LMU Munich) and is financed by Germany's Federal Office for Radiation Protection (BfS) and the European Commission among others.

Together with Deutsche Telekom, we continue the online information service of Informationszentrum Mobilfunk e.V. (Mobile-Telephony Information Centre, IZMF), which ceased to operate at the end of 2015. In so doing, we are ensuring that the information on health, research and technology collated by the IZMF remains available. This is supplemented by articles published online in the areas of mobile telecommunications and health, consumer protection and technological developments.

Compliance with SAR values for risk-free mobile-phone usage

We use the specific absorption rate, otherwise known as a SAR value, as the authoritative benchmark for the impacts of a mobile phone. This represents the amount of energy absorbed by the body when a mobile phone is used. The European Union has set a SAR limit of 2 W/kg. The relevant processes are subject to the European standards EN 50360 and 50361. The SAR values of mobile phones are actually generally significantly below the permissible limits, as the devices regulate their transmissions automatically and reduce them when necessary. We make it possible for our customers to determine the precise SAR value of their mobile phone and find out about how to protect their health at www.o2.de and with a special ↗ dedicated website.

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Facts & Figures

6.0

Overview of key figures

We measure our CR performance based on key figures and present these in the following tables. The key figures are for the Telefónica Deutschland Group and refer to the respective financial year.

Key figures	Unit	2015	2016
Economic key figures			
Revenues	Euros in millions	7,888	7,503
Operating result (OIBDA)	Euros in millions	1,804	2,069
Payments to employees	Euros in millions	655	646
Capital expenditure Not including spectrum investments, including capitalised borrowing costs.	Euros in millions	1,032	1,102
Payments to public authorities	Euros in millions	715	633
Investment in research and development	Euros in millions	293	207
Locations with certificates for quality (DIN EN ISO 9001), the environment (DIN EN ISO 14001) and, since 2016, energy (DIN EN ISO 50001)	%	100	100
Customers			
Total number of connections	Number	48,363,000	49,346,000
Fixed line connections	Number	1,997,810	2,010,000
Mobile connections	Number	43,063,000	44,321,000
Broadband connections	Number	2,098,020	2,104,000
Other connections	Number	1,204,630	911,000
Customer satisfaction index	Index	7.47	7.22
Supply chain			
The data for 2015 on the supply chain were adjusted for the "mobility" product group for comparison of the years 2015 and 2016.			
Purchasing volume	Euros in millions	5,208	4,631
of which volume with suppliers in Germany	Euros in millions	3,855	3,235
Suppliers	Number	761	778
of which suppliers in Germany	Number	611	625
Proportion of domestic suppliers	%	80	80
Proportion of volume of domestic suppliers	%	74	70
Proportion of new suppliers examined with regard to environmental criteria, working conditions and human rights	%	0	100
Number of supplier audits (SUMA)	Number	41	43

6.1   Table of Key Figures

Key figures	Unit	2015	2016
Compliance			
Proportion of employees given training in the Business Principles	%	83.1	82.8
Proportion based on number of Telefónica Germany GmbH & Co. OHG employees not including employees on leave and excluding external consultants (staff count: 5,515, previous year: 4,719). The 4,565 units of training completed between 1 January 2014 and 31 December 2016 are included in the calculation, as the training cycle lasts three years.			
Incidences of corruption, discrimination, violation of the Business Principles, anticompetitive practices, infringements of competition law or monopolistic practices, complaints regarding environmental impacts	Number	1	2
Donations to political parties	Euros	0	0
Infringements of data protection legislation	Number	3	1
In 2016 the Telefónica Deutschland Group made 236 reports (previous year: 71) to the German data protection regulation authorities relating to data protection incidents as per Section 109a of the German Telecommunications Act.			
Number of complaints with regard to data protection	Number	3	4
Justified objections to advertising conduct	Number	22	9
Society			
Donations to not-for-profit projects	Euros	466,637	423,175
The figures do not contain the monetary value of either time donated or donations in kind in the amount of EUR 18,438 (previous year: EUR 46,588). The difference of EUR 224,910 (previous year: EUR 294,525) to the Annual Report is the share of donations made to the Fundación Telefónica within the framework of the Think Big programme.			
Time donated	Euros	26,350	18,438
The voluntary work performed by employees is recorded in hours. The figure in euros is calculated by multiplying this by an average hourly rate of pay.			
Participants in Think Big (young people)	Number	19,518	20,453
The difference of 2,523 young people to the Annual Report 2016 relates to the addition of participants who were inspired in the course of the Think Big school tour. They were added to the young people reached and inspired by the Think Big programme in 2016.			
Participants in Tablet PCs für Senioren (Tablet PCs for Senior Citizens)	Number	1,400	1,249
The difference of 270 people to the Annual Report 2016 relates to the addition of participants who tried out the devices at events or informed themselves of the project. They were added to the 979 participants who directly worked with the lent tablet PCs.			
Participants in the corporate volunteering programme (employees)	Number	42	127
Due to the different legal entities Telefónica Germany GmbH & Co. OHG and E-Plus Mobilfunk GmbH following the merger, it has not been possible up to now to apply the volunteering concept to both companies; in this respect, volunteering has only taken place occasionally.			

Key figures	Unit	2015	2016
Employees			
Total number of employees (PIP) not including inactive employees at the reporting date of 31 December	Number People in place (PIP)	8.803	8.843
Unless otherwise indicated, the figures for 2016 presented here and in the report comprise both salaried and temporary employees at the reporting date, 31 December. The difference compared with the figure of 9,476 (previous year: 9,464) employees as published in the Annual Report 2016 relates to inactive employees who are not taken into account in sustainability reporting.			
There is no need for a regional breakdown of the key employee figures as Telefónica Deutschland Group staff are only employed in Germany. Seasonal fluctuations and a breakdown by contract workers are not relevant. This applies to all the employee figures.			
Total employees (FTE)	Number Full-time equivalent (FTE)	8,316	8,385
Part-time employees	Number People in place (PIP)	1,528	1,539
Salaried employees with an open-ended contract	Number People in place (PIP)	8,022	8,096
Not including working students, degree candidates and interns but including temporary staff and trainees; not including TGR (Telefónica Global Roaming) and TGS (Telefónica Global Services).			
Employees working from home	Number	314	332
Employees to whom collective bargaining agreements apply	Number	7,170	6,638
Employees with disabilities	Number	229	234
Trainees	Number	120	83
Nationalities of employees	Number	73	74
Women in the workforce	Number	3,314	3,417
Proportion of female employees	%	37.6	38.6
Total number of senior managers (incl. Management Board)	Number	68	62
Women in senior management	Number	10	10
Proportion of women in senior management	%	15.2	16
Employees with disabilities in senior management	Number	N.N.	2
Nationalities in senior management	Number	N.N.	4
Average age of employees in senior management	Years old	N.N.	46.9
Female members of the Management Board	Number	1	1
Details were altered slightly in comparison to the CR Report 2015 due to changed definitions.			
Female members of the Management Board	%	33	33
Difference in salaries for men and women: percentage of women's average pay compared with average for men	Difference in %	0.79	0.77
Difference in salaries of men and women in senior management	Difference in %	0.85	0.97
Difference in salaries of men and women in middle management	Difference in %	0.95	0.78
Difference in salaries of male and female managers (rest of workforce)	Difference in %	0.83	0.78
Average age of employees	Years old	39.5	39.7
Detailed list by age and gender on p. 33.			

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Key figures	Unit	2015	2016
Employees			
Average length of service	Years	8.92	8.62
Total expenditure on employee training	Euros in millions	5.8	7.0
Training hours of employees	Number	172,574	69,348
Since 2016 the specialist departments have held responsibility for training. The figures for 2016 therefore reflect the result from the central learning management system. There are, however, further training hours in the specialist departments that were not recorded. There was also a rise in demand for external training and online options from social media, e.g. learning on demand via YouTube, which led to reduced participation in internal training sessions.			
Average training hours per employee	Number	19.6	7.8
Participants in training sessions	Number	8,819	7,177
Due to fluctuations in the course of the year, for 2015 this figure is larger than the total number of employees as determined after the reporting date, 31 December.			
Employee satisfaction (Reflect score)	Points (max. 100)	67	61
Staff turnover	Number	2,099	1,537
Staff turnover	%	22.1	17.8
Unless otherwise indicated, the figures presented here and in the following comprise both salaried and temporary employees at the reporting date, 31 December. The difference compared with the figure of 17.9 % in 2016 (previous year: 21.8 %) as published in the Annual Report relates to inactive employees who are not taken into account in sustainability reporting.			
of which female employees aged < 30	Number (%)	304 (14 %)	163 (10.6 %)
of which male employees aged < 30	Number (%)	382 (18 %)	192 (12.5 %)
of which female employees aged 30–34	Number (%)	162 (8 %)	94 (6.1 %)
of which male employees aged 30–34	Number (%)	230 (11 %)	127 (8.3 %)
of which female employees aged 35–44	Number (%)	256 (12 %)	220 (14.3 %)
of which male employees aged 35–44	Number (%)	390 (19 %)	329 (21.4 %)
of which female employees aged 45–54	Number (%)	86 (4 %)	96 (6.2 %)
of which male employees aged 45–54	Number (%)	228 (11 %)	220 (14.3 %)
of which female employees aged > 54	Number (%)	19 (1 %)	36 (2.3 %)
of which male employees aged > 54	Number (%)	42 (2 %)	60 (3.9 %)
New employees	Number	547	1,554
New employees	%	5.8	18.0
of which female employees aged < 30	Number (%)	133 (24 %)	336 (21.6 %)
of which male employees aged < 30	Number (%)	187 (34 %)	415 (26.7 %)
of which female employees aged 30–34	Number (%)	33 (6 %)	151 (9.7 %)
of which male employees aged 30–34	Number (%)	72 (13 %)	177 (11.4 %)
of which female employees aged 35–44	Number (%)	34 (6 %)	119 (7.7 %)
of which male employees aged 35–44	Number (%)	54 (10 %)	182 (11.7 %)
of which female employees aged 45–54	Number (%)	10 (2 %)	66 (4.2 %)
of which male employees aged 45–54	Number (%)	19 (4 %)	71 (4.6 %)

G4-22, G4-LA1 ☑, G4-LA9

Key figures	Unit	2015	2016
Employees			
of which female employees aged > 54	Number (%)	1 (0%)	25 (1.6%)
of which male employees aged > 54	Number (%)	4 (1%)	12 (0.8%)
Voluntary exits (voluntary rotation index)	%	5.5	4.9
Employees who have taken parental leave (men/women) 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. Additional figures on parental leave on p. 36.	Number	757 (218 men, 539 women)	752 (228 men, 524 women)
Health protection and occupational safety			
Absenteeism rate (Number of lost days/total number of working days in year) Details were altered in comparison to the CR Report 2015 in the determination methodology. This has, however, not resulted in fundamental changes in trends.	Rate	0.05	0.06 (0.05 men, 0.07 women)
Accident rate (Total number of accidents/working hours in year) x 200,000	Rate	0.19	0.19 (0.22 men, 0.12 women)
Lost days rate (Lost days resulting from work accidents/working hours in year) x 200,000	Rate	2.09	1.77 (2.41 men, 0.73 women)
Number of work-related illnesses	Number	0	0
Lost days recorded due to workplace accidents	Number	199	153
Fatalities	Number	0	0
Workplace accidents resulting in lost days	Number	18	16
Lost days recorded due to any form of incapacity to work Details were altered in comparison to the CR Report 2015 in the determination methodology. This has, however, not resulted in fundamental changes in trends.	Number	123,656	120,437
Hours of training in health protection and occupational safety	Hours	4,501	4,103
Medical examinations performed	Number	364	244
Environment			
Energy and carbon emissions			
Total energy consumption Network electricity consumption equals the number of mobile-telephony and fixed line locations multiplied by an average electricity consumption figure per location. This was determined on the basis of historical consumption data. Detailed list on p. 66.	GWh	859	843
Total electricity consumption	GWh	817	803
of which by the network and data centres	GWh	776	775
of which by offices, shops, call centres	GWh	41	28
Proportion of electricity consumption relating to renewable energies	%	74	74

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Key figures	Unit	2015	2016
Environment			
Total fuel consumption	GWh	42	40
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 Telefónica (72 % of data centres and office buildings, 4 % of call centres and 13 % of shops (by area in square metres)) and does not include those units that are managed via the lessor.			
Energy from renewable energy sources	GWh	602	591
Energy intensity	GWh/PB	0.41	0.30
The energy intensity equals the total energy consumption divided by the data volume in petabytes.			
Total carbon emissions (Scope 1, 2 and 3)	tCO_2eq $CO_2eq = CO_2, CH_4 \& N_2O$	479,196	443,272
Carbon emissions (incl. Scope 1 and Scope 2 as shown below) 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, irrespective of the fact that 74 % of this was sourced from renewable energy sources (previous year: 74 %). This is 535 g CO_2 per kWh in 2016. In previous years, the electricity conversion factor of the International Energy Agency (IEA) was used (475.41 g CO_2 per kWh in 2015); since 2016 the factors of the Umweltbundesamt, the German Environmental Protection Agency, (569 g CO_2 per kWh in 2015) have been applied retrospectively to improve topicality and regionality. This has, however, not resulted in fundamental changes in trends.			
Direct emissions (Scope 1)	tCO_2eq	9,541	7,549
Indirect emissions (Scope 2)	tCO_2eq	464,313	430,740
Other indirect emissions (Scope 3)	tCO_2eq	5,342	4,983
Other indirect emissions due to business travel			
Emissions avoided	tCO_2eq	345,167	315,738
Greenhouse gas intensity	tCO_2e/PB	171.4	211.1
The greenhouse gas intensity equals the total carbon emissions (Scope 1, 2 and 3) divided by the data volume in petabytes.			
Locations for mobile network sites			
Total number of mobile sites	Number	Around 40,000	Around 35,000
The number of sites contains only sites without directional-radio connections (directional-radio repeaters), BSC (base station controllers)/RNC (radio network controllers). In the CR Report 2015, we reported around 44,000 mobile sites incl. directional radio and BSC/RNC.			
Sites in natural areas	Number	81	80
Sites shared with other network operators	Number	5,004	4,924
Electromagnetic-field readings	Number	3,739	5,500
Investments in and expenditure on measurement of electromagnetic fields	Euros	3,264,260	5,500,000
Water			
Water consumption	m^3	87,127	72,374
The water consumption data is partly based on projections.			
Environmental management			
Environmental training for employees	Hours	182	80
Training includes online and face-to-face training modules.			

Search

Key figures	Unit	2015	2016
Environment			
Expenditure on and investments in environmental protection	Euros	445,182	304,179
Expenditures and investments are made up of the following: expenses for waste management, costs of environmental tax, insurance and environmental audits, investment in reducing visual impact and noise, membership in environmental protection organisations.			
Material consumption/waste management			
Total paper consumption	t	705.3	640.2
Paper consumption (offices, shops, call centres)	t	138.7	102.5
Of which consumption of recycled paper in offices, shops, call centres: 22.1 tonnes (previous year: 26.4 tonnes). The E-Plus offices and all shops and call centres do not currently use recycled paper; the recycling rate here therefore totals 22% (previous year: 19%).			
Certified paper (e.g. FSC, Blauer Engel (Blue Angel))	%	100	99.2
Paper consumed for customer contact (letters, envelopes, invoices)	t	566.6	537.7
Total waste	t	1,663.9	1,944.1
Electrical and electronic equipment waste from network operation and offices (e.g. antennae, outdated hardware, routers)	t	279.2	304.8
of which electronics and electronic equipment waste from network operation and offices (recycled)	t	56.7	60.4
of which mobile phones from customers	t	10.6	13.9
a) Recycled mobile phones from customers		4.5	6.2
b) Customers' mobile phones sent in for reprocessing		6.1	7.6
of which electrical and electronic equipment waste from customers without mobile phones (100% recycling/reuse)	t	211.9	230.5
Waste from non-electrical/non-electronic equipment	t	1,384.7	1,639.3
of which paper and cardboard waste (100% recycled)	t	34.9	15.4
of which cables, pipes and metals (100% recycled)	t	1,285.5	1,436.9
of which batteries	t	61.9 (100% recycled)	186.8 (39% recycled)
of which used fluorescent lighting (100% disposal)	t	2.4	0.3
Used oil	m³	0.0	0.2
Fuel tanks	Number	58	70
Number of old mobile phones collected	Number	100,182	118,064
The number of mobile phones collected includes mobile phones which are brought into the recycling process and refurbished in the reuse process. 51,145 (previous year: 40,429) used mobile phones were recycled and 11,216 (previous year: 5,383) were refurbished. In addition, for reuse the Telefónica Deutschland Group additionally received 55,703 (previous year: 54,370) used mobiles from customers outside the mobile-phone recycling programme.			
Donation made for old mobile phones collected	Euros	81,437	70,726
For the old mobile phones collected in the mobile-phone recycling programme, the Telefónica Deutschland Group makes a donation to Naturschutzbund Deutschland e.V. (NABU, Nature And Biodiversity Conservation Union) for nature conservation projects.			
Eco Index-rated mobile phones	%	89.7	91.9
Number of devices in the Telefónica Deutschland Group's current portfolio of smartphones and feature phones (no retailers) that feature an Eco Index rating			

CR-relevant awards received in 2016

O₂ Free is Tariff Innovation of the Year for 2016
The online comparison website allnet-flat-vergleich-24.de put our O₂ Free tariff model to the test and crowned our unlimited surfing at up to 1 megabit a second "Tariff Innovation of 2016".

O₂ Banking receives 2016 innovation award for private customer business
— The management consultancy bankenversicherungen.de and Frankfurt Euro Finance Week present an annual innovation award to banks that have made an outstanding contribution in the area of private customer business.
— O₂ Banking received this renowned award in the "Current accounts" category in 2016.

O₂ is customers' choice in 2016
— In cooperation with DEUTSCHLAND TEST and FOCUS-MONEY, the Cologne-based analysis and consulting firm ServiceValue evaluated more than 1,000 brands from 82 different sectors with regard to price, service, quality and image based on ten thousand online messages and over a million social-media sources recorded over a period of a year.
— O₂ scored 73.5 points in the mobile-telephony category, giving it a gold rating.

Gold for our intranet in the inkom. Grand Prix for 2016
— The inkom. Grand Prix has been awarded by the German Public Relations Association (DPRG) since 1995, evaluating the employee media of organisations in Germany, Austria and Switzerland.
— Telefónica Deutschland's intranet was awarded gold in the online media category of the inkom. Grand Prix 2016 and was recognised as an innovative digital platform in the area of Work 4.0.

Best European telco for start-ups in 2016
— The EU initiative Startup Europe Partnership named the Telefónica Deutschland Group the best telecommunications company for its work with start-ups at the Startup Europe Summit in Berlin in June 2016.
— With its Telefónica Open Future platform, Telefónica consolidates all of the Group's initiatives that focus on open innovation, entrepreneurship, investment and digitalisation.

Silver for intelligent M2M platform in the funkschau readers' choice of 2016
Once all 113,000 of the votes cast in the funkschau readers' choice 2016 had been counted, the Telefónica Deutschland Group was ranked second out of ten in the category of M2M services/platforms.

German Investor Relations Award for 2016
— The market research company Extel WeConvene, WirtschaftsWoche and Deutscher Investor Relations Verband (German Investor Relations Association, DIRK) bestow the German Investor Relations Award once a year. The award recognises companies in the categories DAX30, MDAX, SDAX and TecDAX and the top IR managers in each of the indices. Several thousand capital market experts from around the world participate in the survey.
— The Telefónica Deutschland Group received first place in two categories: the best investor relations work of all the TecDAX companies and best IR manager of a TecDAX company.

Blau wins German Service Award for 2016
— The TV channel n-tv and the German Institute for Service Quality (DISQ) presented the German Service Award for the sixth time.
— The Telefónica brand Blau was rated as "very good" in the special "Customer assessments: service" category, thereby securing it first place.
— To determine the winners in the extra categories of "Customer assessments: service" and "Customer assessments: retail", a total of almost 23,000 customer opinions taken from nine surveys were evaluated.

connect customer barometer: "very good" for ALDI TALK, "good" for O_2 and BASE
— Connect conducted a broad study on satisfaction among mobile-phone customers for the second time. ALDI TALK was once again among the top-rated services, with customers awarding it 459 points and an overall assessment of "very good". ALDI TALK scored top marks for its service and tariff structure.
— O_2 and BASE were rated "good", with O_2 doing well in the area of pricing in particular, scoring a total of 388 points. BASE impressed customers with its good customer service and strong brand appeal, scoring 379 points in total.
— The publishing company's institute for telecommunications surveyed 3,919 customers in Germany, Austria and Switzerland, enquiring about customer service, tariff structure, perceived network quality and brand appeal.

SABRE Award for 2016 for public relations
— In the biggest international competition for public relations, the Telefónica Deutschland Group was named Company of the Year in Europe, the Middle East and Africa for its internal and external communications on the topic of "One Year of Building the Leading Digital Telco". This acknowledged its key role in one of the largest business combinations ever seen in the history of the European mobile-telephony industry.
— SABRE stands for Superior Achievement in Branding, Reputation & Engagement. The international jury consisted of 38 leading figures from the fields of marketing and public relations.

These awards and others can be found in an overview on our website. ↗

Selected memberships and partnerships

We choose our memberships on the basis of clear rules and targets. 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 partnerships with not-for-profit organisations.

Membership/partnership	Since	Target	Website
AfB gGmbH (Work for People with a Disability)	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.	www.afb-group.eu
AmCham – American Chamber of Commerce in Germany e.V.	2010	Corporate network for global business development and German-American partnership	www.amcham.de
B.A.U.M e.V. – Bundesdeutscher Arbeitskreis für Umweltbewusstes Management (German Environmental Management Association)	2011	Membership of the largest corporate network for sustainable business	www.baumev.de
Bavarian Environmental Pact	1995	Voluntary agreement between the Bavarian state government and Bavarian industry on environmental protection	www.umweltpakt.bayern.de
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	www.bitkom.org
BREKO Bundesverband Breitbandkommunikation e.V. (German Association of Broadband Communications)	2005	Membership alongside other companies from the IT and telecommunications industries; active participation in various working groups	www.brekoverband.de
Bundesverband Deutsche Start-Ups e.V. (German Startups Association)	2012	Support for the German start-up scene	www.deutschestartups.org
Clean Power Net	2010	Germany-wide and cross-industry amalgamation of companies all along the value chain with the aim of realising climate-friendly, more efficient and therefore more intelligent energy supply for industrial users	www.cleanpowernet.de
Deutsche Kinder- und Jugendstiftung gGmbH (DKJS, German Children and Youth Foundation)	2004	Commitment to the successful education and participation in society of young people in Germany	www.dkjs.de
eco – Verband der Deutschen Internetwirtschaft e.V. (Association of the Internet Industry)	2002	Companies from the IT and telecommunications industries	international.eco.de
Europäische Bewegung Deutschland e.V. (European Movement Germany)	2008	Network for European Policy in Germany	www.netzwerk-ebd.de

Membership/partnership	Since	Target	Website
FSM Freiwillige Selbstkontrolle Multimedia-Dienste-anbieter e.V. (Voluntary Self-Monitoring of Multimedia Service Providers)	2005	Promotion of the protection of young people (e.g. code of conduct for mobile-network operators in Germany for the protection of young people)	www.fsm.de
GSM Association – global industrial body representing the interests of GSM mobile-network operators	2008	Global industrial body representing the interests of GSM mobile-network operators	www.gsma.com
MÜNCHNER KREIS (MUNICH CIRCLE)	2003	Independent platform providing orientation for those shaping the digital world and making decisions that affect it	www.muenchner-kreis.de
Munich Business Climate Pact	2016	Major enterprises based in Munich have committed to voluntarily reducing their carbon emissions.	www.muenchen.de/rathaus/wirtschaft/nachhaltig-oeko/klimapakt-muenchner-wirtschaft.html
Naturschutzbund Deutschland e.V. (NABU, Nature And Biodiversity Conservation Union)	2015	Commitment to people and nature with numerous projects to protect species, the environment and nature in Germany	www.nabu.de
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.	www.digitale-chancen.de
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	www.upj.de
VATM – Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e.V. (Association of Telecommunications and Value-Added Service Providers)	2001	Membership alongside other companies from the IT and telecommunications industries; active participation in various working groups	www.vatm.de

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Target attainment status at the end of 2016

We define clear targets for the implementation of our CR strategy and review these annually. The following overviews provide an insight into the status at the end of 2016 and with regard to our CR targets for 2017–2020.

Legend: **Target 2016 not attained**   **Target 2016 partly attained**   **Target 2016 mostly attained**   **Target 2016 fully attained**

Focus area: responsible business

Subject area	Targets/measures	Status at 31 December 2016
Data protection	In 2016 we will concentrate on the following activities: — improving the monitoring and enforcement of data protection at suppliers; this involves revising supplier policies where necessary; implementing regular checks and training corresponding Telefónica employees — implementing a data protection hotline for customers — yearly data protection training for 85 % of all employees — improving the monitoring and notification of data protection faults and deficiencies through internal processes, communications and guidelines	
Data protection Data security	In the area of corporate security, we will focus on the following measures in 2016 and 2017: — developing and implementing an information security management system (ISMS) for the merged company, in line with the ISO 27001:2013 standard — setting up a fully functional governance structure — integrating the topic of information security into all relevant divisions and their processes — setting up a cyber-security emergency centre — starting security assessments in the Telefónica Deutschland Group	
Fair partnership **Employees**	In 2016 we will shape the company transformation and integration process in constructive and trusting cooperation with the departments and employee representation bodies. As part of this, we will proactively communicate with and inform our employees in good time about changes in the company. We will enable and support executives such that they are in a position to accompany and implement these changes as optimally as possible in accordance with their area of responsibility. By the end of 2016 we will have achieved an overall Reflect score of 70. We will regularly keep employees and executives updated on how the negotiations are progressing to ensure the results of the negotiations and the next steps to be taken are fully transparent. Moreover, we will train upper and middle management in how to implement the restructuring process.	
Fair partnership **Employees** Diversity	Our goal is for the Supervisory Board to be 30 % female, the Management Board 20 % female, Board 1 16 % female and Board 2 16 % female by the end of 2017. In addition, we will support and promote women in management positions.	
Fair partnership **Employees** Employee development	By the end of 2017 we will implement redefined vocational training and dual-studies programmes as well as new individual coaching and mentoring schemes.	
Fair partnership **Employees** Health management	In 2016 we will concentrate on the following activities: — expanding health measures, childcare and emergency services to cover all locations — enabling flexibility for employees by providing tailor-made and modular services — developing and improving new health management guidelines (in line with DIN EN ISO 45001:2016)	

Focus area: responsible business

Subject area	Targets/measures	Status at 31 December 2016
Fair partnership Customers	In 2016 we will achieve the following: — enhanced mobile personal overview via the Mein O_2 app which is transparent and provides real-time information — continuation of measures according to fair partnership with our customers — by the end of 2017 we will develop tariff offers customised to the various needs of individuals with a disability	
Fair partnership Customers Best companion	By the end of 2016 we want our positioning to have evolved to that of "best companion" and we want to enable our customers to take their own decisions in our digital world. To achieve these goals, we will pursue the following targets and measures: — increase qualified Guru awareness (help and inspiration) — establish a future concept for shops involving a new attitude with the focus on customer needs — represent good value — have a reliable network with full LTE enablement in urban areas — provide benefits for young people and disabled people	
Fair partnership Customers O_2 Guru	By the end of 2016 O_2 Gurus: — will have helped prospects and customers across all age groups to resolve technical issues and educated and inspired them across all channels on how digital technology can enrich their lives — will have helped people to get to know and test new technical devices and wearables via Guru online videos, webinars, live demo units in our stores, workshops and promotions — will have taught parents and children how to use the Internet safely via a special Guru workshop	
Fair partnership Customers Protection of minors	— Develop and publish new information online for customers on the protection of minors. — Develop a vertical product and commitment strategy for a sustainable and future-oriented portfolio for the protection of minors with regard to digital telecommunications by the end of 2016. — Be an active stakeholder in the political and social debate on the protection of young people and media literacy. Participate in the Zentrum für Kinderschutz im Internet (Online Child Protection Centre, I-KiZ) and provide support for online help for minors. — A new guide for mobile-phone usage will be published in 2016 in cooperation with Deutsches Kinderhilfswerk e.V. (German Children's Emergency Fund).	
Fair partnership Supply chain	In 2016, as part of our sustainable supplier management initiative, we will draw up a code of conduct (CoC) with reference to our approach of fair partnership and the involvement of Telefónica Global Services (TGS). The new CoC will be communicated gradually to all relevant suppliers by 2017. In addition: — the ESG criteria will be reviewed as part of the SUMA evaluation process and all buyers will be provided with relevant information regarding sustainable supplier management — the most sustainable suppliers will be recognised together with stakeholders by the end of 2017	
Compliance Supply chain	Within the framework of a compliance risk assessment, in 2016 we will evaluate the existing guidelines, processes and controls in the supply chain and make existing compliance risks transparent. Following this, measures will be defined together with Telefónica Global Services (TGS) to mitigate the risks identified.	
Compliance	Re-evaluate our compliance training concept for all employees at Telefónica Deutschland and implementation in 2016.	

Focus area: strengthening life in the digital world

Subject area	Targets/measures	Status at 31 December 2016
Digital Inclusion Think Big	By the end of 2016 we will have reached 90,000 young people with Think Big since its start in 2010 and equipped them with digital and entrepreneurial skills they need to create positive social change.	
	By the end of 2016 we will: — have inspired and engaged more than 16,000 young people across all levels — have helped to support 370 funded projects with 7,000 young people engaged — have reached and digitally inspired a further 9,000 young people	
Digital Inclusion Tablet PCs for Senior Citizens	By April 2017 we will reach 2,000 elderly people throughout Germany with the Tablet-PCs für Senioren programme together with Stiftung Digitale Chancen (Digital Opportunities Foundation). Achieving this will ensure we contribute to senior citizens gaining access to the digital world and them putting the benefits to use in their everyday lives. We will conduct a study alongside this.	
Digital Inclusion Customers	Use our future, experience and concept stores to help people to be part of the digital experience. We will present attractive solutions and educate our customers with state-of-the-art technology.	
	By the end of 2016 we will implement at least 40 stores following the strategy mentioned above Germany-wide.	
Enhancing quality of life Customers	— Conduct pilot projects in the field of smart homes, fleet management, energy management, etc. that make people's lives more sustainable (e.g. healthier, easier, environmentally friendlier) in 2016. — Smart energy solutions: by the end of 2016, together with our partners, we will have provided further companies with a smart product solution to help them gain greater transparency regarding their energy usage and in order to increase energy efficiency. — Equip households with intelligent products (smart homes) in the area of energy savings, security and peace of mind by 2018. — Products for B2B (and B2G) customers that support the customers in their efforts to be energy-efficient will be on the market by 2018.	

Focus area: environmental and climate protection

Subject area	Targets/measures	Status at 31 December 2016
Energy and CO_2	By the end of 2016, in the area of energy and CO_2 management, we will: — have set new energy saving targets for reductions in consumption and CO_2 emissions for 2016–2020 — have created an energy efficiency measure plan for the years leading up to and including 2020 which identifies and implements further opportunities for corporate energy reduction activities and ensures sustainable energy management within the network and corporate buildings (offices, shops, call centres)	
Energy and CO_2 Supply chain	Expanding Scope 3 CO_2 reporting in the areas of preliminary work and products/services as well as defining further reduction targets for Scope 3 emissions with 2015/2016 as the basis year.	[1]
Energy and CO_2 Own operations	Reduce CO_2 emissions through green energy by 2020. 100 % of electricity consumed at the technical sites, offices and our own call centres and shops, for which the Telefónica Deutschland Group has control over power procurement and contracts, will be supplied annually from renewable sources.	
Energy and CO_2 Own operations	By the end of 2016 we will have implemented and received a certificate for our energy management system according to ISO 50001. In addition, we will have developed and implemented an energy management system incl. reduction measures.	
Energy and CO_2 Supply chain	In the course of the E-Plus Group transformation and in due consideration of the new global environmental policy, we will have reviewed and updated environmental and quality annexes of contracts for procurement processes and standards by the end of 2016.	

1   The calculations for the Scope 3 data require long-term analysis and complex preparation. We will therefore at a later time have defined targets and be able to report on these in detail.

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Focus area: environmental and climate protection

Subject area	Targets/measures	Status at 31 December 2016
Energy and CO_2 Own operations	In coming years, we will in the areas of CO_2 management and mobility achieve: — a reduction in average fleet emissions to 95 g CO_2/km by 2020 — a 10 % reduction in CO_2 emissions arising from business travel (basis year 2015) by 2018 incl. review and development of a new travel policy — the development and implementation of a new concept for emission-friendly travel to and from work by the end of 2018	
Conservation of resources Own operations	We will conserve resources through the following measures: — By 2017 we will have standardised the usage of recycling paper with Blauer Engel (Blue Angel) certification in the new company. We will have implemented recycling paper in all offices and call centres of E-Plus and in all shops of the new company. — Continuous expansion of the share of online bills by 2 % annually (basis value for total e-bills share from Oct. 2015 of 90.4 %) by 2018 in order to promote more sustainable and paper-efficient behaviour. — Development of a uniform standard for waste disposal and training for employees on how to deal with this issue by the end of 2016. We have added process workflows for each category of waste, explaining how it is managed, in our waste management policy. — Environmentally friendly handling of waste arising from the network consolidation by the end of 2016. In the reporting regarding waste management, we will take into account more detailed information on quantities and the destinations of different types of waste and distinguish, for example, between metal, WEEE and batteries. — By the end of 2016 we will have rolled out a uniform IT hardware disposal system for the new company. We will have established AfB gGmbH as our core waste disposal contractor for our IT hardware. AfB stands for Arbeit für Menschen mit Behinderung (Work for People with a Disability).	
Conservation of Resources Customers	— In 2016 we will recycle more mobile phones than the 46,000 we recycled in 2015 together with Naturschutzbund Deutschland e.V. (NABU, Nature And Biodiversity Conservation Union) and AfB gGmbH through promoting private and business customer awareness for mobile-phone recycling programmes and the necessity of more sustainable behaviour. AfB stands for Arbeit für Menschen mit Behinderung (Work for People with a Disability). — By the end of 2016 we will have achieved an average of 80 % for all devices in the current smartphone and feature phone portfolio annually with our listed manufacturers (not distributors or emerging brand vendors) who are included in the Eco Index and we will have communicated the value of this to customers.	
Mobile communication and health	— Analysis of the state of compliance with current minimums of Germany and of the local effects of a reduction of these limits in accordance with the forecasts of the International Commission on Non-Ionizing Radiation Protection (ICNIRP).	

CR targets 2017–2020

Focus area: responsible business

> 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.

Subject area	Targets/measures 2017–2020
Compliance	**Commitment to compliance:** **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.** — By the end of 2017 we will put at employees' disposal an app for their smartphones/tablets that contains important information, news and contacts regarding the subject of compliance. — In 2017 we will furnish all employees with instruments for qualitatively measuring compliance awareness. — We will continuously improve our compliance management system and in the years leading up to and including 2020 and strive for external certification in accordance with the IDW auditing standard 980.
Supply chain	**Commitment to supply chain:** **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.** — Implementation of the new Supply Chain Sustainability Policy and, gradually, communication with all suppliers in 2017. — Conformity of purchasing processes of Telefónica Global Services (TGS), the specialist departments of the Telefónica Deutschland Group, the CR department and the contact with suppliers by the end of 2020 in accordance with the new implementation guideline of the Supply Chain Sustainability Policy. — Continuation of risk analyses of suppliers every two years and development of a system for improving the sustainability performance of the risky suppliers (until 2020). — Honouring the most sustainable suppliers together with stakeholders in 2017.
Customers	**Commitment to customers:** **We offer our customers the best product and service experience, the latest innovations and a modern network infrastructure. By 2020 we will offer the best customer service with the highest level of customer satisfaction in the industry.** — We will continuously improve our customer service according to the needs and wishes of our customers. In doing so, we will focus on: a) The continuous optimisation of our service channels through various measures b) The digitalisation of our service offering at o2online.de and our Mein O_2 app — We will invest consistently in our network infrastructure and while doing so orient ourselves to the actual benefit for our customers in order to be able to provide our customers with the best network experience.

Focus area: responsible business

> 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.

Subject area	Targets/measures 2017–2020

Employer	**Commitment as an employer:**
	In the years leading up to 2020 we will position ourselves internally and externally as an attractive employer and achieve generally good to very good results in our employee surveys.
	
	— Implementation of an annual anonymised employee survey with a return rate of 70 % until 2020. Subsequent open dialogue within the framework of action planning by the executives that contains appropriate aids.
	— In a dynamic market environment, we will steadily optimise our corporate structure, develop management and cooperation and offer our employees flexible working models with regard to time and place:
	   1) Development of new agile forms of organisation in order to promote the interdisciplinary cooperation and quick decision paths. By 2020 at least three to five agile forms of organisation will be implemented.
	   2) Continuous consideration of what kind of management and cooperation is sensible in which situation and area and enabling the executives and employees to execute this.
	   3) Development of flexible working models with regard to time and place. By 2020 100 % of office employees will be equipped with laptops and business mobile phones.
	— Further training is to be accessible for our employees in real time and easily. By 2020 all employees will have a virtual learning hub 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.
	— Our attractiveness as an employer in the market is reflected in the numbers of external applicants.
	— 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
	   • By 2020 achieve a rate of 90 % of offering apprentices and dual-studies students permanent employment
	   • 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
	— New definition of apprenticeship and dual-studies degree and introduction of new individual coaching and mentoring by the end of 2017.
	— The Telefónica Deutschland Group is especially concerned with providing a safe work environment and maintaining and promoting the health of all our employees. In the years leading up to and including 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.

1.0   Introductory Part

2.0   Corporate Responsibility
      Management

3.0   Responsible Business

4.0   Strengthening life in
      the digital world

5.0   Environmental and
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Focus area: strengthening life in the digital world

> 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.

Subject area	Targets/measures 2017–2020

Digital inclusion	**Commitment to digital inclusion:**
	 We make people of all age groups fit for the digital world. With Germany-wide support programmes such as Think Big and Tablet PCs for Senior Citizens and our O$_2$ Gurus, we will in the years leading up to and including 2020 provide inspiration and support to 10 million people.
	
	 — By the end of 2017 we will have inspired and reached more than 8,400 young people across all Think Big funding levels (185 funded projects with 3,600 participating young people and a further 4,800 young people inspired digitally).
	 — With that, we will by the end of 2017 have reached more than 105,000 young people with Think Big since 2010 and equipped them with digital and entrepreneurial skills they need to push positive social change.
	 — With the programme "Digital Mobil im Alter – Tablets für Senioren" (Digitally Mobile in Old Age – Tablets for Senior Citizens), we want to together with Stiftung Digitale Chancen (Digital Opportunities Foundation) in 2017 reach at least 2,000 elderly people Germany-wide with our offering. Achieving this will ensure we contribute to senior citizens gaining access to the digital world and them putting the benefits to use in their everyday lives.
	 — O$_2$ Guru:
	   • With the O$_2$ Gurus, we will provide inspiration and support to people of every age via all channels in order to make digital technologies accessible to the people and help them solve technical issues.
	   • We will integrate information materials for children, young people and parents on the competent use of smartphones and the Internet of Things among the O$_2$ Gurus. This information will be directly integrated into advice and sales when customers purchase products for their children who are still minors.
	   • O$_2$ Gurus and the associated Guru workshops will be continued, kept thematically relevant and optimised in a methodically constant way.
	 — In cooperation with Deutsches Kinderhilfswerk e.V. (German Children's Emergency Fund), we will develop the brochure "Internetguide" and publish this in 2017.
	 — Development of an engagement strategy for media protection and media literacy education in 2017.
	 — We will carry on being an active stakeholder in the political and public debate on youth media protection and in line with this participate in the management board of Germany's Voluntary Self-Monitoring of Multimedia Service Providers.

Focus area: strengthening life in the digital world

> 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.

Subject area	Targets/measures 2017–2020

Data protection	**Commitment to data protection:**
	We protect the data of our customers in all products and processes and guarantee that all employees are trained in data protection sufficiently and to the extent stipulated by law. We are therefore committed to helping customers retain control of their data and independently shape their digital life.
	
	— We are adapting our training concept for data security continuously to company and legal prerequisites, therefore guaranteeing compliance with the statutory provisions.
	— We are already involved in planning new products and new processes and advising the specialist departments on data-protection-relevant aspects. We are working towards the data-protection-friendly design of processes and products.
	— 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).
	— We will inform people in a transparent, clear, goal-oriented and comprehensible way regarding our data processing. At the same time, we will define new ways of doing this by the end of 2018 so as to not overburden the people affected.
	— In the area of corporate security, we will focus on the following measures in 2017 and 2018:
	  • Implementing and optimising an information security management system (ISMS) for the merged company in line with the ISO 27001:2013 standard
	  • Setting up a fully functional governance structure
	  • Optimising information security in all relevant divisions and their processes
	  • Expanding the corporate-security emergency centre
	  • Expanding security assessments in the Telefónica Deutschland Group

Focus area: strengthening life in the digital world

> 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.

Subject area	Targets/measures 2017–2020
Sustainable innovations	**Commitment to sustainable innovations:** **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.** — 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 allow for more transparency regarding energy consumption. — Reduction in CO_2 fleet emissions in the years leading up to and including 2020: we will offer telematics solutions, which give our customers more transparency, enabling them to keep to the statutory requirements for average CO_2 fleet emissions. — Networked mobility in the years leading up to and including 2020: supply of analysis applications for company vehicle fleets to improve driver safety, reduce fuel consumption and lower maintenance costs. — 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. — Better quality of life for senior citizens by 2020: we will develop the digital infrastructure for extended care of senior citizens by means of intelligently connected sensors and applications and put these at business partners' disposal, so more people can live independently into old age and therefore not be permanently dependent on on-site assistance. — 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. — Reduction in risk of credit card misuse abroad by 2020: we will offer solutions that increase security for consumers and banks when it comes to the use of credit cards abroad by automatically informing banks of travel abroad at the card user's request.

Focus area: environmental and climate protection

> 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_2 emissions by 11 % compared with 2015.

Subject area	Targets/measures 2017–2020
Energy & CO_2 reduction	**Commitment to energy & CO_2 reduction:** **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 – without the purchase of compensation certificates.**
	— Energy efficiency measures implemented in the area of the network by 2018 or 2020: 1) Modernisation of 2G (saving to be expected 6 GWh) and 3G (saving to be expected 1.5 GWh) networks by the end of 2018 2) Site deactivation and demolition by the end of 2018 of around 14,000 network units within the framework of network consolidation and modernisation, saving of approx. 202 GWh 3) Successive saving of approx. 50 GWh through deactivation of DSL main distributor by 2020
	— The savings made through energy efficiency in operating business activities (opex) should amount to 15 million euros by 2020 — By the end of 2020 we will have achieved the following in the area of CO_2 management and mobility: 1) Reduction in average fleet emissions to 95 g CO_2/km by 2020. To achieve this, we will rework the vehicle guideline of the Telefónica Deutschland Group in order to limit the number of vehicles with high CO_2 emissions and financially support electric cars. 2) 10 % reduction in CO_2 emissions arising from business travel (basis year 2015) by 2018 incl. review and development of a new travel policy. 3) Development and implementation of a new concept for emission-friendly travel to and from work by the end of 2018.
Conservation of resources	**Commitment to conservation of resources:** **In the years leading up to and including 2020 we will annually implement at least one further relevant measure for protecting resources in our structures and processes.**
	— By the end of 2017 we will have standardised the usage of recycling paper with Blauer Engel (Blue Angel) certification in the new company. We will then also have implemented recycling paper in all offices and call centres of E-Plus and in all shops of the new company. — Continuous expansion of the share of online bills by 2 % annually (basis value for total e-bills share from Oct. 2015 of 90.4 %) by 2018 in order to promote more sustainable and paper-efficient behaviour.

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Independent Auditor's Limited Assurance Report regarding Sustainability Information

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the Sustainability Report 2016 of Telefónica Deutschland Holding AG. The following text is a translation of the original German Independent Assurance Report.

VERIFIED

To the Management Board of Telefónica Deutschland Holding AG, München

We have been engaged to perform a limited assurance engagement on information marked with the symbol in the Sustainability Report of Telefónica Deutschland Holding AG for the reporting period from 1 January to 31 December 2016 (hereafter the report). Our engagement is exclusively limited to the information marked with the symbol in the German PDF version of the report. Our engagement did not include any prospective statements or information for previous years. The report is published as a PDF version at www.telefonica.de/cr-report-2016-en.

Management's responsibility

The legal representatives of Telefónica Deutschland Holding AG are responsible for the preparation of the report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the report and the use of assumptions and estimates for individual sustainability disclosures that are reasonable under the circumstances. Furthermore, the legal representatives are responsible for internal controls that they deem necessary for the preparation of a report that is free from – intended or unintended – material misstatements.

Auditor's statement regarding independence and quality

We are independent from the company in compliance with the German statutory and professional requirements and have complied with other professional requirements.

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The quality assurance system of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is based on the national statutory regulations and professional pronouncements including, but not limited to, the Professional Charter for German Public Auditors and German Sworn Auditors and the draft standard "Requirements of quality control for audit firms" (IDW EQS 1) issued by the Institute of Public Auditors, which are in accordance with the International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB).

Auditor's responsibility

Our responsibility is to express a conclusion on information marked with the symbol ⚬ in the report based on our work performed.

We conducted our limited 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" published by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information marked with the symbol ⚬ in the report for the reporting period from 1 January to 31 December 2016 has not been prepared, in all material respects, in accordance with the relevant GRI criteria. We do not, however, issue a separate conclusion for each sustainability disclosure which is marked with the symbol ⚬. In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the auditor's judgment.

Within the scope of our work, we performed amongst others the following assurance and other procedures:
— Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management of Telefónica Deutschland Holding AG, including dialogue with stakeholders, materiality analysis and disclosures of the specified management approaches
— Inquiries of employees responsible for the preparation of information marked with the symbol ⚬ in the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance of the information marked with the symbol ⚬ in its entirety
— Inspection of the relevant documentation of the systems and processes for compiling, analysing and aggregating sustainability data in the reporting period and testing such documentation on a sample basis

— Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data and disclosures at the headquarters of Telefónica Deutschland Holding AG in Munich and the former E-Plus Group in Düsseldorf, analytical measures at group level and on the level of selected sites regarding the quality of the reported data

— Critical review of the draft report to assess plausibility and consistency with the information marked with the symbol ⚖.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the information marked with the symbol ⚖ in the Sustainability Report of Telefónica Deutschland Holding AG for the reporting period from 1 January to 31 December 2016 has not been prepared, in all material respects, in accordance with the GRI criteria.

Intended use of the report

We issue this report on the basis of the engagement agreement with Telefónica Deutschland Holding AG. The limited assurance engagement has been performed for the purposes of Telefónica Deutschland Holding AG and is solely intended to inform Telefónica Deutschland Holding AG of the results of the assurance engagement.

Limitation of liability

We have responsibility towards Telefónica Deutschland Holding AG only. We do not assume any responsibility towards third parties.

Munich, 5 May 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter   Nina Müller
Wirtschaftsprüferin   Wirtschaftsprüferin
(German Public Auditor)   (German Public Auditor)

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GRI G4 Content Index

The Telefónica CR Report is based on the internationally recognised guidelines of the Global Reporting Initiative (GRI). It takes account of the GRI G4 guidelines in line with the "Comprehensive" option and fulfils the conditions of the GRI Materiality Disclosure Service. Disclosures that have been verified by an independent accounting firm are marked as such: ☑.

Materiality Disclosures
GRI Empowering Sustainable Decisions
Telefónica Deutschland Holding AG
May 2017 Service

GENERAL STANDARD DISCLOSURES

Indicator		Reference	VERIFIED
Strategy and analysis			
G4-1	Statement from the most senior decision maker	Foreword by the CEO (p. 05)	
G4-2	Key impacts, risks and opportunities	Business Strategy (p. 12), CR Strategy (p. 13)	
Organisational profile			
G4-3	Name of the organisation	Portrait of the Company (p. 06)	
G4-4	Primary brands, products and services	Portrait of the Company (p. 06 f.)	
G4-5	Location of the organisation's headquarters	Portrait of the Company (p. 06)	
G4-6	Countries with operations	Portrait of the Company (p. 06)	
G4-7	Nature of ownership and legal form	Portrait of the Company (p. 06), AR (Management Report) p. 19 f.	
G4-8	Markets served	Portrait of the Company (p. 06)	
G4-9	Scale of the organisation	Portrait of the Company (p. 06), AR (Management Report) p. 8	
G4-10	Total employees	Table of Key Figures for Employees (p. 79)	
G4-11	Employees covered by collective bargaining agreements	Table of Key Figures for Employees (p. 79)	
G4-12	Supply chain	Supplier Management (p. 25)	☑
G4-13	Significant changes to the size, structure and ownership	AR (Consolidated Financial Statements) p. 81 f.	
G4-14	Implementation of the precautionary principle	Compliance (p. 38 f.), AR (Management Report) p. 49 ff.	
G4-15	External agreements, principles or initiatives	Compliance (p. 38 f.), Memberships (p. 86)	
G4-16	Memberships in industry and business associations	Memberships (p. 86)	

Legend: AR = Telefónica Deutschland Annual Report 2016

G4-32

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Indicator		Reference	VERIFIED
Identified material aspects and boundaries			
G4-17	Corporate structure	Portrait of the Company (pp. 06–07), AR (Management Report) pp. 19–20	☑
G4-18	Definition of report content	About this report (p. 02), CR Strategy (p. 13)	☑
G4-19	Material aspects	CR Strategy (pp. 13–14)	☑
G4-20	Material aspects within the organisation	CR Strategy (pp. 13–14)	☑
G4-21	Material aspects outside the organisation	CR Strategy (pp. 13–14)	☑
G4-22	Restatements of information provided in previous reports	Table of Key Figures (pp. 77–83.), CR Targets (pp. 88–91)	
G4-23	Changes in the report scope and boundaries	None	
Stakeholder engagement			
G4-24	Stakeholder groups engaged	Stakeholder Engagement (pp. 17–18)	☑
G4-25	Identification and selection of stakeholder groups	CR Strategy (p. 13)	☑
G4-26	Approaches to stakeholder engagement	CR Strategy (p. 13), Stakeholder Engagement (pp. 17–18)	☑
G4-27	Topics and concerns of stakeholders	Stakeholder Engagement (pp. 17–18)	☑
Report profile			
G4-28	Reporting period	About this report (p. 02)	
G4-29	Date of most recent previous report	About this report (p. 02)	
G4-30	Reporting cycle	About this report (p. 02)	
G4-31	Contact point for questions regarding the report	About this report (p. 02), Imprint (p. 113)	
G4-32	GRI index	GRI G4 Content Index (p. 101 ff.)	
G4-33	External verification of the report	Independent Assurance Report (p. 98 ff.)	
Governance			
G4-34	Governance structure	AR (Management Report) p. 19 f., AR (Management Declaration) p. 168 ff., CR Management (p. 15 f.)	
G4-35	Delegation of authority for economic, environmental and social topics	AR (Management Report) p. 20 ff., AR (Management Declaration) p. 168 ff., CR Management (p. 15 f.)	
G4-36	Executive-level position with responsibility for economic, environmental and social topics	AR (Management Report) p. 20 ff., AR (Management Declaration) p. 168 ff., CR Management (p. 15 f.)	
G4-37	Processes for consultation between stakeholders and the highest governance body	AR (Corporate Governance Report) p. 165 ff., CR Management (p. 15 f.)	
G4-38	Composition of the highest governance body and its committees	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.	
G4-39	Independence of the Chair of the highest governance body	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.	

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Indicator		Reference
Governance		
G4-40	Nomination and selection processes for the highest governance body	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-41	Process for avoiding conflicts of interest	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-42	Highest governance body's role concerning strategy and goals	AR (Management Declaration) p. 168 ff. AR (Corporate Governance Report) p. 165 ff.
G4-43	Measures taken concerning the highest governance body's knowledge in sustainability issues	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-44	Evaluation of the highest governance body's performance concerning sustainability	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-45	Highest governance body's role concerning sustainability risks and opportunities	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-46	Highest governance body's role concerning the effectiveness of the risk management	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-47	Frequency of the highest governance body's review of sustainability risks and opportunities	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-48	Highest committee that approves the sustainability report	Foreword by the CEO (p. 05)
G4-49	Process for communicating critical concerns to the highest governance body	AR (Management Declaration) p. 168 ff., AR (Corporate Governance Report) p. 165 ff.
G4-50	Critical concerns that were communicated to the highest governance body	AR (Supervisory Board Report) p. 160 ff.
G4-51	Remuneration policies for the highest governance body and senior executives	AR (Management Declaration) p. 168 ff., AR (Management Report) p. 62 ff.
G4-52	Process for determining remuneration	AR (Management Declaration) p. 168 ff., AR (Management Report) p. 62 ff.
G4-53	Stakeholders' views regarding remuneration reported	AR (Management Declaration) p. 168 ff., AR (Management Report) p. 62 ff.
G4-54	Ratio of the highest annual total compensation to the median annual total compensation for all employees	AR (Management Declaration) p. 168 ff., AR (Management Report) p. 62 ff.
G4-55	Percentage increase in the annual total compensation	AR (Management Declaration) p. 168 ff., AR (Management Report) p. 62 ff.
Ethics and integrity		
G4-56	Values, principles and standards of behaviour	Compliance (p. 38 f.), AR (Corporate Governance Report) p. 165 ff.
G4-57	Mechanisms for seeking advice on ethical and lawful behaviour	Compliance (p. 38 f.), AR (Corporate Governance Report) p. 165 ff.
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	Compliance (p. 38 f.), AR (Corporate Governance Report) p. 165 ff.

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SPECIFIC STANDARD DISCLOSURES

VERIFIED

Indicator		Reference	
Category: economic			
Economic performance			
G4-DMA	Management approach	Business Strategy (p. 12), AR (Management Report) p. 13 ff.	
G4-EC1	Direct economic value created and distributed	Table of Key Economic Figures (p. 77), AR (Consolidated Financial Statements) p. 74	
G4-EC2	Financial implications and other risks and opportunities due to climate change	CR Strategy (p. 13), Environmental and Climate Protection (p. 63 ff.)	
G4-EC3	Benefit plan obligations	AR (Consolidated Financial Statements) p. 90 f.	
G4-EC4	Financial assistance received from government	AR (Management Report) p. 25 ff.	
Indirect economic impacts			
G4-DMA	Management approach	Business Strategy (p. 12), Network and Products (p. 42 ff.), Digital Inclusion (p. 49 ff.)	
G4-EC7	Development and impact of infrastructure investments and supported services	Business Strategy (p. 12), Network and Products (p. 42 ff.), Digital Inclusion (p. 49 ff.)	
G4-EC8	Indirect economic impacts	Business Strategy (p. 12), Network and Products (p. 42 ff.), Digital Inclusion (p. 49 ff.)	
Procurement			
G4-DMA	Management approach	Supplier Management (p. 25 ff.)	☑
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Table of Key Figures for the Supply Chain (p. 77)	
Category: environmental			
Energy			
G4-DMA	Management approach	Environmental and Climate Protection (p. 63 ff.)	☑
G4-EN3	Energy consumption within the organisation	Energy & CO_2 Reduction (p. 66), Table of Key Figures for the Environment (p. 81 f.)	☑
G4-EN4	Energy consumption outside of the organisation	Not relevant for internal corporate governance and not demanded by stakeholders	☑
G4-EN5	Energy intensity	Energy & CO_2 Reduction (p. 65), Table of Key Figures for the Environment (p. 82)	
G4-EN6	Reduction of energy consumption	Energy & CO_2 Reduction (p. 65 ff.)	☑
G4-EN7	Reductions in energy requirements of products and services	Energy & CO_2 Reduction (p. 65 ff.)	

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Indicator	Reference	VERIFIED
Emissions		
G4-DMA Management approach	Environmental and Climate Protection (p. 63 ff.)	☑
G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	Energy & CO_2 Reduction (p. 67), Table of Key Figures for the Environment (p. 82)	☑
G4-EN16 Indirect energy-related greenhouse gas (GHG) emissions (Scope 2)	Energy & CO_2 Reduction (p. 67), Table of Key Figures for the Environment (p. 82)	☑
G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)	Energy & CO_2 Reduction (p. 67), Table of Key Figures for the Environment (p. 82)	☑
G4-EN18 Greenhouse gas (GHG) emissions intensity	Table of Key Figures for the Environment (p. 82)	
G4-EN19 Reduction of greenhouse gas (GHG) emissions	Energy & CO_2 Reduction (p. 65 ff.)	☑
G4-EN20 Emissions of ozone-depleting substances (ODS)	Not relevant. Emissions are recorded but they are not material.	
G4-EN21 NO_x, SO_x and other significant air emissions	Not relevant. Emissions are recorded but they are not material.	
Products and services		
G4-DMA Management approach	Environmental and Climate Protection (p. 63 f.)	
G4-EN27 Mitigation of environmental impacts of products and services	Environmental and Climate Protection (p. 63 ff.)	
G4-EN28 Reclaimed products and packaging	Conservation of Resources (p. 70 f.), Table of Key Figures for the Environment (p. 83)	
Compliance		
G4-DMA Management approach	Compliance (p. 38 f.)	☑
G4-EN29 Fines and sanctions for non-compliance with environmental regulations	In 2016 there were 25 counts of non-compliance with the order on the means of providing proof as regards limiting exposure to electromagnetic fields (BEMFV), which led to fines amounting to EUR 45,243 being issued.	
Overall		
G4-DMA Management approach	Environmental and Climate Protection (p. 63 ff.)	
G4-EN31 Environmental protection expenditures and investments	Table of Key Figures for the Environment (p. 82)	
Supplier environmental assessment		
G4-DMA Management approach	Supplier Management (p. 25 ff.)	
G4-EN32 Percentage of suppliers that were screened using environmental criteria	Supplier Management (p. 25 ff.)	
G4-EN33 Significant environmental impacts in the supply chain	Environmental and Climate Protection (p. 63 ff.), Supplier Management (p. 25 ff.)	

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Indicator	Reference	VERIFIED
Environmental grievance mechanisms		
G4-DMA Management approach	Compliance (p. 38 f.)	
G4-EN34 Formal grievances about environmental impacts	None	

Category: social – labour practices and decent work

Indicator	Reference	VERIFIED
Employment		
G4-DMA Management approach	Telefónica as an Employer (p. 31 ff.)	☑
G4-LA1 New employee hires and employee turnover	Table of Key Figures for Employees (p. 80)	☑
G4-LA2 Benefits provided to full-time employees	No distinction is made for: Group accident insurance (incl. disability and invalidity coverage), healthcare, 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). Only employees with contracts of indefinite duration have access to retirement provision because of the vesting period of five years. Most fringe benefits are offered to part-time employees based on their proportionate 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).	☑
G4-LA3 Return to work after parental leave	Telefónica as an Employer (p. 36), Table of Key Figures for the Environment (p. 81 f.) In accordance with Section 15 of the Bundeselterngeld- und Elternzeitgesetz (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.	☑

Indicator	Reference	VERIFIED
Labour/management relations		
G4-DMA Management approach	Telefónica as an Employer (p. 31 ff.)	☑
G4-LA4 Minimum notice periods regarding significant 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.	

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Indicator		Reference	VERIFIED
Occupational health and safety			
G4-DMA	Management approach	Telefónica as an Employer (p. 31 ff.)	☑
G4-LA5	Percentage of total workforce represented in health and safety committees	Employer–worker health and safety committees typically operate at company level, i.e. nationwide. An example is the committee for occupational safety. Percentage of total workforce represented in committees for occupational safety: approximately 1.3 %.	
G4-LA6	Injuries, occupational diseases, lost days, and work-related fatalities	Table of Key Figures for Employees (p. 79)	
G4-LA7	Workers with high incidence or risk of diseases	Not material since there are no groups of employees that are subject to an occupational disease.	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Agreements are covered by formal internal agreements dealing with health and safety topics. The existing agreements cover approx. 25 % of all topics concerning health and safety.	
Training and education			
G4-DMA	Management approach	Telefónica as an Employer (p. 31 ff.)	☑
G4-LA9	Average hours of training per year	Table of Key Figures for Employees (p. 80)	
G4-LA10	Programmes for skills management, that assist employees in managing career endings and that support the continued employability of employees	Telefónica as an Employer (p. 31 ff.)	
G4-LA11	Percentage of employees receiving regular performance and career development reviews	Telefónica as an Employer (p. 31 ff.) Due to the merger, regular performance dialogue was suspended. Career development reviews took place to provide employees and executives with opportunities for exchange in order for them to receive a regular assessment of their performance. For executives, Telefónica, S.A. puts a global system at their disposal.	
Diversity and equal opportunity			
G4-DMA	Management approach	Telefónica as an Employer (p. 31 ff.)	☑
G4-LA12	Composition of governance bodies and breakdown of employees by aspects of diversity	Governance bodies: AR (Management Declaration) p. 168 ff., Employees: Table of Key Figures for Employees (p. 79)	☑
Equal remuneration for women and men			
G4-DMA	Management approach	Telefónica as an Employer (p. 31 ff.)	☑
G4-LA13	Ratio of basic salary and remuneration of women to men	Table of Key Figures for Employees (p. 79)	

VERIFIED

Indicator	Reference	
Supplier assessment for labour practices		
G4-DMA Management approach	Supplier Management (p. 25 ff.)	☑
G4-LA14 Percentage of new suppliers that were screened using labour practices criteria	Supplier Management (p. 25 ff.)	
G4-LA15 Significant impacts for labour practices in the supply chain	Supplier Management (p. 25 ff.)	
Labour practices grievance mechanisms		
G4-DMA Management approach	Compliance (p. 38 f.), integral part of our compliance management system	☑
G4-LA16 Formal grievances about impacts of labour practices	Compliance (p. 38 f.), integral part of our compliance management system	

Category: social – human rights

Indicator	Reference	
Non-discrimination		
G4-DMA Management approach	Compliance (p. 38 f.), integral part of our compliance management system	☑
G4-HR3 Incidents of discrimination	Compliance (p. 39)	
Freedom of association and collective bargaining		
G4-DMA Management approach	Compliance (p. 38 f.), Supplier Management (p. 25 ff.), integral part of our compliance management system and our Supply Chain Sustainability Policy	☑
G4-HR4 Sites and suppliers identified for which the right to exercise freedom of association is violated or at risk, and measures taken	None	
Child labour		
G4-DMA Management approach	Compliance (p. 38 f.), Supplier Management (p. 25 ff.), integral part of our compliance management system and our Supply Chain Sustainability Policy	☑
G4-HR5 Sites and suppliers identified as having significant risk of child labour	None	

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Indicator	Reference	VERIFIED
Forced or compulsory labour		
G4-DMA Management approach	Compliance (p. 38 f.), Supplier Management (p. 25 ff.), integral part of our compliance management system and our Supply Chain Sustainability Policy	☑
G4-HR6 Sites and suppliers identified as having significant risk of forced labour	None	
Supplier human rights assessment		
G4-DMA Management approach	Compliance (p. 38 f.), Supplier Management (p. 25 ff.)	☑
G4-HR10 Percentage of new suppliers that were screened using human rights criteria	Supplier Management (p. 26)	
G4-HR11 Significant human rights impacts in the supply chain	Supplier Management (p. 26 ff.)	
Grievance mechanisms for impacts on society		
G4-DMA Management approach	Compliance (p. 38 f.), Supplier Management (p. 25 ff.), integral part of our compliance management system	☑
G4-HR12 Formal grievances about human rights violations	None	

Category: social – society

Indicator	Reference	
Local communities		
G4-DMA Management approach	Strengthening Life in the Digital World (p. 42 ff.)	
G4-SO1 Measures for engaging local communities	Strengthening Life in the Digital World (p. 42 ff.)	
G4-SO2 Operations with potential negative impacts on local communities	Strengthening Life in the Digital World (p. 42 ff.)	
Anti-corruption		
G4-DMA Management approach	Compliance (p. 38 f.)	
G4-SO3 Percentage of operations assessed for risks related to corruption and risks identified	Compliance (p. 38 f.)	
G4-SO4 Communication and training on anti-corruption	Compliance (p. 38 f.), Table of Key Figures for Compliance (p. 78)	
G4-SO5 Confirmed incidents of corruption	None	

Indicator	Reference	VERIFIED
Public policy		
G4-DMA Management approach	Compliance (p. 38 f.)	
G4-SO6 Total value of political contributions	None	
Anticompetitive behaviour		
G4-DMA Management approach	Compliance (p. 38 f.)	
G4-SO7 Legal actions for anticompetitive behaviour, antitrust and monopoly practices	None	
Compliance		
G4-DMA Management approach	Compliance (p. 38 f.)	☑
G4-SO8 Significant fines and sanctions for non-compliance with laws and regulations	See indicator G4-EN29	
Grievance mechanisms for impacts on society		
G4-DMA Management approach	Compliance (p. 38 f.), Supplier Management (p. 25 ff.)	
G4-SO11 Formal grievances about impacts on society	None	

Category: social – product responsibility

Indicator	Reference	
Customer health and safety		
G4-DMA Management approach	Data Protection and Information Security (p. 56 ff.), Protection of Minors (p. 60 f.), Mobile Communication and Health (p. 75)	
G4-PR1 Percentage of significant products and service categories for which health and safety impacts are assessed	Mobile Communication and Health (p. 75) At all masts, compliance with the limits is checked by the Bundesnetzagentur (Federal Network Agency). More information is available on the website of the Telefónica Deutschland Group, including a current list of mobile-phone SAR values: www.telefonica.de/verantwortung/umwelt-und-klima-schuetzen/mobilfunk-gesundheit.html	
G4-PR2 Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	None	

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Indicator	Reference	
Product and service labelling		
G4-DMA Management approach	Customers (p. 22), Data Protection and Information Security (p. 56 ff.), Protection of Minors (p. 60 f.), Mobile Communication and Health (p. 75)	
G4-PR3 Principles for product labelling and percentage of products subject to this	Data Protection and Information Security (p. 56 ff.), Protection of Minors p. (60 f.)	
G4-PR4 Incidents of non-compliance with regulations and voluntary codes concerning the labelling of products and services	None	
G4-PR5 Results of surveys measuring customer satisfaction	We ascertain our customers' satisfaction continually and the results influence our strategies and measures.	
Marketing communications		
G4-DMA Management approach	Data Protection and Information Security (p. 56 ff.), Protection of Minors (p. 60 f.)	
G4-PR6 Sale of banned products	None	
G4-PR7 Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	Table of Key Figures for Compliance (p. 78)	
Customer privacy		
G4-DMA Management approach	Data Protection and Information Security (p. 56 ff.)	☑
G4-PR8 Substantiated complaints regarding breaches of customer privacy and data protection violations	Data Protection and Information Security (p. 56), Table of Key Figures for Compliance (p. 78)	☑
Compliance		
G4-DMA Management approach	Compliance (p. 38 f.)	☑
G4-PR9 Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	See indicator G4-EN29	

SDG statement

In September 2015 the United Nations adopted 17 global targets for sustainable development (↗ the Sustainable Development Goals or SDGs). The Telefónica Deutschland Group supports the implementation of the SDGs and makes its own contribution to achieving these in the fields of action addressed in the Responsible Business Plan 2020.

Fields of action overall	17 PARTNERSHIPS FOR THE GOALS
Customers	3 GOOD HEALTH AND WELL-BEING / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Supply chain	8 DECENT WORK AND ECONOMIC GROWTH / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Employer	3 GOOD HEALTH AND WELL-BEING / 4 QUALITY EDUCATION / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES
Compliance	8 DECENT WORK AND ECONOMIC GROWTH / 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Sustainable innovations	3 GOOD HEALTH AND WELL-BEING / 8 DECENT WORK AND ECONOMIC GROWTH / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 11 SUSTAINABLE CITIES AND COMMUNITIES / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION
Digital inclusion	4 QUALITY EDUCATION / 10 REDUCED INEQUALITIES / 11 SUSTAINABLE CITIES AND COMMUNITIES
Data protection	12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Energy & CO_2 reduction	7 AFFORDABLE AND CLEAN ENERGY / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 13 CLIMATE ACTION
Conservation of resources	8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES / 11 SUSTAINABLE CITIES AND COMMUNITIES / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 15 LIFE ON LAND

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CONTACT

We welcome any questions or feedback you may have regarding responsibility in the Telefónica Deutschland Group. Please contact the CR team with these by email at:
cr-de@telefonica.com

PUBLISHER

Telefónica Deutschland Holding AG
Valentina Daiber
Director Corporate Affairs
Georg-Brauchle-Ring 23–25
80992 Munich
Germany

RESPONSIBLE FOR THE CONTENTS

Claudia von Bothmer
Head of Corporate Responsibility

PROJECT MANAGEMENT

Dr Markus Sardison, Senior Corporate Responsibility Manager
Melanie Borsos, Senior Corporate Responsibility Manager
Dorothee Jarchow, Corporate Responsibility Manager

CONCEPT AND EDITING

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PICTURE CREDITS

Sima Dehgani (p. 01, p. 11, p. 21, p. 30, p. 41, p. 48, p. 55, p. 69, p. 72), Telefónica (p. 05, p. 13, p. 24, p. 34, p. 42, p. 47, p. 50, p. 61), GettyImages (p. 35, p. 37, p. 60), Henrik Andree (p. 17, p. 52, p. 53), Michael Wagner (p. 44), Florian Schmitt (p. 49), Christian Klant (p. 44, p. 51), Fernanda Vilela (p. 51)

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