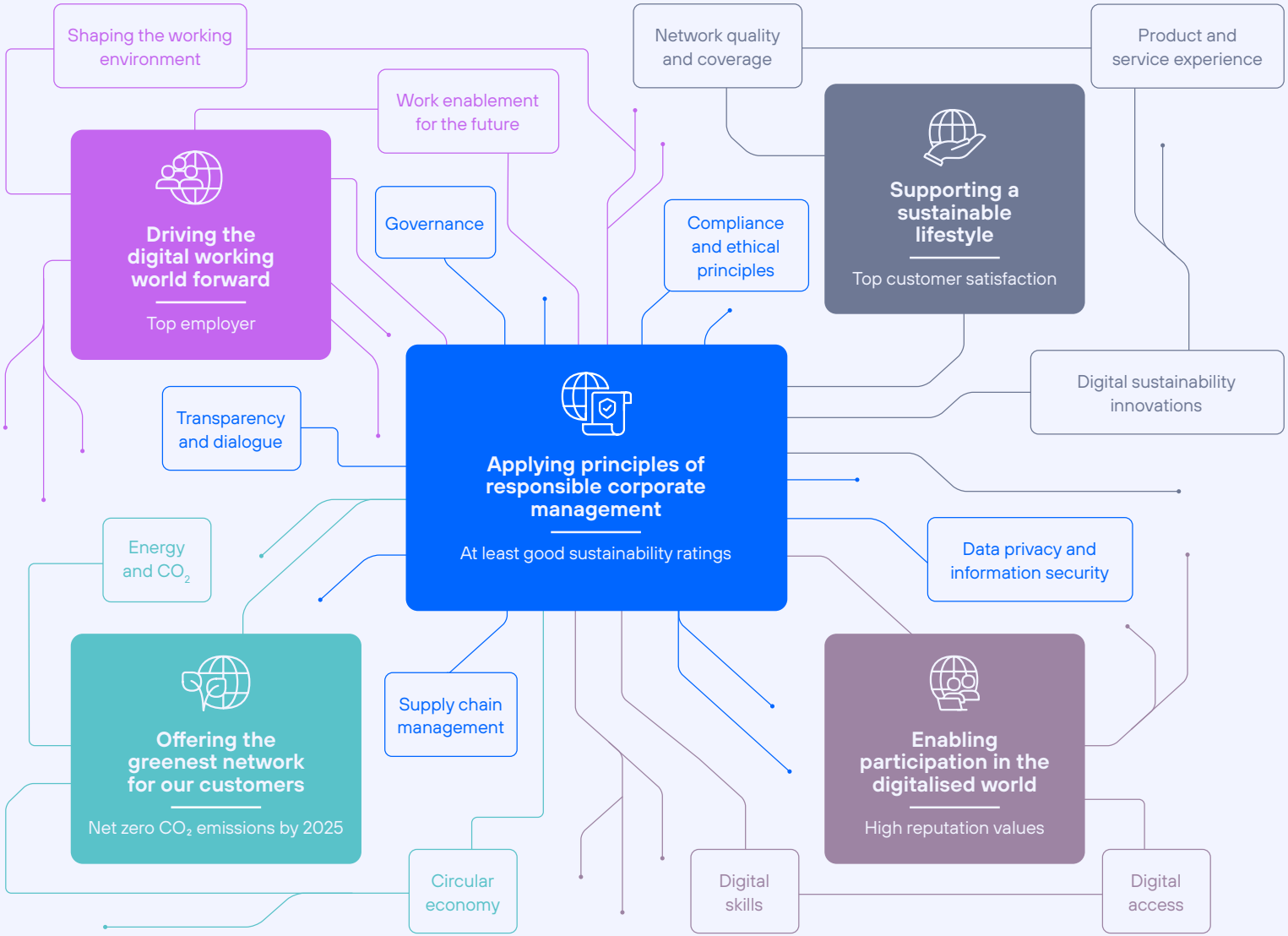
Responsible Business Plan 2025

Digital.Sustainable.Connected.



Telefónica

Corporate Responsibility targets 2022

The Responsible Business Plan 2025 (RBP) "Digital.Sustainable. Connected." creates a renewed basis for further driving sustainable digitalisation and efficiently managing our sustainability commitment. With concretemeasures, we want to achieve the goal of net zero carbon emissions by 2025, further increase customer and employee satisfaction, and enable people to securely participate in digital life. With the RBP 2025, we want to continue to responsibly shape sustainable digitalisation and the transformation of our economy and society in the future. In the context of RBP 2025, we have set ourselves the following targets from 2022:

Governance principles

Mission: Our business as a digital company is based on the principles of governance for responsible corporate management, which we rigorously and systematically apply in all business processes.

Governance

Commitment: Corporate responsibility is firmly enshrined in all our divisions. We will manage its implementation and target attainment by means of the Responsible Business Plan 2025.

Strategic priorities up to 2025	2022 measures and targets
We want to further incorporate sustainability aspects into the existing management systems to enhance the visibility of sustainability topics within the company.	• ESG risk management: concept development and implementation
The EU taxonomy gives us the opportunity to further hone our profile as a sustainable telecommunications provider. We will incorporate the requirements of the EU taxonomy into our corporate strategy and the reporting requirements into our reporting systems.	• Incorporation of taxonomy requirements into the company's strategic decision-making processes • Implementation of the reporting requirements in the reporting systems
As a company that provides Germany with connectivity, the resilience of our business activities is essential. We have therefore established a business continuity management system.	• External certification of the business continuity management system in accordance with ISO 22301:2019 by the end of 2022

Transparency and dialogue

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

Strategic priorities up to 2025	2022 measures and targets
We will focus on transparent communication and dialogue to strengthen and broaden our relations with our stakeholders and find out more about their needs. To this end, we will offer them attractive events, dialogue and information formats, and campaigns.	• Conducting stakeholder events covering various strategic sustainability topics • Discussing issues relevant to the company and society in our company blog
We want to afford our stakeholders a comprehensive overview of our sustainability performance and therefore report on our business activities and our ESG performance transparently and openly.	• Annual production of a non-financial report and corporate responsibility report, observing legal requirements and internationally recognised reporting standards • Regular participation in relevant ESG ratings • Conducting talks with stakeholders regarding our sustainability activities (ESG roadshows)

Compliance and ethical principles

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

Strategic priorities up to 2025	2022 measures and targets
To effectively and pre-emptively tackle compliance risks and prevent compliance incidents as best we can, we will regularly review our internal compliance training concept and continually adapt it to the operational needs and legal requirements based on the risks. We will strengthen the visibility and awareness of compliance topics in the company with target-group-specific and needs-based information offerings. We will complement our compliance management system with compliance processes and measures (compliance on demand).	• Review and, if necessary, adaptation of the training concept • Intranet posts, holding of information events and campaigns for the employees • Digital compliance measures
We will enshrine ethical principles in our day-to-day work activities.	• Implementing relevant aspects of human rights guidance in existing company guidelines and management approaches • Further developing the human rights complaints channel and the redress process

Data protection and information security

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

Strategic priorities up to 2025	2022 measures and targets
We will play our part in our customers, employees and partners being able to rest assured that their data is used responsibly by us. Our entire data protection activities will be aimed at achieving permanent compliance with the requirements and the guidelines we draw up for ourselves. We will ensure that there is careful and comprehensive data processing control by identifying material risks and regularly reviewing the audit process.	• We will further standardise the data protection process and will digitalise it to make it even faster and easier to use. • We will closely coordinate the data protection measures and focuses with the company's priorities and strategies. • Our primary objective is to not record any legal proceedings, sanctions or fines resulting from data protection violations.
The aim of efficient structures and processes is to prevent violations in the areas of data protection and information security. With our company-wide data protection management system (DPMS) and information security management system (ISMS), we manage the processes that secure data protection standards, our targets, responsibilities and training as well as regular checking of measures that have been implemented.	• High information security awareness among all the employees: more than 90% of the workforce has successfully completed the online training on information security. • Our primary objective is not to record any legal proceedings, sanctions or fines as a result of security incidents.

Supply chain management

Commitment: We will take sustainability criteria into account in our purchasing processes and be dedicated to environmental, social and, above all, human rights standards throughout our supply chain.

Strategic priorities up to 2025	2022 measures and targets
For us, complying with human rights due diligence in our supply chain is a key approach to strengthening our sustainable corporate governance.	• Establishing company-wide processes and structures to ensure compliance with Germany's upcoming Supply Chain Due Diligence Act (LkSG) • Preparing procedural instructions for the Human Rights Policy (by the end of 2022) and implementing them (by the end of 2023) • Preparing procedural instructions for the Supply Chain Sustainability Policy (SCSP) (by the end of 2022) and implementing them (by the end of 2023) • Performing human rights risk analyses (ongoing) • Implementing measures in connection with the results of the human rights risk analysis for services and works • Harmonising the sustainability requirements as per the SCSP for MCT by the end of 2023 and non-MCT purchasing processes once the Telefónica, S.A. Group has created the systemic prerequisites. • 100% of all the suppliers are to have accepted the SCSP by the end of 2023. • Close to 100% of the high-risk suppliers are to be able to present an EcoVadis sustainability assessment by the end of 2024.

Climate and the environment

Mission: We will offer our customers the greenest network.

Energy and CO_2

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

Strategic priorities up to 2025	2022 measures and targets
To contribute to decarbonisation, we are setting ourselves the target of achieving net zero carbon emissions. We want to continue to source 100% green electricity, further increase the green electricity quality and achieve the self-generation of electricity from renewable energy sources. By 2025 at the latest, 100% of unavoidable emissions will be offset.	• Developing the energy strategy and the long-term proportion of self-generated electricity in the electricity mix • Offsetting 40% of Scope 1 and Scope 2 emissions • Continuing to source 100% green electricity • Invitation to tender for power purchase agreements (PPAs) in 2022, with the goal of the first PPAs being concluded in 2024 • To contribute to green mobility and improve our energy efficiency, we want to (partially) electrify 75% of the Telefónica Deutschland Group's vehicle fleet by 2025 and have hybrids and electric cars account for 50% of the total fleet by the end of 2022. Examination of the feasibility of creating a charging infrastructure for electric cars and hybrids.
To further develop our network even more sustainably, we will focus on energy efficiency and will endeavour to reduce our energy consumption per data volume by 87% compared with 2015. To achieve this, we will not only install an efficient 5G network in the next few years – we will also upgrade our existing systems in line with the latest technology on an ongoing basis.	• Increase in network energy efficiency to 79.4% • Energy savings due to the expansion of the more energy-efficient 5G network • Implementing measures in 2022 to improve space efficiency and energy savings at office sites • Switching to appliances with greater energy efficiency whenever replacement purchases are made
We have our sights set on lowering carbon emissions all along the supply chain. We want to reduce carbon emissions in our supply chain by means of collaboration and optimisation. We additionally see our products and services as a lever with which to lower the customers' carbon emissions.	• From 2025 cloud services will be operated in a climate-neutral fashion or the associated emissions will be offset in order to support the Telefónica Deutschland Group's target of net zero carbon emissions by 2025. • Developing an eco-smart strategy • Analysing the supply chain emissions and reducing Scope 3 carbon emissions by 39% in 2025 in comparison to 2016 and achieving net zero carbon emissions in 2040

Circular economy

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

Strategic priorities up to 2025	2022 measures and targets
To reduce our ecological footprint, we will align our product range composition and the design of our own-brand products with the principles of a resource-conserving circular economy and will promote among other things the reuse and recycling of mobile devices. By 2025 we will have increased the return rate for mobile devices.	• Continuing to offer sustainable mobile phones and also expanding and scaling up sustainable mobile phone buyback between 2022 and 2024; boosting the voluntary participation of manufacturers in the Eco Rating • Refurbishment of 80,000 routers and also smartphones, and returning them to our customers • Supplying half-size SIM cards and rolling out the eco SIM card, which is made of 100 % recycled plastic • Climate-neutral product shipping to our customers, which was introduced in 2020, will be continued as the standard method of shipping in 2022.
We will optimise our material usage in day-to-day business to conserve resources. The recycling rate for operational waste is to be increased to 98 % at all shops and office sites by 2025.	• We will continue to promote the reduction of all kinds of plastics in logistics processes. We will stop using non-recycled plastic completely in our own logistics processes by 2025 at the latest. • Procurement of sustainable consumption and office materials • We will increase the proportion of online bills (2022 target: 92 %) in order to promote more sustainable and paper-saving behaviour. • Water consumption reduction and water-saving programme: evaluation of the possibilities of saving water at the office sites; information on raising awareness in the shop manual, the target is to achieve 5 % water savings compared with 2019
The recycling rate for network-related waste is to be increased to 98 % by 2025.	• Development of the recycling rates in collaboration with our technical service providers in the course of general reporting on waste (ISO 14001)
To expedite the development of more environmentally friendly products, we want to further expand our sustainability-oriented product and service portfolio.	• We will implement the concept of the circular economy in collaboration with the relevant departments by the end of 2022.

Customers and business partners

Mission: We will offer our customers products and services which support a sustainable lifestyle.

Product and service experience

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

Strategic priorities up to 2025	2022 measures and targets
We will accompany and enhance our customers' digital lives. Using ongoing quality measures and lean processes, we will ensure excellent service across all channels and will serve our customers as a one-stop shop for advice regarding their entire household.	• Boosting of customer satisfaction by means of concrete improvement measures
Customer loyalty is one of our strategic priorities. We will convince our customers with the best value for money, very good service, our network and a broad product portfolio that optimally addresses the customers' needs and wishes.	• Measures to boost customer satisfaction and minimise the customer churn rate
To offer our customers even better support in their use of digital services and products, we will further develop our service strategy, will increasingly use digital assistants and tools to complement our trained employees and will strengthen the digital sales channels.	• Tutorials and blogs covering service topics • Measures to further develop the service strategy

Network quality and coverage

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

Strategic priorities up to 2025	2022 measures and targets
We will provide our customers with a fast, modern and efficient network to guarantee access to the digital world. We will systematically invest in our network infrastructure and and will endeavour to supply close to 100% of the population with 5G by 2025.	• 5G coverage for 50% of Germany's population • Expansion of the 4G and 5G network in accordance with the legal obligations • Safeguarding high network quality by investing in network infrastructure to offer the best network experience in Germany

Digital sustainability innovations

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

Strategic priorities up to 2025	2022 measures and targets
We want to take advantage of digital opportunities for sustainability together with our B2B customers, among other things with smart devices, contributing to the digitalisation of the energy transition, networked mobility and the possibilities of the new mobile communications standard 5G.	• Developing new solutions and conducting various projects on the topics mentioned
It takes innovations to advance a sustainable economy and society. We therefore promote start-ups every year together with Wayra Germany, including start-ups that use an innovative solution to champion a material sustainability topic.	• Promotion of start-up projects by Wayra Germany, at least three of which are managed by women in order to increase gender diversity in the German start-up ecosystem. Sustainability is also a focal issue, with the aim of supporting at least one start-up every year up to 2025 which tackles important sustainability topics.

Employees

Mission: We will advance tomorrow's digital working world as an attractive employer.

Future employability

Commitment: We will create a framework which enables employees and executives to utilise their diverse skills in the best possible way and further develop on an ongoing basis, thereby boosting their long-term employability with future-oriented skills. Amid the ever-changing demands of the digital world, it is also particularly important to us to maintain and promote our employees' health and safety by being a responsible employer.

Strategic priorities up to 2025	2022 measures and targets
For the purposes of employee qualification and further developing the skills of our staff, we intend to continue to offer them 100% access to further development and learning.	• Continuation of the existing learning opportunities that offer 100% access to digital learning and ongoing development of the learning and development opportunities for employees
There are to be at least 50 rotations a year by 2025 in order to promote the development of executives and employees. The mobility figures and the employees' assessments of their own skill sets in employee surveys are to at least be kept constant at the 2021 levels up to 2025.	• Creation of additional options for mobility and career diversity
90% of the employees are to have participated in digital and data-based further training by 2025 in order to actively promote the development and enhancing of relevant future skills.	• Start of the agile learning journey • Continuation of existing/launch of new digital and data-based further training
We will offer a safe work environment, maintain and promote our employees' health and advance the digitalisation of our services for comprehensive health management.	• Transition from analogue to digital teaching formats (web-based training)

Designing the work environment

Commitment: We will focus on interactions founded on fairness, equal opportunity and working together as partners to jointly shape tomorrow's working world. We will see our diversity as a strength and offer new ways of working which support our employees' dedication and enable them to reconcile work with a range of lifestyles.

Strategic priorities up to 2025	2022 measures and targets
We will champion diversity and want to increase the proportion of women in senior leadership positions to 33% by 2024.	• Launch of a new programme for greater career diversity • Proportion of women in senior leadership positions by the end of 2022: 31%
We will contribute to gender equality with our neutral and objective remuneration structures. We will endeavour to further reduce the gender pay gap (global target: GPG of < 1%).	• Measures to boost gender diversity and promote the reconcilability of private and professional life
To utilise the full potential of all employees, we will promote engagement and will utilise the diverse individual potential of all staff members, whatever their gender, generation, career level or stage in life.	• Continued implementation of the 5 Bold Moves • Continued heavy investment in further development, learning and mobility to enable all employees to develop relevant future skills and long-term employability • Expansion of the Young Professional Programme
We want to offer all employees even greater support in reconciling their private and professional lives in order to maintain our attractiveness as an employer. Here, we will continue to endeavour to achieve very good results in employee surveys regarding the perception of the balance between professional and private life (measured in the employee survey) coupled with a positive influence on productivity as well as a quota of at least 30% of the workforce that engages in voluntary work.	• Creation of additional mobility and further development offerings for all age groups and stages in life • Volunteering measures in harmony with the purpose of the Telefónica Deutschland Group • Continued implementation of the 5 Bold Moves

Society and digital inclusion

Mission: We will facilitate participation in the digitalised world by affording people access and skills.

Digital skills

Commitment: We will make people fit for the digital world.

Strategic priorities up to 2025	2022 measures and targets
We want to make 15 million people fit for the digital world by 2025 and are focusing on a diverse array of initiatives and programmes to this end.	• Involving 150,000 people in social programmes for the old and young and reaching/inspiring 2.5 million people • Evaluation and expansion of the offerings for senior citizens, strengthening dialogue with experts and tying all the offerings in with communication of the anniversary of "Digital mobil im Alter" (Digitally mobile in old age) • We will continue with WAKE UP! measures for children and young people and will expand these in terms of their content and technology. • Evaluation and expansion of the offerings on the online advice platform of the association Cybermobbing-Hilfe e. V. • Updating our Internet guide and greater correlation with our communication on youth protection

Digital access

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

Strategic priorities up to 2025	2022 measures and targets
We want to provide people in rural areas with stable and fast internet access and are focusing on expanding coverage in Germany's rural regions.	• Continuing our partnerships for the largest broadband presence in Germany • Expansion of the 4G and 5G network in rural areas
We would like to further expand our services for various target groups, including senior citizens, people with disabilities and small entrepreneurs.	• Relevant offers for all customers and all age groups, taking into account the optimisation of services for people with disabilities, e.g. O_2 service hotline for hearing-impaired customers and advice via video, special offers for SOHO customers and start-ups. • Strengthening of ethnic brands through digital top-up services