



## Executive ESG Summary 2022

# Disclaimer

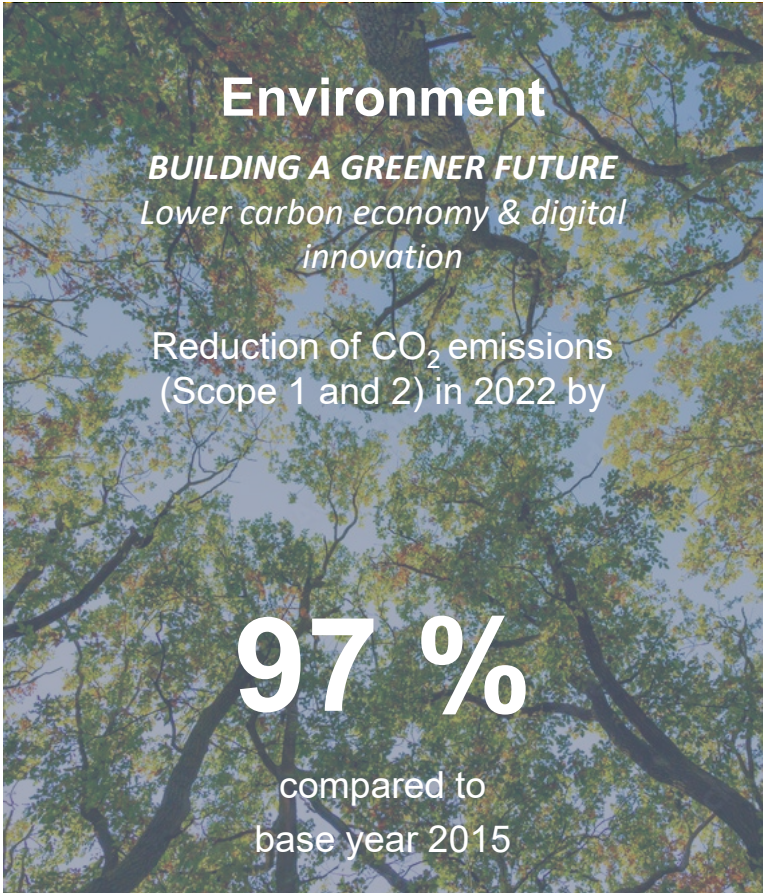
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# Contents

<b>01</b> Introduction p. 4-6	<b>02</b> E: Environment p. 7-13	<b>03</b> S: Social p. 14-24	<b>04</b> G: Governance p. 25-36	<b>05</b> Publications p. 37
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# Telefónica Deutschland – Leading the way for sustainable digitalisation

We democratise access to a sustainable digital future to make day-to-day life better for everyone.



**Environment**  
*BUILDING A GREENER FUTURE*  
*Lower carbon economy & digital innovation*

Reduction of CO<sub>2</sub> emissions (Scope 1 and 2) in 2022 by

**97 %**

compared to base year 2015



**Social**  
*HELPING SOCIETY TO THRIVE*  
*Supporting customers & communities*

Digital inclusion for all: surpassed 5G expansion target in 2022, Provision to more than

**80 %**

of the population



**Governance**  
*LEADING BY EXAMPLE*  
*Running an inclusive, fair & ethical business*

ESG at the core of our long-term corporate strategy with the Responsible Business Plan 2025

**100 %**

of suppliers have accepted the Supply Chain Sustainability Policy in 2022

# Company portrait

Telefónica Deutschland ...

- ... is one of the three leading integrated network operators in Germany.
- ... makes the latest technology mass-marketable and thus democratise high-tech.
- ... connects people with more than 44 million mobile connections.
- ... enables digital participation of people with its networks and offers.

## ***Dovetailing business and sustainability strategy for more than 20 years***

### **Target:**

Contribute to enabling Germany and the rest of Europe to play a leading role in the digitalisation of the economy and society

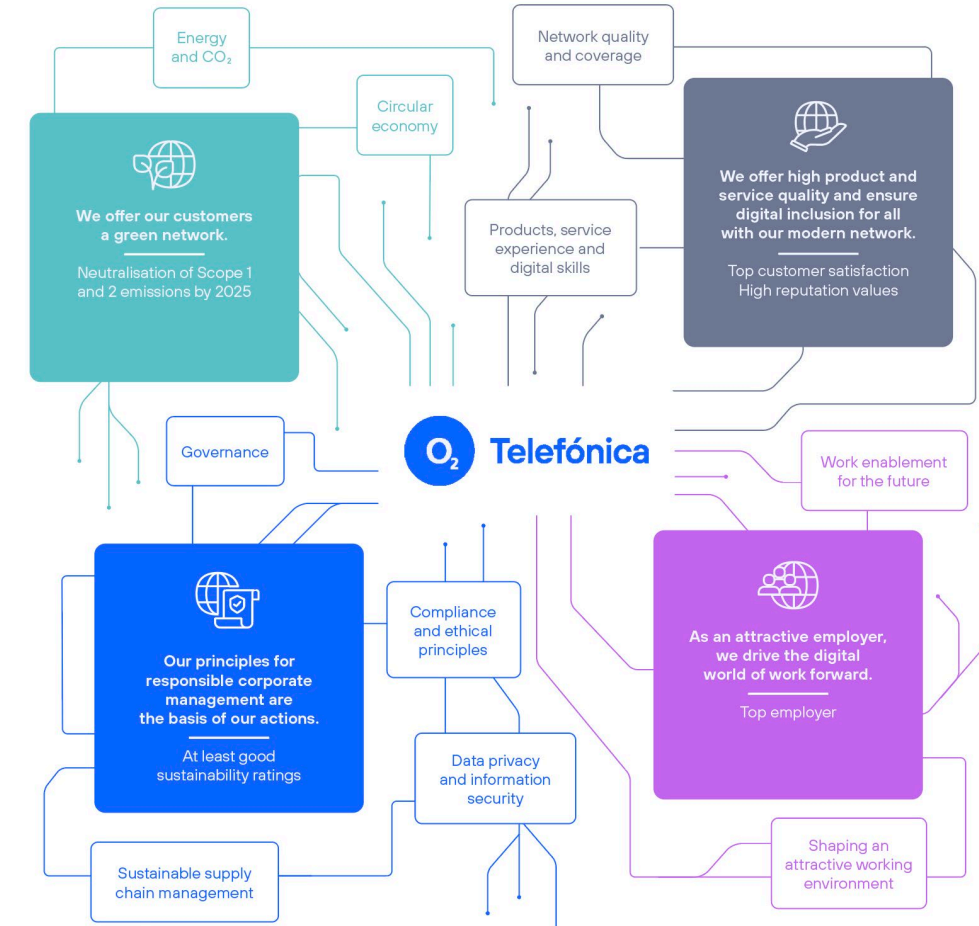
### **Implementation:**

- Taking responsibility, keeping an eye on the impact of business activities on the individual, society and the environment
- Systematic further development of the business model and the business processes as well as integration of sustainability
- Continuous renewal of IT systems to increase efficiency

### **Achievement:**

Minimise business risks, enhance reputation, make a positive contribution to achieving the Sustainable Development Goals (SDGs)

## **Responsible Business Plan 2025** Digital.Sustainable.Connected.



# ESG Management at Telefónica Deutschland

## Environment



### Ambition:

We offer our customers a green network.



### Indicator:

Offsetting of Scope 1 and 2 emissions by 2025



### Results 2022:

5,781 t CO<sub>2</sub> (-97 % compared to base year 2015)

## Social



### Ambition:

We offer high-quality products and services and ensure digital inclusion for all with our modern network. We advance the digital working world as an attractive employer.



### Indicator:

Top customer satisfaction (NPS); high reputation score (RepTrak); top employer (eNPS)



### Results 2022: *(compared to previous year)*

NPS: Increase (+3 points); RepTrak: 69.7 out of 100 (+0.7 points); eNPS: 66.2 (+5.8 points)

## Governance



### Ambition:

Our business as a digital company will be founded on the principles of governance for responsible corporate management that we rigorously and systematically apply to all our business processes.



### Indicator:

At least good sustainability (ESG) ratings



### Results 2022: *(compared to previous year)*

Good to very good results in relevant ESG ratings (stable)

# Environment

We offer our customers a green network.

## Energy and CO<sub>2</sub>

- Our target by 2040: net zero emissions
- Company-wide investments in energy efficiency
- Already 100% green electricity today

97 %



CO<sub>2</sub> Reduction compared to base year 2015 (Scope 1 und 2)

81.4 %



less energy consumption per data volume compared to 2015

## Circular Economy

- More sustainable products in the range composition
- Mobile phone recycling and refurbishment programmes
- Eco-rating provides transparent information on smartphones

88 %



of mobile phones assessed in 2022 with the Eco Rating in relation to the total number of mobile phones in the portfolio

187,000



used mobile phones were collected together with NABU in 2022

# Energy and CO<sub>2</sub>

## Commitment:

*We use the options offered by digitalisation to reduce energy consumption and avoid carbon emissions.*

## The key facts:

- ✓ Telefónica Deutschland is aiming to neutralise its Scope 1 and Scope 2 emissions by 2025 the latest.
- ✓ All emissions are to be reduced to net zero by 2040, including Scope 3 emissions.
- ✓ Signing of long-term Power Purchase Agreements (PPA): direct purchase of green electricity from German wind offshore parks.

## Neutralisation of Scope 1 and Scope 2 emissions

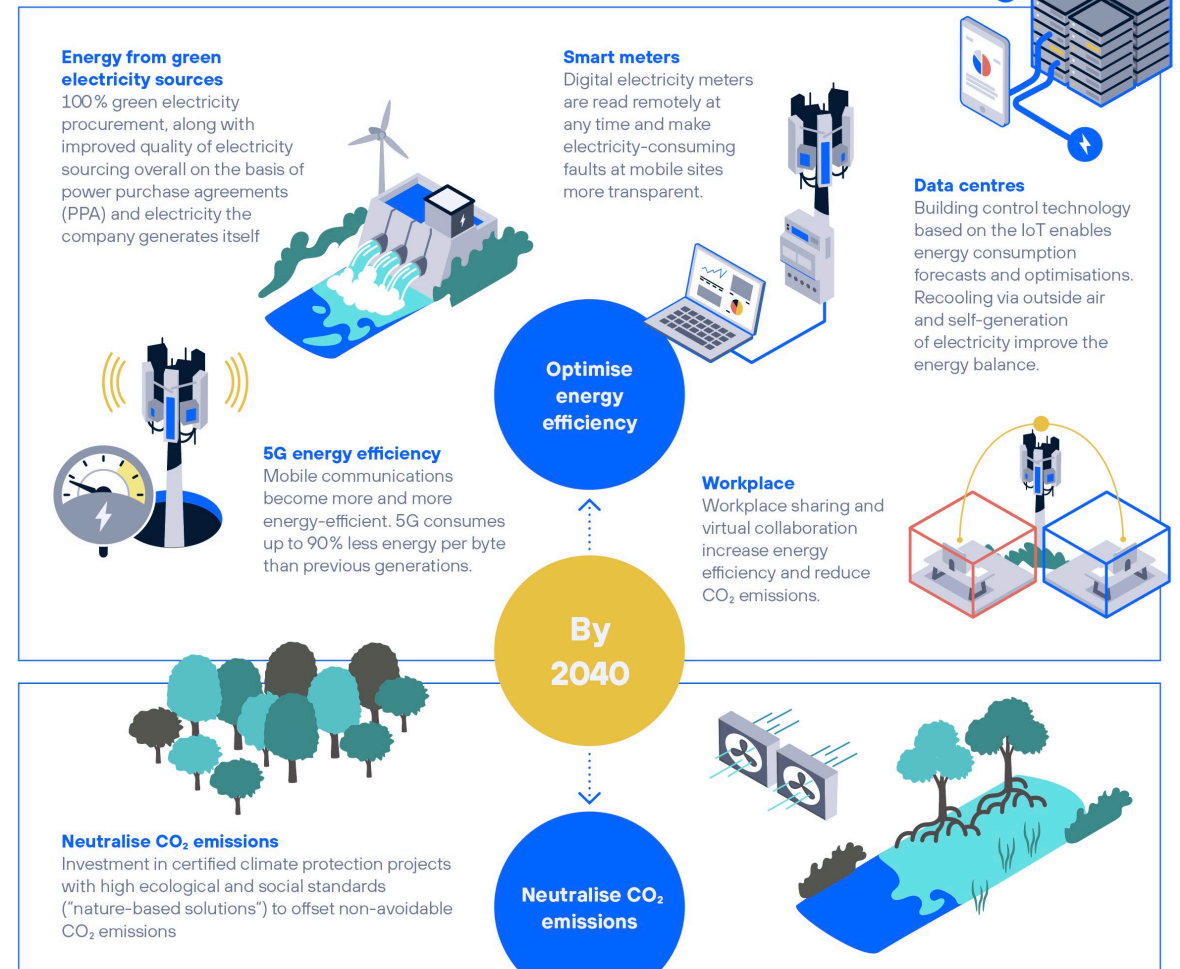
	Unit	2021	2022	2025 target
Carbon reduction <sup>1</sup>	%	97	97	95
Energy efficiency <sup>2</sup>	%	78	81	87

<sup>1</sup> Scopes 1 and 2, base year 2015 (market-based method)

<sup>2</sup> Energy efficiency represents the change in energy intensity compared to the base year 2015. The energy intensity is calculated based on: total energy consumption (electricity and fuel consumption)/data volume per petabyte.

## Target: net zero emissions by 2040

A selection of the measures






Interim goal by 2025

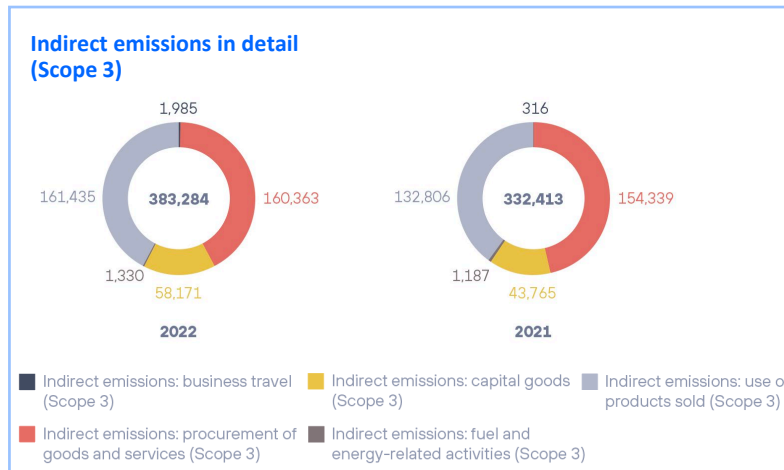
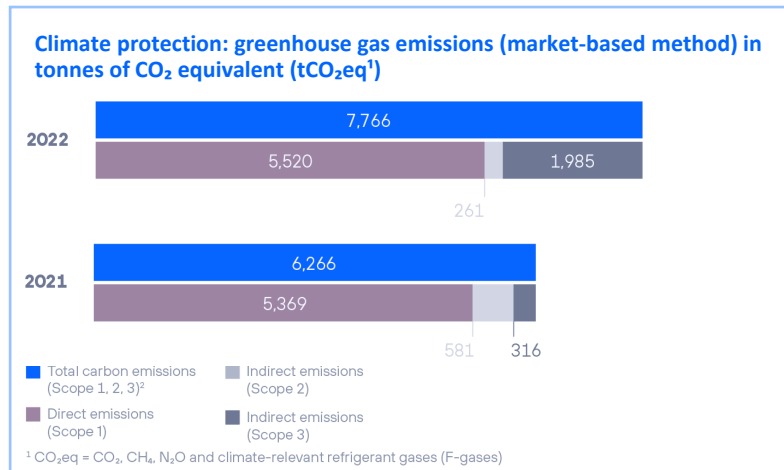


# Energy and CO<sub>2</sub>

**Strategic priorities**

- Achieve net zero emissions and make a contribution to decarbonisation 
- Lower carbon emissions along the value chain 
- Further develop the network even more sustainably and increase energy efficiency 

Topic/KPI	2022 target	2022 status	2023 target
Reduction of Scope 1 and 2 carbon emissions (base year 2015)	96 %	96.7 %	95 %
Reduction of Scope 3 carbon emissions (base year 2016)	-	-	-39 % by 2025
Reduction of energy consumption per data volume (base year: 2015)	79.4 %	81.4 %	81 %



## Neutralisation of CO<sub>2</sub> emissions

Offsetting of unavoidable emissions by purchasing carbon certificates.

2022: offset 40 % of the residual emissions; the target to increase the quota by 20 percentage points annually

Identification of emission-reducing measures in Scope 3 with the help of the software platform "The Climate Choice"

# Task Force on Climate-related Financial Disclosure (TCFD)



Following the recommendations of the TCFD, the assessment of climate risks is quantitative and takes into account two different climate scenarios. The potential impacts of the risks are measured in terms of cash flow from operating activities.

As recommended by the TCFD, the Telefónica Deutschland divides climate risks into the two categories **transition risks** and **physical risks**.

As well as risks, the Telefónica Deutschland recognises **opportunities** both for its **internal energy management** and for the **company's growth** based on the sale of low-emission products and services.









## TCFD index 2022\*

Section	Criteria (title)	Recommended disclosures	Telefónica Deutschland Group response/comments
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.  b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Executive Board is represented by at least two members on the "Zero.Twentyfive" Steering Committee. This committee is also made up of all other top managers from the climate-relevant areas. Climate management is carried out by the Corporate Responsibility & Sustainability (CR&S) department in consultation with Management and Risk Management. Risk Management in turn reports directly to the Chair of the Management Board. See chapters "Energy & CO <sub>2</sub> ", pp. 85-94; "Governance", pp. 13-23
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.  b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	See chapter "Energy & CO <sub>2</sub> ", pp. 85-94  We are currently working on an approach to measure the impact of climate-related risks and opportunities on financial planning. See chapter "Energy & CO <sub>2</sub> ", pp. 85-94





\*Excerpt from Telefónica Deutschland's TCFD index (see ESG data and indices)

## Opportunities and risks of climate change at Telefónica Deutschland

**Climate change risks**

Transition				Physical	
 <b>Regulatory</b> Increase in the price of certain products and services as a result of taxes or levies on sectors on which we are dependent (energy, transport, etc.)	 <b>Technological</b> Need for early withdrawal of assets linked to HVAC or for energy transition to clean energy	 <b>Market</b> Increased energy opex, for example, in countries dependent on hydropower	 <b>Reputational</b> More information on this subject from major stakeholders (investors, analysts, customers, etc.)	 <b>Chronic</b> Higher temperatures could entail greater cooling needs.	 <b>Temporary</b> More extreme weather events would increase the business continuity risks.
The physical risks have been analysed in detail by the Telefónica, S.A. Group in a climate vulnerability study.					

**Climate change opportunities**

 <b>Resource efficiency</b> Through its Energy Efficiency Plan, the Telefónica Deutschland Group optimises its operating and network costs.	 <b>Eco-smart products and services</b> Connectivity and digitalisation solutions are key for decarbonising other sectors and will allow the company to access new business opportunities.	 <b>Energy sources</b> The Renewable Energy Plan enables the Telefónica Deutschland Group to reduce carbon emissions and the energy costs of the network.	 <b>Resilience</b> The adaptation strategy allows risks and opportunities to be incorporated into the company's strategy, influencing investment decisions, modernisation and network deployment.
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# Circular Economy

## Commitment:

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



## The key facts:

- ✔ Telefónica Deutschland has adopted the goal of becoming a zero-ICT-waste company by 2030.
- ✔ Telefónica Deutschland collected around 187,000 used mobile phones through its mobile phone recycling programme in 2022.
- ✔ The use of virtual desktop infrastructure reduces the need for hardware for external employees.

## Target: “Zero-ICT-Waste Company by 2030“

Instead of ICT (information and communication technology) waste being disposed of at landfill sites or by means of incineration, it is to be turned into raw materials that can be fed back into the value chain. The following sub-goals (among others) are to be achieved:



By the end of 2025 no more network device waste will be disposed of as landfill.



By 2024 90 % of the stationary devices taken back from the customers such as routers and decoders will be refurbished and reused.



By 2025 circularity criteria will be introduced for the customers for all purchases of electronic devices.


# Circular Economy

Strategic priorities	Topic/KPI	2022 target	2022 status	2023 target
Align product range composition and product design with the principles of circular economy 	B2B solutions certified with the Eco Smart certification mark	50 %	57 %	> 50 %
	Percentage of mobile phones with an Eco Rating	75 %	88 %	80 %

### The Eco Rating ...

... assesses what **impact** the entire process of manufacturing, using and disposing of a smartphone has **on the environment**.

... combines various **environmental indicators** (for example CO<sub>2</sub> footprint or resource consumption) and **sustainability criteria of the materials**. The result is a value on a scale of 1 to 100 - with 100 as the best **value for environmental compatibility**.



### Repair service, refurbishment and recycling

2022: approx. 31,570 refurbished devices

**Sustainable purchasing**

- Eco Rating:** System assessing the impact of mobile phones from a sustainability perspective
- Sustainable devices:** E.g. Fairphone with modular design and recycled materials
- Half-size SIM card carrier format:** Avoidance of around 23 tonnes of plastic waste

**Responsible recycling**

- Used mobile phones:** Recovery of valuable raw materials from over 187,000 devices per year in cooperation with the non-profit company AfB
- NABU:** Mobile phones recycled in aid of the association's environmental projects



A sustainable mobile phone life cycle with Telefónica Deutschland/O<sub>2</sub>



**Sustainability at Telefónica Deutschland/O<sub>2</sub>**

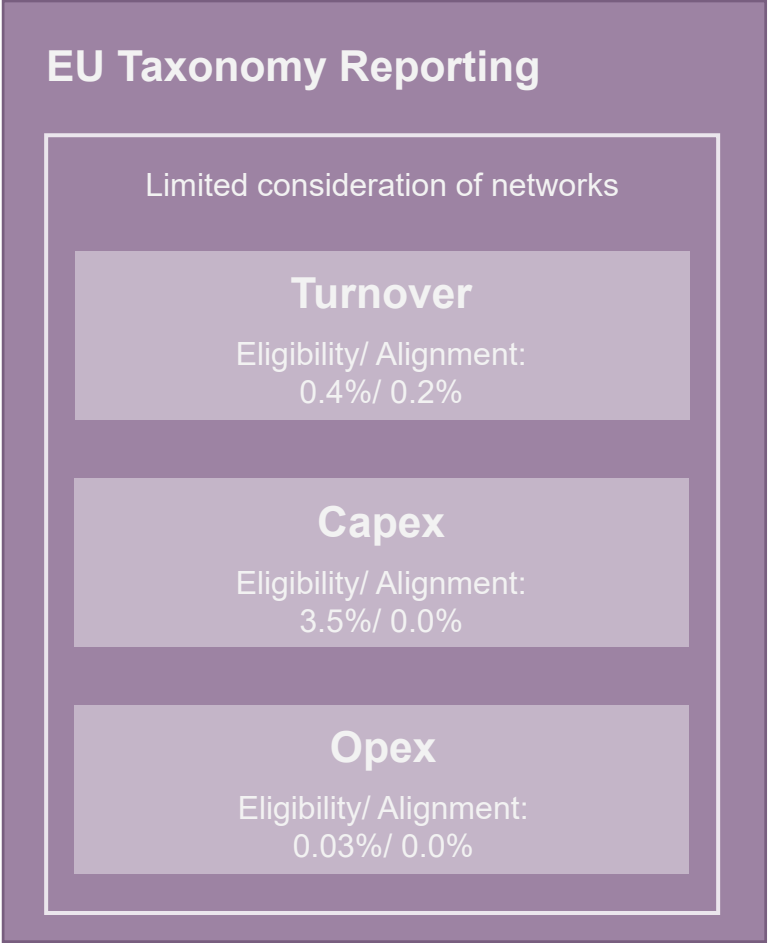
**Responsible Business Plan:** 5-year plan managing sustainability activities

**"Let's Keep the Planet Blue":** Strengthen the range of sustainable products and services

**Long use**

- O<sub>2</sub> repair service:** More than 1,000 orders per month
- O<sub>2</sub> mobile phone buyback:** For disused functional devices

# EU Taxonomy FAQs exclude networks resulting in limited eligibility - additional figures show full positive impact of our activities



\* In order to illustrate the difference compared with the maximum figures reported last year, the contribution of the fixed network and the 4G/5G network is also reported in three KPIs. These are non-taxonomy Turnover/Capex/Opex after application of the FAQ.

# Social

We drive the digital working world, enable digital inclusion and offer high product & service quality.

## Shaping an attractive working environment

72.6%



Included in the Bloomberg Gender-Equality Index (GEI) for the fourth time

94 %



of employees confirm equal opportunities in our company

## Future employability

16 h



on average spent by employees on training and further education

1<sup>st</sup> place



in the Corporate Health Award 2022 in the information and communication technology sector

## Products, service experience and digital skills

1.8



as overall score in the connect customer barometer 2022 and thus 1st place with two other network operators\*

1 m.



People reached through the social programmes

\*Connect-Mobilfunk-Netztest, Heft 1/2023: "very good" (894 points); overall awarded: once "outstanding" (952), twice "very good" (915 and 894 points)

## Network quality and coverage

> 99.9 %



of households supplied with 4G/LTE

3.5 bn.



Gigabyte of data volume transported through Germany's mobile networks

# Shaping an attractive working environment

## Commitment:

*We rely on fairness, equal opportunity, diversity and working together as partners to jointly shape tomorrow's working world*

### The key facts:

- ✓ Hybrid working is now well established at Telefónica Deutschland.
- ✓ 2023 Telefónica Deutschland is included in the Bloomberg Gender Equality Index (GEI) for the fourth year in a row.
- ✓ Employee satisfaction and identification with the company increased again in 2022.

### “5 Bold Moves“

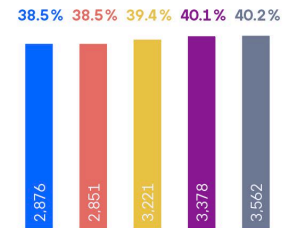
With its "5 Bold Moves", Telefónica Deutschland has defined its working methods of the future and anchored them step by step in the company.

- **Working Anywhere** – working wherever it is most productive
- **Working Anytime** – maximum work time flexibility
- **Outcome-based Leadership** – systematic focus on results
- **Digital by Default** – virtual meetings as the new standard
- **70% Less Travel** – significantly fewer internal business trips

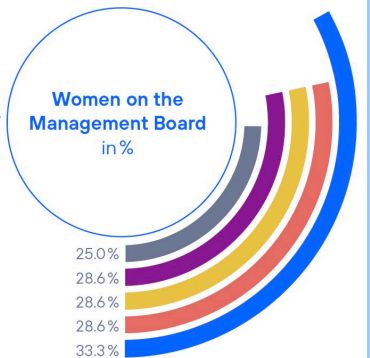
## Improved career prospects for women

### Diversity<sup>1</sup>

#### Women in the company as a whole Number and %



#### Senior management at reporting level 1 (incl. Management Board)






#### Nationalities of employees Number



<sup>1</sup> Non-binary employees (< 10) are tracked for the company, but not publicly disclosed due to data protection reasons.

# Shaping an attractive working environment

Strategic priorities	Topic/KPI	2022 target	2022 status	2023 target
Champion diversity and increase the proportion of women in senior leadership positions 	Women in management positions (incl. Management Board)	31 %	32.1 %	2024: 33 %
Support in reconciling private and professional lives 	Perceived balance of work and private life	over 80 %	85 %	over 80 %
Reduction of Gender Pay Gap 	Adjusted gender pay gap	-	1.8 %	approx. 2.5 %

## Labour-management relations



Employee survey as basis for the development of new training offers



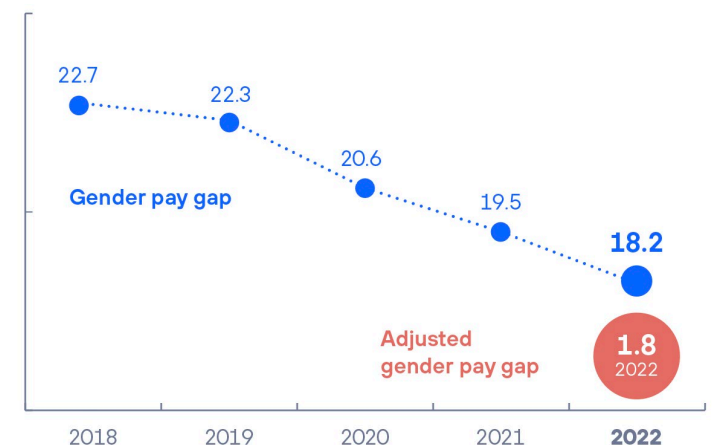
Group Works Council represents the interests of the employees



Regular digital dialogue meetings with executives

## Gender Pay Gap

in %





# Shaping an attractive working environment



## Company-wide commitment to refugees from Ukraine

In cooperation with Aktion Deutschland Hilft e. V.

- Collecting **200,000 EUR in donations** for people in need due to the war in Ukraine.
- Participation in the **Global Volunteering Day** on 1 July 2022: creatively teaching children language skills, online application coaching, organizing a summer party
- Placement of more than **1,000 beds for refugees** via the accommodation platform #UnterkunftUkraine



## Company-wide commitment to local environmental protection

- Company-wide **environment weeks**: 16 May to 3 June 2022
- Together with partner organisations, volunteers were able to participate in **clean-up drives** and **biotope management** or do some gardening together



## Company-wide team event for a good cause

- Strengthening the feeling of unity, employee loyalty and a shared sense of social responsibility through the “**O<sub>2</sub> Telefónica Run 2022**“
- From 16 to 21 September **more than 2,000 volunteers** demonstrated dedication and a sporting spirit.
- Collecting **EUR 50,000** for Tafel Deutschland e. V.



## Company-wide commitment during Advent

- Support of people in difficult situations with **three Christmas activities**
- Donating **1,145 kg of food to Tafel Deutschland e. V.**
- Organisation and run of an **Christmas afternoon for senior citizens** with the Digital Opportunities Foundation
- Support of the **Creative Therapy pilot project** by Fundación Telefónica and Caritas's integration advisory service., which offers Ukrainian children a safe space in which they can develop a sense of stability

# Future employability

## Commitment:

*We create a framework which enables all employees to utilise their diverse skills and further develop, thereby boosting their long-term employability with future-oriented skills. Our employees' health and safety are of particular concern to us.*

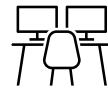
## The key facts:

- ✓ Telefónica Deutschland further strengthened access to training and education in all stages of life, with a focus in particular on key future skills.
- ✓ More than half of the vacancies advertised were filled internally – including thanks to the promotion of internal mobility.
- ✓ The company was placed in the “Excellence” category of the Corporate Health Award for the fourth time.



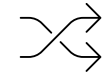
### “Digital Basics Learning Journey“ (since 2021)

- To provide basic knowledge and concepts of the most important technologies and trends in the digital transformation.
- **Target:** Enable employees to participate in the digital transformation, seize opportunities and exploit their potential.



### “Agile Learning Journey“ (since 2022)

- Offer a uniform learning opportunity on agile working methods for all employees and managers.
- **Target:** Responding to changing market requirements, establishing a culture of continuous improvement, achieving customer-oriented results.





### “BEYOND“

- Platform based on artificial intelligence
- Shows employees suitable development opportunities within the company based on their skills profile (e.g. open positions, job rotations, project assignments)
- **Target:** Motivation of employees to accept a change of perspective and to grow with new tasks.

# Future employability

## Strategic priorities

Employee qualification and further skills development 

Promotion of job rotations to further develop executives and employees 

Topic/KPI	2022 target	2022 status	2023 target
Training in the digital and data area: Percentage of employees who participated in further training in the digital and data area	-	66.8 %	2025: 90 %
Employee mobility: job rotations	50	≥ 50	≥ 50

### Training and education as well as lifelong learning

✓ Targeted investment in the continuous development of staff and executives

**Training and education**

	Unit	2022	2021	2020
Average hours of training and education per year per employee <sup>1</sup>	Number	16	17	11

<sup>1</sup> The calculation for the reporting years 2021 and 2022 was made on the average employee basis of the respective reporting year (PIP 2021: 7,779; 2022: 7,390) of the Telefónica Deutschland Group including employees on sabbatical leave, but excluding external consultants and temporary staff.


### Employee health and safety

✓ Regular occupational health and safety audits

**Employee health and safety**

	Unit	2022	2021	2020
Absenteeism rate <sup>1</sup>	%	5.9	4.9	5.9

<sup>1</sup> The absenteeism rate is calculated by dividing the number of sick days by the result of 250 target working days multiplied by the average of the total workforce (average PIP for 2022: 7,390).

- Holistic health policy (targets)
-  Preventing work accidents and work-related illness
  -  Promoting employee health through targeted measures
  -  Increasing work satisfaction and dedication
  -  Promoting constructive and respectful cooperation

# Products, service experience and digital skills

**Commitment:**

*We offer our customers the best value for money and a service experience.*

**The key facts:**

- ✔ Telefónica Deutschland further optimised its excellent customer service with revised customer service guidelines and the AI assistance function Aura.
- ✔ Telefónica Deutschland expanded its digital services relating to the Internet of Things and cloud-based networks for business customers, thereby supporting businesses and local authorities with digitalisation.
- ✔ The company promotes the development of digital skills and greater digital participation with social programmes for both the young and the old.

- ✔ With an **overall rating of 1.8\*** in the 2022 connect customer barometer, O<sub>2</sub> succeeded in moving up from third place in the previous year to first place, which O<sub>2</sub> shares with two other network operators.

The measures implemented in 2022 to further improve the **private customer service** and satisfaction included:

- Introduction of a Turkish service hotline
- Introduction of a hotline for hearing-impaired people
- Introduction of a new contact form on the O<sub>2</sub> website

**Expansion of digital services for business customers:**

The technologies narrowband IoT (NB-IoT) and long-term evolution for machines (LTE-M) afford customers access to an array of IoT applications; these technologies are primarily used wherever radio modules are needed to transmit small data volumes regularly and over an extended period

**Digital connectivity and security solution:**

O<sub>2</sub> Business developed a digital connectivity and security solution based on SD-WAN technology for SMEs and key accounts that enables them to easily interconnect their sites and make their existing infrastructures secure for the digital age.

**Customer loyalty: churn rate of the O<sub>2</sub> brand**

	Unit	2022	2021	2020
O <sub>2</sub> consumer postpaid	%	1.1	0.9	1.1

# Digital skills

## Commitment:

*We want to enable all people to benefit from the digital world and we want to promote their digital skills with special initiatives.*

## “WAKE UP!“:

- Web series with **general information** on the topic of cyberbullying and **offers of help** as well as **advice** on a fair and respectful interaction online
- Together with the association for Voluntary Self-Regulation of Digital Media Service Providers (FSM), a **signal is set against cyberbullying and digital violence**
- The aim is **to strengthen the digital sovereignty** of young people and social cohesion



## AY YILDIZ & ORTEL:

- Ethnic brands give people with a migrant background easy access to mobile communication
- AY YILDIZ offers citizens with Turkish roots in Germany products for mobile communication and Internet usage in Turkey
- Haydee! social project: Telefónica Deutschland and the ethnic brand AY YILDIZ support children and young people from socially disadvantaged families with donations; the initiative affords schoolchildren with a migrant background e. g. with free access to tutoring



## “Digital mobil im Alter“:





- A joint initiative by Telefónica Deutschland and the Digital Opportunities Foundation to raise awareness of risks on the Internet
- The aim is to give older people access to the digital world and, in cooperation with partner institutions, to help them overcome physical distances with the help of smartphones and tablets
- Content of the digital "care package": Further training offers, senior citizens' hotline, podcasts, information material, videos, devices

## Service for people with disabilities

- “Tess Relay-Services“: offer hearing impaired people the possibility to get quick help on mobile, internet and landline issues
- Unlimited text messages for hearing-impaired people
- Visually impaired users can have certain website content read to them aloud
- Offering of devices which, with important applications already installed, make the lives of senior citizens and people with disabilities easier (emporiasSMART.3, emporiaTOUCHsmart)

# Products, service experience and digital skills

Strategic priorities	Topic/KPI	2022 target	2022 status	2023 target
<p>Further increase in customer satisfaction Minimise the customer churn rate</p> 	<p>O<sub>2</sub> Net Promoter Score (O<sub>2</sub> customers' general willingness to recommend the company)</p>	<p>Increase</p>	<p>Increase</p>	<p>Further increase in customer satisfaction (O<sub>2</sub> NPS)</p>
	<p>B2P Net Promoter Score (partner brand customers' general willingness to recommend the company)</p>	<p>Stably good NPS performance</p>	<p>Stable</p>	<p>Further increase in customer satisfaction (B2P NPS)</p>
	<p>RepTrak (Reputation measurement: society's perception of the company's performance)</p>	<p>69.1/100</p>	<p>69.7/100</p>	<p>Stable reputation scores</p>
<p>Increasing the number of people involved in Telefónica Deutschland's social programmes</p> 	<p>Number of people involved in Telefónica Deutschlands digital skills programmes</p>	<p>150k</p>	<p>100k</p>	<p>150k</p>

# Network quality and coverage

## Commitment:

*We offer our customers a modern and high-performance network infrastructure and enable access to the digital world.*

### Investing in network expansion

- Increasing its share of the mobile communications market in rural areas while consolidating its strong position in cities
- Intelligent pooling of mobile communications and fixed line network products as well as fixed-network substitute products (FMS) on the basis of a technology-agnostic approach
- Making the most of opportunities in the B2B market, in particular in the SME (small and medium-sized enterprises)

#### Stages of creating a mobile communications base station<sup>1</sup>



<sup>1</sup> Source: <https://www.informationszentrum-mobilfunk.de/mediathek/grafiken/schritte-beim-aufbau-einer-mobilfunk-basisstation>

## The key facts:

- ✓ Telefónica Deutschland already achieved its 5G expansion target for 2022 in the summer, since when it has been providing 50 % of the population with 5G. By the end of the year, this had increased to over 80 %.
- ✓ The company expanded its fibre-optic network cooperations, enabling customers to now surf at speeds of up to 1 Gbit/s.
- ✓ With an expansion cooperation in rural areas, Telefónica Deutschland is plugging telecommunication dead spots and is improving mobile communications in what are known as “grey spots”.

## Tapping new potential with 5G

- ✓ 5G consumes up to 90 % less energy per byte
- ✓ Open radio access network as basis for sustainable business models
- ✓ Drive network modernisation forward

~ 80 % 

Coverage of the total German population with 5G

# Network quality and coverage

Strategic priorities	Topic/KPI	2022 target	2022 status	2023 target
Expansion of the 5G network in Germany 	Coverage of the total German population with 5G	50 %	80 %	2025: 99 %

## Reducing white and grey spots

- Consistent improvement of the 4G/LTE network, as approx. 94% of all mobile data runs via this network infrastructure and will serve as the backbone of the mobile network in the future.
- In addition to large and small cities, the focus is on regions that have been underserved up to now as well as on network expansion along important transport infrastructures (e.g. motorways, federal highways, train lines).
- Cooperation with Deutsche Telekom and Vodafone for better coverage of "grey spots"

## Network coverage highlights in 2022



**48 m.**

connections in Germany



**60**

new mobile network stations for major events or additional network capacities



**3,500**

network components worth millions of euros donated to Ukraine



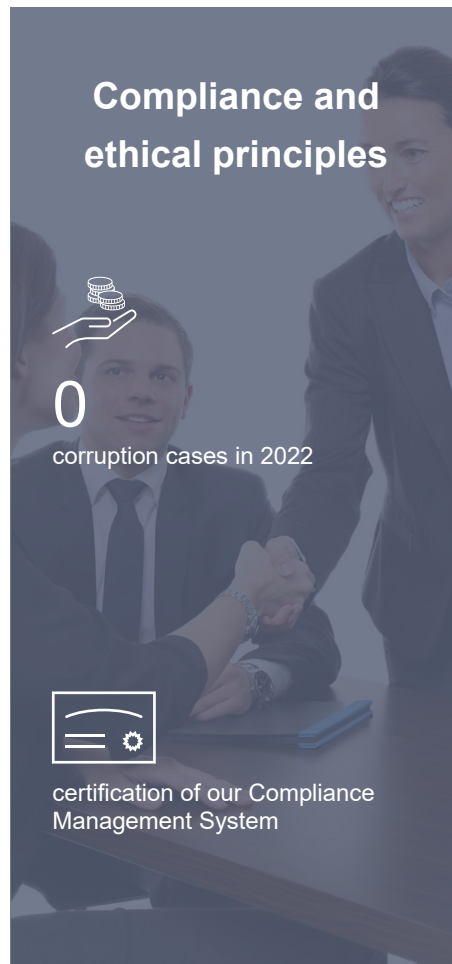
**7,000**

3.6-GHz antennas had been put into operation by the end of 2022



# Governance

Our business is founded on the principles of governance for responsible corporate management that we rigorously and systematically apply to all our business processes.



### Human rights due diligence

*“With the Declaration of Principles and the Human Rights Policy, we have made a clear commitment to upholding human rights and to assuming responsibility in our value chain. We are committed to identifying all the negative effects of our business activities on human rights and to remedying them.”*

*Claudia von Bothmer  
Human Rights Officer  
Telefónica Deutschland*

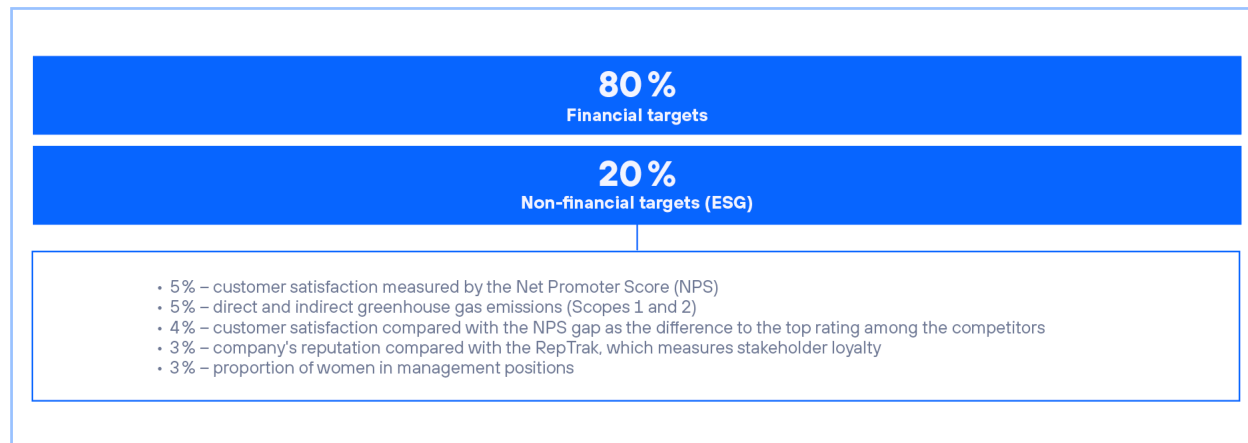
# Governance

## Commitment:

*Sustainability is firmly enshrined in our divisions. We manage targets and measures through the Responsible Business Plan 2025.*

## The key facts:

- ✓ ESG focus included in new training on Business Principles in order to help drive the company's sustainable transformation forward.
- ✓ System of bonus remuneration for the Management Board for sustainable conduct refined further: as of 2022, the proportion of women in senior management positions has more weight (3 %) in the calculation of bonuses.
- ✓ In 2022, continued to achieve good to very good results in the ESG ratings, which reflect the company's sustainability performance.



## Steering of sustainability management at the Telefónica Deutschland Group



# Governance

Strategic priorities	Topic/KPI	2023 target
<p>Strengthening the visibility of sustainability topics and compliance with sustainability regulations</p> 	<p>Sustainability aspects should be further integrated into existing management systems, compliance with sustainability regulations is to be ensured and opportunities and potential are to be exploited.</p>	<p>Implementation of an extensive ESG transformation programme</p>

## Performance in ESG ratings and indices



Note: the graphic contains the most recent assessments by institutions from 2022 or later, but based on information from this year.

# Compliance and ethical principles

## Commitment:

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

### Zero tolerance of corruption

- The efficient anchoring of the compliance management system (CMS) in the company and targeted compliance measures help to proactively identify and effectively combat risks in the area of economic crime.
- Regular mandatory training of all employees on the business principles of anti-corruption and conflicts of interest.

### Anti-corruption and conflicts of interest

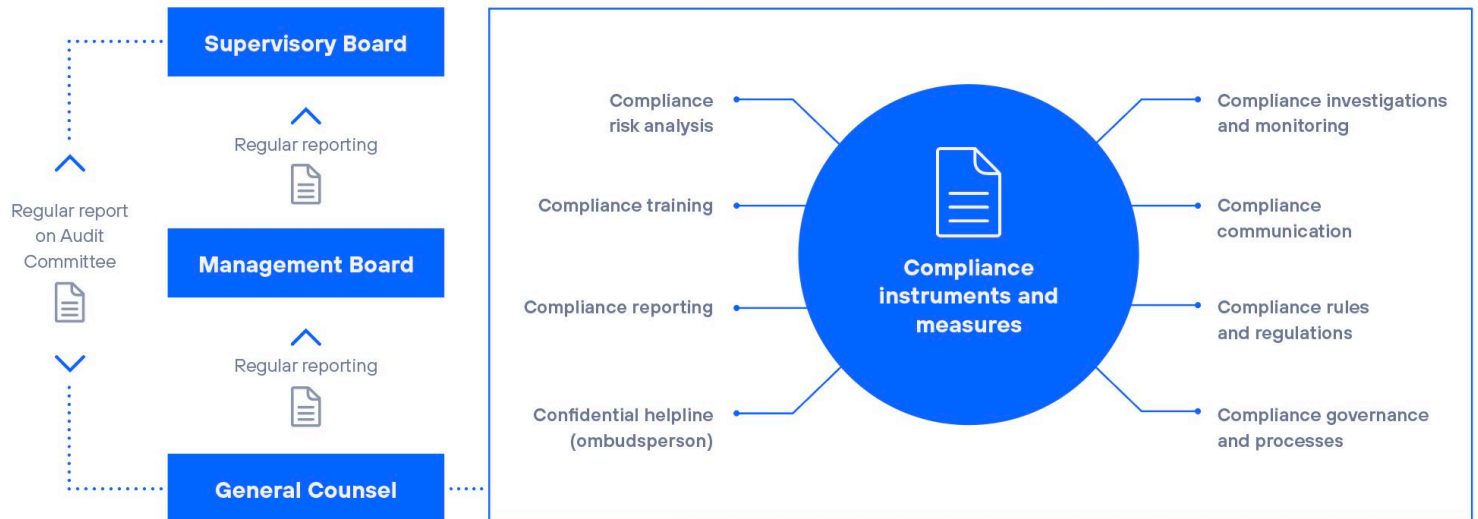
	Unit	2022	2021	2020
Total number of cases of corruption <sup>1</sup>	Number	0	0	0

<sup>1</sup> Confirmed suspected cases that led to measures related to labour law or sanctions


## The key facts:

- ✔ Telefónica Deutschland comprehensively revised its Business Principles in 2022 and introduced new mandatory training on these for its employees.
- ✔ The company opposes all forms of corruption and reinforces this with a clear zero-tolerance commitment.
- ✔ The whistle-blower reporting channel serves all internal and external stakeholders as an anonymous and secure channel via which to report violations of laws and regulations.

### Compliance at the Telefónica Deutschland Group



# Compliance and ethical principles

Strategic priorities	KPI definition	2022 target	2022 status	2023 target
Prevention of compliance incidents and compliance risks 	Total number of cases of corruption	0	0	0
	Proportion of employees and directors given training in the Business Principles	> 90 %	84.3 %	> 90 %



The aim is to **maintain and strengthen the reliability of Telefónica Deutschland**. The integrity of the company and **the sense of responsibility of all employees** play a decisive role in this. They form the basis for a **trusting cooperation** with customers and society and thus ensure a high reputation for the company.

All employees are regularly trained on the **business principles as part of a mandatory training programme**. In the last three years, 84.3% of the employees were trained on the business principles and human rights by the end of the reporting year 2022.

Following the revision of the Code of Conduct, the training was also adapted: The **focus is now on ESG issues** so that everyone can work together to advance the **sustainable transformation of the company**.

# Data protection and information security

## Commitment:

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

## The key facts:



Implementation of measures focusing on the rights and freedoms of those concerned related to the confidentiality of communications, the protection of personal data and the security of the information transported via the company's networks.



Telefónica Deutschland further expanded its data protection guidance for employees and is bringing day-to-day data protection risks to people's attention via a new awareness campaign.



Zero Impact process model aimed at strengthening the telecommunication industry's resilience to cyberattacks successfully implemented.

### Ethics of artificial intelligence

The Telefónica Deutschland Group's ethical principles on using artificial intelligence make the people the focal point. All projects involving AI are assessed according to the following ethical principles:



#### Fair and accessible for all

It is important to the Telefónica Deutschland Group that all AI applications lead to fair results. In addition, all parts of society should have access to these digital opportunities.



#### AI is to serve society

The company will only overcome people's scepticism if the use of AI creates tangible advantages.



#### Rules for AI use

Not everything that is possible is also morally justified – there have to be limits on AI's use.



**People first, AI second**  
People must remain the highest ethical authority.



#### Checking third parties

The Telefónica Deutschland Group reserves the right to review the legality, correctness and logic of data from third parties.



#### Transparency and data protection

The use of data has to be transparent and the data has to be protected.

As a member of the CDR Initiative, the Telefónica Deutschland has also made a commitment to the guiding principles and objectives of the [CDR Code](#).

1



Proceeding initiated due to data protection violations (Section 169 German Telecommunications Act (TKG))

0



Penalties in the form of fines as a result of data protection violations

# Data protection and information security

Strategic priorities	Topic/KPI	2022 target	2022 status	2023 target
<p>Prevent the initiation of proceedings for breach of data protection regulations by ensuring the best possible compliance with data protection regulations.</p> 	Penalties in the form of fines	0	0	0
	Penalties or fines as a result of security incidents	0	0	0
<p>Continuously making the company safer</p> 	Percentage of employees who successfully completed online training on information security	90 %	92.7 %	> 90 %

## Responsible digitalisation



Compliance with legal regulations and the commitment to data protection as well as to maintaining information security in the business principles form the basis of Telefónica Deutschland's responsible actions.



The company has made a commitment to recognising the CDR Code of the Corporate Digital Responsibility (CDR) Initiative. Due to this, the company also publishes the CDR report on measures.



The Cyber Defence Centre (CDC) is staffed around the clock in order to reduce the company's cyber risks.



# Sustainable supply chain management

## Commitment:

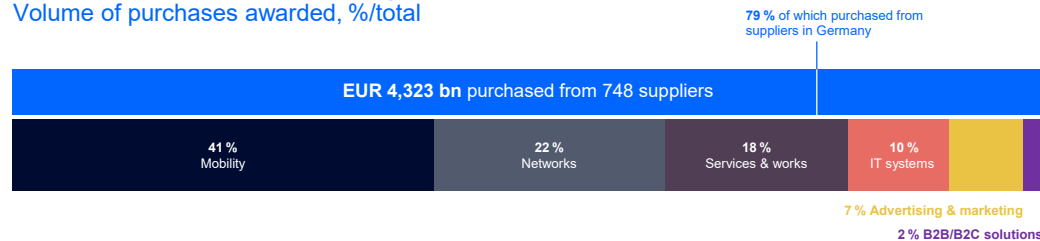
We take sustainability criteria into account in our purchasing processes and are dedicated to environmental, social and, above all, human rights standards throughout our supply chain.

## The key facts:

- ✓ Telefónica Deutschland has adapted its Supply Chain Sustainability Policy and other policies to the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG).
- ✓ In the context of a new risk management system, all direct suppliers will be audited on the basis of ethical, social and environmental criteria.
- ✓ A new whistle-blower procedure enables direct and indirect suppliers and their employees to report tip-offs or complaints.

## Impact of our business on society

Volume of purchases awarded, %/total



## Approach of Telefónica Deutschland: sustainable management of the supply chain



**First criteria:** Potential risk level of the products and services supplied is evaluated, taking into account the defined minimum requirements for sustainability aspects within the supply chain (e. g. labour conditions, health and safety, the environment, human rights)



**Second criteria:** Risk is weighted based on the origin of the service or product and of its components



**Third criteria:** Risk of a possible impact on the Group's reputation is weighted



# Human rights due diligence

## The key facts:

- ✔ Telefónica Deutschland is tightening the social criteria for its minimum requirements of responsible and sustainable conduct by suppliers.
- ✔ Adaptation of policies and management processes to the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG).
- ✔ New whistle-blower procedure for human rights and environment-related risks or violations.

## Management of the human rights due diligence

The Management Board of the Telefónica Deutschland bears responsibility for reviewing the performance and implementation of its human rights due diligence.

In 2022, the Director of Corporate Responsibility and Sustainability (CR&S), was also appointed Human Rights Officer.

The Human Rights and Environment Committee advances the topic throughout the divisions.

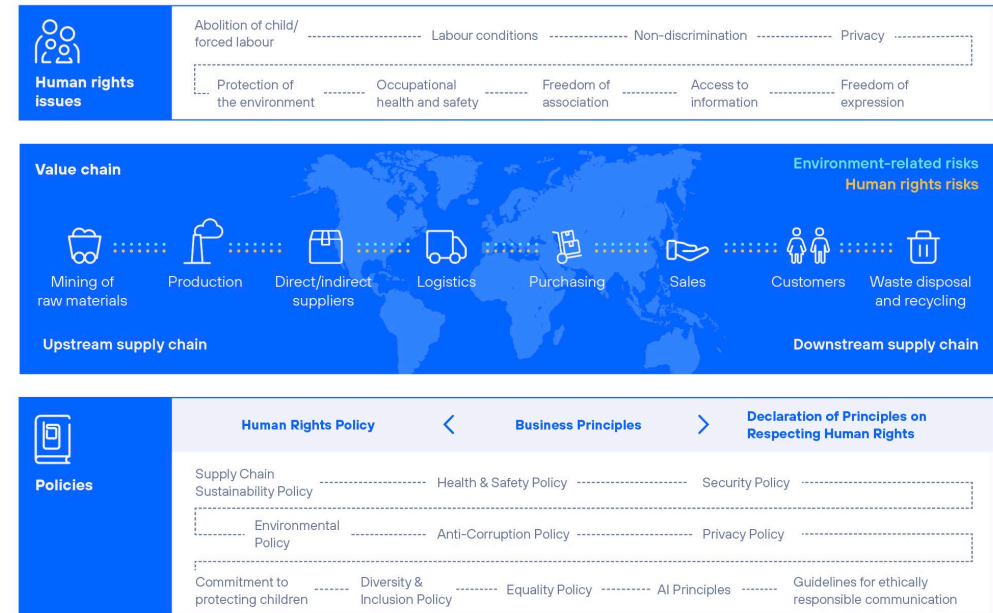
## Due diligence process for human rights

### Target:

Determine potential and actual negative impacts on human rights and taking action to prevent and avoid such impacts and, insofar as damage has already been caused, to end or remedy them.



## Human rights in the value chain



# Human rights and sustainable supply chain management

Strategic priorities	Topic/KPI	2022 target	2022 status	2023 target
<p>Compliance with human rights due diligence obligations in the supply chain and promotion of sustainable corporate governance</p> 	<p>100% of the potentially high-risk suppliers will be assessed on the basis of sustainability aspects (ESG criteria) by the end of 2023</p>	-	80 %	100% of the potentially high-risk suppliers

## Requirements for responsible and sustainable business that are defined in the Supply Chain Sustainability Policy

### Ethical criteria

- Observance of international conventions and national and local laws
- Identifying, preventing and reducing negative impacts on human rights
- Zero tolerance of corruption, blackmail and bribery
- Avoidance of conflicts of interest

### Social criteria

- Requirements with respect to employment relationships, working hours and remuneration, living wages
- Zero tolerance of forced labour and trafficking
- Zero tolerance of child labour
- Granting of freedom of association and the right to collective bargaining, incl. the right to strike
- Promotion of diversity, equal opportunity, gender equality, inclusion and non-discrimination
- Zero tolerance of violence and harassment in the workplace
- Compliance with health and safety standards
- Responsible procurement of minerals



### Freedom of expression and artificial intelligence

- Compliance with internationally and nationally applicable data protection legislation
- Right to privacy and freedom of expression (data protection management system)
- Guidelines for artificial intelligence
- Technical and organisational measures

### Environmental criteria

- Compliance with all laws and minimising of environmental impacts
- Life cycle and preventive action
- Documented environmental policy
- Environmental management in accordance with ISO 14001
- Measures against climate change and reduction of greenhouse gas emissions
- Management of waste, avoidance of single-use plastic, eco-rating
- Dealing with dangerous substances and chemical products
- Environmentally efficient consumption of materials and resources and atmospheric emissions
- Protection of basis for life

# Contribution of Telefónica Deutschland to the Sustainable Development Goals (SDGs)



The 17 global goals for sustainable development (Sustainable Development Goals (SDGs)) were adopted by the United Nations in September 2015. In order to actively contribute to the SDGs, Telefónica Deutschland conducted an **SDG analysis in 2021 and updated it in 2022**. The relevant SDGs and their sub-goals were identified for the Telefónica Deutschland and assigned to the Responsible Business Plan. How the company contributes to SDGs can be found in the commitments of the diagram.



We promote digital competence through our educational offer for different age groups. Our focus here is on vulnerable groups such as children and young people as well as senior citizens.



We want to promote digital inclusion and reducing inequalities within society while ensuring that no one is excluded from mobile communication.



We provide the customers with information that helps them select products from a sustainability perspective.



To give our customers throughout Germany the opportunity to participate in the digital transformation, we are promoting partnerships for the expansion of Internet usage and broadband access.



We eliminate inequalities by investing in digital skills, enabling all the employees to enjoy the advantages of digitalisation equally.



We provide quality employment for all, including young people and people with disabilities, and equal pay for equal work.



We encourage our employees to champion causes and help disadvantaged people.



With the further development of our mobile communications network, which is run on renewable energies, we are contributing to the development of a future-proof energy supply.



We develop solutions to optimise energy consumption, reduce emissions and improve mobility and safety for people and communities.



With our circular economy concept, we aim to promote sustainable consumption and production patterns. We focus on eco-design, reuse and recycling in the use of our products and services.



## Principles of responsible corporate governance

We work with integrity in all the divisions and adhere to strict ethical principles for responsible business and promote sustainable procurement management and supplier management that include ethical, social and environmental criteria.



# Sustainability Accounting Standards Board (SASB)



Telefónica Deutschland follows the Sustainability Accounting Standards Board (SASB) framework for the **disclosure of financially material sustainability** information and reports on relevant environmental, social and governance issues.



## Sustainability disclosure and accounting metrics (Telefónica Deutschland)

Topic	Criteria (selection)
Environmental footprint of operations	Total energy consumed, percentage of grid electricity in total energy consumption
Data privacy	Number of customers whose information is used for secondary purposes
Data security	Number of data breaches, number of customers affected
Product end-of-life	Materials recovered, percentage of materials reused, recycled, deposited in landfills
Competitive behaviour & open Internet	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive regulations
Managing of systemic risks from technology disruptions	Average system outage frequency

SASB-Index 2022*			
Table 1: Sustainability disclosure and accounting metrics			
Topic	SASB code	Criteria	Telefónica Deutschland Group response/comments
Environmental footprint of operations	TC-TL-130a.1	Total energy consumed (GJ) (electricity + fuels)	2,878
		Percentage of grid electricity in total energy consumption	98%
		Percentage of renewable energy in total energy consumption	100%
Data privacy	TC-TL-220a.1	Description of policies and practices related to behavioural advertising and customer privacy	See chapters "Data privacy and information security" (pp. 28–33); "Governance" (pp. 13–23) and "Products, service experience and digital skills" (pp. 51–65).
		Number of customers whose information is used for secondary purposes	In accordance with applicable law, Telefónica performs additional processing of customer data, such as anonymisation, to produce aggregated statistical information.
		Total amount of monetary losses as a result of legal proceedings associated with customer privacy (€)	0
		Number of law enforcement requests for customer information	164,041 <sup>1</sup>
		Number of customers whose information was requested	591,947 <sup>2</sup>
		Percentage resulting in disclosure	100%

\*Excerpt from Telefónica Deutschland's SASB index ([see ESG data and indices](#))

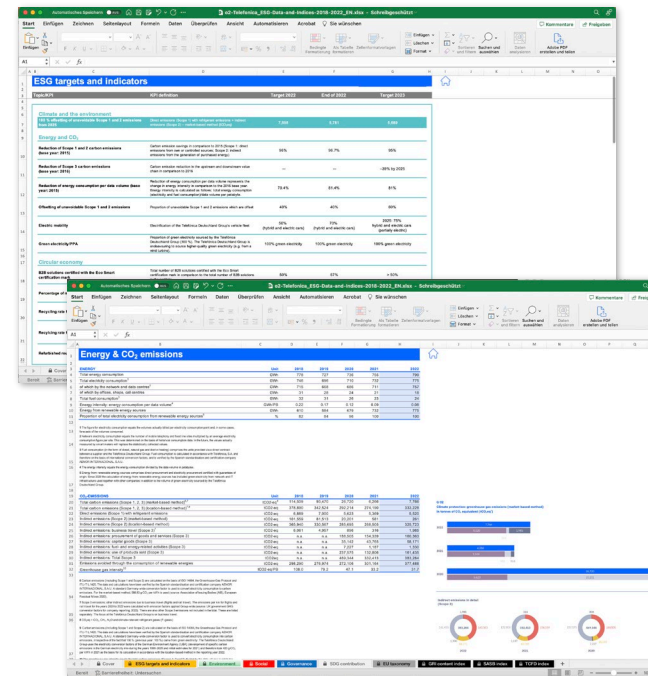
# Relevant publications



[CR Report 2022](#) ↗

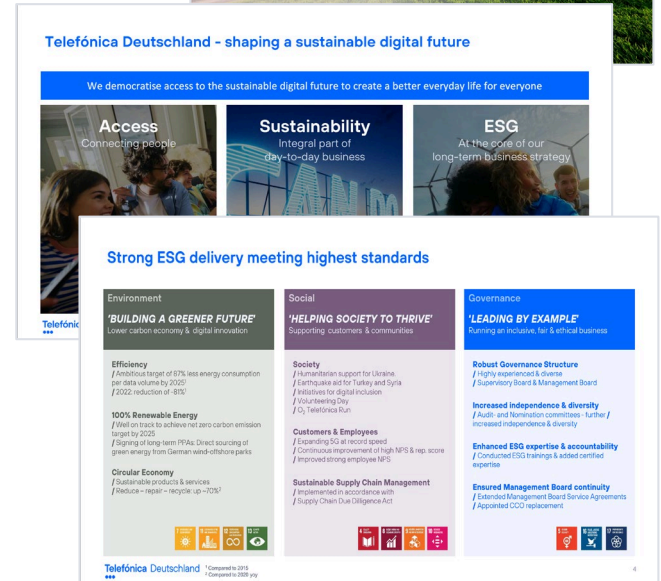


[Separate Non-Financial Group Report 2022](#) ↗



[ESG data and indices](#) ↗

- ESG targets and indicators
- SDG contribution
- EU taxonomy
- Indices: GRI, SASB and TCFD



[ESG Investor Presentation](#) ↗

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- p. 13 <https://www.telefonica.de/nachhaltigkeit/responsible-business-plan-2025/mitarbeitende.html>
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- p. 35 SDGs: <https://www.bmuv.de/themen/nachhaltigkeit-digitalisierung/nachhaltigkeit/17-nachhaltigkeitsziele-sdgs>

**Telefónica Deutschland**  
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