

A close-up photograph of two young women with long hair, smiling and looking at a tablet computer. The woman on the left is wearing black-rimmed glasses and a grey sweater. The woman on the right is wearing a blue top. They are both pointing at the screen of the tablet. The background is a soft-focus outdoor setting with green foliage.

**SHAPING ^A
FAIR DIGITAL
FUTURE**

Telefónica

Deutschland

About this report

Corporate responsibility (CR) played an important part in the business activities of both the Telefónica Deutschland Group and the E-Plus Group even before the two merged. This CR Report gives a comprehensive account of the new Telefónica Deutschland Group's sustainability efforts for the first time. It is aimed at customers, employees, business partners, shareholders and all of the company's other stakeholders as well as any interested members of the general public. The report will henceforth be published annually.

Reporting period and report boundary

The Telefónica Deutschland Group CR Report covers the activities of the Telefónica Deutschland Group relevant to corporate responsibility during the period of 1 January to 31 December 2015. This is supplemented by information regarding CR activities which took place before or after the aforementioned period and up to the copy deadline in March 2016. All quantitative key figures relate to the financial year 2015 and apply to the Telefónica Deutschland Group. Deviations from this are marked accordingly.

Application of the new GRI G4 reporting standard

This report was prepared in accordance with the guidelines of the international GRI G4 standard at the "Comprehensive" option. The contents of the report were selected on the basis of materiality, and the stakeholders' key expectations were taken into account. To determine the contents, the Telefónica Deutschland Group developed a multistage strategy process in 2015 and thoroughly analysed the company's corporate responsibility activities. The aim of this was to develop a holistic sustainability strategy, to firmly embed corporate responsibility in all corporate processes and to pursue an integrated approach all along the value chain. The measures implemented to date and the results, goals and future challenges are discussed in the chapters "CR management", "improving life in the digital world", "responsible business" and "protecting the environment". All the relevant key figures are summarised in the final chapter. This report was additionally evaluated by the external audit firm Ernst & Young in accordance with the ISAE 3000 (Revised) standard. This audit focused on selected management approaches and key figures of the key strategic fields of activity as well as on a consistency check of all disclosures made in the Telefónica Deutschland Group Annual Report 2015. The audited disclosures are marked accordingly throughout the report and in the GRI G4 Content Index (pp. 62–69).

Report format and contact

The Telefónica Deutschland Group's CR Report is available as a PDF in English and German at www.telefonica.de/verantwortung. Those interested in this subject will also find other up-to-date information there relating to corporate responsibility within the Telefónica Deutschland Group. Readers with questions or input can contact our CR team via the email address cr-de@telefonica.com. The latest Telefónica Deutschland Group Annual Report is available to download at www.telefonica.de/investor-relations.

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Dear Readers,

Digitalisation is changing our world at a tremendous pace. We see this development as something positive given many of the societal challenges we will face in the future cannot be responded to without digital technologies. This is the case in numerous areas, from healthcare and mobility to private consumption and public administration.

The Telefónica Deutschland Group boasts two of the prime resources of digitalisation: connectivity, i.e. Internet-based connections, and data. We want to use these resources responsibly and in the interests of society. With more than 48 million customers following the merger between the Telefónica Deutschland Group and the E-Plus Group, we are the largest provider of mobile services in Germany by number of customers. We develop in-house solutions for the analysis of large volumes of data and are convinced we will thus be able to provide considerable added value for our customers and society as a whole. We have a clear vision and that is to become the Onlife Telco by 2020. This means enabling people to use the achievements of digitalisation in accordance with their wishes, preferences and habits.

As a company which acts responsibly, we pursue three priorities in our corporate responsibility strategy. Firstly, everyone should be given the opportunity to make use of the digital world. To achieve this, we are not only accelerating our network expansion, but are also contributing to the digital skills of both young and old with our Think Big and Tablet-PCs für Senioren (Tablet PCs for Senior Citizens) programmes. Secondly, in addition to this freedom to participate, what is important to us is freedom during participation. We are therefore committed to helping people maintain control of their data and confidently shape their digital lives. This is the only way in which we can generate the necessary acceptance in order for the opportunities for society offered by digitalisation to be used and protect and strengthen individual freedom. Our guiding principle is therefore "We choose it all". And thirdly, as a company with a large technical infrastructure, we are working towards the sustainable use of resources. We have succeeded, for example, in reducing the network energy consumption per customer connection by 34 % in recent years. And we will continue to expedite this increase in efficiency, because while digitalisation does help us to intelligently save resources and energy, network



expansion and growing data exchange are at the same time resulting in an increased use of resources – making it all the more important that we use them responsibly. And this is something else that Telefónica stands for.

This report outlines to you our understanding of corporate responsibility in the age of digitalisation, the ambitious goals we are pursuing and the progress we have already made. We want to be a fair partner for our stakeholders all along the value chain because we can only sustainably shape the digital world of tomorrow together. I hope you will join us in this endeavour!

A handwritten signature in blue ink, which appears to be "T. Dirks".

—
Thorsten Dirks
Chief Executive Officer (CEO)

Telefónica Deutschland – on the way to becoming Leading Digital Telco_

With over 48 million customer connections as of 31 December 2015, the Telefónica Deutschland Group is one of three integrated network operators in Germany and by customer numbers the largest provider of mobile services in the country. Our aim as the Leading Digital Telco is to be there with people as they enter the digital future. We leverage the opportunities offered by the digital transformation by integrating the benefits of digitalisation into our customers' everyday lives, making technological possibilities available to everyone and offering support as a reliable partner. And it is not only our customers and other stakeholders who benefit, but also society and the environment. We are responsibly shaping the digital world of tomorrow together.

The Telefónica Deutschland Group provides mobile and fixed line services for private and business customers. We provide a wide array of postpaid and prepaid products and mobile data services based on GPRS, UMTS and LTE technology. DSL fixed line telephony and high-speed Internet round out our portfolio. Successful partnership is a key foundation of the Telefónica Deutschland Group. We operate in the market via numerous partner brands and are thus able to reach millions of customers through a wide range of channels and segments. We also offer multinational business customers Group-wide solution models. The Telefónica Deutschland Group generated combined revenues of EUR 7.9 billion in the financial year 2015, which equates to a year-on-year increase of 1.2%.

In addition to the well-known premium brand O₂, we also maintain additional secondary brands and partner brands as part of our brand strategy. As a partner for digital life, we reach a diverse range of customer groups and are excellently positioned to be able to offer them suitable services for their growing data consumption.

Our Group 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, has been listed on the Frankfurt Stock Exchange since 2012 and listed in the TecDAX since 2013. It is the parent company of the wholly owned

operating subsidiary Telefónica Germany GmbH & Co. OHG. The E-Plus Group has been part of the Telefónica Deutschland Group since 1 October 2014.

Telefónica Deutschland Holding AG is headquartered in Munich, Germany. Other branch offices exist in various German cities and metropolitan regions, including Berlin. The Telefónica Deutschland Group had a total of 8,803¹ employees in 2015.

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



The right brand for everyone

The diagram illustrates the brand strategy hierarchy:

- PREMIUM:** O₂
- NON-PREMIUM (SECONDARY BRANDS):** Blau, BASE, FONIC, ortel, simyo, ay yıldız, netzclub
- PARTNER BRANDS:** mobitcom, simfinity, Media Markt Super Select, TELE2, 1&1, SATURN, ALDI TALK, etc.

(Selection of Partner brands)

Progress achieved through our commitment_

Access for everyone



Approximately 90% UMTS coverage thanks to national roaming. Speedy LTE roll-out – approx. 75% of the German population already reached.

Fit for the digital world

The O₂ Gurus are hardware and technology experts. They are familiar with the latest trends and devices and can provide customers with all sorts of practical tips and tricks. They give advice online, over the phone, in webinars and in a lot of O₂ shops.

Think Big

programme for young people



With Think Big, we inspired some 20,000 young people in 2015 to gain further digital skills, develop their own ideas and implement these in projects for the public good.

Handling data responsibly

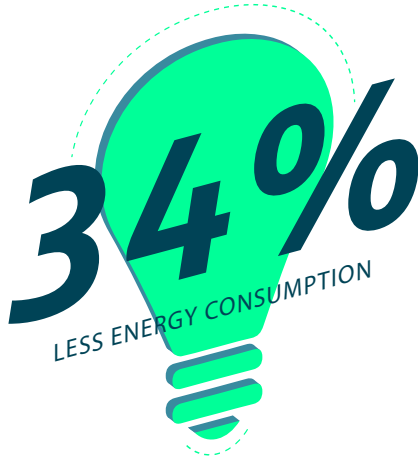


We have developed our own data anonymisation process in close consultation with the data protection authorities and have applied for patent protection.

Apps and solutions for a digital lifestyle

Together with our partners, we have provided households and businesses with intelligent energy-saving products.

Strong on climate protection



34 % reduction in network energy consumption per customer connection between 2007 and 2015, and 74 % of total energy consumption based on electricity from renewable energy sources.

German Gender Index – outstanding!

We are ranked second among 50 German listed companies with especially high gender diversity.

Mobile-phone recycling

systematically saving resources



Together with the not-for-profit company AfB, which stands for Arbeit für Menschen mit Behinderung (Work for People with a Disability), and Naturschutzbund Deutschland e.V. (Nature and Biodiversity Conservation Union, NABU), we collected 45,812 old mobile phones in 2015 through the relaunched mobile-phone recycling programme.

Digital access for the elderly



In 2015 we distributed tablet PCs at selected retirement homes and via training familiarised approximately 1,400 elderly people with digital technology.

In dialogue with stakeholders



More than 170 events at the Telefónica BASECAMP in 2015, 75 of which were Telefónica events on the topic of digitalisation.

Chapter [2]

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Corporate Responsibility Management

- 2.1 — Business Strategy
- 2.2 — CR Strategy
- 2.3 — CR Management
- 2.4 — Compliance
- 2.5 — Stakeholder Engagement

Shaping the Leading Digital Telco ...

The digital revolution touches all aspects of the business world and of society as a whole. It is changing the way we live and the way we work. The telecommunications sector has a key role to play in making this digital future a reality.

Following the merger with the E-Plus Group, Telefónica Deutschland Group is the largest mobile-services provider in Germany by customer numbers. We are leveraging this strong starting position to become the Leading Digital Telco in Germany. This means: we want to offer our customers the best possible experience of the network, products and services, combined with an attractive value-for-money proposition.

In this first year after the merger, we have successfully laid the foundation for becoming the Leading Digital Telco. We have maintained our momentum and expanded our market position further. Moreover, we have continued to advance the integration of the two companies. On this sound basis, we are now launching the digital transformation of the company: we want to become a lean and efficient company that optimally serves the changing telecommunications market of the future, that offers its customers a unique experience and thus experiences long-term success.

Guided by our corporate values of passion, boldness, responsibility for results and cooperation, we are pressing ahead with the restructuring of the Telefónica Deutschland Group. We have developed a blueprint for this process called the Future Now programme. This comprises the systematic simplification of structures and processes, the further development of the top employees and talent and the promotion of innovations and dialogue based on trust with our stakeholders.



... to become the Onlife Telco

In order to fully tap the enormous potential offered by the digital transformation, we have developed a convincing vision: Telefónica aims to become the Onlife Telco by 2020. This means enabling customers to in future use the achievements of digitalisation in accordance with their wishes, preferences and habits. We are therefore committed to helping people maintain control of their data and confidently shape their digital lives. We underline this individual freedom to participate in digital life with our motto "We choose it all."

We want to play our part in enabling Germany and the rest of Europe to play a leading role in the digitalisation of the economy and society. In particular, this involves assuming responsibility and bearing in mind the impact that all of our business activities have on individuals, society and the environment.

Shaping a fair digital future_

The Telefónica Deutschland Group's new CR strategy is the result of a comprehensive strategy process conducted in 2015. The aim of this was firstly to reconcile our strengthened market position with the raised expectations of our stakeholders following the merger with the E-Plus Group. Secondly, we want to actively leverage the opportunities offered by digitalisation and fulfil our ambitious sustainable development targets.

An integrated approach all along the value chain

In 2015 we began, by means of a multistage process, to develop a holistic strategy that firmly embeds corporate responsibility in all company levels and pursues an integrated approach all along the value chain. We started by identifying the areas of action and then prioritised these before going on to derive measures. To identify the topics, we thoroughly assessed company-, market- and sector-specific analyses. We also used a statistical model to determine the key impacts of our business activities on sustainability. Our statistical analysis yielded three key dimensions of corporate responsibility with respect to the impact of our operations: "improving life in the digital world", "responsible business" and "protecting the environment".

Materiality process determines key topics

Within these three dimensions, we were subsequently able to define the 13 issues along the value chain that are most important to our company; we then had these validated and evaluated by our stakeholders. The selection of stakeholders was carried out on the basis of the CR topics determined through various company-, market- and sector-specific analyses. Our online survey recorded the expectations of 1,300 stakeholders, among them private customers, employees, investors and analysts, suppliers and representatives of not-for-profit organisations. The findings led to a materiality matrix that illustrates the different materiality of topics along the value chain. Through workshops, the Management Board and members of senior management defined future focus areas within the respective dimensions. These are the topics "digital inclusion", "enhancing quality of life", "fair partner for all interest groups", "data protection" and "compliance" as well as "energy and CO₂ emissions". The graphic on the next page shows the results in more detail and indicates focus areas throughout the Telefónica Deutschland Group value chain (page 11). For the key areas of action, we began in 2015 in workshops with the relevant departments to determine or further develop the measures applicable and clarify how to deal with any gaps.



Corporate responsibility topics with focus area in the value chain of Telefónica Deutschland Group



CR topics	Supply chain	Own business operations	Sales markets and customers
Responsible business			
Data protection			
Working conditions			
Fair partnership			
Compliance			
Improving life in the digital world			
Digital inclusion			
Quality of life			
Corporate citizenship			
Protecting the environment			
Energy and CO ₂ emissions			
Environmental pollution			
Mobile communication and health			
Water			
Biodiversity			
Conservation of resources			

- Exceed industry best practice
- Match industry best practice
- Exceed legal & societal norms
- Match legal & societal norms

As of May 2016



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Target-oriented and quantifiable activities_

We have defined clear responsibilities for the management of our CR strategy. The Corporate Responsibility department develops the national sustainability strategy based on the corporate strategy that has been reviewed and approved by the Management Board. In addition, the department coordinates all CR activities throughout the various other areas of the company. Adhering to the global CR strategy of the Telefónica, S.A. Group, this department applies the strategy to the individual departments and local requirements and monitors target attainment. It also initiates new projects and steers the current measures on the basis of the three focal areas of our CR strategy. The CR department and the individual departments in question maintain a close dialogue with the stakeholders so as to clearly identify the expectations they have of our company. This dialogue enables the Telefónica Deutschland Group to determine the key sustainability issues and future areas of action.

Group-wide coordination ensured throughout

When it comes to overarching corporate responsibility topics, the Telefónica Deutschland Group confers with the Telefónica, S.A. Group. At national level, the responsible specialist departments work together with the CR department in various bodies, such as the CR Committee and the Environment Committee, to discuss measures and results.

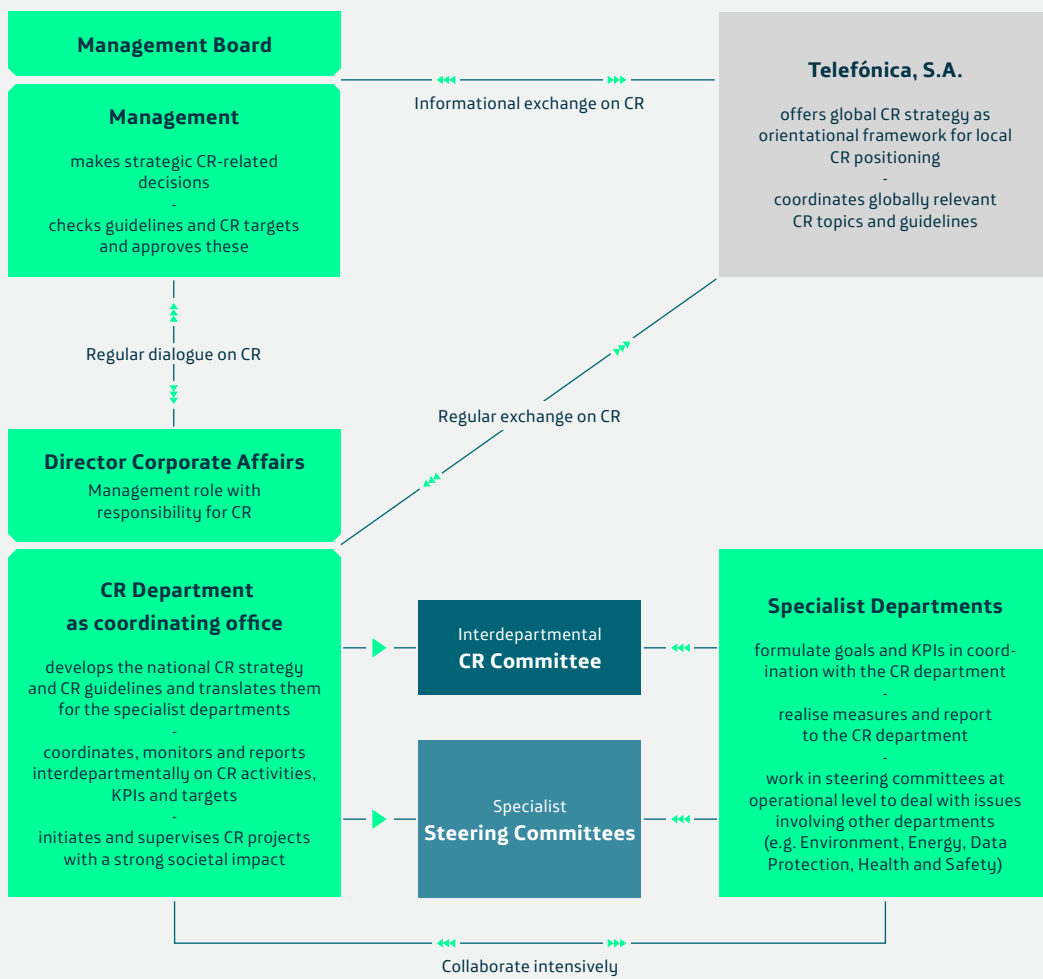
Metrics for transparent results

The CR goals stipulated annually together with the departments are examined and approved by the Management Board. We integrate the goals into our management processes using key performance indicators (KPIs) that have been defined company-wide. The Telefónica Deutschland Group has introduced Group-wide indicators for the areas of employees, customers, the environment and energy, compliance, workplace health and safety, society and suppliers.

We ascertain how successfully these goals are being implemented in regular meetings with the senior management of the departments involved and our Corporate Affairs Director, the management figure within the Telefónica Deutschland Group who is responsible for CR. Target achievement results are also presented to the Management Board. Our key performance indicators are verified annually by an audit firm.

Our employees are the key to realising our goals, and we regularly update them on and involve them in our CR activities. We also involve our suppliers from 24 countries around the world. Our supplier management integrates ethical, ecological, social and health criteria into all the procurement processes.

CR organisation chart Telefónica Deutschland Group



Compliance strengthened further_

Maintaining trustworthiness and enhancing it even further is a key prerequisite for Telefónica Deutschland Group on its journey to becoming the Leading Digital Telco. Our employees acting responsibly and with integrity is the cornerstone of our company's reputation.

International standards and our own guidelines for clear orientation

Our business activities are founded on the observance of statutory requirements, international standards and our own internal guidelines. The business principles of Telefónica, S.A., as well as our own, are based on the UN's Universal Declaration of Human Rights and on the core labour standards of the International Labour Organization (ILO).

Telefónica Deutschland Group has committed itself to efficient, sustainable and transparent company management as well as to the values that form the foundation of our business principles. Our principles are not only an important aid when developing work processes – they also govern the interaction between us and our employees, customers, shareholders and other stakeholders.

The company has firmly established clear internal guidelines to clarify the specifications in the business principles. As a binding code of conduct, they set standards for our participation in the business world. The business principles also offer valuable guidance for dealing with legal or ethical conflicts of interest in order to act with integrity and professionalism.

In addition to the applicable laws, national and international standards and our own principles, we follow the German Corporate Governance Code (DCGK). This comprises rules for the monitoring and management of companies and a number of recommendations regarding, for example, reporting obligations, which we follow in so far as our declaration of compliance does not stipulate otherwise. Among other things, the Management Board and Supervisory Board of Telefónica Deutschland Holding AG report on corporate governance within the company in the Corporate Governance Report. The

report, our declaration of compliance with the DCGK specifications and our corporate governance declaration are published in the Annual Report.

Prevention plays a key role

The Compliance department monitors the observance of all the specifications together with the relevant departments. Violations are systematically followed up. We pay particular attention to raising awareness among and educating our employees in order to minimise potential risks in advance. This is in part achieved by means of a comprehensive training programme involving classroom and online training. All employees are obliged to undergo training regarding our business principles and then repeat this training at regular intervals. In 2015 83.1%¹ of our salaried employees received business principles training in 2015.

Our staff are obliged to notify the Compliance department of any matters which may lead to or have already led to the violation of our principles. They can do so by phone, intranet or anonymously through a whistle-blower channel. Our suppliers and other shareholders also have the possibility of using this channel to make reports and lodge feedback. It is particularly important to us that we maintain the independence of this confidential hotline. All the reports received are therefore handled by an external independent counsel of trust (ombudsman).

The system works: in 2015 a report made via the whistle-blower system resulted in an audit being carried out. Following an extensive investigation, the accusations made were not substantiated. No other complaints were made in 2015 regarding the violation of our business principles, cases of corruption or discrimination, or anti-competitive practices.

¹ Proportion based on number of Telefónica Germany GmbH & Co. OHG employees not including employees on leave and excluding external consultants. (Number of employees 4,719)



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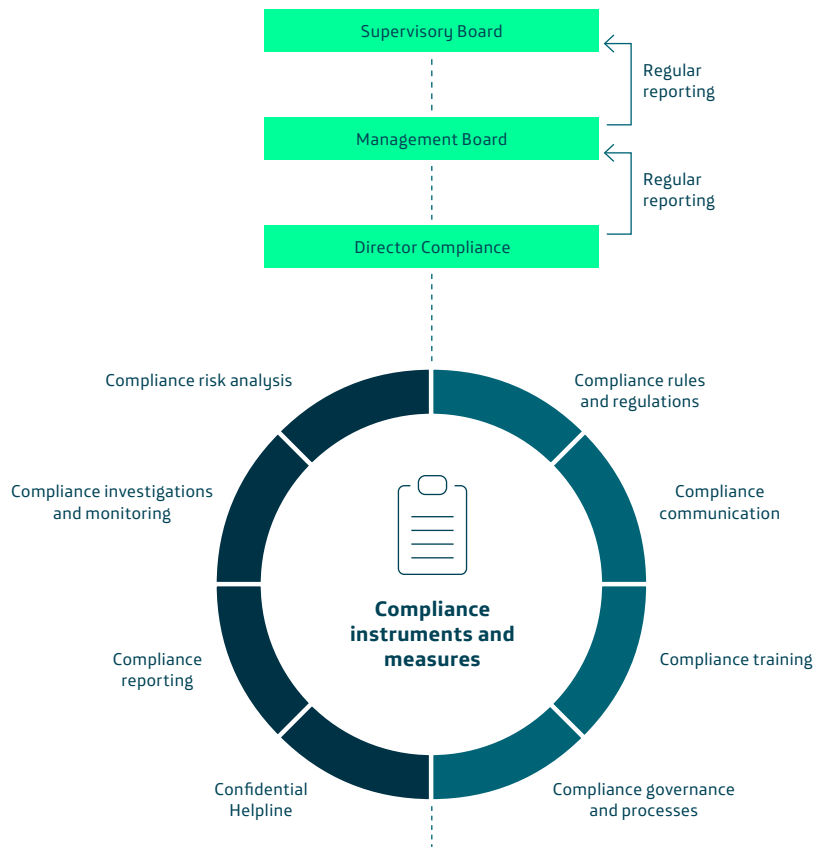


Transparent and target-oriented compliance management

Overall responsibility for compliance lies with the Compliance, Corporate Security & Data Protection Director. The Management Board and Supervisory Board receive regular reports on the compliance activities and on the ongoing development of the compliance management system (CMS). The system is included in the audit schedule of our Internal Audit department.

We have achieved our compliance goals: the existing rules regarding gifts and hospitality and on corruption and conflicts of interest have been consolidated and updated. We have also revised our internal guidelines for the commissioning of external service providers. Two online training modules on the topics of data protection and information security were revised and improved. We also introduced an additional information channel for the notification of incidents, the Corporate Security Emergency Centre (CSEC), based on our business operation processes.

Integrated compliance management system at Telefónica Deutschland Group



G4-14, G4-56, G4-57, G4-58, G4-DMA Compliance , G4-DMA Grievance mechanisms, G4-LA16, G4-DMA Human rights, G4-HR1, G4-DMA Anti-corruption, G4-S03, G4-S04, G4-DMA Anti-competitive behaviour

Regular dialogue with partners and society_



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The Telefónica Deutschland Group wants to make it possible for its customers, partners, and society as a whole to use the “world of unlimited possibilities” and the achievements of digitalisation as it best suits their own wishes, preferences and habits. In order to do so, we must know their needs in detail and tailor our activities as a business accordingly. We engage in in-depth dialogue with all the relevant stakeholder groups, in particular with our employees, customers, suppliers and shareholders and with non-governmental organisations. We use various formats to do this, ranging from customer communication in our shops and employee satisfaction surveys to talks with suppliers, events held at our representative office in Berlin and dialogue with capital market players.



Trend-setting study provides insight into digitalisation

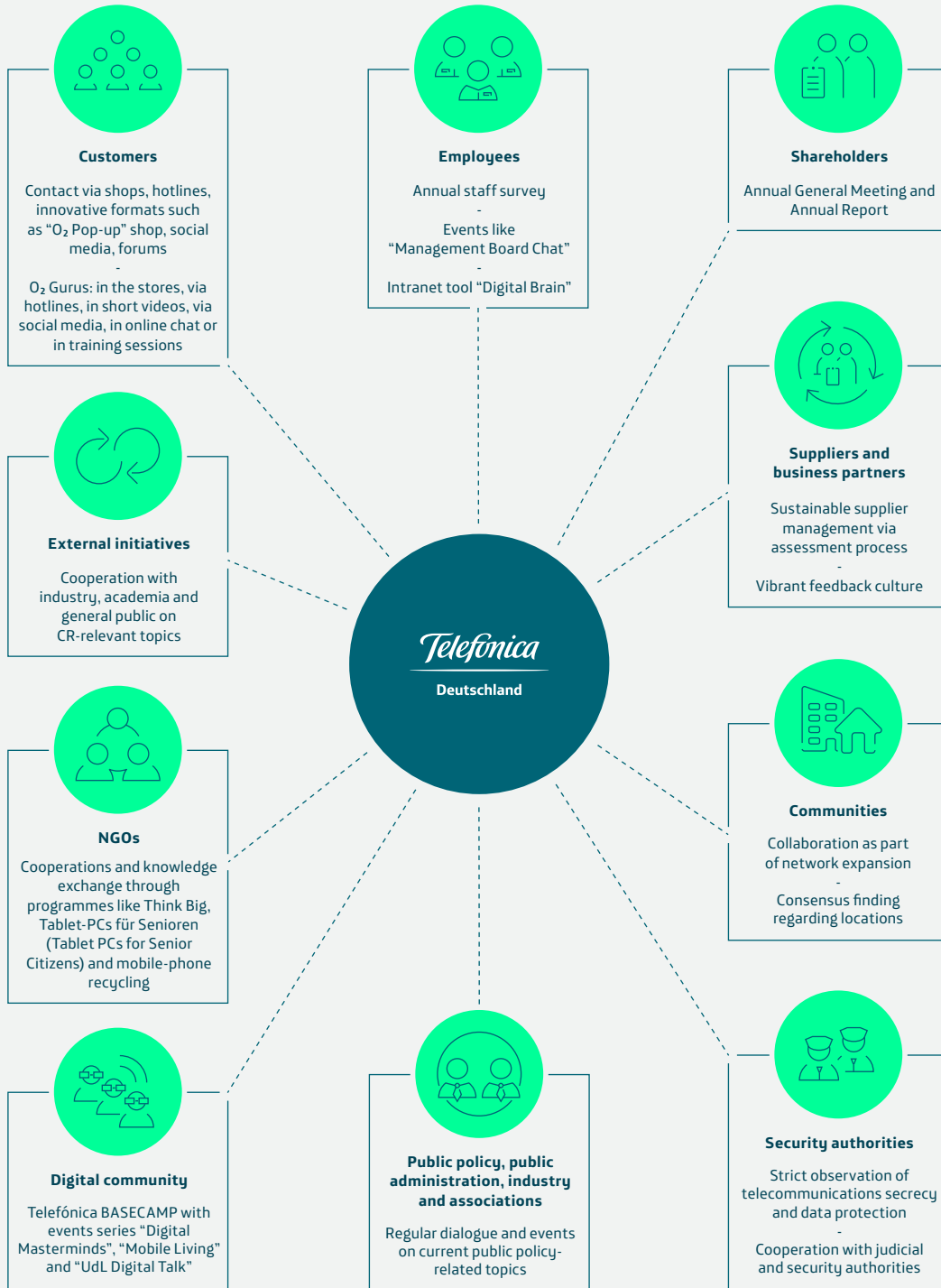
Studies and surveys help us to better understand and predict current societal developments and to reflect these in our business processes.

The Telefónica Index on Digital Life, or TIDL, is the most comprehensive meta study to be conducted on the topic of digitalisation to date. It is examining the status quo of digital development in various countries around the world and will enable their strengths and weaknesses in this area to be delineated. The index builds on key indicators from recognised study results and other indices and combines and consolidates these to derive more meaningful conclusions from the figures. Telefónica, S.A. is developing the TIDL together with the renowned Global Entrepreneurial Development Institute (GEDI). As of the editorial deadline for this CR Report, the TIDL had not yet been published.



 www.basecamp.info
www.facebook.com/basecampberlin
www.telefonica.de

Maintaining a dialogue with our stakeholders



Chapter [3]

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Improving Life in the Digital World

- 3.1 — Quality of Life: Network and Products
- 3.2 — Digital Inclusion
- 3.3 — Corporate Citizenship
- 3.4 — [Think Big Makes It Happen: youvo.org](#)

Digital solutions for better quality of life_

Digitalisation is a driver of growth and prosperity. The Telefónica Deutschland Group is on its way to becoming Germany's leading digital telecommunications company and wants everyone to enjoy the benefits of the digital revolution. Our products and services and numerous innovative solutions use the potential of digitalisation to achieve greater quality of day-to-day life.

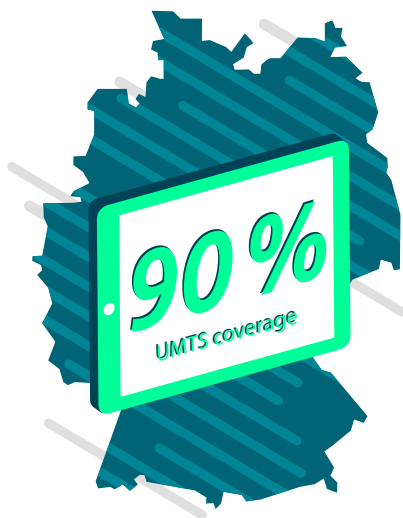
Promoting network integration and expansion

All the customers of the Telefónica Deutschland Group and our partner brands have been benefiting from national roaming since mid-April 2015. This means that when a customer's home network only offers GSM but another network offers UMTS, their mobile phone automatically switches to the better UMTS network. We jointly offer the densest UMTS network in urban areas and provide approximately 90% of the population with this fast standard. The customers' network experience has therefore improved considerably, be it outdoors, in buildings or on an underground train.



At the beginning of 2016 we launched a major technical project which is unparalleled to date in Europe, namely the integration of the O₂ and E-Plus networks. The joint network will comprise more than 25,000 mobile-telecommunications stations optimally spread throughout Germany. As early as 2016 we will reach 60% of the population with the new integrated network. We are initially focusing on densely populated urban areas to enable as many people as possible to enjoy the benefits quickly. We are starting by bringing together the UMTS and GSM networks. The networks are scheduled to be fully integrated in five years' time.

Meanwhile, we continue to work on expanding our LTE availability. By the end of the year under review, we had reached approximately three quarters of the German population with this fourth-generation mobile-telephony standard. We will be in a position to offer a joint LTE network by mid-2016. As such, we will continue to be able to offer our customers an optimum network experience. In addition, our work is contributing to the expansion of broadband availability throughout Germany.



Product innovations stimulating growth

We focus heavily on identifying trends and new technological developments early on in order to then come up with customer-oriented products and services based on them. This serves as important foundations for our continued business success. In 2015 we introduced Voice over LTE (VoLTE) in Germany, which shortens connection times, improves speaking quality and extends devices' battery lives. We also became the first mobile-telephony provider to develop an app for Android and iOS that enables Wi-Fi telephony via smartphone. To this end, we will offer our customers other innovative opportunities, such as the ability to pay for mobile-phone apps by having the charges added to the bill, chat and the exchange of files via file-sharing.

The Internet of Things and Advanced Data Analytics set to shape the future

IP connectivity and data analysis are the building blocks of digitalisation. They are not only at the heart of our existing business – they will also offer us major opportunities in the future. This applies in particular to the emergent Internet of Things and the field of Advanced Data Analytics. These two business areas will give us additional momentum and will allow us to identify precisely what matters to our customers and society in the digital age.

The focus will increasingly be on the so-called Internet of Things – the intelligent interconnection of devices, machines and vehicles. In five years' time, there will be significantly more connected devices and machines in the world than there are people. The Telefónica Deutschland Group is playing its part in promoting this development across all sectors and, together with its partners, offers businesses solutions for interconnectivity within the Internet of Things. We can already boast a large number of applications in this area.



The possibilities are extensive, ranging from connected shoes to intelligent gas and electricity meters. A special shoe insole, for example, made by GTX Corp contains the Telefónica Deutschland Group's global SIM, making it easier to locate people in need of assistance thanks to the GPS data transmitted and a dedicated website. A new smartphone app created by our partner digades is another example, allowing car drivers to conveniently control their vehicle's parking heater. They simply enter their departure time and preferred temperature on a website, irrespective of where their vehicle is located.

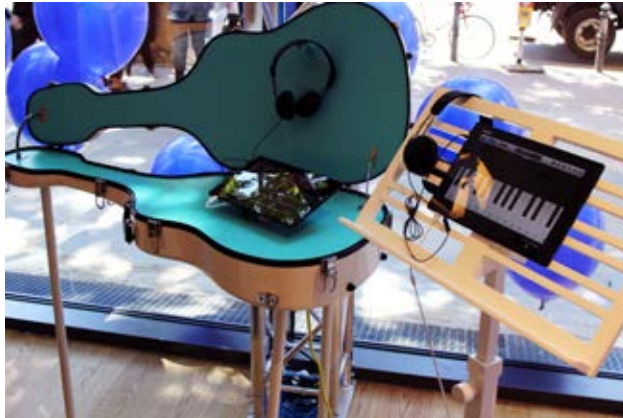


The second key building block of digitalisation in addition to connectivity for the Internet of Things is data. Advanced Data Analytics is used to gain insights from large volumes of data to serve as the basis for many ideas and solutions in all areas of life in the future – from mobility and health to private consumption and public administration. Analysis of this data is of benefit both to individuals and to society as a whole. It can, for example, be used to increase traffic safety and environmental efficiency and to improve medical diagnoses. Analysing data in context and drawing conclusions on the basis of the results generate added value. And we offer our customers complete transparency and choices regarding data usage because we want people to maintain control of their data.

There are application opportunities that will enable us to not only optimise our own work but also tap new business areas. We make use, for example, of innovative data analysis processes to plan our networks. Telefónica Deutschland Group has developed an algorithm that steers the expansion of the LTE network in such a way that we can match our capacities perfectly with the actual requirements, thereby achieving maximum network expansion efficiency. Advanced Data Analytics also offers us opportunities in new application areas. One example of this is Mobility Insights, a B2B product of the Telefónica Deutschland Group that analyses movements of groups in and around cities – something which retailers and city planners can benefit from.

Shops turned into worlds of digital experience

In an initial step, we harmonised our shops under the O₂ brand, so as to have uniform customer contact in the high street. We will also use a new concept to make our branches more of an experience and to further boost our service orientation. As such, customers will be able to arrange shop appointments and check in by various means, be it online or using a smartphone. We are making digitalisation tangible on the shop floor by means of ever-changing themed environments. And with the gradual roll-out of mobile tills, we will reduce waiting times – resulting in another significant customer benefit.



Promoting equal opportunities in the digital world_

The Telefónica Deutschland Group is simplifying the customers' working and living environments with its digital solutions. Faced with the ever-increasing pace of technological progress, we see it as an important task in society to allow everyone to be a part of digitalisation. Through making digital inclusion a focus area, we are creating the parameters for everyone to be able to navigate the digital sphere both safely and confidently. To this end, we have identified three aspects to concentrate on: affording people access, strengthening their skills and providing innovative products and services.

Affording everyone access

Internet access is the necessary basic prerequisite for being able to benefit from the increasing volume of information, products and services offered online. As a telecommunications company, we offer the necessary connectivity and work towards enabling everyone to be a part of digital life. In some cases, however, people cannot afford access or there are other disadvantages at play. We are therefore facilitating access to mobile data services among other things by increasing digital potential in the prepaid area. We also offer people with disabilities, families and young people special tariffs.

We support those for whom participation in digital life cannot be taken for granted with an array of measures. For example, we support the company VerbaVoice GmbH, which has developed a text interpretation service of the same name, allowing the hard of hearing to follow discussions and presentations on their mobile devices virtually in real time. The service turns the spoken word into text and then transmits the content to the user's device via an Internet platform.

Wi-Fi for refugees

To make it easier for those who have fled from crisis regions to enjoy Internet access, we are making 100 mobile Wi-Fi transmitters available free throughout Germany, above all in temporary accommodation. Some 25,000 people are able to use these Wi-Fi hotspots to surf the Internet without any data volume restrictions. We are working closely with Aktion Deutschland Hilft (Germany's Relief Coalition) on this project.

Preparing customers for life in the digital world

Those wishing to use digital knowledge need to be able to handle personal data and digital media securely. This is something we work towards by means of various programmes. The O₂ Gurus, for example, assist our customers online, over the phone and in many of our O₂ shops. These trained experts offer tips on how to use digital technologies correctly in free workshops which are also open to non-customers. Parents learn, for example, how to create "kids' corners" on their smartphones, where their little ones can only access safe applications such as games and music. Schoolchildren and students are offered advice regarding risk-free Internet surfing and the safe use of social networks. Since 2014 we have reached some 4,000 people at more than 1,000 workshops and, since 2015, our events have also been hosted online as webinars that take place several times a month, addressing topics which are continuously updated. Our portfolio is rounded off by videos, chats and blogs that provide additional information (www.o2online.de/guru).





Teaching services and tablet PCs for senior citizens

Elderly people in particular are reticent about using digital media. But mobile Internet access actually offers them a variety of options, such as video telephony, news and weather services and medical service information. Back in 2012 the E-Plus Group – since the merger the Telefónica Deutschland Group – got involved in the Tablet-PCs für Senioren (Tablet PCs for Senior Citizens) project together with Stiftung Digitale Chancen (Digital Opportunities Foundation). This involves selected retirement homes being provided with tablets and free Internet access for a period of eight weeks. In addition, Internet novices who are interested are given training by supporters from the fields of media and politics. At the end of the trial period, some of the devices remain at the homes. In 2015 we had distributed tablet PCs to 16 retirement homes, thereby reaching approximately 1,400 elderly people. This cooperation will be continued in 2016.

Think Big: developing young people's digital skills

Together with the Deutsche Kinder- und Jugendstiftung (German Children and Youth Foundation), we are involved in the Think Big programme, which has Germany's Federal Minister for Family Affairs, Manuela Schwesig, as its patron. The programme helps young people to independently realise their own ideas using digital media. Young people gain recognition through their projects and learn that it can be fun to pitch in with and for others. We engage with young people from all different social backgrounds and in particular cater for the needs of disadvantaged groups. In 2015 alone, we were able to reach more than 5,800 schoolchildren by means of a

seven-week roadshow that stopped at 35 schools. In total, more than 3,200 projects of over 75,000 young people have been realised thanks to Think Big since 2010. The young people document the results of the workshops, coaching and financial support at www.think-big.org.

Think Big is also promoted by Telefónica Foundation in the countries of Europe in which Telefónica is active. The programme has won multiple awards, and most recently the film project about Tarek Chalabi's flight from Syria, a project supported by Think Big, won the highly regarded CIVIS European Media Award.

Wayra: start-up initiative for young entrepreneurs

Within the Wayra initiative, we work closely with young entrepreneurs to help them develop their business ideas. To this end, we set up the Wayra Academy in Munich in 2012 as a forum for start-ups to bring their ideas to market. One successful example of this is the parkpocket app, which helps drivers protect the environment when looking for a parking space in German towns and cities: it is connected to the databases of various multistorey car park operators and presents the user with available parking spaces in real time.



Social responsibility: achieving more together_

We assume responsibility for the society in which we are economically successful and above and beyond our products and services too. In the reporting year, not only our staff made voluntary donations of their time as part of the corporate volunteering programme; in addition, the Telefónica Deutschland Group donated funds of EUR 172,112¹ to charitable causes. Much of the money went towards work with children and young people, being donated to, for example, institutions and projects dedicated to the promotion of media skills and involvement in the digital world. We also gave financial support to environmental and climate protection initiatives.

Following the earthquake in Nepal in April 2015 we reimbursed the roaming costs incurred in Nepal by affected customers and disaster relief organisations working there. We also set up a donation campaign on Germany's biggest online donation platform, betterplace.org. Our employees made generous donations themselves and the company then contributed a further EUR 25,000. In total, EUR 46,400 was presented to Aktion Deutschland Hilft (Germany's Relief Coalition).

Donation drive supports UNO-Flüchtlingshilfe (UN Refugee Aid) charity

The second BreakOut donation drive was a huge success. The 36-hour event, which was held in June 2015, involved 158 participants in 79 teams of two endeavouring to travel as far from Munich as possible without spending a single cent. The sponsors made donations to the charity UNO-Flüchtlingshilfe's DAFI project for every kilometre travelled by the teams. The Deutsche Akademische Flüchtlingsinitiative Albert Einstein (Albert Einstein German Academic Refugee Initiative, DAFI) has been funding scholarships since 1992, enabling more than 6,000 talented refugees to go to university.

Telefónica Deutschland Group supported the team from BreakOut in achieving their goal. Among other things, we reimbursed EUR 60 in roaming fees to all the entrants with an O₂ contract, while E-Plus and BASE contract customers were able to use the Komfort EU travel package free of charge during their travels. BreakOut ultimately recorded donation pledges totalling EUR 71,307, with all of the proceeds going to the DAFI project.

Commitment to health and well-being

Deutsche Knochenmarkspenderdatei (German Bone Marrow Donor Center, DKMS) ran a typing drive entitled "Gemeinsam gegen Blutkrebs" (Combating leukaemia together), which was initiated by our employees in July 2015. Our Management Board members and more than 200 colleagues in Dusseldorf and Munich set a great example by signing up to DKMS's donor database.

¹ The monetary value of the time donated in the amount of EUR 26,350 was not taken into account.





Think Big makes it happen_

— youvo.org brings young creatives and community organisations together

The online platform youvo.org (youvo = you volunteer) is a place where students and professionals in the areas of design, media production and communication can contribute digitally to social projects, gaining valuable practical experience in the process. The youvo project has gone through all the funding stages of the Think Big programme for young people. youvo.org has built up a community of more than 1,700 creatives and upwards of 110 non-profit organisations since June 2015. Here is an interview with co-founder Tobias Oertel:

You are advocating a more sustainable society with the help of an online platform. How do those two things go together?

Tobias Oertel: Many social initiatives face the challenge of communicating what matters to them correctly and telling their fantastic stories in a vivid way in the digital sphere too. We creatives help them to make the many good ideas aimed at improving people's lives more visible. In the long term, we want to establish project-based creative commitment as a new form of voluntary work, as it makes professional communication possible precisely where the necessary funds are otherwise lacking.

You have taken your youvo project through all the funding stages of the Think Big programme for young people run by the Telefónica Foundation and Deutsche Kinder- und Jugendstiftung (German Children and Youth Foundation) together with O₂. How did you benefit from the programme specifically?

Tobias Oertel: Sending the message at the beginning that someone believes in our idea was hugely important! Think Big not only motivated us – it also supported us with funding and professional coaching. We were also able to use the co-working space at the Social Impact Lab Berlin, which was especially helpful when it came to sharing our expertise with other social projects. And thanks to Think Big, we now have a modern website and more professional structures. We have also become a registered non-profit organisation.

What are your plans for the next few months?

Tobias Oertel: We aim to develop long-term prospects for youvo. As an interface between the social sector and the entire creative industry, we want to reach even more people in Germany – and, in so doing, lay the foundations for the ongoing success of our work. We want youvo e.V. to be financially independent in order to guarantee sustainable development. And we will continue to look for partners who believe in our idea.

Thank you for taking the time to talk to us, Tobias!

Chapter [4]

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Responsible Business

- 4.1 — Customers
- 4.2 — Supplier Management
- 4.3 — Telefónica as an Employer
- 4.4 — Data Protection and Information Security
- 4.5 — Protection of Minors
- 4.6 — [More Data for Fewer Traffic Jams: Data Anonymisation](#)

Fair partnership: creating added value for our customers_

For us to be a success in the digital world and develop sustainable solutions, it is essential that our stakeholders – and above all our customers – have confidence in us. A high degree of customer satisfaction and a fair partnership are therefore the primary benchmarks of our activities. We want to offer our customers the best network, product and service experience and optimum value for money. Moreover, they should be able to use the achievements of digitalisation as it suits their own wishes, preferences and habits. We also engage in in-depth dialogue with them all along the value chain – from the network and our brands and products to the service we provide in the shops and online – in order to continually improve our understanding of these. Furthermore, we learn from their concrete usage habits and use this insight as the basis for the products and services we offer.

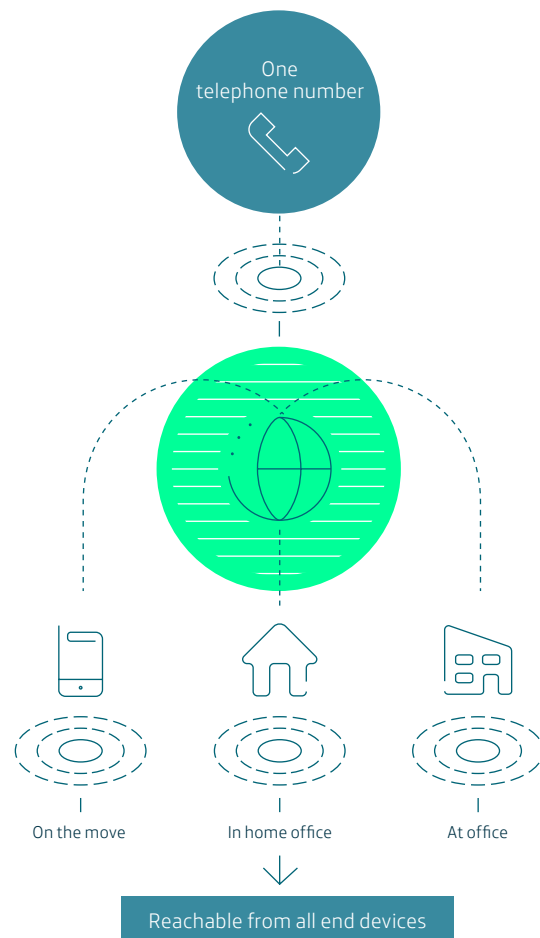
Optimum value for money for private and business customers

Thanks to the multi-brand strategy of Telefónica Deutschland Group, we can reach customers in nearly all target groups. We thus support the digital lifestyle of millions of customers by offering innovative products and tariffs. With the modular Super Select tariff concept from Media Markt and Saturn, for example, data sharing is possible for the first time. This tariff offers a joint data volume package for several persons or end devices, while still maintaining full control over costs, even with several users. In addition, our O₂ prepaid customers have the possibility of carrying unused data volume over into the next month. Our customers also enjoy cost certainty thanks to the EU roaming flat rate for O₂ tariffs and the AY YILDIZ travel advisor, a service tool provided in German and Turkish.

With the aid of the My O₂ app, we make it possible for our customers to manage their tariff, change options and view their current usage, invoices or prepaid credit level whenever they want. They can also use the app to call up information about network availability and possible network faults at their current location.

And for business customers, our portfolio includes services that simplify digital corporate communications. O₂ Unite is a pool-based tariff that grants all of a company's employees a specific amount of talk time, mobile data and text messages. Meanwhile, the Digital Phone from O₂ is a cloud-based phone system that makes employees available via the same fixed line number anywhere in the world.

Digital Phone from O₂



Customer communication via all channels

We want all of our customers to be able to contact us in whichever way and at whatever time they prefer. We thus offer advisory services and information over a variety of digital channels. While anyone who is interested can, on the other hand, stop by at an O₂ shop to be advised in person and to select the best offer for them. We also engage in dialogue with our customers online via social media, videos and chats. With the O₂ customer forum (hilfe.o2online.de), we have created a platform on which our customers can communicate with one another in real time and on which our employees answer questions expertly and without delay. In addition, our O₂ Gurus share tips, tricks and information, making them important companions as our customers begin to explore digital life. As hardware and technology experts, they give advice both online and in many O₂ shops.

Top marks for our customer service

Our service is rated positively by both our customers themselves and by industry observers. O₂'s customer service took first place in the 2015 connect hotline test¹. connect's assessment was as follows: "Attentive and friendly, and the best informed regarding not only tariffs and services but also technology". Our brands Fonic and Blau Mobilfunk likewise performed well. In addition, the strategic-consultancy company LSP Digital named the website www.o2.de/hilfe the site with the best customer service in the social Web. Our brands Blau Mobilfunk and simyo came second and third respectively in the mobile-telephony category of the Deutscher Fairness Preis (German Fairness Award) 2015 presented by the Deutsches Institut für Service-Qualität (German Institute for Service Quality, DISQ) and n-tv. For information on additional awards received in 2015, see chapter 6.2.

¹297 testers contacted the hotlines of telecommunications providers in Germany, Austria and Switzerland by telephone over a period of several weeks. The services were given a rating in the categories "quality of information given" (maximum of 350 points), "reachability" (maximum of 75 points), "waiting and reaction times" (maximum of 35 points), "friendliness and social skills" (maximum of 25 points) as well as "costs for the hotline" (maximum of 15 points). With 432 points, O₂ attained first place. Fonic (404 points) and Blau Mobilfunk (401 points) were also pleased to receive a rating of "good" in the alternative provider category. The staff at Fonic were praised in particular for their excellent knowledge of the tariffs.



Fair partnerships with our suppliers_

The Telefónica Deutschland Group actively assumes responsibility all along the supply chain. We foster a culture of fair and long-term cooperation with our suppliers, acknowledging their interests and providing opportunities for the exchange of information and feedback.

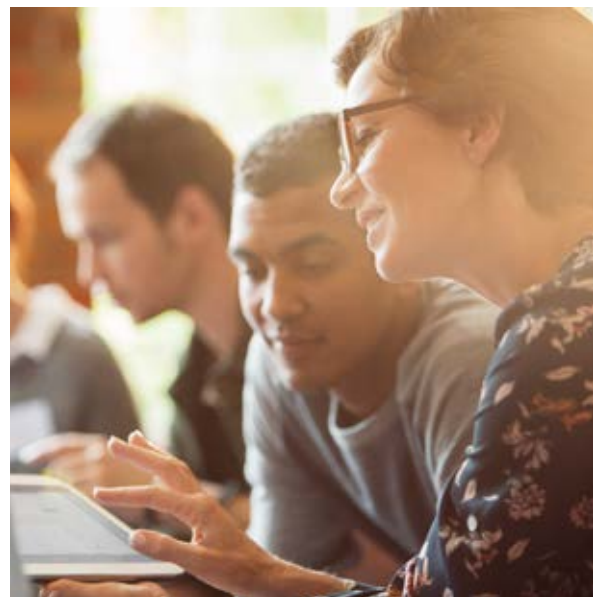
Telefónica's business principles serve as the basis for our purchasing activities, building on the key international standards such as the UN's Universal Declaration of Human Rights and those of the ILO. We also have our own guidelines for procurement, responsibility within the supply chain and Group-wide environmental requirements. We also expect our suppliers to assume responsibility both socially and ecologically. Our guidelines for ethical and ecological procurement have been an integral part of all new supplier agreements and invitations to tender since 2008. Additionally, the Telefónica Deutschland Group's supply chain policy requires our suppliers to establish an environmental-management system in accordance with the ISO 14001 certification with which we comply. We therefore cover all the relevant sustainability aspects in the areas of ethics, environmental protection and health protection. The requirements apply both to direct and to indirect suppliers. We expect all of our suppliers to observe our principles and to be able to furnish us with evidence of their doing so at any time.

We require our suppliers to supply us with products which are free of conflict minerals, as our procurement guidelines prohibit us from sourcing such critical materials. We minimise the negative impacts that our business activities have on ecosystems by implementing our Group-wide environmental guidelines. We also use these to integrate exemplary environmental-management practices into the supply chain and to make these practices verifiable.

Extensive involvement in industry initiatives

Via Telefónica, S.A., we participate in international initiatives dedicated to achieving maximum supply chain transparency. Through the non-profit Global e-Sustainability Initiative (GeSI), we tackle social, ethical and environmental issues. Together with the Electronic Industry Citizenship Coalition (EICC), we are working on further developing supply chain management, in particular regarding efficiency improvements for suppliers. We are also working within the Public-Private Alliance for Responsible Minerals Trade (PPA) alongside the US authorities to achieve full traceability of the minerals cassiterite, columbite-tantalite, gold and wolframite.

We use an industry-wide information system developed by GeSI and EICC called "Electronics – Tool for Accountable Supply Chains" (E-TASC) for monitoring. This enables us to better assess our suppliers' services and identify risks early on. In particular, E-TASC is used to audit high-risk suppliers. This instrument also brings potential for improvement to the attention of all the suppliers on the basis of comprehensive data analysis and risk assessments.



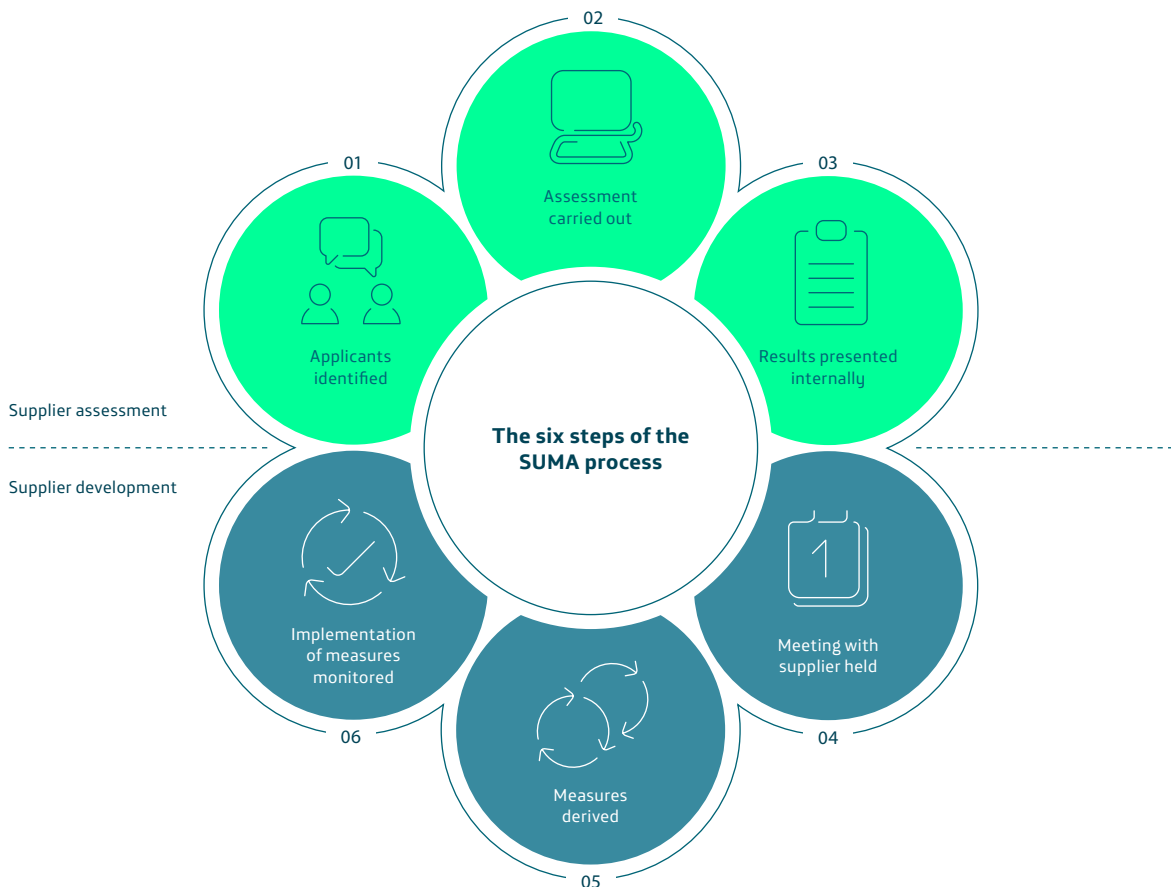
Supplier management system evaluates suppliers

Our supplier management (SUMA) system uses an internal online tool to evaluate selected suppliers based on the criteria of technology, creativity, quality, price, service, order processing and cost structure. And since 2015 their involvement in the social, environmental and economic sphere has also been included in the assessments. We evaluated a total of 41 supplier companies in this way in the year under review. The SUMA process is an important component of the Telefónica Deutschland Group's quality management, which is certified according to the ISO 9001 and ISO 14001

standards. With SUMA, we encourage our partners to make their activities more sustainable, as this plays a part in our awarding of new contracts – when multiple companies are comparably suitable, we give preference to those with a positive evaluation. Should the suppliers' services not meet our requirements, they can be blocked until measurable improvements in the areas concerned are evident.

We draw on the SUMA results for the Supplier of the Year Award that we have been presenting since 2012. The purpose of this award is to promote and recognise the outstanding achievements of our business partners in the supply chain.

Sustainable and systematic supplier management



Fair treatment of our employees_

Fair treatment of our staff on the basis of partnership is particularly important for Telefónica Deutschland Group as our employees are the key to our success. We create the ideal working conditions for our employees – through health management, workplace design and remuneration. We offer them attractive career opportunities and take diversity and equal opportunities into account when recruiting new staff. As laid out in our business principles, the values of openness, respect, appreciation and communication shape the way we interact. Following the merger between the Telefónica Deutschland Group and the E-Plus Group, we continue to adhere to our shared values of passion, boldness, responsibility for results and cooperation.

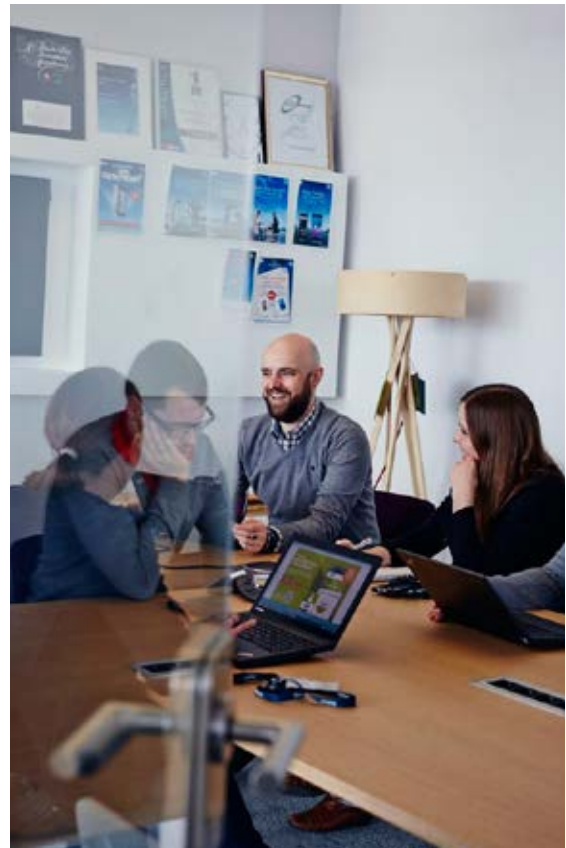
Our HR strategy is based on our corporate strategy. We focus on skills, talent and leadership in order to recruit the best employees for new tasks involving a lot of responsibility. To be ready to tackle future challenges successfully too, we develop our employees and expand their skills. Telefónica's health management actively helps our employees to be healthy at work and lead healthy lifestyles. It puts optimum working conditions in place and in particular promotes healthy behaviour, the reconciling of a career and family and striking the right work-life balance. Our Human Resources Director, who reports directly to the Chief Operating Officer, has overarching responsibility for HR.

Focus on employee satisfaction

In times of change too, our corporate culture and our values contribute significantly to employee satisfaction. As an attractive employer, we present a convincing profile through our flexible working hours, modern workplace concept and various ancillary benefits such as old-age provision or price discounts for insurance rates or for public transport.

Our staff evaluate their work environment in an annual employee survey, and we pass the anonymised results all the way down to the team level. We also publish the aggregate results in the employee portal. Teams and departments are urged to derive suitable measures on the basis of the results.

With a total score of 67 points in the year under review, we are on track to achieve our target score of 70 points. We have already made significant progress in certain areas. 76 % of our employees, for example, feel we offer good support with regard to work-life balance, and approximately the same proportion of employees confirm that we act responsibly and in an ethically correct manner. We achieved a noticeable improvement in the area of cooperation during the merger between the Telefónica Deutschland Group and the E-Plus Group, with an increase of 18 points to 76 % compared with the previous survey.



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Seeing the transformation process through responsibly

In light of the merger between the Telefónica Deutschland Group and the E-Plus Group, we and the works council presented a framework redundancy package that will run until the end of 2018. In addition to offsetting the social and financial effects of any staff lay-offs, it sets out the rules for internal transfers and defines future employee selection and recruitment criteria. In total, there were 8,803 employees¹ during the reporting period, 8,316 of which were salaried employees, with an average age of 39.5 years. In 2014 we made a pledge that the jobs at the existing locations would be guaranteed until the end of 2015. As announced, we cut 800 jobs, the majority of which were duplicated positions, by means of a severance payment programme. The three main branch offices in Munich, Dusseldorf and Hamburg will continue to play a key role within the Group in the future. In 2015 we also ran workshops for the employees to see them through the transformation process. The participants then rated the workshops on a scale of 1 to 6 (1 being high), giving them a very positive overall score of 1.79.

76 %

of our employees feel well supported with regard to achieving a positive work-life balance

Modern system of vocational training and professional development

We focus on targeted vocational training and professional development, actively foster talent and give selected executives and experts in particular the opportunity to participate in challenging courses. In 2015 our employees participated in a total of 172,574 hours of professional development. We also employed 120 trainees in the year under review, primarily in clerical and technical areas.

We offer our employees internal and external professional-development opportunities. They can, for example, make use of online courses and webinars. A special feature is our array of international courses on offer at Universitas Telefónica in Barcelona. In 2015 we offered programmes there in English and Spanish dealing with an array of management topics at various hierarchical levels. In addition to subject-specific knowledge, the employees who take these courses – either on-site or through distance learning – learn soft skills and leadership skills.

172,574 h

Participation in professional development²

Leveraging diversity as a strength within the company

Telefónica Deutschland Group sees the diversity of its workforce as an opportunity and a source of potential for achieving a successful future and happy employees. We have been a signatory to the "Charta der Vielfalt" (Diversity Charter) business initiative since 2007 and have had two official diversity officers from management since 2016. Our employees hail from more than 70 countries and we value them as an important cultural asset to our company. Our guidelines on fair and equal pay and promotion apply to them all.

3,314 of our 8,803 employees in Germany were women at the end of 2015.

We are already ranked second in the **GERMAN GENDER INDEX**, out of 50 listed companies with especially high gender diversity. Currently, a third of our Management Board and six of the 16 members of our Supervisory Board are female (as of 31 December 2015). We therefore surpass the German government's stipulated target of 30% of Supervisory Board members being women.

Our Women Leadership Programme and a mentoring programme initiated in 2015 support women in leading positions. We aim to raise the percentage of women staff members by 2017. In order to achieve this strategic goal, we have introduced quotas in the various areas of our company: 30% for the Supervisory Board, 20% for the Management Board, 16% each at the level of Management Board 1 and Management Board 2.

¹ Unless otherwise indicated, the employee numbers for 2015 presented here and in the following charts in each case comprise both salaried and temporary employees at the reporting date, 31 December 2015. The difference compared with the figure of 9,646 employees as published in the Annual Report relates to inactive employees who are not taken into account in sustainability reporting.

² Unless otherwise indicated, the figures for 2015 presented here and in the following charts in each case comprise both salaried and temporary employees at the reporting date, 31 December 2015. The difference compared with the figure of 186,500 training hours as published in the Annual Report relates to inactive employees who are not taken into account in sustainability reporting.



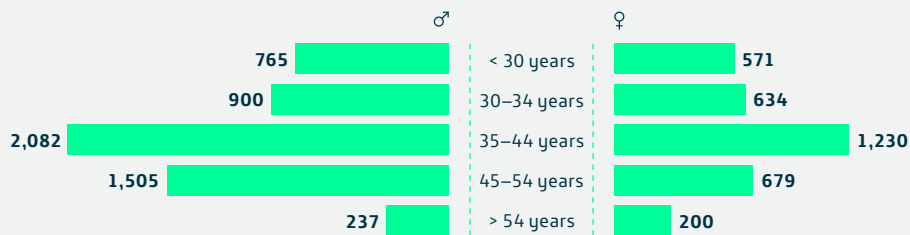
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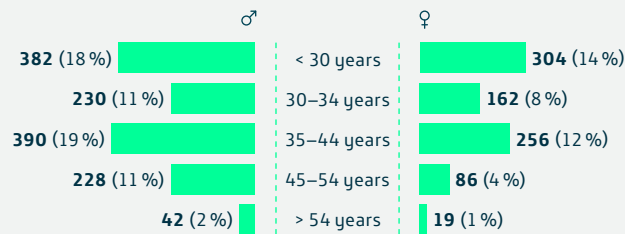
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Employee numbers at a glance

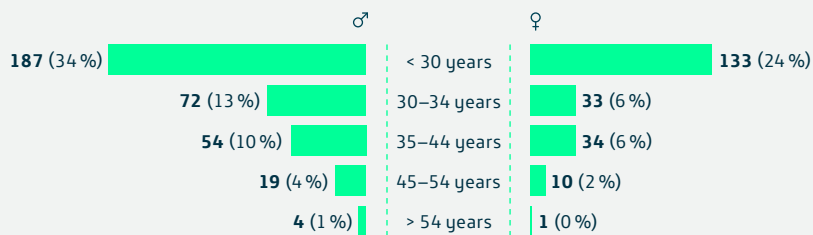
Number of employees by age group and gender in 2015 Average age in 2015: overall 39.5 years



Employee turnover by age group and gender in 2015 as quantity (and %): overall 2,099 employees (22.1%)¹



New hires by age group and gender in 2015 as quantity (and %): overall 547 employees (5.8%)



¹ Unless otherwise indicated, the figures for 2015 presented here and in the following charts in each case comprise both salaried and temporary employees at the reporting date, 31 December 2015. The difference compared with the figure of 21.8% as published in the Annual Report relates to inactive employees who are not taken into account in sustainability reporting.



Boosting the reconcilability of family and a career

We help our employees strike the right balance between work and their private lives. This applies equally to our 1,528 part-time workers and our full-time employees. We allow flexible working hours arrangements and offer the option of working from home. We also offer employees with families targeted childcare services via the portal www.famPLUS.de and at the company's own day care centres in Munich and Dusseldorf. In addition, we launched a new family service for the entire company on 1 January 2016 offering advice and assistance in various life situations together with partners.

In 2015 757¹ of our employees took parental leave, and the ratio of employees returning to work during the reporting period was 99 %. We support the employee initiative Working Moms and Dads (WMAD) as a forum for communication between parents. Together with Corporate Health management, the initiative organises, for example, annual holiday childcare and children's days at the company.

Health management expanded

We intend to continually expand occupational safety and health protection. In the year under review, we focused in particular on campaigns to prevent burnout and on the management of employee reintegration following extended illness. We were also once again able to offer our employees extensive sports opportunities.

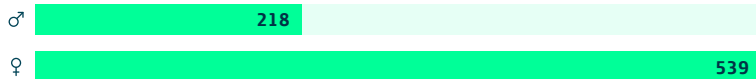
With 18 workplace accidents and a total of 199 lost days, we experienced a slight statistical increase in 2015. On the other hand, we stepped up our employee training relating to health issues: the number of training hours in 2015 was 4,501. As planned, we will be launching the Employee Assistance Programme at the beginning of 2016. This will offer our employees qualified external advice in the event of private or work-related conflict issues.

At the management level, we successfully introduced a new governance model in conjunction with the Health Forum in the year under review. This manages topics relating to health and safety management throughout the Group and serves as an operational supervisory body.

Key figures on parental leave at Telefónica Deutschland Group

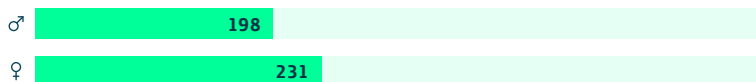
757

Employees who have taken parental leave¹



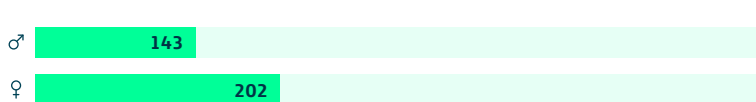
429

Employees who returned to work in 2015 after parental leave



345

Employees who returned to work after parental leave and who were still in their jobs twelve months after returning²



99 %

Percentage of employees who returned to work following parental leave



92 %

Percentage of employees who stay in job following parental leave



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 The total number of employees who returned to work after parental leave and who were still in their jobs twelve months after returning comprises those employees who returned from parental leave in 2014 and who were still employed by the company on 31 December 2015.



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We protect our customers' data

Gaining and keeping our customers' trust is a top priority as it is a fundamental prerequisite for our long-term success in the digital world. The Telefónica Deutschland Group has therefore made the protection of privacy part of its corporate strategy. By using firmly defined processes and well-established systems, we assure that our products and services comply with data protection rules, be they statutory provisions or our own guidelines.

Handling sensitive data responsibly

Our privacy policy is a binding document that stipulates the protection of personal data. We only ever share customers' data with third parties if we are authorised or legally obliged to do so. We stringently observe German data protection legislation. We give our employees regular training to bring them up to speed on the latest regulations. We also require them to observe data secrecy and telecommunications secrecy. Our employees are personally responsible for the data entrusted to them.

Maximum transparency regarding the use of personal information matters to us. O₂ customers can view and amend their recorded data online at any time via the customer portal. We clarify unanswered questions immediately. We also remain in close contact with the regulatory authorities in order to reach agreement with them, for example when developing new services. We only collect data for our own use if the data is relevant to us as a service provider, for example in order to prevent misuse or for the purposes of invoicing. We only notify our customers about new products if they have consented to this. We only ever use anonymous and aggregated data for statistical purposes. This involves a process which we have developed specially for us to use, patent pending.

Data protection management enshrined at various levels

The management of data protection and information security is the responsibility of the Telefónica Deutschland Group's Compliance, Corporate Security & Data Protection Director. He is assisted by a Group-wide data protection officer who reports directly to the Management Board. We have also created a Group-wide data protection forum made up of members of the relevant departments, such as Marketing, HR and Communications. This forum gives advice on data protection issues and promotes efficient implementation of the planned measures.

New online training tool in use

We introduced new mandatory online data protection training for all our employees in the year under review. We also gave all the relevant customer service staff and executives training. Additionally, revised guidelines for the reporting of data protection violations and appropriate procedures were implemented in 2015.

Transparency regarding data protection procedures

Data protection violations can occasionally occur in spite of our high technical and organisational standards. In 2015 the Telefónica Deutschland Group made 71 reports to the German Data Protection Regulation Authority relating to data protection incidents as per Section 109a of the German Telecommunications Act. All incidents were registered, reviewed and assessed internally according to procedure. A data protection incident can, for example, be registered when it becomes apparent that data has been transferred to unauthorised third parties, such as through letters containing customer information being sent to the wrong customer. It is also considered a data protection incident when access attempts that cannot be attributed to authorised use are made on databases containing personal data. Or if a USB stick on which customer or billing data had been saved is stolen or lost. Preventive measures for data protection



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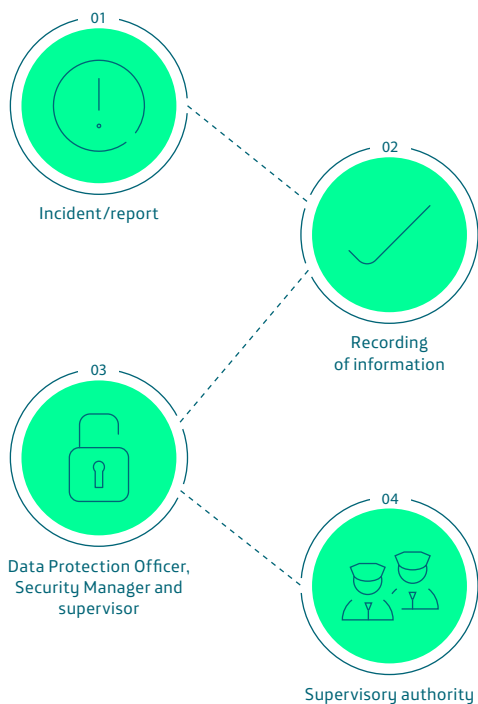
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incidents – such as supplementary training for staff and/or partners or fine-tuning of processes – are implemented by us directly and subsequently documented. Furthermore, we strictly adhere to the statutory duty to report data protection incidents within 24 hours of their becoming known.

Our data protection incidents guidelines set out the procedures for and handling of reporting on data protection incidents, and a reporting function via our intranet ensures that it is easy for any employee to make a report. In 2015 we also conducted three rounds of proceedings with Germany's Bundesnetzagentur (Federal Network Agency, BNetzA) regarding data protection matters. A complaint was lodged against the E-Plus Group regarding excessively long storage of personal data. The project initiated in response to this complaint was able to subsequently offer several viable solutions. In the course of two rounds of legal action, the Telefónica Deutschland Group was requested to disclose its reporting process for data protection incidents and to give evidence that it complied with the statutory regulations. These legal proceedings were subsequently terminated following corresponding successful proof of internal processes and procedures being given.

Reporting procedure for data protection incidents



Bridge between information security management and data protection management

In 2015 we forged an important link between the management of information security and that of data protection with our own internal information security management and data protection management system. This advanced system results in more efficient management and expedited processes in line with targets. Thanks to standardised procedures, we can guarantee better control of the measures implemented and of our management approach, for example by means of internal audits or benchmarking with competitors.

Information security guaranteed across the board

The security of our customers' data is our top priority. Which is why we have made a firm commitment to this in our business principles. We protect sensitive data from loss, destruction and misuse. We use modern and standardised encryption methods to safeguard confidential data during transmission too. We have appropriate registration processes in place to ensure that only those who are authorised can gain access to sensitive customer and company data. We develop just the right IT solutions for this together with, among others, our subsidiary ElevenPaths.

We process all data in data centres which are spread out geographically. This means our customers still have access to our services even if individual system components or sites are down. And if there is even the mere suspicion of a risk, we immediately do everything we can to guarantee information security.

Management system efficiency boosted

We use the internal Information Security and Data Protection Management System (ISDSM) to continually develop measures in this area. For example, the Corporate Security division created a new reporting channel with a dedicated hotline with the Corporate Security Emergency Center (CSEC). We notify our employees of developments of this kind by means of ongoing training and conduct assessments with internal departments, subsidiaries and our service providers. We also advise them on secure system and process design. In addition, we provide our customers with helpful tips and services on the O₂ home page and in the O₂ forum. In the medium term, we hope to have our ISDSM certified in accordance with ISO 27001.



Protection of minors in the digital world_

These days, mobile phones are day-to-day multimedia companions, in particular for young people. We therefore see it as our responsibility to protect in particular minors from content which is problematic in the legal sense and to help them use digital media safely. We are currently working on an integrated strategy for the protection of minors, drawing on the vast experience of Telefónica Deutschland Group in its development and realisation. The strategy includes media education approaches, technical precautions and transparent pricing. We promote media skills with initiatives such as our Think Big youth scheme.

We observe the strict legal provisions of youth media protection in all of our activities, products and applications, and this is monitored by our youth protection officer. We are also a member of Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e.V. (Voluntary Self-Monitoring of Multimedia Service Providers, FSM e.V.) and have been subject to voluntary self-regulation of youth media protection in mobile telephony since 2007.



O₂ protect: programme for greater technical security

With the O₂ protect programme, we help our mobile-phone customers and their children to be better prepared for potential risks online. Our antivirus protection is based on the McAfee Antivirus & Security app and was a Stiftung Warentest (a well-known German consumer organisation) test winner in 2013. This all-round solution simultaneously protects up to five smartphones, tablet PCs or PCs from unauthorised access. In addition, parents can activate a child safety lock in order to determine where and for how long their children are allowed to surf.

Developing media skills with school materials

As part of the "Medien in die Schule" project (Media to Schools) we support the development of materials for schools dealing with the topic of young people and the Internet. These openly available teaching materials focus on data protection aspects and content dealing with the practical use of media; these can be found at www.medien-in-die-schule.de. In particular, we help teachers to show their pupils the options they have and to encourage pupils to use media creatively and skilfully. In addition to this project, we actively subscribe to the work of the Zentrum für Kinderschutz im Internet (Online Child Protection Centre, I-KiZ), a think tank created by Germany's Federal Ministry for Family Affairs.

"Using mobile phones – the guide for children and parents"

We are publishing a fully revised mobile-phone guide for children and parents together with Deutsches Kinderhilfswerk e.V. (German Children's Emergency Fund) for the third time. The child-friendly brochure introduces young mobile-phone users to important questions regarding the safe use of smartphones and mobile communication in an entertaining and age-appropriate way. As of 2016 the mobile-phone guide is now available for the first time in a dual-language version in German and Turkish, in cooperation with the Telefónica brand AY YILDIZ: www.dkhw.de/shop/handyguide-deutsch/ / www.dkhw.de/shop/handyguide-tuerkisch/



More data for fewer traffic jams_

— Telefónica Deutschland develops innovative data anonymisation method.

Road traffic is managed intelligently, eliminating traffic jams and reducing the accident rate. Buses and trains modify their timetables in real time. Street lights switch off automatically at night when there is no one around. What sounds like a vision of the future will be a smart city in reality sooner rather than later. Many of these innovative solutions are premised on it being possible to precisely record people's movements. The processes needed to do this have to meet the most stringent data protection requirements in order for the findings from the analysis of large data volumes to have a positive impact on individuals and society as a whole.

Telefónica Deutschland is developing such solutions itself using Advanced Data Analytics. To this end, we have developed our own data anonymisation process in close consultation with the data protection authorities and have applied for patent protection. We ensure that no inferences can be made about individual users based on the analysis

and that all the data used remains entirely anonymous. In addition, the individual process steps are assigned to multiple separate high-security data centres. With this Data Anonymisation Platform (DAP), we go above and beyond the statutory requirements in Germany.

Irrespective of the technical processes used, it is important that people maintain control over their data and that everyone can make a personal choice at any time regarding how their data is used. We firmly believe that this is the only way in which we can achieve broad acceptance of the opportunities offered by big data being used for society and the economy. Our motto is therefore "We choose it all." At telefonica.de/dap, customers can check at any time how their personal data is used in this new process and can make amendments if need be. This service is available to all customers of the O₂ and E-Plus networks.

Chapter [5]

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Protecting the Environment

- 5.1 — Environmental Management
- 5.2 — Energy and CO₂ Emissions
- 5.3 — Conservation of Resources
- 5.4 — Mobile Communication and Health
- 5.5. — **Future-Proof, Decentralised and Environmentally Friendly:
the Combined Heat and Power Plant**

Systematic protection of the environment



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We aim to reduce the impact of our business operations on the environment. However, it is also important to us to help create awareness of how every individual can do their part in protecting our planet. The Telefónica, S.A. standards that apply throughout the Group and the newly developed environmental guidelines serve as our principles of action. The national environmental goals are adopted by the management of the Telefónica Deutschland Group annually. The control and management of these goals are the responsibility of the Environmental Management Officer, the CR department and a cross-divisional committee. The goals are implemented by the departments. Our environmental-management system has been certified in accordance with ISO 14001 since 2004. Nearly 80% of all our offices are thus covered.

In 2015 we established a climate protection and energy efficiency strategy for the merged company, focusing on:

- the procurement of goods and services, in particular energy
- the use of our own efficiency and climate protection potential with regard to the network, office space and mobility
- our portfolio of products and services under the heading of green services.

We emphasise our commitment in this area with our involvement in Europe's biggest environmental initiative, the Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V. (German Environmental Management Association, B.A.U.M.), of which we have been a member since 2011.



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Higher energy efficiency and decreasing emissions_

Climate protection and energy efficiency are topics that impact the entire Telefónica Deutschland Group value chain. Our highest resource consumption and thus greatest cost factor is that of energy. To continually improve in this area, we formulated operational principles which are backed up by clear structures, defined processes and a reliable data pool: we buy responsibly, avoid consumption wherever possible and focus on energy-efficient technology.

have an influence on procurement and contracts, and we have done so in full, without the additional purchase of compensation certificates. As a result, 74 % of the total electricity consumed by the network, shops, call centres and office space comes from renewable energy sources. Renewable energy sources are also being prioritised in our own buildings. At the new mobile-communications logistics site in Harsewinkel, for example, we are using geothermal energy and photovoltaics with a rated output of 1,500 kW.



Priority given to renewable energy sources

We are supporting Germany's energy transition with our own strategy for the use of green energy by 2020 in order to reduce our carbon emissions. We have already made the transition to renewable sources of energy in almost all areas where we

Efficient network technology as key starting point

To keep our energy consumption and carbon emissions as low as possible, we use network technology as the most important lever. At approximately 95 %, network technology



Energy consumption 2011–2015

	Unit	2011	2012	2013	2014	2015
Total energy consumption ¹	GWh	508	511	514	620	859
Total electricity consumption	GWh	484	486	490	590	817
of which network ²	GWh	455	463	468	561	776
of which offices, shops, call centres	GWh	29	23	22	29	41
Total fuel consumption	GWh	24	25	24	30	42
Energy from renewable sources	GWh	289	340	284	354	602
Share of total energy consumption from renewable sources	%	60	70	58	60	74

¹ The merger with the E-Plus Group as of 1 October 2014 means that the figures regarding energy and carbon emissions are only comparable with those of the previous year to a limited degree. The 2014 figures accordingly include the figures for the Telefónica Deutschland Group for the entire financial year 2014 and the figures for the E-Plus Group for the fourth quarter of 2014. For 2015 in contrast, all quarters were included for the relevant categories.

² 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.

GHG emissions 2011–2015³

	Unit	2011	2012	2013	2014	2015
Total CO ₂ emissions	tCO ₂ eq	240,319	241,343	242,145	292,372	403,140
Direct emissions (Scope 1)	tCO ₂ eq	5,656	5,955	5,825	7,079	9,541
Indirect emissions (Scope 2)	tCO ₂ eq	230,696	231,062	232,776	281,303	388,257
Other indirect emissions (Scope 3) ⁴	tCO ₂ eq	3,966	4,326	3,544	3,990	5,342

³ CO₂ emissions are calculated on the basis of ISO 14064, the Greenhouse Gas Protocol and ITU-T L.1420. Conversion of electricity consumption into CO₂ emissions is carried out using a uniform Germany-wide conversion factor of 475.41 g CO₂ per kWh. The conversion does not take into account the fact that a 74 % share of this electricity (previous year: 60 %) was sourced from renewable energy. CO₂eq = CO₂, CH₄ & N₂O.

⁴ Other indirect emissions (Scope 3) as a result of business travel.

accounts for the majority of our electricity consumption. We have actually exceeded our declared goal of reducing energy consumption in this area by 30 % by 2015 per customer connection in comparison to 2007, achieving a reduction of 34 %.

34 %

Energy saved per customer connection



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In addition to other energy saving measures, we are creating suitable structures, including an energy manager, who has already been appointed, and an energy team, which is in the process of being formed. And in 2016 we will introduce an energy management system in accordance with ISO 50001 which also has external certification.

In addition, we continue to invest in new technical equipment: modern network technology, improved software, efficient rectifiers, optimised air conditioning and free cooling systems. Thanks to these measures, our total electricity consumption increased only marginally compared with 2014 in spite of using new network capacities. As part of network consolidation, more than 4,000 2G and upward of 2,000 3G base stations are set to be modernised in 2016.

Leveraging the savings potential of operational processes

We set an example when it comes to saving electricity by switching the lights off at our offices in Munich, Hamburg and Dusseldorf for an hour for the annual Earth Hour instigated by the World Wide Fund for Nature (WWF). We also participate in Deutsche Post's GoGreen programme and in 2015 we offset 1,420 tonnes of carbon emissions caused by, for example, the sending of invoices. Wherever possible, we also replace business travel with videoconferences and teleconferences. Making it possible for employees to work from home rather than commuting and reducing our vehicle fleet emissions are further elements of a culture of change, which we continue to expand. And we continue to work on new, carefully targeted measures relating to our amended travel policy.

Green services: energy efficiency for Telefónica customers too

We are constantly expanding our range of sustainable services in order for our customers to benefit from greater energy efficiency too. We are already pioneers in the area of so-called smart meters. This easy-to-use technology allows electricity consumption to not only be measured but also managed and regulated in real time. With Telefónica Smart Meter Connect, for example, our customers can read their electricity, gas, water and heating meters remotely using mobile telephony.

The Telefónica Deutschland Group's global SIM is especially advantageous. It registers the nearest accessible mobile-phone network, irrespective of the user's domestic or foreign provider. This is especially practical in border regions, in the countryside and anywhere where there is insufficient network coverage. We can even offer all-in-one solutions ranging from smart meters to mobile-phone connections and an analysis platform.

Eco Index boosts environmental awareness

Since 2011 the Telefónica Deutschland Group has been helping its customers to better assess the environmental impact of their mobile phones with the Eco Index. On a scale of 0 to 5, the manufacturers assess, among other things, production, energy consumption, carbon emissions, the use of resources, and packaging. Environmental and social factors account for 75 % of the rating, with the remaining 25 % relating to functionality. In 2015 approximately 90 % of the mobile phones in the entire O₂ portfolio (smartphones and feature phones) bore an Eco Index rating.



Via a rating scale of 0 to a maximum of 5, it is possible to directly compare every mobile phone. More information is available at www.o2.de/eco-index.

Conserving resources and promoting recycling_

Increasing digitalisation is helping us to save valuable resources. For example, we give priority to sending documents such as customer letters in a paperless form by email, and the share of customer invoices issued online is above 90%. In all, we have reduced paper use by more than 60% in Germany since 2010, among other things by replacing old printers. While 1,817 tonnes of paper were used by the Telefónica Deutschland Group in 2010, this had fallen to merely approximately 700 tonnes for the merged company in 2015. In addition, since 2014 we have been using certified Blauer Engel (Blue Angel) recycled paper at all Telefónica Deutschland Group offices (excluding E-Plus Group). And in the O₂ shops, environmentally friendly paper bags replaced plastic bags in 2013.

Ecologically compatible network consolidation

The merger between the Telefónica Deutschland Group and the E-Plus Group is allowing us to dismantle several thousand base stations by 2018. In the course of this network consolidation, we are paying close attention to recycling reusable materials and are only working with certified waste management companies.

Uniform waste disposal standard to be introduced

In early 2015 we set ourselves the goal of developing uniform guidelines for electrical waste, batteries and cardboard packaging in the course of the year under review. These guidelines were then adopted in January 2016. The plan is now to give the employees responsible for these areas specific training in the standards and procedures.

Responsibly disposing of hardware

We give IT equipment which is no longer usable to the not-for-profit company AfB gemeinnützige GmbH. AfB stands for Arbeit für Menschen mit Behinderung (Work for People with a Disability). AfB guarantees the certified deletion of the hard drives, cleans the equipment and sells it on with a warranty of at least twelve months. Hardware that no longer works is disposed of expertly.

The mobile-phone recycling programme that we set up in 2015 works according to the same principle. The Telefónica Deutschland Group collected 45,812 old mobile phones in the year under review, 40,429 of which were recycled and 5,383 were remarketed. We will collect at least as many old mobile phones again in 2016. For every device we collect, we make a donation to Naturschutzbund Deutschland e.V. (Nature and Biodiversity Conservation Union, NABU) for the renaturation of the lower Havel.



Mobile-phone recycling



Expansion of the mobile network: safe and dialogue-oriented_

The Telefónica Deutschland Group stringently observes the statutory regulations and electromagnetic limits applicable to mobile phones and mobile network base stations. This equally applies to our network maintenance and expansion of the LTE standard. As such, we continue to observe the voluntary commitment we made to the German Government in 2001 and this compliance is verified on the basis of regular examinations. We also see the local authorities as important partners for the reliable establishment and expansion of our telecommunications infrastructure. One example of this is the Telefónica Deutschland Group's long-standing involvement in the Mobilfunkpakt Bayern (Bavarian Mobile-Phone Pact), which entails information and participation opportunities coupled with an optional promotional programme for mobile-telephony measurements and forecast calculations for electromagnetic fields conducted by independent experts.

Telefónica supports research and risk communication

We promote research and transparency measures regarding electromagnetic fields (EMF). We are supporting the Mobi-Kids study by means of data delivery. This study is looking at whether communication technologies represent a risk factor for the development of brain tumours in children and adolescents. In Germany, the Mobi-Kids study is being conducted by the Ludwig-Maximilians-Universität München (Ludwig Maximilians University of Munich) and is financed by the German Federal Office for Radiation Protection and the European Commission, among others. We are also supporting measurement work being conducted on high-frequency electromagnetic fields in everyday conditions at the Technische Universität Ilmenau (Ilmenau University of Technology) and we manage the online information service of Informationszentrum Mobilfunk e.V. (Mobile-Telephony Information Centre, IZMF) together with Deutsche Telekom.





Future-proof, decentralised and environmentally friendly_

— A combined heat and power plant in Dusseldorf generates electricity and cooling for Telefónica Deutschland using biogas.

We will be successful in the long term if we reconcile environmental protection with profitability. We demonstrate how we make optimum and sustainable use of energy at our site in Dusseldorf, for example.

The data centre there contains more than 1,500 hardware components spread over 1,700 m². This high-security complex not only provides the company sites with the IT services they need – it is also where the data of millions of customers is kept. And as the mobile-telephony network continues to expand, the data centre's energy and cooling requirements increase. For the benefit of the environment, we therefore opt for a decentralised supply of energy for our buildings and technology – with our own environmentally friendly power plant, which runs on biogas.

The combined heat and power plant located in the Unterrath district of Dusseldorf has been providing the data centre

with electricity and cooling since 2012. This plant, which belongs to the company, uses a well-known but nevertheless innovative process in which heat and evaporation are used to generate cooling. The plant boasts electrical output totalling 900 kilowatts and 85 % energy conversion efficiency. Its only emissions are steam and a small proportion of CO₂. Our biogas-based heat and electricity generation is as good as carbon-neutral as it uses renewable resources, putting bio-waste to good use to produce energy. This modern form of energy generation allows us to reduce our carbon emissions by around 4,700 tonnes per annum when run at full capacity.

The contract between the owner Telefónica Deutschland Group and the operating company runs until 2022. Its extension beyond this date is an important option for our company, as the combined heat and power plant in Dusseldorf is a prime example of how environmental benefits can be reconciled with what makes sense financially.

Chapter [6]

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Facts & Figures

- 6.1 — Table of Key Figures
- 6.2 — Awards
- 6.3 — Memberships
- 6.4 — CR Targets
- 6.5 — Independent Assurance Report
- 6.6 — GRI G4 Content Index
- 6.7 — Imprint

Overview of key figures for 2015

The key figures are not comparable with those of the previous year due to the merger between the Telefónica Deutschland Group and the E-Plus Group in 2014. The CR Report covers the figures of Telefónica Deutschland Group for 2015.

Key figures	Unit	2015
Economic key figures		
Revenues	Euros in millions	7,888
Operating result (OIBDA)	Euros in millions	1,804
Payments to employees	Euros in millions	655
Capital expenditure	Euros in millions	1,032
Not including spectrum investments in the amount of EUR 1,198 million in June 2015 (including capitalised borrowing costs)		
Payments to public authorities	Euros in millions	715
Investment in research and development	Euros in millions	293
Certificates: quality (DIN EN ISO 9001), environment (DIN EN ISO 14001)	%	100
Customers		
Total number of connections	Number	48,363,000
Fixed line connections	Number	1,997,810
Mobile connections	Number	43,063,000
Broadband connections	Number	2,098,020
Other connections	Number	1,204,630
Customer satisfaction index	Index	7.47
Supply chain		
Purchasing volume	Euros	3,537,399,042
of which volume with suppliers in Germany	Euros	2,388,521,376
Suppliers	Number	828
of which suppliers in Germany	Number	597
Proportion of domestic suppliers	%	72.10
Proportion of volume of domestic suppliers	%	67.52
Number of supplier audits (SUMA)	Number	41
Compliance		
Proportion of employees given training in the business principles	%	83.10
Proportion based on number of Telefónica Germany GmbH & Co. OHG employees not including employees on leave and excluding external consultants (staff count: 4,719)		
Incidences of corruption, discrimination, violation of the business principles, anti-competitive practices, infringements of competition law or monopolistic practices, complaints regarding environmental impacts	Number	1
One investigation was launched on the basis of whistle-blower information, revealing a conflict of interests.		
Benefits for political parties	Euros	0
Infringements of data protection legislation	Number	3
Another case was concluded at the end of 2015. In addition, in 2015 Telefónica Deutschland Group reported 71 data protection incidents to the German Data Protection Regulation Authority as per Section 109a of the German Telecommunications Act.		
Justified objections to advertising conduct	Number	22

Key figures	Unit	2015
Society		
Donations and investments		
Donations to and investments in not-for-profit projects	Euros	172,112
The monetary value of the time donated in the amount of EUR 26,350 was not taken into account.		
Donations by type of contribution		
Financial contributions	Euros	151,873
Time	Euros	26,350
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.		
Donations in kind	Euros	20,238
Participants in Think Big (young people)	Number	19,518
Participants in the corporate volunteering programme (employees)	Number	42
There was relatively little corporate volunteering due to the merger between the Telefónica Deutschland Group and the E-Plus Group.		
Employees		
Total number of employees (not including inactive employees at the reporting date of 31 December 2015)	Number	8,803
Unless otherwise indicated, the figures for 2015 presented here and in the report comprise both salaried and temporary employees at the reporting date, 31 December 2015. The difference compared with the figure of 9,646 employees as published in the Annual Report 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.		
Salaried employees within the total staff count	Number (FTE)	8,316
Part-time employees	Number	1,528
Salaried employees	Number	8,022
Not including working students and interns but including temporary staff; not including TGR (Telefónica Global Roaming) and TGS (Telefónica Global Services).		
Employees working from home	Number	314
Employees to whom collective wage agreements apply	Number	7,170
Women in the workforce	Number	3,314
Equates to a proportion of women in the total workforce of 39.9%.		
Women in senior management	Number	10
Proportion of women in senior management	%	15.2
Total number of senior managers	Number	68
Female management members	Number	2
Female management members	%	14
Difference in salaries for men and women: percentage of women's average pay compared with average for men	Difference in %	0.79
Difference in salaries of men and women in senior management	Difference in %	0.85
Difference in salaries of men and women in middle management	Difference in %	0.95
Difference in salaries of male and female managers (rest of workforce)	Difference in %	0.83
Employees with disabilities	Number	229
Average age of employees	Years	39.5
Detailed list by age and gender on p. 33.		
Average length of service	Years	8.92
Proportion of female employees	%	39.90
Total expenditure on training	Euros in thousands	5.75
Training hours	Number	172,574
Unless otherwise indicated, the figures for 2015 presented here and in the report comprise both salaried and temporary employees at the reporting date, 31 December 2015. The difference compared with the figure of 186,500 training hours as published in the Annual Report relates to inactive employees who are not taken into account in sustainability reporting.		
Average training hours per employee	Number	19.60
Participants in training sessions	Number	8,819
Due to fluctuations in the course of the year, this figure is larger than the total number of employees as determined after the reporting date, 31 December 2015.		
Trainees	Number	120
Employee satisfaction (Reflect score)	Points (max.: 100)	67

Key figures	Unit	2015
Employees		
Staff turnover	Number	2,099
Staff turnover	%	22.1
Unless otherwise indicated, the figures for 2015 presented here and in the report comprise both salaried and temporary employees at the reporting date, 31 December 2015. The difference compared with the figure of 21.8% as published in the annual report relates to inactive employees who are not taken into account in sustainability reporting. Detailed list by age and gender on p. 33.		
New employees	Number	547
New employees	%	5.8
Voluntary exits (voluntary rotation index)	%	5.5
Employees who have taken parental leave (men/women)	Number	757 (218 men, 539 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. 34.		
Health protection and occupational safety		
Absenteeism rate	Rate	10,401.09
(Number of lost days/total number of working days in 2015) × 200,000		
Accident rate (IR)	Rate	0.19
(Total number of accidents/working hours in 2015) × 200,000		
Lost days rate (LDR)	Rate	2.09
(Lost days resulting from work accidents/working hours in 2015) × 200,000		
Number of work-related illnesses	Number	0
Lost days recorded due to workplace accidents	Number	199
Mortalities	Number	0
Workplace accidents resulting in lost days	Number	18
Lost days recorded due to any form of incapacity to work	Number	241,853
Hours of training in health protection and occupational safety	Hours	4,501
Medical examinations performed	Number	364
Environment		
Energy and carbon emissions		
Total energy consumption	GWh	859
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. 41.		
Electricity consumption	GWh	817
of which by the network	GWh	776
of which by offices, shops, call centres	GWh	41
Proportion of electricity consumption relating to renewable energies	%	74
Total fuel consumption	GWh	42
Energy from renewable energy sources	GWh	602
Energy intensity	kWh/ea MWh/emp	27.2 4.3
Energy consumption per fixed line and mobile connection in the Telefónica networks (kWh/ea) => 776 GWh network energy consumption/28,483 equivalent connections;		
Energy consumption in offices per employee (MWh/employee) => energy consumption of offices, shops, call centres 41 GWh/average number of employees 9,511		
Total emissions	tCO ₂ eq	403,140
Carbon emissions (incl. Scope 1 and Scope 2 as shown below) 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. This is 475.41 g of CO ₂ per kWh, irrespective of the fact that 74% of this was sourced from renewable energy sources (previous year: 60%). CO ₂ eq = CO ₂ , CH ₄ and N ₂ O.		
Direct emissions (Scope 1)	tCO ₂ eq	9,541
Indirect emissions (Scope 2)	tCO ₂ eq	388,257
Other indirect emissions (Scope 3)	tCO ₂ eq	5,342
Other indirect emissions (Scope 3) due to business travel.		
Emissions avoided	tCO ₂ eq	281,867
Greenhouse gas intensity	kgCO ₂ eq/ea	14.00
GHG emissions (Scope 1 and 2) per fixed line and mobile connection (kg CO ₂ eq/ea)/28,483 equivalent connections		

Key figures	Unit	2015
Environment		
Water		
Water consumption	m ³	87,127
The water consumption data is partly based on projections.		
Material consumption/waste management		
Total paper consumption	Tonnes	705.29
Paper consumption (offices, shops, call centres)	Tonnes	138.65
Of which consumption of recycled paper in offices, shops, call centres: 26.38 tonnes. We have a recycling rate of 96.3% in the previous Telefónica Deutschland Group offices. The E-Plus offices and all shops and call centres do not currently use recycled paper; the recycling rate here therefore totals 19%.		
Certified paper (e.g. FSC, Blauer Engel (Blue Angel))	%	100
The recycled-paper proportion of 19% comprises all paper with the Blauer Engel environmental certificate. All other standard paper used bears the EU Ecolabel.		
Paper consumed for customer contact (letters, envelopes, invoices)	Tonnes	566.64
Total waste	Tonnes	1,663.92
Electrical and electronic equipment waste from network operation and offices (e.g. antennae, outdated hardware, routers)	Tonnes	279.19
of which electronics and electronic equipment waste from network operation and offices (recycled)	Tonnes	56.73
of which mobile phones from customers	Tonnes	10.58
a) Recycled mobile phones from customers		4.49
b) Customers' mobile phones sent in for reprocessing		6.09
of which electrical and electronic equipment waste from customers without mobile phones (100% recycling/reuse)	Tonnes	211.88
Waste from non-electrical/non-electronic equipment	Tonnes	1,384.73
of which paper and card waste (100% recycled)	Tonnes	34.89
of which cables, pipes and metals (100% recycled)	Tonnes	1,285.52
of which batteries (100% recycled)	Tonnes	61.93
of which used lighting (100% disposal)	Tonnes	2.39
Used oil	m ³	0.02
Fuel tanks	Number	58
Number of old mobile phones collected	Number	100,182
The number of used mobile phones includes mobile phones which are brought into the recycling process, and refurbished in the reuse process. In 2015 40,429 used mobile phones were recycled (through melting) and 5,383 refurbished. In addition, for reuse Telefónica Deutschland Group received more 54,370 used mobiles outside the mobile phone recycling programme.		
Donation made for old mobile phones collected	Euros	81,437
For every old mobile phone collected in the mobile-phone recycling programme (45,812 old mobile phones in 2015), the Telefónica Deutschland Group makes a donation to the Naturschutzbund Deutschland e.V. (Nature and Biodiversity Conservation Union, NABU) for nature conservation projects.		
Eco Index-rated mobile phones	%	89.66
Number of devices in the Telefónica Deutschland Group's current portfolio of smartphones and feature phones (no retailers) that feature an Eco Index rating.		
Transmitter mast locations		
Total number of locations	Number	Just under 44,000
Locations in nature reserves	Number	81
Locations shared with other network operators	Number	5,004
Electromagnetic-field readings	Number	3,739
Investments in and expenditure on measurement of electromagnetic fields	Euros	3,264,260
Environmental management		
Environmental training for employees	Hours	182
Training includes online and face-to-face training modules.		
Expenditure on and investments in environmental protection	Euros	445,182
Expenses 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.		

CR-relevant awards received in 2015_



Deutscher Investor Relations Preis (German Investor Relations Award) 2015

- The market research company Extel, WirtschaftsWoche and the Deutscher Investor Relations Verband (German Investor Relations Association, DIRK) have rewarded the achievements of the most important exchange-listed firms in Germany with the Deutscher Investor Relations Preis for the 15th time.
- The ranking is based on a survey of around 15,000 capital market experts.
- The Telefónica Deutschland Group received first place in two categories: best investor communications in the TecDAX and best IR manager of a TecDAX company.



DIE WELT Service Champions

- O₂ named industry champion in telecommunications sector for 4th time.
- Evaluation is based on around 1.5 million customer evaluations and assesses how many of those surveyed had a good customer service experience with the specified company.



Deutscher Fairness Preis (German Fairness Award) 2015 from Deutsches Institut für Service-Qualität (German Institute for Service Quality, DISQ) and n-tv

- In the mobile-services provider category, our partner ALDI TALK (1st place), the Telefónica brand Blau (2nd place) and simyo (3rd place) are Germany's fairest mobile-services brands.
- Over 400 companies from 35 different sectors were assessed; the DISQ surveyed around 45,000 customers for their opinions regarding value for money, reliability and transparency.



connect customer barometer for mobile services

- Image, customer service and perceived network quality are the three main criteria assessed in the customer barometer for mobile services prepared by the industry journal connect.
- "Good" for O₂ in June 2015, 85% of those surveyed consider voice quality to be good or very good, 70% consider data performance to be good or very good; overall, more than 1,200 customers evaluated their provider for the barometer.



FLOQ Awards 2015

- The Telefónica networks (O₂ and E-Plus) won in four categories of a user network test carried out by the independent crowdsourcing community Friends of Quality.
- Wins were achieved in the categories "LTE network test", "UMTS network test", "value for money" and "Groupies".



Customers' choice 2015

- In cooperation with DEUTSCHLAND TEST and Focus-Money, the Cologne-based analysis and consulting firm ServiceValue evaluated over one million sources.
- More than 500 brands from 44 sectors were assessed with regard to price, quality, service and image.
- Telefónica brands received top placements in DEUTSCHLAND TEST 2015 with two "silver" awards (AY YILDIZ and O₂) and two "bronze" awards (simyo and Blau).
- In the area of customer service, O₂ received the overall rating of "very good" (based on several individual assessments, including value for money and highest satisfaction regarding adherence to deadlines, fair dealings and cost transparency).



connect hotline test 2015

- Every year, the hotline test of the magazine connect takes a close look at the quality of advisory services offered by telecommunications providers.
- O₂ placed first (only provider to receive rating of "very good"); BASE, ALDI TALK, FONIC and Blau received a rating of "good".



CHIP: Blau has the most satisfied customers

- Following a survey by the Deutsches Institut für Service-Qualität (German Institute for Service Quality, DISQ) on behalf of the specialist magazine CHIP, Blau has the most satisfied customers.
- Over 8,000 users participated in the survey, which confirmed the high level of satisfaction among Blau customers, both with customer service and the products.
- The assessment included, among other things, the range of tariffs and contract terms on offer: both categories in which Blau leads the field as well.









Telefónica Deutschland memberships

Our cooperations and memberships are based on clear rules and targets. We want to support the exchange of information surrounding issues of economic and social relevance and be part of initiatives promoting responsible action. We only become members of organisations if we believe that membership will support our operations and enable us to make a useful contribution to society.







Membership	since	Target	Website
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
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; CEO Thorsten Dirks will be elected Bitkom president in 2015	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 Startups 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 throughout the value chain with the aim of realising climate-friendly, more efficient and therefore more intelligent energy supply for industrial users	www.cleanpowernet.de
eco – Verband der Internetwirtschaft e.V. (Association of the Internet Industry)	2002	Companies from the IT and telecommunications industries	www.eco.de
Europäische Bewegung Deutschland e.V. (European Movement Germany)	2008	Network for European policy in Germany	www.netzwerk-ebd.de
FSM – Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e.V. (Voluntary Self-Monitoring of Multimedia Service Providers)	2005	Promotion of the protection of young people (e.g. code of conduct for mobile-telephony providers in Germany for the protection of young people)	www.fsm.de
GSM Association – global industrial body representing the interests of GSM mobile-telephony providers	2008	Combating the portrayal of child sexual abuse on the Internet	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
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

Target attainment status for 2015_

In order to pursue our CR strategy consistently and with the long term in mind, we have defined targets for our CR management in various areas; these goals will be reviewed annually and supplemented by new measures if deemed necessary. We use the assigned key figures to manage our activities and determine the progress we have made toward achieving these defined goals.

Subject area	Commitment	Targets/measures	As of 31 December 2015
Employee diversity	We will increase the number of women in upper management positions.	In order to achieve a gender ratio in upper management positions of 75:25 by 2017: — we will support women in assuming positions of management and — we will achieve a 10% increase in 2015 in women assuming positions of management compared to the previous year.	
Employee satisfaction	We will promote an effective transformation process together with our employees.	— We will in 2015 achieve an above-average result in our employee survey Reflect. — We aim to run transformation workshops for all employees by the end of 2015.	
Compliance	We will further reinforce our compliance management system (CMS) in the company.	In 2015: — we will update the existing guidelines dealing with combating corruption, bribery and conflicts of interest and — implement two Web-based modules on compliance training and introduce new guidelines for gifts and hospitality.	
Security	We will further optimise corporate security (CS) in the company.	In 2015 we will: — continue to work on an integrated approach to security, — establish a coordinated disruption management process and — activate a corporate security emergency centre (CSEC).	
Data protection	The protection of personal data has top priority with regard to all products and all of our processes.	In 2015 we will implement an integrated data protection management system for the new company. We will: — introduce guidelines and new templates for order data processing (ODP) company-wide, — conduct external and internal audits and evaluations and — continuously provide advice and training to the various divisions.	
Health management	We will expand health management activities in the company.	By the end of 2015 we will: — introduce a governance model for an integrated health management system, — establish a comprehensive operational supervisory body for all company-wide health management activities and — introduce an employee assistance/care programme (EAP).	
Protection of minors	We will commit ourselves to making the Internet safer for minors.	In 2015 we will: — integrate information for customers with regard to E-Plus Group and Telefónica Deutschland Group activities aimed at protecting minors and jointly provide information for customers online, — develop a vertical product and a commitment strategy for a sustainable and future-oriented portfolio concerning the protection of minors for a digital telecommunications company, and implement this by the end of 2016, and — participate in the Zentrum für Kinderschutz im Internet (Online Child Protection Centre, I-KiZ), play an active role on the Management Board of Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e.V. (Voluntary Self-Monitoring of Multimedia Service Providers, FSM) and establish an online help channel for minors.	
Digital solutions	We will develop digital solutions that simplify people's lives and protect the environment at the same time.	In 2015 we will realise use cases that enable customers to: — employ telematics insurance to drive more safely and in a more environmentally friendly way and save fuel by driving more efficiently, — reduce emissions through driving more safely and more efficiently through the use of the product O ₂ Car Connection and — reduce emissions by driving more safely and more efficiently thanks to using the product O ₂ Fleet Management; this would lead to a significant reduction in CO ₂ emissions. By the end of 2016 we will together with our partners provide several hundreds of households and companies with intelligent products in the area of saving energy. These products will grant them greater transparency with regard to their energy consumption and can improve energy efficiency.	

Legend: Target not attained  Target partly attained  Target fully attained 

Subject area	Commitment	Targets/measures	As of 31 December 2015
Think Big	We will use our programme for young people, Think Big, to inspire and enable young people to gain further digital skills, develop their own ideas and implement these in projects for the public good.	In 2015 we will inspire and enable more than 20,000 young people through Think Big.	
Environment and strategy	We will firmly embed environmental and climate protection at a strategic level in our internal processes.	In 2015 we will: <ul style="list-style-type: none"> — develop an integrated strategy for climate and environmental protection for the new company, — implement and communicate sustainability guidelines for Telefónica Deutschland Group and — establish and communicate new global environmental guidelines and a new environmental-management standard in Germany. 	
Energy and environment	We will systematically reduce energy consumption and CO ₂ emissions and promote the use of renewable energy sources.	We will: <ul style="list-style-type: none"> — in 2015 develop energy efficiency targets (for up to 2020) and measures (to be implemented by 2018) for our technical sites and offices, call centres and shops, — reduce our network energy consumption by 30% per customer line by 2015 (basis year 2007), — by 2016 switch to sourcing 100% of electricity from renewables at our technical sites and in our offices and shops where we have control over electricity procurement, — define a long-term strategy regarding renewable energy sources for the new company for up to 2020, — by 2016 dismantle several thousand base stations in the course of consolidating the network, taking into account ecological factors and — further promote climate protection pilot projects (pilot projects for the exchange of conventional air conditioning systems as well as the use of fuel cells as an emergency power supply instead of batteries). 	
Conservation of resources	We will promote activities that help to minimise the environmental impact of Telefónica Deutschland Group products and business activities.	<ul style="list-style-type: none"> — By 2016 we will introduce recycled paper with Blauer Engel (Blue Angel) certification as the standard type of paper in the merged companies. — By 2015 at least 75% of our smartphones and feature phones on average will feature an Eco Index label following the consolidation of the E-Plus and Telefónica Deutschland product portfolios. We will work together with telecommunications companies and non-governmental organisations in making content-related improvements to the eco-rating tool. — From 2014 to 2015 we will collect a total of 50,000 mobile phones. This will increase customer awareness of our mobile-phone recycling programme among private and business customers. 	
Mobile communication and health	We will support research in the area of electromagnetic fields and continue to educate people with regard to this issue.	In 2015 we will again support the Mobi-Kids study being carried out by Ludwig-Maximilians-Universität München (Ludwig Maximilians University of Munich). The study's focus is on conducting research into risk factors for brain tumours in young people.	
Supply chain	We promote sustainable procurement and supplier management.	By 2015 we will be pursuing the following goals: <ul style="list-style-type: none"> — review and update all local procurement policies in due consideration of global guidelines to ensure current aspects of sustainability are taken into account and — re-evaluate all internal procurement processes in order to better integrate sustainability criteria into local procurement processes and decisions. <p>By 2016 we will review and update the contractual annexes regarding environmental protection and quality assurance in our buying process.</p>	

Legend: Target not attained  Target partly attained  Target fully attained 

CR Targets for 2016 to 2020_

Focus area: responsible business

Subject area	Commitment	Targets/measures
Data protection	The protection of personal data has top priority with regard to all products and all of our processes.	In 2016 we will concentrate on the following activities: <ul style="list-style-type: none"> — 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 and — improving the monitoring and notification of data protection faults and deficiencies through internal processes, communications and guidelines.
Data protection Data security	We will further reinforce our data security processes.	In the area of corporate security, we will focus on the following measures in 2016 and 2017: <ul style="list-style-type: none"> — 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 and — starting security assessments in the Telefónica Deutschland Group.
Fair partnership Employees	We will promote an effective transformation process together with our employees.	In 2016 we will be shaping 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	We will increase the number of women in upper management positions.	Our goal is for the Supervisory Board to be 30 % female, for the Management Board to be 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	We will continuously develop our employees further.	By the end of 2017 we will implement redefined vocational training and Duales Studium ("dual studies") programmes as well as new individual coaching and mentoring schemes.
Fair partnership Employees Health management	We will further improve health management activities throughout the company.	In 2016 we will concentrate on the following activities: <ul style="list-style-type: none"> — expanding health measures, childcare and emergency services to cover all locations, — enabling flexibility for employees by providing tailor-made and modular services and — developing and improving new health management guidelines (in line with DIN EN ISO 45001:2016).
Fair partnership Customers	We want our customers to perceive us as a fair mobile-telephony provider.	In 2016 we want to achieve the following: <ul style="list-style-type: none"> — enhanced mobile personal overview via the My O₂ app which is transparent and provides real-time information, — continuation of measures according to fair partnership with our customers and — 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	We will provide our customers with optimum service and the best experience in every respect.	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: <ul style="list-style-type: none"> — increase 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 and — provide benefits for young people and disabled people.

Focus area: responsible business

Subject area	Commitment	Targets/measures
Fair partnership Customers O ₂ Guru	We will make sure our customers are prepared for life in the digital world.	By the end of 2016 O ₂ Gurus: <ul style="list-style-type: none"> — will have helped prospects and customers across all age groups to resolve technical issues 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 reached and digitally inspired 720,000 people with our hotline Gurus in our contact centres, 150,000 people with our chat and video Gurus in our online channel and 85 % of our customers with our shop and partner shop Gurus, — will have further developed our inspiring Guru online platform providing digital content with more than three million views a year, — will have offered 850 Guru workshops on several digital topics for different age and interest groups at the O₂ live stores and other stores and — taught parents and children how to use the Internet safely via a special Guru workshop.
Fair partnership Customers Protection of minors	We will commit ourselves to making the Internet safer for minors.	<ul style="list-style-type: none"> — 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	We will promote sustainable procurement and supplier management.	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: <ul style="list-style-type: none"> — the ESG criteria will be reviewed as part of the SUMA evaluation process, — all buyers will be provided with relevant information regarding sustainable supplier management and — the most sustainable suppliers will be recognised together with stakeholders by the end of 2017.
Compliance Supply chain	We will review and minimise the risks in our 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 TGS to mitigate the risks identified.
Compliance	We will further reinforce our compliance management system (CMS) in the company.	Re-evaluate our compliance training concept for all employees at Telefónica Deutschland and implement these in 2016.

Focus area: improving life in the digital world

Subject area	Commitment	Targets/measures
Digital inclusion Think Big	We will use our programme for young people, Think Big, to inspire and enable young people to gain further digital skills, develop their own ideas and implement these in projects for the public good.	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: <ul style="list-style-type: none"> — 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 and — have reached and digitally inspired a further 9,000 young people.
Digital inclusion Tablet-PCs für Senioren (Tablet PCs for Senior Citizens)	We will make it easier for elderly people to access digital and mobile media.	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.

Focus area: improving life in the digital world

Subject area	Commitment	Targets/measures
Digital inclusion Customers	We will make people enthusiastic about digital solutions.	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 have implemented at least 40 stores following the strategy mentioned above Germany-wide. A larger roll-out scenario is being evaluated.
Enhancing quality of life Customers	We will develop digital solutions that simplify people's lives and protect the environment at the same time.	<ul style="list-style-type: none"> — Conduct pilot projects in the field of smart homes, fleet management, energy management, etc. that makes 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 several hundreds of additional households and 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: protecting the environment

Subject area	Commitment	Targets/measures
Energy and CO₂ Own operations	We will further reduce energy consumption and CO ₂ emissions.	By the end of 2016, in the area of energy and CO ₂ management, we will: <ul style="list-style-type: none"> — have set new public energy saving targets for reductions in consumption and CO₂ emissions for 2016–2020 and — have created an energy efficiency measure plan for up to 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 CO₂ Supply chain	We will further break down the CO ₂ emissions in our supply chain.	— Expand 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.
Energy and CO₂ Own operations	We will promote the use of renewable energy sources.	Reduce CO ₂ emissions through green energy by 2020. Approximately 100% of electricity consumed at the technical sites, offices and our own call centres and shops, for which Telefónica Deutschland Group has control over power procurement and contracts, will be supplied annually from renewable sources.
Energy and CO₂ Own operations	We will further optimise our energy management systems.	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 have developed and implemented an energy management system incl. reduction measures.
Energy and CO₂ Supply chain	We will take environmental aspects into account to a greater extent with regard to our procurement.	In the course of the E-Plus 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.
Energy and CO₂ Own operations	We will further reduce emissions in the area of mobility.	In coming years, we will in the areas of CO ₂ management and mobility achieve: <ul style="list-style-type: none"> — a reduction in average fleet emissions to 95 g CO₂/km by 2020, — a 10% reduction in CO₂ emissions arising from business travel (basis year 2015) by 2018 incl. review and development of a new travel policy and — the development and implementation of a new concept for emission-friendly travel to and from work by the end of 2018.

Focus area: protecting the environment

Subject area	Commitment	Targets/measures
Conservation of resources Own operations	We will use the ongoing digitalisation to help us save valuable resources.	We will conserve resources through the following measures: <ul style="list-style-type: none"> — By 2017 we will have standardised the usage of recycling paper with Blauer Engel (Blue Angel) certification in the new company. We will have evaluated and 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	We will promote activities that help to minimise the environmental impact of Telefónica Deutschland Group products and business activities.	<ul style="list-style-type: none"> — By 2016 we will recycle more mobile phones than the 46,000 we recycled in 2015 together with Naturschutzbund Deutschland e.V. (Nature and Biodiversity Conservation Union, NABU) 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	We will support research in the area of electromagnetic fields and continue to educate people with regard to this issue.	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).


Independent Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German printed version of the Telefónica Deutschland Holding AG CR Report 2015. The following text is a translation of the original German Independent Assurance Report.



To the Management Board of Telefónica Deutschland Holding AG, Munich



Our Engagement

We have been engaged to perform a limited assurance engagement on information marked with the symbol  in Telefónica Deutschland Holding AG's CR Report 2015 (referred to in the following as the report) for the reporting period from 1st January to 31st December 2015.

Limitations of our Engagement

Our engagement is limited to the information marked with a  symbol in its entirety in the German-language printed version of the CR Report. Information not marked with the symbol , forward-looking statements, information for previous years or references to other sections of the reporting and other sources have not been included in our engagement.


Criteria


We assessed the reporting against the criteria set out in the Sustainability Reporting Guidelines G4 issued by the Global Reporting Initiative (GRI). We believe that these criteria are suitable for our limited assurance engagement.

Management's Responsibility

The Management Board of Telefónica Deutschland Holding AG, Munich, is responsible for the preparation and the content of the reporting in compliance with the above-mentioned criteria. This responsibility includes the design, implementation and maintenance of internal controls for the preparation of a reporting that is free from material misstatements, in accordance with the above mentioned criteria and based on suitable methods for gathering source data, including judgements and estimates of the individual sustainability data.

Our responsibility

Our responsibility is to issue an assurance report on information marked with the symbol  in its entirety in Telefónica Deutschland Holding AG's CR Report 2015 for the reporting period from 1st January to 31st December 2015 based on our work performed for a limited assurance engagement.




We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised). This standard requires that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information marked with the symbol  in its entirety in Telefónica Deutschland Holding AG's CR Report 2015 is not in accordance, in material respects, with the above mentioned criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

We are independent from the company in compliance with German commercial law and professional requirements and the IESBA Code of Ethics for Professional Accountants (IESBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and we have also complied with our other professional requirements and the IESBA Code.


Ernst & Young GmbH's quality assurance system 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 Joint Statement by the German Chamber of Public Accountants and the Institute of Public Auditors on Quality Assurance in the Practice of Public Auditors VO 1/2006, which are in accordance with International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

Key Procedures

The performance of our engagement mainly involved the following work:

- 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 a  symbol in the CR 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 a review of the information marked with the  symbol in its entirety,
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing 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 head quarter office of Telefónica Deutschland Holding AG in Munich, and former E-Plus-Group in Dusseldorf.
- Analytical measures regarding the quality of the reported data,
- Critical review of the draft report to assess plausibility and consistency with the information marked with a  symbol.

Our conclusion

Based on our procedures performed to obtain a limited level of assurance, nothing has come to our attention that causes us to believe that the information marked with a  symbol in its entirety in Telefónica Deutschland Holding AG's CR Report 2015 for the reporting period from 1st January to 31st December 2015 has not been prepared, in all material respects, in accordance with the above mentioned criteria.


Munich, 10th May 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
German Public Auditor






Jessica Daiß
German Public Auditor

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 new 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 :



GENERAL STANDARD DISCLOSURES

Indicator	Reference	
Strategy and analysis		
G4-1	Statement from the most senior decision-maker	Foreword by the CEO (p. 4)
G4-2	Key impacts, risks and opportunities	Business Strategy (p. 9), CR Strategy (p. 10)
Organisational profile		
G4-3	Name of the organisation	Portrait of the Company (p. 5)
G4-4	Primary brands, products and services	Portrait of the Company (p. 5)
G4-5	Location of the organisation's headquarters	Portrait of the Company (p. 5)
G4-6	Countries with operations	Portrait of the Company (p. 5)
G4-7	Nature of ownership and legal form	Portrait of the Company (p. 5), AR (Management Report) p. 16 f.
G4-8	Markets served	Portrait of the Company (p. 5)
G4-9	Scale of the organisation	Portrait of the Company (p. 5), AR (Magazine) p. 63
G4-10	Total employees	Table of Key Figures for Employees (p. 48)
G4-11	Employees covered by collective bargaining agreements	Table of Key Figures for Employees (p. 48)
G4-12	Supply chain	Supplier Management (p. 29 f.)
G4-13	Significant changes to the size, structure and ownership	AR (Consolidated Financial Statements) p. 81 ff.
G4-14	Implementation of the precautionary principle	Compliance (p. 14 f.), AR (Management Report) p. 48 ff.
G4-15	External agreements, principles or initiatives	Compliance (p. 14), Memberships (p. 52)
G4-16	Memberships in industry and business associations	Memberships (p. 52)
Identified material aspects and boundaries		
G4-17	Corporate structure	Portrait of the Company (p. 5), AR (Management Report) p. 16 f. 
G4-18	Definition of report content	About this report (p. 2), CR Strategy (p. 10 f.) 
G4-19	Material aspects	CR Strategy (p. 10 f.) 
G4-20	Material aspects within the organisation	CR Strategy (p. 10 f.) 
G4-21	Material aspects outside the organisation	CR Strategy (p. 10 f.) 
G4-22	Restatements of information provided in previous reports	None. Initial report for Telefónica Deutschland.
G4-23	Changes in the report scope and boundaries	None. Initial report for Telefónica Deutschland.

Legend: AR = Telefónica Deutschland Annual Report 2015 (English version)

**Indicator****Reference****Stakeholder engagement**

G4-24	Stakeholder groups engaged	CR Strategy (p. 10), Stakeholder Engagement (p. 16 f.)	
G4-25	Identification and selection of stakeholder groups	CR Strategy (p. 10)	
G4-26	Approaches to stakeholder engagement	CR Strategy (p. 10), Stakeholder Engagement (p. 16 f.)	
G4-27	Topics and concerns of stakeholders	Stakeholder Engagement (p. 16 f.)	

Report profile

G4-28	Reporting period	About this report (p. 2)	
G4-29	Date of most recent previous report	About this report (p. 2)	
G4-30	Reporting cycle	About this report (p. 2)	
G4-31	Contact point for questions regarding the report	About this report (p. 2), Imprint (p. 70)	
G4-32	GRI index	GRI G4 Content Index (p. 62 ff.)	
G4-33	External verification of the report	Independent Assurance Report (p. 59 ff.)	

Governance

G4-34	Governance structure	AR (Management Report) p. 16 ff., AR (Management Declaration) p. 169 ff., CR Management (p. 12 f.)	
G4-35	Delegation of authority for economic, environmental and social topics	AR (Management Report) p. 16 ff., AR (Management Declaration) p. 169 ff., CR Management (p. 12 f.)	
G4-36	Executive-level position with responsibility for economic, environmental and social topics	AR (Management Report) p. 16 ff., AR (Management Declaration) p. 169 ff., CR Management (p. 12 f.)	
G4-37	Processes for consultation between stakeholders and the highest governance body	AR (Corporate Governance Report) p. 166 ff., CR Management (p. 12 f.)	
G4-38	Composition of the highest governance body and its committees	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-39	Independence of the Chair of the highest governance body	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-40	Nomination and selection processes for the highest governance body	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-41	Process for avoiding conflicts of interest	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-42	Highest governance body's role concerning strategy and goals	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-43	Measures taken concerning the highest governance body's knowledge in sustainability issues	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-44	Evaluation of the highest governance body's performance concerning sustainability	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-45	Highest governance body's role concerning sustainability risks and opportunities	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-46	Highest governance body's role concerning the effectiveness of the risk management	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-47	Frequency of the highest governance body's review of sustainability risks and opportunities	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-48	Highest committee that approves the sustainability report	Foreword by the CEO (p. 4)	
G4-49	Process for communicating critical concerns to the highest governance body	AR (Management Declaration) p. 169 ff., AR (Corporate Governance Report) p. 166 ff.	
G4-50	Critical concerns that were communicated to the highest governance body	AR (Supervisory Board Report), p. 161 ff.	
G4-51	Remuneration policies for the highest governance body and senior executives	AR (Management Declaration) p. 169 ff., AR (Management Report) p. 62 ff.	
G4-52	Process for determining remuneration	AR (Management Declaration) p. 169 ff., AR (Management Report) p. 62 ff.	
G4-53	Stakeholders' views regarding remuneration reported	AR (Management Declaration) p. 169 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. 169 ff., AR (Management Report) p. 62 ff.	



Indicator	Reference	
Governance		
G4-55	Ratio of percentage increase in the highest annual total compensation	AR (Management Declaration) p. 169 ff., AR (Management Report) p. 62 ff.
Ethics and integrity		
G4-56	Values, principles and standards of behaviour	Compliance (p. 14 f.), AR (Corporate Governance Report) p. 166 ff.
G4-57	Mechanisms for seeking advice on ethical and lawful behaviour	Compliance (p. 14 f.), AR (Corporate Governance Report) p. 166 ff.
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	Compliance (p. 14 f.), AR (Corporate Governance Report) p. 166 ff.

SPECIFIC STANDARD DISCLOSURES

Category: economic

Economic performance		
G4-DMA	Management approach	Business Strategy (p. 9), AR (Management Report) p. 9 ff.
G4-EC1	Direct economic value created and distributed	Table of Key Economic Figures (p. 47), AR (Consolidated Financial Statements) p. 74
G4-EC2	Financial implications and other risks and opportunities due to climate change	CR Strategy (p. 10 f.), Protecting the Environment (p. 40 ff.)
G4-EC3	Benefit plan obligations	AR (Consolidated Financial Statements) p. 91
G4-EC4	Financial assistance received from government	AR (Management Report) p. 22

Indirect economic impacts		
G4-DMA	Management approach	Business Strategy (p. 9), Quality of Life: Network and Products (p. 19 ff.), Digital Inclusion (p. 22), Corporate Citizenship (p. 24)
G4-EC7	Development and impact of infrastructure investments and supported services	Business Strategy (p. 9), Quality of Life: Network and Products (p. 19 ff.), Digital Inclusion (p. 22 f.)
G4-EC8	Indirect economic impacts	Business Strategy (p. 9), Quality of Life: Network and Products (p. 19 ff.), Digital Inclusion (p. 22 f.)

Procurement		
G4-DMA	Management approach	Supplier Management (p. 29 f.)
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Table of Key Figures for the Supply Chain (p. 47)

Category: environmental

Energy		
G4-DMA	Management approach	Protecting the Environment (p. 40 ff.) <input checked="" type="checkbox"/>
G4-EN3	Energy consumption within the organisation	Table of Key Figures for the Environment (p. 49) <input checked="" type="checkbox"/>
G4-EN4	Energy consumption outside of the organisation	Table of Key Figures for the Environment (p. 49 f.) Not relevant for internal corporate governance and not demanded by stakeholders. <input checked="" type="checkbox"/>
G4-EN5	Energy intensity	Table of Key Figures for the Environment (p. 49) <input checked="" type="checkbox"/>
G4-EN6	Reduction of energy consumption	Energy and CO ₂ Emissions (p. 41 f.) The figure for the base year of 2007 is the result of the holding company O ₂ plc being taken over by Telefónica, S.A. in 2006. New targets were then defined promptly in 2007. <input checked="" type="checkbox"/>
G4-EN7	Reductions in energy requirements of products and services	Energy and CO ₂ Emissions (p. 41 f.) <input checked="" type="checkbox"/>

**Indicator****Reference****Energy****Emissions**

G4-DMA Management approach	Protecting the Environment (p. 40 ff.)	<input checked="" type="checkbox"/>
G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	Table of Key Figures for the Environment (p. 49), Annual Report (Management Report) p. 46	<input checked="" type="checkbox"/>
G4-EN16 Indirect energy-related greenhouse gas (GHG) emissions (Scope 2)	Table of Key Figures for the Environment (p. 49)	<input checked="" type="checkbox"/>
G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)	Table of Key Figures for the Environment (p. 49)	<input checked="" type="checkbox"/>
G4-EN18 Greenhouse gas (GHG) emissions intensity	Table of Key Figures for the Environment (p. 49 f.)	<input checked="" type="checkbox"/>
G4-EN19 Reduction of greenhouse gas (GHG) emissions	Energy and CO ₂ Emissions (p. 41 f.)	<input checked="" type="checkbox"/>
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	Protecting the Environment (p. 40 ff.)	
G4-EN27 Mitigation of environmental impacts of products and services	Protecting the Environment (p. 40 ff.)	
G4-EN28 Reclaimed products and packaging	Conservation of Resources (p. 43), Table of Key Figures for the Environment (p. 50)	

Compliance

G4-DMA Management approach	Compliance (p. 14 f.)	<input checked="" type="checkbox"/>
G4-EN29 Significant fines and sanctions for non-compliance with environmental regulations	In 2015 there were 19 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 52,073.50 euros being issued.	

Overall

G4-DMA Management approach	Protecting the Environment (p. 40 ff.)	
G4-EN31 Environmental protection expenditures and investments	Table of Key Figures for the Environment (p. 50)	

Supplier environmental assessment

G4-DMA Management approach	Supplier Management (p. 29 f.)	
G4-EN32 Percentage of suppliers that were screened using environmental criteria	Supplier Management (p. 29 f.)	
G4-EN33 Significant environmental impacts in the supply chain	Protecting the Environment (p. 40 ff.), Supplier Management (p. 29)	

Environmental grievance mechanisms

G4-DMA Management approach	Compliance (p. 14 f.)	
G4-EN34 Formal grievances about environmental impacts	None	

Category: social – labour practices and decent work**Employment**

G4-DMA Management approach	Telefónica as an Employer (p. 31 f.)	<input checked="" type="checkbox"/>
G4-LA1 New employee hires and employee turnover	Table of Key Figures for Employees (p. 49), Telefónica as an Employer (p. 33)	<input checked="" type="checkbox"/>



VERIFIED

Indicator**Reference****Employment**

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. 34) 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 he/she turns three.	

Labour/management relations

G4-DMA	Management approach	Telefónica as an Employer (p. 31 f.)	
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.	

Occupational health and safety

G4-DMA	Management approach	Telefónica as an Employer (p. 31 f.)	
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 0.5 %.	
G4-LA6	Injuries, occupational diseases, lost days, and work-related fatalities	Table of Key Figures for Employees (p. 49)	
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 f.)	
G4-LA9	Average hours of training per year	Table of Key Figures for Employees (p. 48)	
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 f.)	
G4-LA11	Percentage of employees receiving regular performance and career development reviews	Telefónica as an Employer (p. 31 f.) Due to the merger, regular performance reviews are not currently being conducted. 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 f.)	
G4-LA12	Composition of governance bodies and breakdown of employees by aspects of diversity	Governance bodies: AR (Management Declaration) p. 169 ff., Employees: Table of Key Figures for Employees (p. 48)	



Indicator

Reference

Equal remuneration for women and men

G4-DMA Management approach	Telefónica as an Employer (p. 31 f.)	<input checked="" type="checkbox"/>
G4-LA13 Ratio of basic salary and remuneration of women to men	Table of Key Figures for Employees (p. 48)	

Supplier assessment for labour practices

G4-DMA Management approach	Supplier Management (p. 29 f.)	
G4-LA14 Percentage of new suppliers that were screened using labour practices criteria	Supplier Management (p. 29 f.)	
G4-LA15 Significant impacts for labour practices in the supply chain	Supplier Management (p. 29 f.)	

Labour practices grievance mechanisms

G4-DMA Management approach	Compliance (p. 14 f.)	
G4-LA16 Formal grievances about impacts of labour practices	Compliance (p. 14)	

Category: social – human rights

Investment

G4-DMA Management approach	Compliance (p. 14 f.), Supplier Management (p. 29 f.), Telefónica as an Employer (p. 31)	
G4-HR1 Investment agreements that include human rights clauses	Compliance (p. 14 f.), Supplier Management (p. 29 f.)	
G4-HR2 Employee training on human rights issues	Table of Key Figures for Compliance (p. 47)	

Non-discrimination

G4-DMA Management approach	Compliance (p. 14 f.)	
G4-HR3 Incidents of discrimination	None	

Freedom of association and collective bargaining

G4-DMA Management approach	Compliance (p. 14 f.), Supplier Management (p. 29 f.)	
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. 14 f.), Supplier Management (p. 29 f.)	
G4-HR5 Sites and suppliers identified as having significant risk of child labour	None	

Forced or compulsory labour

G4-DMA Management approach	Compliance (p. 14 f.), Supplier Management (p. 29 f.)	
G4-HR6 Sites and suppliers identified as having significant risk of forced labour	None	



Indicator

Reference

Assessment

G4-DMA Management approach	Compliance (p. 14 f), Supplier Management (p. 29 f)	
G4-HR9 Operations that have been subject to human rights reviews	Supplier Management (p. 29 f)	

Supplier human rights assessment

G4-DMA Management approach	Compliance (p. 14 f), Supplier Management (p. 29 f)	
G4-HR10 Percentage of new suppliers that were screened using human rights criteria	Supplier Management (p. 29 f)	
G4-HR11 Significant human rights impacts in the supply chain	Supplier Management (p. 29 f)	

Human rights grievance mechanisms

G4-DMA Management approach	Compliance (p. 14 f), Supplier Management (p. 29 f)	
G4-HR12 Formal grievances about human rights violations	Supplier Management (p. 29)	

Category: social – society

Local communities

G4-DMA Management approach	Improving Life in the Digital World (p. 19 ff)	
G4-S01 Measures for engaging local communities	Improving Life in the Digital World (p. 19 ff)	
G4-S02 Operations with potential negative impacts on local communities	Improving Life in the Digital World (p. 19 ff)	

Anti-corruption

G4-DMA Management approach	Compliance (p. 14 f)	
G4-S03 Percentage of operations assessed for risks related to corruption and risks identified	Compliance (p. 14 f)	
G4-S04 Communication and training on anti-corruption	Compliance (p. 14 f), Table of Key Figures for Compliance (p. 47)	
G4-S05 Confirmed incidents of corruption	None	

Public policy

G4-DMA Management approach	Compliance (p. 14)	
G4-S06 Total value of political contributions	None	

Anti-competitive behaviour

G4-DMA Management approach	Compliance (p. 14 f)	
G4-S07 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Compliance (p. 14)	

Compliance

G4-DMA Management approach	Compliance (p. 14 f)	
G4-S08 Significant fines and sanctions for non-compliance with laws and regulations	See EN29	

**Indicator****Reference****Grievance mechanisms for impacts on society**

G4-DMA Management approach	Compliance (p. 14 f)	
G4-SO11 Formal grievances about impacts on society	None	

Category: social – product responsibility**Customer health and safety**

G4-DMA Management approach	Data Protection and Information Security (p. 35 f), Protection of Young People (p. 37), Mobile Communication and Health (p. 44)	
G4-PR1 Percentage of significant products and service categories for which health and safety impacts are assessed	Mobile Communication and Health (p. 44) Measurements are taken at all masts. More information is available on the website of the Telefónica Deutschland Group, including a current list of mobile-phone SAR values: https://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	

Product and service labelling

G4-DMA Management approach	Customers (p. 27), Data Protection and Information Security (p. 35 f), Protection of Young People (p. 37), Mobile Communication and Health (p. 44)	
G4-PR3 Principles for product labelling and percentage of products subject to this	Data Protection and Information Security (p. 35 f), Protection of Young People (p. 37), Energy and CO ₂ Emissions (p. 42)	
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	Customers (p. 28)	

Marketing communications

G4-DMA Management approach	Data Protection and Information Security (p. 35 f), Protection of Young People (p. 37)	
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. 47)	

Customer privacy

G4-DMA Management approach	Data Protection and Information Security (p. 35 f)	✓
G4-PR8 Substantiated complaints regarding breaches of customer privacy and data protection violations	Data Protection and Information Security (p. 35 f)	✓

Compliance

G4-DMA Management approach	Compliance (p. 14 f)	✓
G4-PR9 Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	See EN29	

Imprint

Contact

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

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This report is also available in German.

If in doubt, refer to the German version, which is binding.

The CR Report can be downloaded at
www.telefonica.de/verantwortung