Corporate social responsibility report

Content

About this report

As one of Germany's leading fibre operator, Tele Columbus AG ensures participation in social life through access to information and education in over three million connected households. Our goal is to help shape the digital transformation of the worlds of communication and media in an environmentally sustainable and socially acceptable way. By acting responsibly, we aim to justify our customers' trust in our services at all times.

With our entire workforce, as a united Company, we have aligned ourselves with the brand values of fairness, simplicity and efficiency as well as sustainable, customer-focused product structure.

With this Corporate Social Responsibility (CSR) report, Tele Columbus is presenting its third report so that the transparency that forms a basis for dialogue with our core stakeholder groups also extends to matters of social responsibility and sustainable activities. In this context, sustainability is an increasingly important aspect for the Group. Tele Columbus AG's investment in expansion of the fibre-based network is intended to meet demand for broadband on a long-term basis and ensure media diversity.

To help us to do this in an environmentally sustainable and socially responsible way, we have set ourselves clear targets in all key areas of activity for the first time through our sustainability strategy.

One key feature of the 2019 financial year was a transformation process aimed at putting the Company back on track for growth. In particular, the numerous initiatives to improve customer service and the targeted expansion of technical network resources, positive effects of which were already apparent in the second half of the year in the form of impressive test results, are to be seen through this prism.

From a strategic perspective, the decision to open the Tele Columbus Group's networks to third parties allowed us to branch out in another new direction. At the end of October 2019, we announced an agreement with Telefónica Deutschland that allows our cooperation partner to market products on our network on its own behalf (wholesale).

At the same time, housing industry sales are fully geared towards fibre technology in order to ensure future-proof scalability of bandwidths at any time of day and increase customer satisfaction. As a result, following successful completion of the digital TV switchover, Berlin was upgraded to become the first gigabit city in the Tele Columbus Group network. Consequently, a million Berlin citizens have been supplied with bandwidths of up to one gigabit per second in DOCSIS 3.1 technology since August 2019.

Disclosure

At the same time, Tele Columbus has integrated the separate non-financial Group report as per Sections 315b and 315c in conjunction with 289c to 289e of the German Commercial Code (HGB) into this sustainability report. Unless otherwise stated, the compiled data describes the situation as at 31 December 2019.

In the description of concepts and the gathering of performance indicators, reporting is based on the criteria of the German Sustainability Code (GSC) in conjunction with the GRI Sustainability Reporting Standards. This information was submitted to the GSC office in order to attain a declaration of conformity.

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About this report
CSR strategy of
Tele Columbus AG

**Details on the business model
and vertical integration**

Tele Columbus AG regards itself as a network operator that provides telecommunications services for residential and business customers. A large part of its business activities stem from its collaboration with the housing industry, on behalf of which we ensure that properties receive cable-based radio and television services. In addition, telephone and

Internet access is also available in increasing numbers of return channel-capable networks. Above and beyond the telephony and Internet services, we provide business customers with capacity in highly secure data centres, fast exchange of data between branches on the basis of our own fibre-optic cables, solution development and IP-based media services. Details on our business model can be found in the Group management report on page 📄 **40**.

CSR strategy of Tele Columbus AG

Tele Columbus AG acknowledges its responsibility for the consequences of business activities across the entire value chain. Our employees take into account the impacts of their decisions on social and environmental aspects of sustainability. In the context of our corporate responsibility, the effects of our business operations should be reconciled with the expectations and requirements of our customers, partners and investors. We have summarised the main requirements for sustainable orientation of our business activities in our CSR mission statement.

The concerns of our stakeholder groups have been ascertained in a materiality analysis and subjected to regular examination in the context of continuous dialogue. In the context of this materiality analysis, potentially relevant topics were identified, taking into account external frameworks and benchmarking, and were assessed in terms of their business relevance and with regard to impacts on the business activities of Tele Columbus in line with the requirements in the CSR Directive Implementation Act (CSR-RUG). The analysis results and allocation to the legally required non-financial topics can be found in the index below.

Key topics

Non-financial topic as per 289c HGB

Environmental topics starting on ———— p. 166

Employee topics starting on ———— p. 171

Respect of human rights starting on ———— p .175

Combating corruption and
fraud starting on ———— p. 177

Key issues for Tele Columbus

Resources starting on ———— p. 166

Our employees ———— p. 171

Customers & products ———— p. 162

Responsible management ———— p. 173

The topic "Preventing human rights abuses" was rated as non-material as per Section 289c HGB in the context of the performed analysis. Regardless of this, the Group has decided to pay closer attention to this issue and is currently developing commensurate preventive measures in the form of a code of conduct on human rights and environmental aspects, which will be part of our General Conditions of Purchase. Further information on ensuring secure working conditions in the upstream value chain is set out in the Compliance chapter.

Guiding principles

To give our corporate social responsibility measures a holistic and strategic dimension, the Management Board and Supervisory Board of Tele Columbus AG have adopted a sustainability strategy that contains binding targets for each area of activity identified as material. With our sustainability strategy, we acknowledge our social responsibility and are working closely with our key stakeholders to meet this commitment.

The company pursues a business strategy that enables the Tele Columbus Group to reliably achieve its medium and long-term corporate goals. These corporate objectives have given rise to specific projects whose implementation is monitored and controlled by the management team and the Management Board. This project plan contains programmes that have a direct influence on the social impacts of our business activities. These include assessment of investment plans, innovation management to promote digitalisation in the housing industry, improvement of the customer experience and building up the workforce through targeted support and jointly developed fundamental values for in-house collaboration.

Our strategic corporate goals are:

— Becoming market leader in product quality and customer satisfaction
— Process optimisations for us and our customers
— Advancing innovation and digitalisation
— Building up the workforce so that we can rely on a strong team
— Growth in all divisions

One obvious example of how the strategic corporate goals intersect with sustainability issues is the constant modernisation of existing networks and the creation of new ones.

Guiding principle

We take responsibility for our partners

For our partners in the housing industry, our broadband networks ensure value retention of properties, make homes better places to live and allow residents to engage in social discourse.

We take responsibility for our customers

We provide high-performance and clearly structured products for our end customers. Our commitment here is to communicate transparently and on an equal footing with the users of our services at all times.

We take responsibility for our employees

Family-friendly working arrangements, occupational health and safety and support of employees through training opportunities matter to us. As a modern employer, we take our diversity and gender equality obligations seriously. We also promote humane working conditions in our supply chain.

We take responsibility for the environment and society

As a company, we invest in sustainable, and therefore future-proof, technologies and are increasingly gearing all our activities towards sparing use of natural resources.

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**CSR strategy of
Tele Columbus AG**

To ensure that our networks are future-proof for our custo-mers and investors, the Tele Columbus Group channels most of its investment into fibre-optic technology. The more fibre-optic our networks become, the less energy it takes to operate them. Furthermore, the technical availability and performance of the networks increases in relation to the attainable bandwidths, thus boosting customer satisfaction.

Organisation and control

Major strategic decisions relating to social responsibility and sustainability are taken directly by the Management Board and the management team.

The management team is responsible for managing sustain-ability projects and reports directly to the Management Board of Tele Columbus AG. The responsible specialist depart-ments have full operational involvement in the development of social and environmental measures. The status of target attainment is monitored by a CSR steering committee made up of representatives of these specialist departments. Key performance indicators (KPI) are applied to all projects.

Our areas of activity

ENVIRONMENT
Reduction of greenhouse gases, refurbishment, recycling
→ *We will massively reduce our CO_2 emissions and minimise landfill waste. Our commitment to fibre-optic technology allows us to use the opportunities of the gigabit age.*

CUSTOMER CONCERNS
Customer satisfaction
→ *We aim to significantly increase customer satisfaction through enhanced quality of customer service, high-perfor-mance networks and requirement-oriented products.*

EMPLOYEE CONCERNS
Diversity, training and occupational health and safety
→ *We are creating a motivating, discrimination-free working environment, and we provide opportunities for training and promotion so that we have a powerful employee organisa-tion at all times.*

Control of measures
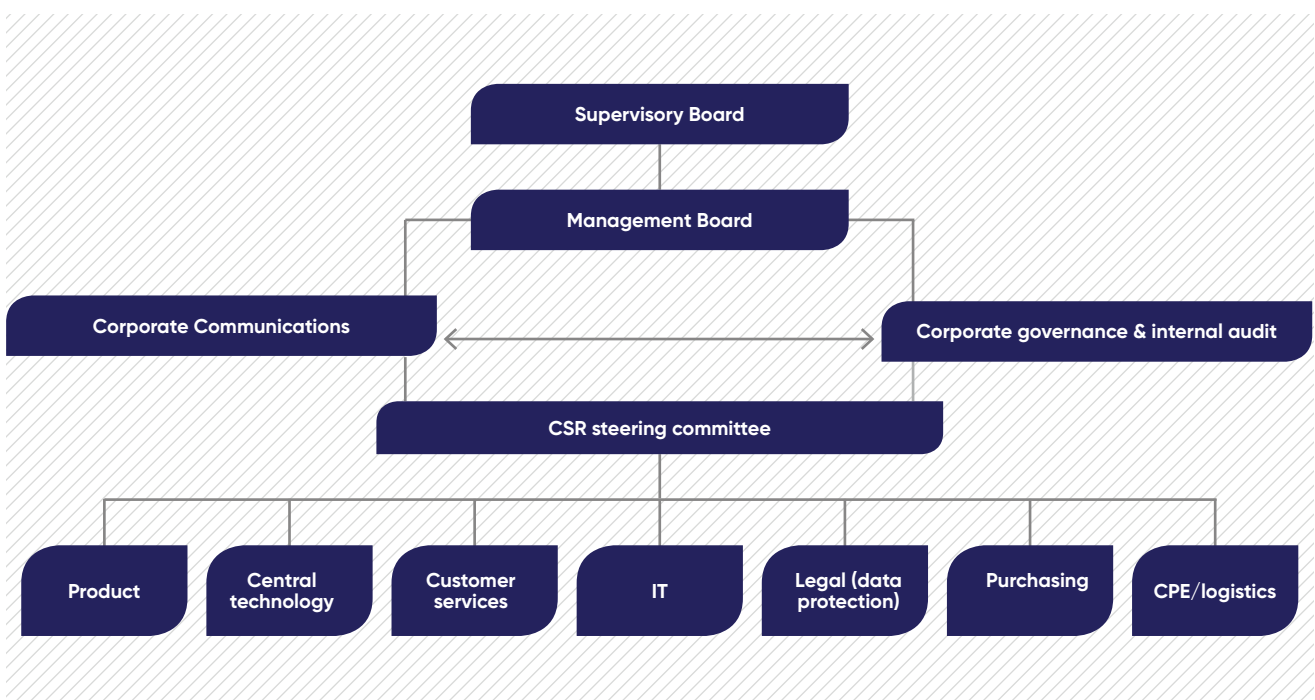
COMPLIANCE

Protection of information, protection against corruption, good governance, monitoring of suppliers and supply chains

➔ *Responsible handling of business information, effective protection against corruption, monitoring of supply chains to ensure humane working conditions, and environmental protection are meant to increase trust in transparent, ethical business operations.*

DATA PROTECTION

Organisational and technical data protection

➔ *Optimum protection of personal data is a top priority in order to justify the trust of our partners, customers and investors.*

Our sustainability targets up to 2024

1. CO_2-free network operation

We aim to achieve climate-neutral operation of all our networks by 2024 at the latest.

2. Offsetting the environmental impact of flights

We aim to fully offset the greenhouse gas emissions of unavoidable flights.

3. Vehicle fleet: Reduction of greenhouse gas emissions by 30% per kilometre

We aim to reduce CO_2 emissions of company car journeys by 30 percent compared with 2018.

4. Best customer service in the industry

We aim to provide our customers with the best customer service in the industry.

5. Creating a positive employer brand

Tele Columbus aims to be perceived positively as a recommended employer with the PŸUR brand by 2024.

6. Preventing work-related accidents with an accident rate below the industry average

We aim to reduce our work-related accident rate to well below the industry average and minimise work-related illness.

7. Preventing notifiable compliance breaches and monitoring supply chains

We aim to further reduce the risk of compliance incidents by 2024 at the latest through further optimisations to our compliance management system. In addition, supply chains

The United Nation's 17 sustainable development goals and Tele Columbus' contribution.

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**CSR strategy of
Tele Columbus AG**

are to be examined by means of commensurate measures, and humane working conditions are to be agreed with our suppliers through a Code of Conduct. The Code of Conduct is based on the core standards of the International Labour Organisation (ILO).

8. Achieving greater quality and transparency on data protection matters and increasing security in IT architecture
We will have increased the protection level for personal data beyond the legally required level and have situation-appropriate processes in place to address data protection-related enquiries by 2024.

Non-financial risks
Tele Columbus has a Group-wide risk management system in place to identify risks at an early stage and handle them.

The aim here is to ensure systematic recording and assessment and therefore deal with risks and opportunities conscientiously. Risk management allows Tele Columbus to identify adverse developments at an early stage so that countermeasures can be taken promptly and monitored.

Potential non-financial risks relating to the impacts of the company's business activities were assessed, as were the impacts arising in connection with the company's business activities, for instance in the upstream and downstream value chains.

Following the measures implemented by Tele Columbus, no notifiable non-financial risks were identified with regard to probability of occurrence or severity of impact.
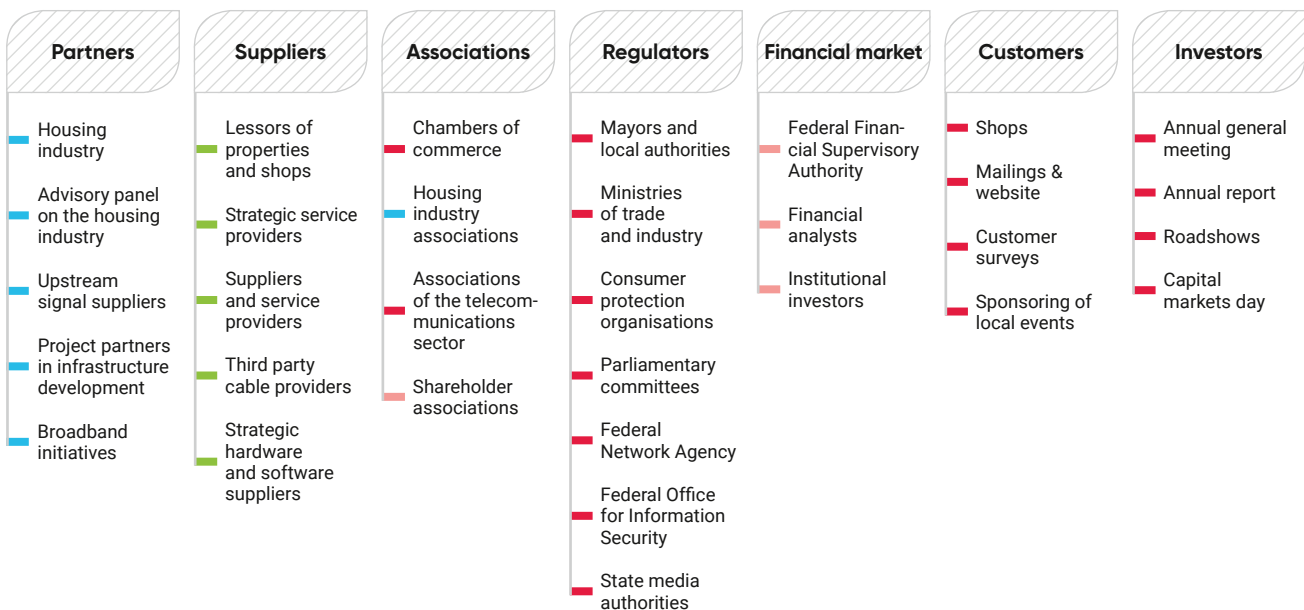
Further information on the risk management system at Tele Columbus can be found in the "Risk report" chapter in the Group management report starting on page .

Involvement of stakeholder groups
Tele Columbus engages closely with all stakeholder groups.

We are in regular discussion with all our stakeholders through various means. Our sustainability management constantly reflects our stakeholders' concerns.

External Stakeholder / Overview

Partners	Suppliers	Associations	Regulators	Financial market	Customers	Investors
Housing industry	Lessors of properties and shops	Chambers of commerce	Mayors and local authorities	Federal Financial Supervisory Authority	Shops	Annual general meeting
Advisory panel on the housing industry	Strategic service providers	Housing industry associations	Ministries of trade and industry	Financial analysts	Mailings & website	Annual report
Upstream signal suppliers	Suppliers and service providers	Associations of the telecommunications sector	Consumer protection organisations	Institutional investors	Customer surveys	Roadshows
Project partners in infrastructure development	Third party cable providers	Shareholder associations	Parliamentary committees		Sponsoring of local events	Capital markets day
Broadband initiatives	Strategic hardware and software suppliers		Federal Network Agency			
			Federal Office for Information Security			
			State media authorities			

Customers and products

Digital inclusion

Modern fibre networks allow us to provide high-performance connections for businesses in addition to fast Internet, telephone lines and high-resolution TV for home customers. The Tele Columbus Group's approach here is based on customised expansion that, as well as reflecting current requirements, takes future growth in demand for bandwidth into account. At Tele Columbus, existing fibre/coaxial technology is combined with the latest technological standards, thus opening the door to the gigabit age. Optimum capacity provision is made with the favoured fibre-optic expansion stages in which the fibre cables are installed as far as into building or even as far as into apartments.

With its own networks, Tele Columbus is one of the leading fibre cable network operators in Germany. In network level 3 – this refers to the distance between the signal headend and the buildings to be supplied – the ongoing expansion projects are generally based on fibre technology: the huge data transmission capacity of the fibre-optic cables forms the basis for high reserve capacity, which is crucial to provision of broadband Internet.

To this end, networks designed for TV transmission only must be strengthened for Internet operation, a process called return channel capability. As at 31 December 2019, 69.6 percent of households connected by Tele Columbus were upgraded for Internet capability.

Our network is being expanded and modernised with fibre technology both in conurbations and in small and medium-sized towns. For example, we built new fibre-based networks and expanded existing networks in Bernau, Delitzsch, Sangerhausen, Lenzkirch and Saig in 2019. In the context of infrastructural projects, brand-new municipal network segments went into operation in the Lörrach district and in Heidelberg, where Internet access was previously inadequate Our continued aim is to keep on bringing fibre cables to more regions where broadband provision is poor. At the same time, we are putting in place the conditions that enable the regions to benefit from the development of the digital society while also safeguarding against high vacancy rates, outward migration and an ageing population. By providing powerful connections to the digital world, we are helping to ensure that small towns remain hugely attractive places to live for families. A local fibre-based, high-performance infrastructure is a key location factor for business districts and, consequently, for job creation outside conurbations. Our enterprise solutions division, PŸUR Business, delivers wholly fibre turnkey development concepts for municipalities and businesses.

In addition, our networks ensure the basic TV provision for receipt of all must-carry services. Through supply of ARD-Dritte programmes from neighbouring federal states and additional local TV stations, our distribution networks are strengthening local and regional diversity of opinions and thus creating socially important communication forums, even across state and national borders.

Therefore, the networks of Tele Columbus are meeting a key function for engagement in social discourse across all layers of the population and are part of future-critical broadband provision in Germany.

Data protection

The Tele Columbus Group maintains licence agreements with the housing industry and user agreements with the end customers of its products. The use of telephony and Internet services also involves access data and sensitive connection data that must be protected against unauthorised access. In view of possible software vulnerabilities and targeted cyber-attacks, it is clear why Tele Columbus works hard to protect personal data when securing participating IT systems.

Our data protection efforts at the Tele Columbus Group are aimed at meeting the statutory requirements for storage and management of sensitive data at all times, notifying the responsible regulatory authorities immediately in the event of incidents relating to data protection and informing affected customers and advising them on how best to limit any damage.

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Data protection issues are to be handled under the leadership of the Legal department. An external Data Protection Officer is on hand for the Tele Columbus Group for matters relating to data protection. The PŸUR Business division (HLkomm GmbH), with its own data centres, has a further external Data Protection Officer. IT baseline protection as per ISO 27001 and quality management as per ISO 9001 are ensured at PŸUR Business. Annual re-audits are conducted, with assistance from the Quality and Security Management department.

In view of the processing of personal data and the ever-growing complexity of IT systems, data protection is a hugely important topic for the Tele Columbus Group. To ensure state-of-the-art security of our IT systems, identify vulnerabilities and close security gaps quickly, the IT Operations department has created the post of security officer.

Along with measures to integrate the organisation and responsibilities relating to the notification obligation as per the GDPR, compulsory online training on handling company information and data protection was carried out throughout the Group in 2019. Learning outcomes were monitored, and over 800 employees successfully completed the training. 2019 saw the start of a revision of the existing data protection guidelines in which implementation of the data protection requirements as well as the associated structures and processes will be defined. With this revision, the guidelines will be adapted to the practical issues of implementation of the data protection requirements.

The information measures via the Data Protection Officer and the tasks of the Compliance department have demonstrably led to a significant increase in awareness among employees. In an employee survey in November 2019, 83 percent of respondents agreed with the statement: "I feel adequately informed about who I can go to in the company in the event of data protection breaches." This is 26 percentage points more than in the previous year.

Despite its best efforts, the Tele Columbus Group reported one incident in the reporting period, involving incorrect linking of details from the customer portal. The Federal Commissioner for Data Protection and Freedom of Information was notified. In coordination with the responsible state data protection authority, the resultant risk was rated as low. Consequently, the potentially affected customers were not informed. No data protection incidents were apparent in the PŸUR Business.

Sustainability target no. 8:

Achieving greater quality and transparency on data protection matters and increasing security in IT architecture

We will have increased the protection level for personal data beyond the legally required level and have situation-appropriate processes in place to address data protection-related enquiries by 2024. Target attainment can be documented via the ratio of notifiable incidents, via external audits of protective measures or via certifications.

Customer satisfaction and service quality

To give its customers an outstanding customer experience, Tele Columbus AG has paid increased attention to customer service work and customer satisfaction. Our customers are the users of our network connections as well as customers in the housing industry with whom the requisite operating and supply agreements have been concluded.

A holistic concept to improve the customer experience is intended to achieve tangible improvements in quality at all points of contact. Tele Columbus aims to become the industry leader in service quality and customer satisfaction and has taken numerous measures to achieve this ambitious goal in the operating area.

The corporate strategy defines customer service as a key action area. The plan contains initiatives for more-effective technical management of services as well as elements to tailor products precisely to customer requirements.
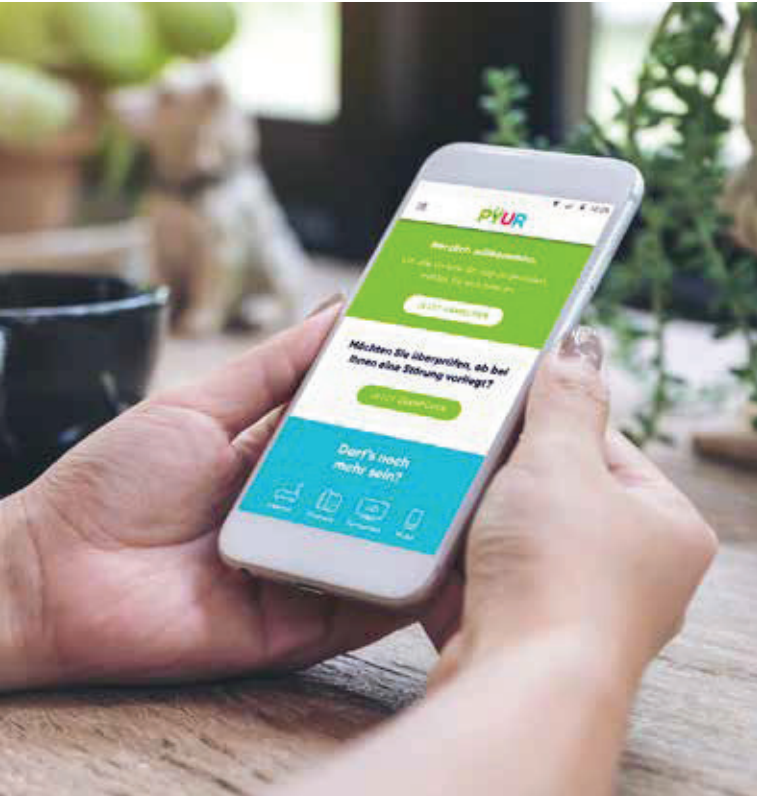
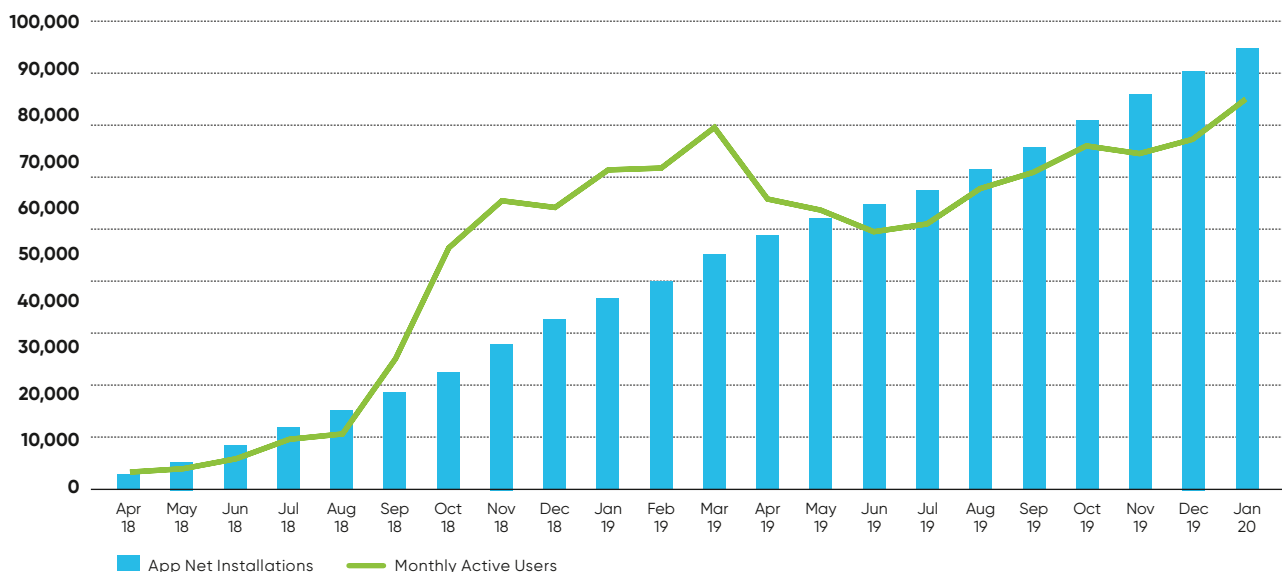The "My PŸUR" app: Information on the contract, invoice control and existing faults in one application.

For instance, all contact channels and reasons for customers to get in touch with us were checked for resilience and consistency in 2019. To identify weak points, after service contact, customers are routinely asked about their experience. The measures taken benefit end customers and our

partners in the housing industry alike. Outstanding customer service justifies the bond of trust with the provider and strengthens demand, which also prospectively benefits our investors.

A comprehensive fault assistant that evaluates customer and product data with technical network parameters and modem information as required has been added to the "My PŸUR" customer app. In this way, our customers receive help on rectifying problems with their Internet or telephone connection in real time and in a highly targeted way via short texts, photos, graphics or instructions. The "My PŸUR" app is a success with around 90,000 active installations so far. In total, the online customer portal and the "My PŸUR" app register just under 80,000 users per month, more than 30 percent of whom access via the app. In December 2019, some 17.6 percent of all customer concerns reached us via our digital contact channels.

To measure the success of the measures taken to date, customers are asked about their experience following service interactions. The results are routinely gathered, analysed each day and shared with employees. The measurement method "Net Promoter Score", or NPS for short, has now been extended to customers in the housing industry. Along with NPS, further data on availability and troubleshooting

The app is growing in popularity and had already been installed 90,000 times by the end of 2019.

App Net Installations — Monthly Active Users

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Customers and products

capability is gathered. Aspects such as the attractiveness of the product range are measured by the number of revenue-generating units (RGU). The results of all measurements are directly incorporated into project management.
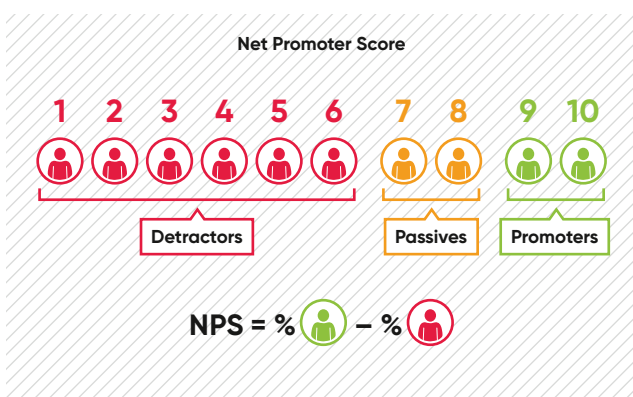
Improving service processes and product quality is the focal point of our measures here. To increase their information and troubleshooting capabilities, customer service employees receive automated tools so that they can pinpoint described problems as precisely as possible and instigate the correct follow-up measures to resolve them.

Sustainability target no. 4:

Best customer service in the industry. We will significantly increase customer satisfaction through enhanced quality of customer service, high-performance and reliable networks and requirement-oriented products.

Our level of target attainment is ascertained through routine customer surveys and calculation of the Net Promoter Score via the method commonly applied in the industry. In addition, we gather details regarding the availability and troubleshooting skills of our employees. To gain a comprehensive picture of customer satisfaction, the contact volume, product booking behaviour and the cancellation rate are also calculated. To determine our position compared with our competitors on the market, surveys are also conducted in households that are situated in our network supply area but have not booked any services from us.

Responsibility for the project to improve customer experience lies with the Customer Experience Management department and is assigned to the portfolio of the Chief Operations Officer.

Products and innovation

Humanity, simplicity and efficiency are the benchmarks for our day-to-day work and our actions. These three core brand values are intended to create a holistic awareness among employees that a product or a service is more than the mere consideration of price and performance.

Our packages and products are structured transparently and can be booked individually and flexibly.

In 2019, we applied further price advantages to the conventional user contracts with a term of 24 months. At the same time, the rates for contracts with a short, three-month minimum term were extended to tripleplay services that combine Internet, telephone and TV provision in HD quality.

Wireless Internet use at home is now commonplace. Good Wi-Fi signal quality is the essential condition for trouble-free use of the Internet connection. To meet this requirement, a new version of the standard modem we supply free of charge featuring improvements to Wi-Fi provision has been rolled out. In addition, the popular FRITZ!Box 6490 is alternatively available on request in DOCSIS cable networks. Depending on the current package, the monthly additional charge has been reduced to EUR 2 to 3. In some of the Group's sub-networks, the SIP signalling standard has been added to the telephony platform in order to make problem-free use of the customer's own cable router even easier.

Booking behaviour and routine customer surveys align the range of products and services with our customers' needs.

Communication and transparency

The PŸUR brand values of humanity, simplicity and efficiency present a particular challenge for internal and external communication. That is why we always try to convey our information appropriately, comprehensibly and clearly. Our websites **www.pyur.com** and **www.telecolumbus.com**, our letters to customers, the publications on our intranet for employees and our information releases to the press and the capital markets are written in line with this aim.

According to our partners in the housing industry, communication on the switch-off of analogue TV and radio signal as a result of digitalisation in the cable networks was successful. Following the digital switchovers, which also affected conventional VHF radio reception via cable, we successfully showed that digital radio reception via cable is vastly superior to the previous VHS reception in its range of 96 channels.

In addition, in the first half of 2019, the Press department drew attention to the rapid expansion of technical transmission capacity in the local press and accompanied the gigabit expansion of our Berlin networks, first announced in February 2019, through to commencement in August 2019.

In investor relations, four ad-hoc releases were published in 2019 in addition to regular communication through quarterly reports and the annual financial statements. The subjects covered were changes to the Supervisory Board, comment on media speculation, the concluded wholesale agreement with Telefónica Deutschland and the announcement that Management Board Chairman and CEO Timm Degenhardt would be leaving the company.

The Corporate Communications department is responsible for Tele Columbus's external and internal communication. The Brand & Marketing Communication department is responsible for end customer communication. Online campaigns and websites are managed by the eCommerce department. Communication with the capital markets is handled by the Investor Relations department.

Environmental issues

Environmental responsibility is a key part of sustainability management for Tele Columbus. Electricity consumption is the top priority for the company in terms of reducing greenhouse gas emissions. Technical operation of networks and data centres accounts for 98 percent of the electrical energy we use. Mobility is another major influencing factor in our CO_2 emissions. Most of the mileage covered by car is attributable to sales activities and service work on the network or on customer premises. Compared with these two areas, the influence of dispatch logistics and heating energy is of lesser importance and is not assessed in further detail below.

Resources

Our end customers use hardware such as modems and digital cable TV receivers (set-top boxes) to access our services. Tele Columbus mainly rents out the requisite hardware. When the contract expires, the rented items are returned to us.
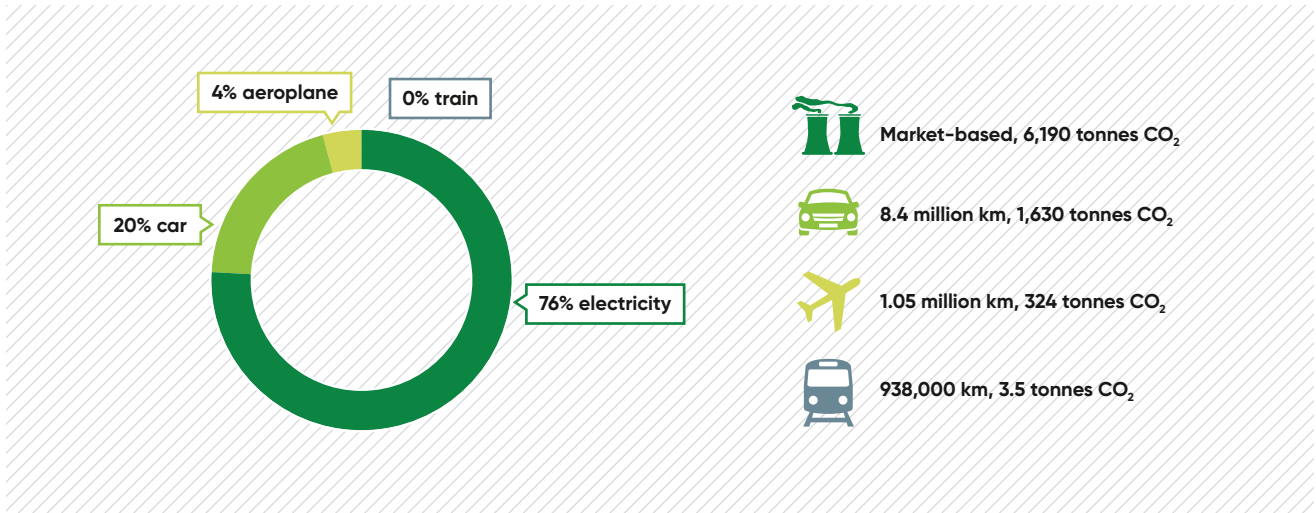
As a result of this, we benefit from the opportunities of professional reprocessing. This has given rise to a recycling process that helps to reduce electronic waste. The aim is to use resources as efficiently as possible, thus reducing our negative impacts on the environment. The hardware packaging of our rented items is made of natural brown cardboard. Wherever possible, the boxes should be retained in case of return.

Logistics and purchasing are handled by the Logistics & Procurement department, which reports to the Management Board on these matters.

Electricity consumption

Within the Tele Columbus Group, operation of the networks and data centres accounts for a large amount of the electrical energy used. The electricity consumption of buildings for administration and services is comparatively low and is not recorded explicitly.

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Customers and products Environmental issues

Our CO_2 Footprint

- 4% aeroplane
- 0% train
- 20% car
- 76% electricity

- Market-based, 6,190 tonnes CO_2
- 8.4 million km, 1,630 tonnes CO_2
- 1.05 million km, 324 tonnes CO_2
- 938,000 km, 3.5 tonnes CO_2

Electricity reductions in our networks stem from network construction projects that involve energy-efficient fibre technology from the outset. Modernisation of existing networks in the context of licence agreements with the housing industry is another major influencing factor. Tele Columbus is always working towards greater use of fibre technology here.

The Technology division is in charge of the design of network construction and modernisation. In our network investment, we combine the goals of improved performance and increased energy efficiency.

In many places, the switchover of our TV and radio signal sources to digital-only transmission, completed in 2019, has introduced simplified, modern signal processing to the cable headends from which the channels are routed into the local cable networks. The removal of analogue processing for the previously operated parallel analogue transmission of the TV signals and the simultaneous modernisation of signal processing are significantly reducing the energy consumption of our technical systems in the transmission of TV and radio signals. The savings started to take effect only in the second half of 2019. Even so, we have reduced energy consumption in the cable networks by 8.7 percent to 23,183 MWh. In the previous year, the reduction in network operation was just 1.6 percent. The effect of the analogue switch-off already seems to be apparent here.

With regard to the development of greenhouse gas emissions, a significant reduction in CO_2 can already be reported. In addition to the above-mentioned decrease in energy consumption, a much higher proportion of renewable energies in the energy mix of our main suppliers is another factor. With a green electricity share of 55.6 percent, CO_2 emissions per kilowatt hour are down from 379 to 267 grammes.

A look at our in cable headend in Wilhelmshaven

In the business customer division PŸUR Business (HLkomm GmbH), a Leipzig-based Tele Columbus Group company specialising in IP services, the operation of fibre networks and data centres is entirely based on a zero-emissions strategy. The electricity supply was entirely converted to renewable energies in 2019. Consequently, the share of renewable energies in HLkomm electricity procurement rose from 92 percent to 100 percent. Energy consumption rose slightly by 1.5 percent year-on-year to 7,342 MWh.

A new addition to reporting is the energy consumption of ANTEC Servicepool GmbH in Hanover, whose distribution system contributed 13 MWh, although this too stems entirely from renewable sources. The electricity consumption of the network systems of PrimaCom and pepcom that were still reported last year was combined with Tele Columbus as part of the completed business integration.

This results in CO_2 emissions of approx. 6,190 tonnes[1] for the Group's technical operations, down 34 percent on the previous year's figure of 9,375 tonnes of CO_2.

The additional positive effects of falling energy consumption through network modernisation with fibre are partly countered by an overall rise in the share of Internet-capable networks. The share of Internet-capable networks of Tele Columbus AG, which are operated on the company's own Internet backbone infrastructure, increased to 69.6 percent. According to studies by the VATM, the average monthly data volume of landline Internet connections increased by 26 percent to 137 gigabytes per month between 2018 and 2019. This means that the transferred data volume has almost doubled again within three years. As network capacity utilisation increases, so does energy consumption.

Energy mix of MVV Energie AG
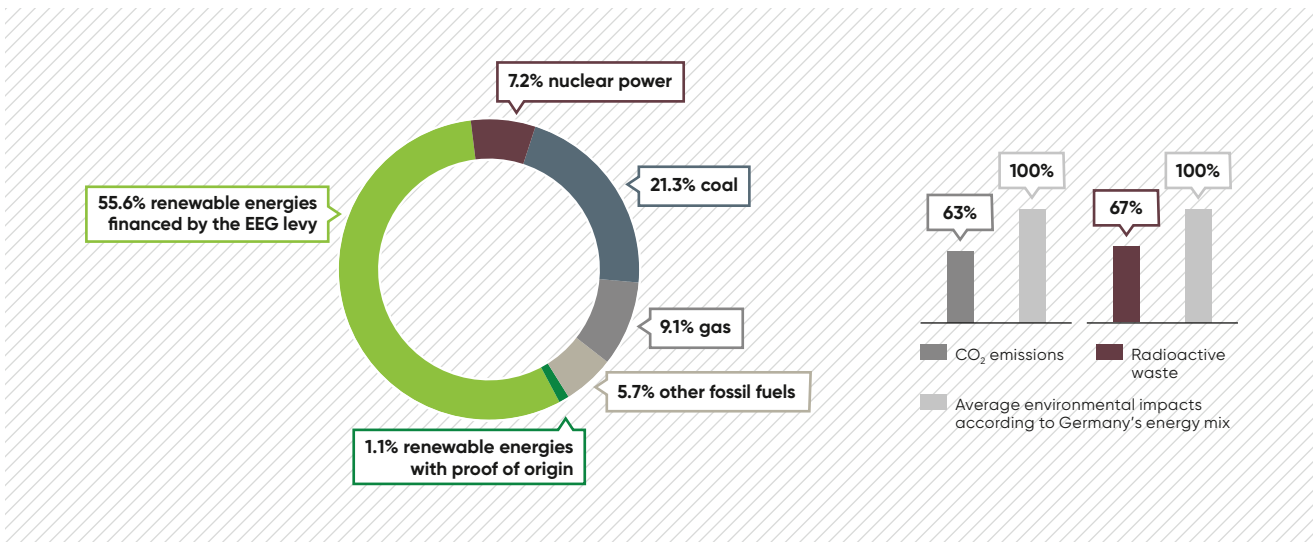
[1] With reference to the Scope 2 Guidance of the Greenhouse Gas Protocol, the quantity of 6,190 t CO_2 is a market-based calculation. Location-based CO_2 emissions are approx. 14,469 t.

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Environmental issues

The breakdown of our electricity consumption for network operation and data centres is as follows[2]:

	Network operation	Data centres	Total
Tele Columbus Group	23,183 MWh	0	**23,183 MWh**
HLkomm GmbH	85 MWh	7,257 MWh	**7,342 MWh**
ANTEC Servicepool GmbH	13 MWh	0	**13 MWh**
Total	23,281 MWh	7,257 MWh	**30,538 MWh**

Note: The electricity consumption of the network systems of PrimaCom and pepcom that were still reported last year was combined with Tele Columbus as part of the completed business integration.
[2] The electricity consumption of shops and office buildings accounts for less than 2% of total electricity consumption and is not reported separately.

CO_2 calculation for electricity

Company	Energy consumption in kWh	Electricity supplier	Market-based emissions in CO_2 g/kWh (Source: energy supplier)	Total market-based emissions (in t CO_2)	Location-based emissions in CO_2 g/kWh (source: German Environment Agency)[1]	Total location-based emissions (in t CO_2)
Tele Columbus	23,183,000	MVV	267	6,189.86	474	10,988.74
HLkomm	7,342,000	Leipzig public utilties (100% green electricity)	0	0.00	474	3,480.11
ANTEC Servicepool GmbH	13,000	Green electricity (cf. text)	0	0.00	474	6.16
Total	30,538,000			6,189.86		14,468.85

[1] At the time of writing, the location data for 2019 was not yet available from the German Environment Agency. The comparative figure stems from 2018.

Sustainability target no. 1:

CO_2-free network operation.

Tele Columbus AG will operate its networks on a CO_2-neutral basis by 2024. The first major step will be the switch to 100 percent renewable energy for all bought-in electricity. Despite these steps towards CO_2 neutrality, reduction in consumption always goes before compensation, which is both environmentally and commercially sound.
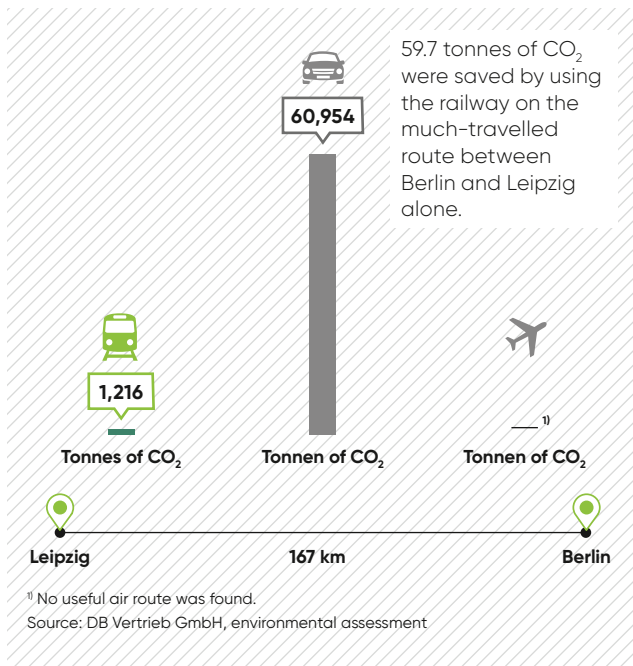
To achieve our targets, we constantly measure our energy consumption and conduct energy audits to determine savings potential. The Central Technics, Corporate Purchasing and Corporate Communications departments are responsible for this.

Mobility

Much of the mileage covered by car is due to customer service and customer contact. Some are the journeys are unforeseeable, and not all destinations can be easily reached by public transport. Also, cars are essential for technical field staff. Line routes are covered by the vans for troubleshooting, and tools and spare parts also have to be taken, of course.

Furthermore, many employees have to travel between the two biggest company locations, Berlin and Leipzig. Employees whose jobs involve travel are issued with a business railcard to encourage the use of trains as much as possible. 938,500 kilometres were covered by rail in 2019. Of this total, 864,500 kilometres were travelled on Deutsche Bahn's national network, which generates no CO_2 emissions at all thanks to green electricity. In addition, 74,000 kilometres were covered on Deutsche Bahn's local network, with the release of 3.5 tonnes of CO_2.

Leipzig–Berlin, 2,246 journeys counted

59.7 tonnes of CO_2 were saved by using the railway on the much–travelled route between Berlin and Leipzig alone.

60,954

1,216

Tonnes of CO_2 Tonnen of CO_2 Tonnen of CO_2 [1]

Leipzig   167 km   Berlin

[1] No useful air route was found.
Source: DB Vertrieb GmbH, environmental assessment

The mileage covered by car fell by 140,000 kilometres compared with 2018 to 8.41 million kilometres. Mileage includes all service vehicles as well as logistics consignments undertaken by us. This resulted in CO_2 emissions of 1,630 tonnes. Down from just under 2,000 tonnes in the previous year, CO_2 emissions thus fell more sharply than mileage. This is because of the ongoing vehicle fleet consolidation that is impacting on the average fuel consumption of the vehicle fleet.

2,194 business flights were taken in 2019. The distance covered amounted to 1.05 million kilometres, up by 85,000 kilometres on 2018. CO_2 emissions totalled 324 tonnes. The distances covered are ascertained and settled via an external service provider.

Sustainability target no. 3:

Fully offsetting flights: If business flights are unavoidable, the resultant CO_2 emissions are offset by buying climate certificates.

Hardware recycling

The supplied customer hardware is returned to us after the contract expires. To make full use of the expected service life and thus reduce electronic waste as much as possible, the used hardware is examined, cleaned and returned to customer circulation. The quantity of reprocessed customer hardware continued to grow in 2019; and the reconditioning rate is unchanged from the previous year at around 70 percent.

Along with customer modems and DVB-C receivers, items such as smartcard modules, CI cards, remote controls, mains adapters, hard drives and connecting cables were reconditioned. For instance, just under 64,000 modems and 42,000 DVB-C receivers were reconditioned in 2019. Down to the last cable, over half a million components gained a new lease of life in this way.

Sustainability target no. 2:

Reduction of greenhouse gas emissions by 30% per kilometre

Tele Columbus AG aims to reduce CO_2 emissions from company car use by 30 percent per kilometre compared with 2018 by 2024. The first measure was the creation of a fleet concept with new company car regulations that is designed to cover plug-in hybrid vehicles, too. Furthermore, the Group is exploring the installation of charging facilities for these vehicles at its main business locations.

The benchmark for attainment of the 30% target is the average of 191 g/km calculated for 2018. Consequently, the target value is 134 g/km by 2024 at the latest.

Target attainment is monitored via cyclic retrieval of mileages and tank levels. Further measures can be arranged as required. To this end, further initiatives for more electric mobility in the fleet are under consideration. The Purchasing department is responsible for this.

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**Environmental
issues
Employees**

Devices that no longer qualify for use in customer house-holds are preferably sold to secondary users. Some 380,000 devices and technical components entered secondary use in 2019. Only a small proportion of the returning hardware is cleared for scrapping by our external logistics companies, with due consideration of relevant environmental regulations. The Logistics & Procurement CPE department is responsible for this.

ANTEC Servicepool GmbH in Hanover also operates in the customer hardware reconditioning sector: for 2019, it reported a reutilisation rate of 80 percent from a total of around 1,000 device returns.

High reconditioning rates cannot be attained with the technical components in our distribution networks. Defective components are repaired by the manufacturer within the warranty periods and go back into use as spare parts. Otherwise, the service lives of the technical equipment calculated by the manufacturers are fully utilised wherever possible. In the interest of maximum supply reliability, no reconditioned hardware is purchased.

Water and wastewater
No water is used in the sense of production-related consumption. Instead, it is limited to ordinary water consumption of offices. No hazardous waste is generated either.
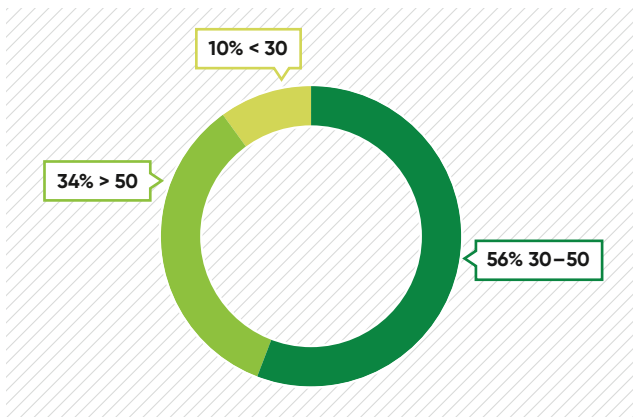
Employees

The attractiveness of Tele Columbus as an employer is a key success factor for our company. The aim is to gain suitable employees for the Tele Columbus Group and retain them long-term by means of a positive company environment and good working conditions. Collaboration with the works councils and the Safety and Health Management team is another fundamental element that regulates Tele Columbus' dealings with its employees.

The main employers within the Tele Columbus AG stable are Tele Columbus Betriebs GmbH, Tele Columbus Vertriebs GmbH, Radio-, Fernsehen- und Computertechnik GmbH (hereinafter abbreviated to RFC), HLkomm Telekommunikations GmbH and pepcom GmbH. An overview of the scope of consolidation of all associated companies and subsidiaries can be found in the notes to the consolidated financial statements on page 📄 **90**.

Tele Columbus as an employer
In the course of the year, the average workforce at Tele Columbus was 1,150 full-time equivalents, divided between an average of 1,222 people. All employee issues are managed at Group level by the Human Resources department, which reports directly to the Management Board.

Age structure of employees as of 31.12.2019

10% < 30
34% > 50
56% 30–50

Gender ratio as of 31.12.2019

32% female
68% male
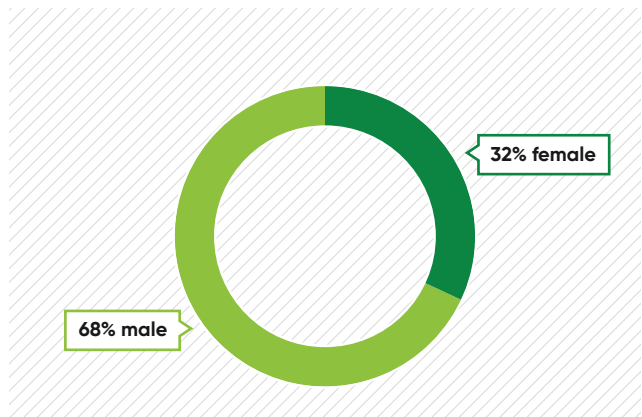
As a modern employer, we allow our employees flexibility in structuring their own working hours. Wherever possible, there is the option in all departments for self-determination of work start and end times, within agreed time corridors. Work equipment is largely designed so that it can also be used in mobile operation, and spells of working from home are also possible by arrangement with the management.

Employer attractiveness

A full survey of job satisfaction was conducted for the first time in 2018. The results were incorporated in the content of a strategic programme. The derived measures primarily covered capability, talent and people management. The focal points are improving the quality of the onboarding process for new employees and measures to promote employee retention. The aim of the programme is to reduce employee fluctuation. The project element is managed by the Human Resources department, which reports its results directly to the Chief Executive Officer.

147 employees left our company in 2019 (previous year: 247), and 173 new employees arrived (previous year: 203). When assessing the changes compared with the previous year, it must be noted that in 2018, agreements on the reconciliation of interests and severance schemes arising from the merger of the various companies were still in place, accounting for 85 departures. These effects no longer applied in 2019. Compared with the rate from 2018, adjusted for the above-mentioned agreements, staff fluctuation fell from 14.7 percent to 12.25 percent in 2019, a good figure in absolute terms and in the context of the industry. The expansion of the mentorships for new employees (buddy programme), the enhancement of the onboarding events (welcome days), the extension and cross-location simplification of employer fringe benefits and technical and organisational adjustments for more efficient work are bearing initial fruit here and will be continued in 2020. In addition, the PŸUR Culture programme has generated positive impetus for the formation of a corporate culture with shared understanding of values as a basis for collaboration.

To build on this positive development, assessment of leadership quality was introduced on the basis of the corporate values of simplicity, efficiency and humanity as a bonus component for directors and the management team, also incorporating the approach of 360-degree feedback. In practice, this means that evaluation of employees by their managers is no longer a one-way street. Conversely, managers must also receive the verdict of their employees and be measured by it.

To measure the success of measures to form an efficient employee organisation, the Employee Net Promoter Score (eNPS) is measured each year. This value was calculated for the first time in the context of the 2018 employee survey ("baseline measurement"). Since then, progress has been documented in surveys. For instance, the eNPS score for the recommendation rate, which expresses whether someone would recommend the Tele Columbus Group as an employer to a friend or acquaintance, has improved by five points. The total score across all questions (eNPS index) also improved by five points between 2018 and 2019. However, the result is still below expectations, meaning that further efforts are required with regard to employee criticism.

HR development

The oft-mentioned shortage of specialist staff is also apparent in some divisions of Tele Columbus. For this reason, HR development is increasingly important in order to present employees with attractive employment and development prospects through targeted training.

All Tele Columbus employees attend annual performance reviews in which target agreements are also made. In the context of the annual target agreements, individual training measures are part of the discussions between employees and their supervisors.

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| **Employees**

A total of 110 training events were approved in 2019, with a combined total of 3,728 participants. The PŸUR Academy trained 172 employees in 27 different courses. There is a wide range of subjects, spanning from use of Excel, time management and stress management to preparation for assuming managerial responsibility. 171 employees attended 79 events at external training providers. In addition, there were four online training modules with monitoring of learning outcomes on the subjects of compliance, protection against corruption, the basic principles of data protection and handling of information. On average, 846.25 employees successfully completed these courses, proving the high level of training among the workforce. In online training, the gender breakdown reflects the composition of the workforce. At the PŸUR Academy, 58.7 percent of participants were female, and in the external training courses, the picture was reversed; male participants had the edge here at 59 percent.

Sustainability target no. 5:

Tele Columbus AG is to be perceived as an attractive employee with its PŸUR brand by 2024.

This target is to be achieved through a bundle of individual measures that incorporate the annual results of the employee survey. The currently planned measures include improving in-house support of new employees, gradually rectifying inequalities in working conditions and fringe benefits that have arisen over time within the company, and establishing an employer brand in job portals and relevant social media channels. The level of target attainment is made visible by the Employee Net Promoter Score, the fluctuation rate and further indicators currently under discussion relating to filling job vacancies and online reviews of corresponding platforms. The Human Resources department is responsible for this.

Occupational health and safety

Preserving health, preventing work-related illness and creating safe working conditions are the aims of the safety and health management system implemented under the control of the Human Resources department.

At all requisite locations, in-house safety officers, fire safety assistants and first aiders are designated and trained in order to ensure safety in the workplace in the interest of optimum accident prevention and reduce potential consequences of fires and accidents. An Occupational Safety Committee as per Section 11 (1) of the German Occupational Safety Act (ASiG) is in place at all main company locations.

Occupational health care is provided by external service providers for health protection and occupational safety. All workers, including those who are not employees, are entitled to occupational medical care. These include consultants, self-employed people and freelancers whose work and workplace are influenced by Tele Columbus.

The Tele Columbus Group recorded 17 reportable work-related accidents in 2019[1]. Seven of these accidents occurred at RFC GmbH, where activities in field service, network maintenance and assembly are subject to particular risks due to the assignment sites and the nature of the activities.

Work-related accidents in 2019

	Quantity
RFC GmbH	7 (including 1 accident while travelling)
Tele Columbus Betriebs GmbH	3 (including 3 accidents while travelling)
Tele Columbus Vertriebs GmbH	3 (including 2 accidents while travelling)
Tele Columbus AG	0
HLkomm (PŸUR Business)	4 (including 1 accident while travelling)

[1] Central recording of work-related accidents of all staff-managing subsidiaries that are subject to instructions from Tele Columbus AG, including accidents while travelling.

In the course of their assignments, RFC employees encounter live cables, work with and repair cables and fibre cables in construction areas and proceed to traffic-bearing areas at assignment locations. Personal protective equipment of employees includes safety boots, work gloves, high-visibility vests, safety goggles and hearing protection. This protective equipment is checked by employees on a daily basis. Fall arresters, measuring devices, ladders and stepladders are subject to annual checks by expert testers.

Accident categories

	Quantity
Accidents while travelling	7
Other	2
Sporting accidents (in-house sport)	2
Falls	2
Work with tools	2
Getting in and out of vehicles	2

In terms of the number of work-related accidents per 1,000 employees[1], the rate fell from 14.3 to 8.7 reports, a typical figure within the industry. This is largely attributable to a halving of reportable accidents at RFC. Taking into account all reportable accidents, including those while travelling, the rate stood at 14.8 reports per 1,000 employees.

Prevention of health incidents includes annual occupational safety training (Section 12 of the German Occupational Safety Act) of all employees as well as provision of an eye test in the context of occupational healthcare. In combination with safety inspections and ergonomic workplace design, damage to health should therefore be limited.

[1] Inactive contracts (e.g. on account of maternity leave, parental leave, sabbaticals or long-term incapacity) are not taken into account in the calculation of the work-related accident rate.

When contracts are awarded to external service providers, particularly for assembly and civil engineering work, the corresponding work contracts contain the obligation to comply with the relevant German accident prevention regulations and the German Posted Workers Act and a separate agreement on adherence to the German Minimum Wage Act.

Sustainability target no. 6:

Reducing the work-related accident rate to below the industry average and minimising work-related illnesses

To this end, we will increase the staffing and specialisms of the Occupational Health and Safety department in order to ensure seamless and prompt occupational safety management and to increase the focus on accident and safety hazards within the workforce.

As a benchmark for assessing target attainment, we draw comparisons with the work-related accident rates of our competitors and the employers' liability insurers responsible for us, the employers' liability insurance association for the administrative sector and the employer's liability insurance association for the energy, textiles, electrical and media outlets industries, which is responsible for RFC GmbH. The Human Resources department is responsible for this.
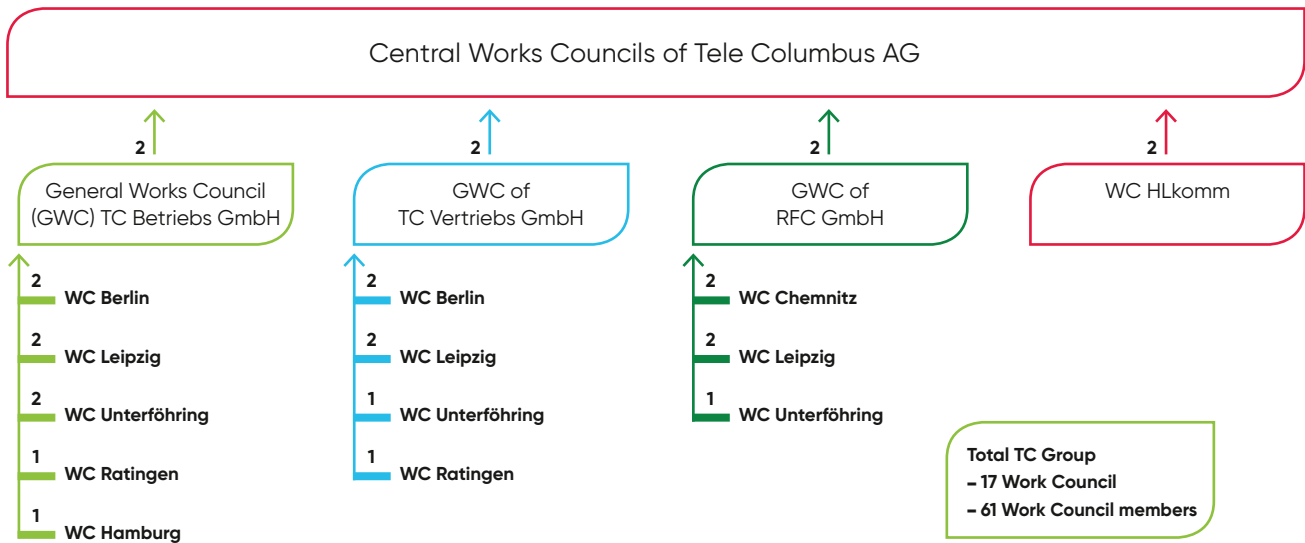
Collaboration with employee representatives

Numerous companies and locations of Tele Columbus AG have their own works councils, and a Group works council is also in place.

The relevant regulations for occupational safety, here for instance the German Workplace Ordinance (ArbStättV) and the German Working Hours Act (ArbZG), are intended to ensure safety and a minimum standard of working conditions for all employees. The Tele Columbus companies are committed to these rights. Further regulations are agreed with the responsible employee representatives by means of works agreements and semi-formal works agreements. Tele Columbus respects employees' rights to organise themselves freely and negotiate collectively.

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| Employees

Structure of Work Council as of 31 January 2019

Central Works Councils of Tele Columbus AG

2 — General Works Council (GWC) TC Betriebs GmbH

2 — GWC of TC Vertriebs GmbH

2 — GWC of RFC GmbH

2 — WC HLkomm

2 — **WC Berlin**
2 — **WC Leipzig**
2 — **WC Unterföhring**
1 — **WC Ratingen**
1 — **WC Hamburg**

2 — **WC Berlin**
2 — **WC Leipzig**
1 — **WC Unterföhring**
1 — **WC Ratingen**

2 — **WC Chemnitz**
2 — **WC Leipzig**
1 — **WC Unterföhring**

Total TC Group
– **17 Work Council**
– **61 Work Council members**

The works councils of Tele Columbus actively used their co-determination rights in 2019. This included negotiations on Group-wide granting of fringe benefits, approval of the works agreement on corporate integration management, the Group works agreement on compliance and agreements on ascertaining NPS satisfaction figures in the technical customer service. Furthermore, the works council ensures critical support of software roll-outs.

Diversity and equal opportunities
Tele Columbus regards itself as a diverse and cosmopolitan company. Discrimination on the grounds of age, disability, origin, religion, ideology, gender or sexual orientation has no place at Tele Columbus. The Group guarantees non-discriminatory behaviour at all workplaces and supports diversity in the entire company organisation.

Instances of discrimination and personal attacks can be reported to the Head of the Human Resources department; affected employees can talk in person to the staff of the Human Resources department. No instances of discrimination were reported in 2019. In the context of the 2019 employee survey, the statement that nobody in our company must fear disadvantages on account of their origin, religious belief or sexual identity was emphatically endorsed with the highest approval rate of all 79 questions.
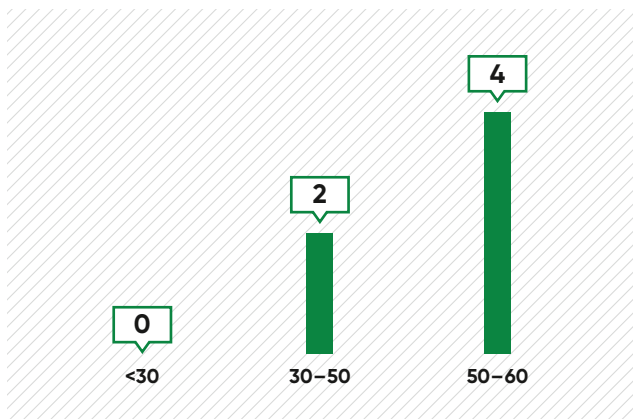
No raised risk of discrimination was detected in the assessment of the upstream value chain. Consequently, Tele Columbus has not submitted an anti-discrimination concept regarding this.

Work/life balance is important to Tele Columbus. In 2019, 51 employees took parental leave (previous year: 54). 38 employees returned from parental leave in 2019 (previous year: 27). Bearing in mind that four employees were on parental leave for the whole of 2019, the return rate is currently 74.5 percent (previous year: 81.8%). One pleasing factor here is that all employees who returned from parental leave in 2018 were also still working for one of our companies twelve months after coming back.

Most employment relationships are based on full-time permanent employment contracts. As at 31 December 2019, the companies had a total of 103 part-time agreements in place (previous year: 95), predominantly with female employees with a share of around 80 percent. There were 1,222 productive employees as at the reporting date, corresponding to 1,153 full-time equivalents. Only four percent of employment relationships were based on temporary contracts, the majority of which were held by men at just under 70 percent.

As at the reporting date, the Group had 53 employees in a managerial role (previous year: 58). This figure includes the Management Board (CEO -0), the Managing Directors (CEO -1) and the Heads of Department with supervisory responsibility (CEO -2). In Group companies, the number of trainees rose from 18 in 2018 to 27. Tele Columbus had 43 employees with disabilities in the reporting year (previous year: 38).
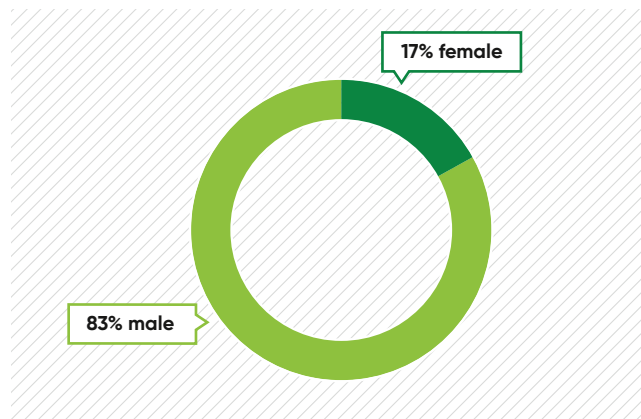
Tele Columbus aims to standardise the salary structure including with regard to gender. The evolved remuneration structures arising from the companies that have been combined within the Tele Columbus AG stable for historical reasons as a result of multiple mergers are increasingly being aligned with each other. In addition, the fact that more women are being appointed to managerial posts shows that salary differences between men and women in comparable positions will not be permanently accepted.

As the best-paid person at the company, the Chairman of the Management Board of Tele Columbus AG earns 16.7 times the average salary of all other employees in the Group.

In the 2019 financial year, the proportion of women on the Supervisory Board was 33.33 percent as at 1 April 2019. After Frank Donck stepped down, it was 40 percent from 2 April 2019. With the appointment of a new Supervisory Board after the last Annual General Meeting on 29 August 2019, the proportion of women fell to the current level of 16.66 percent due to the departure of Catherine Mühlemann and the change to a six-person Supervisory Board. Further information on the participation of women in managerial posts can be found in the corporate governance statement on Section 289f HGB on page .

Supervisory board – age distribution as a diagram

Supervisory board – gender relation as of 31.12.2019

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Employees
Compliance

Compliance

Tele Columbus pursues the aim of complying with applicable laws and regulations in order to prevent fraud and corruption effectively.

The Compliance team is part of the Corporate Governance department, which puts in place the legal and practical organisational framework for management and monitoring of the company to the benefit of all relevant stakeholder groups. Corporate Governance involves compliance with laws and rules, implementation of management and control structures and responsible, qualified and transparent organisation management geared towards long-term success.

The Compliance Officer ensure compliance with statutory regulations, regulatory standards and in-house guidelines. The Compliance Officer regularly reports to the Management Board and to the Chairman of the Audit Committee.

Tele Columbus has introduced various tools and measures such as the Compliance Manual, training courses and panel discussions. In addition, the Compliance Officer is on hand as a contact for legally secure preparation of events and invitations Furthermore, eight local Compliance Coordinators were trained in 2019 in order to provide local contacts at the respective company locations.

The Compliance Manual is available on the intranet as a Group-wide set of rules. It informs employees and managers of rules of conduct in line with applicable laws and guidelines In addition, training courses tailored to the individual departments are an important measure for raising awareness of potential compliance risks and instilling the right conduct in delicate situations. A compulsory online training course for all employees on general compliance regulations, protection against corruption, handling information and the principles of data protection was introduced in 2019.

To date, our compliance measures have been mainly focused on our own employees. An extension of these measures to the upstream and downstream value chains is currently in the development phase.

Compliance breaches can be reported to the Compliance Officer or an external ombudsman. For whistleblowers who wish to conceal their identity, an anonymous whistleblower system has been set up in order to send information and documents to the ombudsman.

In 2019, our employees were actively informed about our compliance regulations by the Compliance Officer so that they behave appropriately towards service providers and suppliers. Most enquiries related to invitations to events.

A further element of the compliance management system is the Compliance Committee established in 2018, which is tasked with identifying compliance risks and examining already-instigated measures in order to reduce the respective risk and their effectiveness. In addition to the Compliance Officer, the Compliance Committee consists of the director level of the Human Resources, Legal, Accounting & Tax departments as well as the IT Security Officer, the Data Protection Officer and the Chairman of the Group Works Council.

Employee awareness successfully raised

Ongoing information measures regarding the tasks of the Compliance department have demonstrably led to a significant increase in awareness among employees. In the employee survey in November 2019, 86 percent of respondents declared that they knew who they can go to in the event of questions on compliance regulations (e.g. presents and invitations).

Compliance cases in 2019

One suspicious case was reported to the Compliance Officer in 2019. In addition, a case already reported in 2018 was investigated until February 2019. In both cases, breaches of internal regulations by in-house employees were established. There were no criminal breaches. Disciplinary action was taken against the employees involved. In addition, processes have been improved, and employees have been trained in order to prevent similar misconduct in future.

Furthermore, an anonymous tip-off was given to the external ombudsman. Internal Audit investigated the details provided. Ultimately, no misconduct was established here.

Note on political influence

Tele Columbus is involved in consultation processes of the legislature by invitation. We maintain memberships of interest groups and industry associations. These include ANGA – Association of German Cable Operators, BUGLAS – German Association for Fibre Access, Breko – German Broadband Association, VATM – German Association of Telecommunications and Multimedia Providers, and further housing industry associations. No donations are made to political parties or party-related foundations.

Sustainability target no. 7:

No compliance cases and increased monitoring of supply chains

We aim to achieve years with no compliance incidents through an increasingly sophisticated compliance management system, training and growing levels of awareness within the company. In the supply chains, we will develop **a Suppliers' Code of Conduct, which will be part of our General Conditions of Purchase. In doing so, we will gradually put all supplier contracts on a footing that precludes inhumane working conditions, respects the social standards of the International Labour Organisation and penalises any breaches of our Code of Conduct.**