CORPORATE RESPONSIBILITY
REPORT 2015

LIFE IS FOR SHARING.

CONTENTS

ABOUT THIS REPORT

"Act responsibly. Enable sustainability." is the title of our latest CR report. We chose this title to emphasize our commitment to sustainable activity along the entire value chain and to highlight the potential that our products and services hold when it comes to addressing environmental, economic and social challenges.

Deutsche Telekom has been involved in CR reporting for 20 years. The CR report is a central communication tool for keeping our internal and external stakeholders informed of the challenges we face and the progress we have made as a responsible company committed to sustainability. The latest report focuses on the key activities and developments for the period from March 2015 to February 2016 as well as the targets we have set for the future.

REPORTING PERIOD, SCOPE OF APPLICATION AND TARGET GROUPS

We report all relevant events and activities that took place between March 1, 2015, and February 29, 2016. All quantitative data and indicators, however, refer to the 2015 calendar year. Any deviations are marked accordingly. The 2015 CR Report is a Group report that includes many national companies in which Deutsche Telekom holds a majority stake. This report also ties in with the 2014 CR Report.

The current report specifically addresses Deutsche Telekom's stakeholders. These include analysts and investors, CR ranking and rating agencies and NGOs as well as customers, employees, business partners and representatives from the worlds of business, science, research, education and politics.

20 YEARS OF CR REPORTING AT DEUTSCHE TELEKOM

Deutsche Telekom has been reporting on its sustainability activities in various publications since 1996. From 2003 through 2006 we published a combined annual HR and Sustainability Report. An interim report issued in 2007 formed the transition to our current CR reporting. Since 2008 the Telekom Group has been publishing a comprehensive CR Report each year.

ONLINE REPORT: FOCUS AND CONTEXT

We have been publishing our CR Report exclusively online since the 2010/2011 reporting year to meet the increasing requirements and changing user preferences of our stakeholders. The online 2015 CR Report has been available since May 17, 2016 in German and English. Interest in our CR report is high. This can be seen in many ways including the fact that more than 2,600 people accessed our report even in March 2016, one month after the current reporting period had ended.

The start page highlights how Deutsche Telekom's products and solutions can contribute to sustainability (e.g., added value, savings effects and improving efficiency). In order to clarify the dimensions involved here, we have related the impact of our products and services to what happens every second. This is followed by three Deutsche Telekom employees sharing their experiences on data privacy, M2M solutions and Deutsche Telekom's involvement in refugee aid activities. Sarah works to guarantee a secure network in the Cyber Defense Center; Cornelia accompanies farmers along the road to digitization; Tamim from Afghanistan works at a T-Shop. Other essential content of the CR report is also introduced briefly on the start page in the context of how each topic contributes to sustainability every second, guiding our readers to the different sections of the report.

The initial pages of each section start with an introduction and an overview of the key events and developments on that topic. The subsequent pages are structured as follows:

- Sustainability relevance: This explains what makes the topic significant to sustainable development and to Deutsche Telekom's long-term business success.

- Management approach: This section starts with an overview of the key goals, measures and monitoring activities summarized in a table. It then goes on to explain how Deutsche Telekom approaches key sustainability topics, what its goals are and how it intends to achieve them. The management tools, policies and guidelines used to this end are presented, internal and external standards listed and the latest organizational developments explained.

- Progress: Examples demonstrate how Deutsche Telekom has contributed to positive development in the the reporting period and worked to prevent or reduce negative impacts.

The report also includes information on "CR facts" as well as special pages for investors and rating agencies. These provide background information on a variety of topics that can be accessed directly from the text via links. Readers can also access the "CR facts" section at any time by clicking in the footer. A download area, search and dialog functions and an interactive benchmarking tool make it even easier to navigate the report. Moreover the info cart lets readers select different content and create a customized PDF file.

This year we will again be publishing a CR brochure on selected areas in which we made progress during the reporting period. We have been using the regularly published We Care app magazine to get a broad target group interested in corporate responsibility and motivate them to participate.

"EVERY SECOND" – CALCULATION BASIS ON THE START PAGE

We illustrate the impact that our sustainability efforts have every second on the start page. This information is calculated as follows:

Start page	Every second... 6,000 kilometers traveled.	6,000 kilometers - that's the distance from Austria to Afghanistan. Tamim can get in touch with his family at any time thanks to our services.
Start page	Every second... 3 swimming pools. That's how much water farmers can save.	According to the SMARTer2030 study, ICT [i] solutions will be able to reduce water consumption in agriculture by a total of 251,041 billion liters in 2030, or an average of 7,960,457 liters per second. That's roughly three Olympic swimming pools measuring 50 x 25 x 2 meters = 2,500 cubic meters.
Start page	Every second... 11 cyber attacks warded off.	Our Cyber Defense Center records more than 1 million cyber attacks on our networks every day. That's 11 attacks per second.
Strategy and management	Every second... 1 question. You can give us your feedback every second.	Our stakeholder survey can be accessed at any time at http://www.cr-report.telekom.com/stakeholder-umfrage/
Customers and products	Every second... 50 Mbits Surfing with at least 50 megabits per second.	We are planning to provide roughly 80 percent of all households in Germany with VDSL [i] vectoring lines featuring a bandwidth of at least 50 Mbit/s [i] by 2018. This is subject to regulatory changes.
Society	Every second... 3 cents. We invest in the future of our children and young people every second.	Since it was launched six years ago, we have sponsored our "Yes, I can!" initiative with a total volume of 5 million euros. This has made it possible to reach over 75,000 children and young people.
Employees	Every second... 5 euros. We save almost 5 euros every second thanks to our employees' ideas.	Employees submitted 13,728 suggestions for improvement via the genial@telekom ideas platform in 2015. The savings generated by these improvements came to 146.5 million euros.
Suppliers	Every second... 3 kg of CO_2. We save 3 kg of CO_2 every second in our supply chain.	Since we launched our supplier development program in 2014 we have been able to reduce CO_2 emissions at one of the participants including its sub-suppliers by 169,000 metric tons by the end of 2015.
Climate and environment	Every second... 180 grams. We reclaim 180g of copper cable every second.	We recovered a total of 5,800 metric tons of copper cable in 2015. The cable is processed in accordance with environmental standards at certified waste disposal facilities.

SELECTION OF KEY TOPICS FOR THE 2015 CR REPORT

We conducted a multi-stage materiality process to help us identify material issues to be addressed in the report. The process is a regular component of our annual CR reporting activities that helps us identify the topics with maximum relevance for us and our external stakeholders.

STRUCTURE OF THE CURRENT REPORT

The online 2015 CR Report has been structured as a progress report. It focuses on the essential developments during the reporting period, which are discussed in five central reporting sections. We incorporated the Networks section from the 2014 CR Report into the Customers and products section in the 2015 CR Report because our network expansion activities are particularly relevant to our customers and our network infrastructure forms the basis of our products and services. Readers can access the different sections using the navigation bar:

- Customers and products
- Society
- Employees
- Suppliers
- Climate and environment

These are complemented by three additional sections:

- The Strategy and management section describes the management of CR processes and the Group-wide integration of Deutsche Telekom's CR strategy.

- The majority of our national companies whose CR activities are described in this report have their own profile page. The profile pages can be found under the "National companies" menu option.

- In the facts and figures section, consolidated and commented indicators provide information about our progress in the past few years.

ADDITIONAL SOURCES FOR CR-RELEVANT CONTENT

In addition to the 2015 CR Report we also use our Annual Report and our Data Privacy and Data Security Report to provide information on our corporate responsibility. We also report on Deutsche Telekom's current CR activities on the Deutsche Telekom Group's website under the heading, Corporate Responsibility. The national companies provide information about their CR commitment on their Internet portals and in their own publications.

We have added links to other internal and external websites in order to minimize the complexity of our report and give readers access to background information and extensive details. Readers will find information provided by our national companies on their profile pages in the 2015 CR Report, for example.

ASSURANCE ENGAGEMENT

Selected KPIs in the 2015 CR Report from Germany as well as from our national companies T-HT Hrvatski Telekom (Croatia), Magyar Telekom (Hungary), OTE and Cosmote (Greece) and T-Mobile USA were the subject of an assurance engagement by auditing firm PricewaterhouseCoopers (PwC).

Based on the guidelines of the internationally recognized GRI-G4 (core) standards published by the Global Reporting Initiative, all of the indicators marked in the GRI content index have been reviewed by an independent auditing firm. The independent assurance report can be found under the assurance report menu item. All reviewed content of this report is marked with the symbol ✅ and will remain effective until the next CR-report is published.

IMPLEMENTATION OF HIGH INTERNATIONAL REPORTING STANDARDS

Deutsche Telekom's 2015 CR Report complies with the guidelines (G4 core) of the Global Reporting Initiative (GRI). It also serves as a Communication on Progress (CoP) from Deutsche Telekom as part of the United Nations Global Compact. The Global Compact CoP provides an overview of specific measures used to put Global Compact principles into practice. Deutsche Telekom also publishes an extensive annual declaration of conformity regarding the German Sustainability Code.

AWARDS

We are very pleased about being listed in renowned sustainability rankings and ratings and about the numerous awards and certifications we have received during the reporting period. Our national companies were also recognized for their CR commitment in various areas. You can find an overview of this on the profile pages of the national companies. We discuss our current position in ratings and rankings in the Strategy & management section.

AWARDS AND CERTIFICATES
Strategy & management
Platinum for CR report at Econ Awards
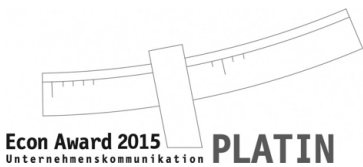
DACH Climate Leadership Award - 99 out of a maximum of 100 points (grade A-)

According to the Transparency International study, Deutsche Telekom is the most effective global telecommunications group when it comes to fighting corruption

inkom Grand Prix 2015 - highest award for "Tim's Base," the dialog platform for Tim Höttges, Chairman of the Board of Management of Deutsche Telekom, in the internal social network.

Green Controlling Award for our climate protection monitoring activitie

Gold Award from the LACP (League of American Communications Professionals LLC (LACP) for our 2014 Annual Report

Schlierseer Marketing Award for Telekom Healthcare Solutions

Deutsche Telekom is the first company to win both the Leading Company for Investor Relations Award and the Leading Investor Relations Professional Award in the 2015 Extel Pan European Survey.

Record-breaking: Deutsche Telekom became the first company to rank first among German companies in all four categories (Overall, CEO, CFO, IR Professional).

German Investor Relations Award 2015 – title defended
1st place IR Activities (DAX30)
1st place IR Professional (DAX30)
3rd place Fixed-Income IR

Deutsche Telekom ranked first in a study on "Internet-based sustainability communication and reporting by listed companies in the DACH region (Germany, Austria, and Switzerland)" carried out by the Leuphana University of Lüneburg.

We were awarded Gold by Verbraucher Initiative e.V. consumer organization as both a producer and retailer in the ICT img sector.

Customers & products
Deutsche Telekom is the test winner when it comes to digital customer service according to the Deutschland Test survey carried out by Focus Money and market research company Statista.

1st place at the Outstanding Security Performance Awards in the Outstanding Security Provider category for the Facebook Privacy App img.

Deutsche Telekom was awarded the "Blue Angel" at the German Sustainability Award.

Deutsche Telekom comes out on top among German mobile network providers for the fifth time in a row (connect (01/2016))

The 2015 CHIP network test: faster transfer rates, better voice quality - Deutsche Telekom has the best mobile network

According to Stiftung Warentest (11/2015), Deutsche Telekom has the best mobile network

Test winner in the IPTV category (connect (09/2015))

Car Connectivity Award 2015

Computer Bild (22/2015): Deutsche Telekom has the fastest mobile network

Telecom Handel reader's choice 2015:
best mobile provider of the year for the fourth time in a row

Employees
2nd place in 2015 FKi Women's Career Index

2016 Potentialpark ranking
1st place in Career Website category
2nd place in Social Media category
3rd place in Online Talent Communication overall ranking

2015 Potentialpark ranking
1st place in "Career Website" and "Mobile Talent Interaction"
categories

3rd place in the IHK Education Prize awarded by the German Chamber
of Commerce and Industry in the "Companies with more than 500
employees" category for introducing the new Cyber Security Professio-
nal training program

1st place at 2015 HR Excellence Award for Start up! Learning Company
in the "Talent management program" category

2015 Deutscher Bildungspreis education award -
"Excellent educational and talent management" quality certificate

Deutsche Telekom's company pension scheme was awarded
three renowned prizes in 2015:

Portfolio institutionell Awards
1. Awarded best pension fund German bAV Award
2nd place for harmonizing the pension scheme offers
3rd place for integrating pension schemes as a flexible
part of the new benefit budget for managers.

Best of Corporate Publishing Award - Gold for Deutsche Telekom's
"you and me" employee magazine

Brandon Hall Excellence Award - Gold in the Excellence in Learning
category and in the Best Use of Social Collaborative Learning for the
Group-wide massive open online course (Magenta MOOC).

Silver FOX Award in 2015 - in efficiency test of the communications
sector

2015 Human Resources Benchmark - 2nd place for Deutsche Telekom

Deutsche Telekom's pension fund was awarded the IPE Award for the
best German pension fund by IPE (Investment and Pensions Europe)

2015 Universum Student Survey – 22nd among most attractive
employers for IT students

2015 Trendence Graduate Barometer - top 100 most popular employers, confirmed by business, IT and engineering students

Suppliers
2015 German CSR Award
1st place in the CSR in the Supply Chain category

2015 Trendence Schülerbarometer - top 100 most popular employers among school students

German Awards for Excellence in the Responsible Sourcing category"

2015 CLEVIS Praktikantenspiegel - Deutsche Telekom was awarded Hidden Champion from among 1,168 employers.

Climate & environment
A Deutsche Telekom employee's idea to reduce packaging material for cable coils by using cardboard strips was awarded "Best environmental idea" at the DeutscherIdeenPreis 2015 award presented by Deutsches Institut für Betriebswirtschaft (DIB).

A Deutsche Telekom employee's idea received first place in the "Best employee idea 2015" category of the 2015 Ideas Management Award presented by Deutsches Institut für Ideen- und Innovationsmanagement.

Green card by Deutsche Umwelthilfe for Deutsche Telekom's vehicle fleet

The Supervisory Board Readiness program won 3rd place in the Equal Job Opportunities category of the HR Excellence Award.

The share-matching plan of the „Lead to win" leadership initiative won 2nd place in the Skills and Performance Management category of the HR Excellence Awards.

THE SUSTAINABILITY CODE

Each year, as part of its Corporate Responsibility report, Deutsche Telekom publishes a comprehensive declaration of conformity with the German Sustainability Code. The German Sustainability Code aims to make companies' sustainability performance transparent and comparable under a binding framework.Deutsche Telekom's declarations of conformity can be viewed here.The German Sustainability Code was approved by the federal government's Council for Sustainable Development. Deutsche Telekom was one of the first companies to accede to the Sustainability Code.

The
SUSTAINABILITY
Code

INDEPENDENT ASSURANCE REPORT

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To Deutsche Telekom AG, Bonn

We have been engaged to perform a limited assurance engagement on selected sustainability information marked with a symbol ✔ in the Corporate Responsibility Report of Deutsche Telekom AG, Bonn (hereafter the "Company") for the period from 1 January to 31 December 2015 (hereafter "CR Report").

Management's Responsibility

The Company's management is responsible for the preparation and presentation of the CR Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (hereafter the "GRI-Criteria") and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the CR Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the CR Report, which is free of material misstatements due to intentional or unintentional errors.

Audit Firm's Independence and Quality Control

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the joint opinion of the Wirtschaftsprüferkammer (Chamber of German Public Auditors; WPK) and the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms ("Gemeinsamen Stellungnahme der WPK und des IDW: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüfer-praxis": "VO 1/2006") – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express an opinion on selected sustainability information marked with the symbol ✔ in the CR Report based on our work performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the CR Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the sections marked with ✔ in the CR Report has not been prepared, in all material respects, in accordance with the GRI-Criteria.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement. This includes the assessment of the risks of material misstatements in the CR Report with regard to the GRI-Criteria.

Within the scope of our work we performed amongst others the following procedures:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement;

- Inquiries of personnel involved in the preparation of the CR Report regarding the preparation process, the underlying internal control system and the selected sustainability information;

- Examination of selected quantitative information for following international group companies:

  - OTE A.E, Greece
  - Cosmote Mobile Telecommunications S.A, Greece
  - Magyar Telekom Group, Hungary
  - Slovak Telekom, Bratislava, Slovakia
  - T-Mobile US, USA

- Analytical procedures on selected information of the CR Report;

- Comparison of selected sustainability information with corresponding data in the consolidated financial statements and in the group management report ;

- Assessment of the presentation of selected sustainability information regarding the sustainability performance;

- Gaining further evidence for selected data of the CR Report due to inspection of internal documents, contracts and invoices/reports from external service providers.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability information marked with the symbol ✔ in the CR Report of the Company for the period from 1 January to 31 December 2015 has not been prepared, in all material respects, in accordance with the GRI-Criteria.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- Further development of the indicator-oriented system for the group-wide steering of the CR strategy and of the respective reporting based on ESG KPIs. For this purpose, we recommend a periodic review of the ESG KPIs regarding their coverage of core topics as well as the continuation of their group-wide implementation.

- Further standardization of reporting processes on ESG data and ESG KPIs in the National Companies as well as formalization of the respective internal controls system.

Restriction on Use and Distribution

We issue this report on the basis of the engagement agreed with Deutsche Telekom AG. The review has been performed for purposes of the Company and is solely intended to inform the Company about the results of the review. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Munich, May 13, 2016

**PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft**

Hendrik Fink
ppa. Dr. Patrick Albrecht

Wirtschaftsprüfer

STRATEGY & MANAGEMENT

EVERY SECOND... WE WANT YOUR FEEDBACK.[1]

Your opinion is important to us. Take our survey and let us know what you think the focus of our sustainability activities should be. You can also rate our performance in all topic areas. Both help us grow as a company in economic, environmental and social terms. Binding values and effective management approaches form the foundation for this growth.

In dialog with Timotheus Höttges, Chief Executive Officer (CEO) Deutsche Telekom →	Materiality: Our top issues →	Sustainable finance: The T-share - a sustainable investment →
Click here to take the stakeholder survey →	Our contribution to the Sustainable Development Goals →	Named most transparent ICT company →

[1] Our stakeholder survey can be accessed at any time at
http://www.cr-report.telekom.com/stakeholder-umfrage/

STATEMENT BY THE CHAIRMAN OF THE BOARD OF MANAGEMENT

"OUR BUSINESS REVOLVES AROUND PEOPLE"

Timotheus Höttges, Chairman of the Board of Management, Bonn, Germany

With this publication, you are specifically asking people to engage in dialog about Deutsche Telekom's corporate responsibility. Why? Sharing thoughts and feelings with others is what people do – and our core business, digital communication, revolves around people. Digitization will change our society. We should talk about it so that we share responsibility for how we work, live and treat the environment. This publication gives people a reason to start.

Machine-to-machine communication, M2M, gives companies growth perspectives. But how does it impact people and the environment? M2M gives companies tremendous optimization potential while helping to conserve resources at the same time. M2M makes work processes more efficient, enhances peoples' lives and protects the environment. We help everyone at the Port of Hamburg, for example, from logistics companies and port operations managers to truckers, get the freight to its destination faster, more direct and with a smaller carbon footprint.

What needs to happen to keep Europe's industry a technological world leader? Availability and network speed need to be the main focal points. In 2015 the number of high-speed broadband connections we provide in Germany grew in the double-digit range. We rely on connectivity combined with responsibility in these activities. More data shouldn't mean higher energy consumption and CO_2 emissions, which is why the energy efficiency of our networks and data centers is so important.

More data traffic means higher security risk. What do you do to keep people's personal information safe? Deutsche Telekom stands for the highest data privacy standards worldwide. We offer our customers particularly secure data centers, emphasize end-to-end encryption and make sure that data travels from the sender to the recipient using the shortest route possible, preventing detours into other jurisdictions.

What does digitization mean to our society when it comes to jobs and social security systems? Initially, a lot of good. Digitization means new jobs that are more meaningful and involve less manual labor because it creates more flexibility. Many jobs, for example, can be done from anywhere on earth. But in the medium to long-term we could see increasingly intelligent machines and robots taking over more jobs than are being created. Human labor will also play a lesser role when it comes to productivity. If that happens, we will need to think about our social systems. We shouldnât think of tools that today seem useless as automatically unviable in the future, e.g., the concept behind having a universal basic income.

You work resolutely to push digitization. What are your main areas of focus? We invested more than four billion euros in 2015 in areas such as high-speed fiber optics and state-of-the-art transmission technology, and we are switching our fixed network over to IP technology with the goal of creating a pan-European network by 2020. In the area of mobile communications, we were a leader in the LTE (4G) breakthrough throughout Europe and are currently working on 5G technology with transmission rates of 10 Gbit/s.

Not everyone is excited about the digital revolution.
How does Deutsche Telekom address peopleâ's concerns?
Digitization affects all areas of our life including the question of to what extent machines will take over tasks currently being done by people. It's normal to have concerns. We can address many of these concerns by providing sound information and demonstrating that everything revolves around people, even when it comes to smart machines.

What does corporate responsibility mean to you personally
in terms of digitization?
A very important point is looking at the possible consequences of digitization . We need to find answers when it comes to opportunities and risks. And, in the end, this development needs to be a positive one for society as well as for our own business interests. However, we can only achieve digital responsibility by working together in society. And Deutsche Telekom does much more than just take on responsibility for digitization. We also work to protect human and employee rights in the supply chain as well as the climate and environment and engage in responsible corporate governance practices. With this in mind, I would once again like to underline our commitment to the principles of the United Nations Global Compact and the German Sustainability Code.

VALUES AND GUIDING PRINCIPLES

Corporate responsibility (CR) is based on shared values. We communicate our fundamental values to our employees within the scope of our binding Guiding Principles as a way to effectively integrate these values into our corporate culture. According to our pulse survey in November 2015, 69 percent of employees feel that the Guiding Principles are being applied in day-to-day work (previous year: 70 percent).

The Code of Conduct and our Social Charter provide additional tools that we use to guarantee responsible conduct at the Group and among our partners. Our compliance management system, which makes sure that our business activities are in compliance with laws and regulations, is based on these documents.

6TH GUIDING PRINCIPLES DAY: BEST PLACE TO PERFORM AND GROW

Deutsche Telekom held its sixth Group-wide Guiding Principles Day on September 24, 2015. All of our employees were called upon to think about the Guiding Principles and come up with ideas on how to implement them in day-to-day work. The focus was on Guiding Principle no. 4: Best place to perform and grow. Each year on Guiding Principles Day employees at numerous Deutsche Telekom locations worldwide participate in activities revolving around our corporate values.

For example, employees discussed innovative, agile work methods at a shared Guiding Principles Day event, which was held in Bonn and Budapest and broadcast digitally. Under the slogan, "Create the best place to perform and grow," around 400 employees engaged in discussions in workshops and at open-space sessions at Group Headquarters for instance. Chief Human Resources Officer Christian Illek and expert Niels Pfläging set the tone with their presentations. The numerous employees who attended the event contributed 29 papers containing ideas on the topics of agility and corporate culture.

CODE OF RESPONSIBLE CONDUCT FOR BUSINESS

Deutsche Telekom was among the first to sign the German Code of Responsible Conduct for Business, which was presented to the public in November 2010. All of the members of our Board of Management signed the code, making an express commitment to responsible corporate governance in line with the principles of the social market economy, to fair competition, cooperation with employee representatives, business excellence and sustainability. We have incorporated this commitment into our governance principles and have assumed a leading role in putting our commitment into practice.

The code asks that we engage in sustainable business practices and responsible corporate governance for the good of the people. Deutsche Telekom consistently addresses these requirements in its core business

and along its supply chain and takes responsibility for its employees and in society. We work to guarantee respect for human rights without exception.

Our products and services connect people and increase the productivity of numerous processes, helping make Germany and Europe effective in international competition and promoting prosperity. Our smart, digital solutions create new ways to effectively address social challenges such as climate change and to simplify our lives for the long term. Our network is the backbone of our efforts: fast, reliable, secure and accessible to everyone. These efforts, just like all of our activities, are focused on people. We provide transparent information on our plans and technologies, engage in fair practices and are always open to dialog.

In line with the code, we also continue to expand our leading position as a sustainable company as well as our ongoing efforts to optimize our value-added processes. We are making our networks, products and services more energy and resource-efficient and reducing the environmental impact and carbon footprint of our business activities. In 2014 our Board of Management approved a Group-wide climate protection target for 2020. Based on this target, we developed an integrated climate strategy in 2015 with the aim of further improving the energy and resource efficiency of our networks, services and products. We also offer our customers sustainable products and services and encourage our over 30,000 suppliers to do business with an equal focus on sustainability. To assist this process, we engage in various activities such as a systematic supplier development program, audits and prequalification measures. In these efforts – just like in everything we do involving our diverse stakeholders – we primarily rely on partnership and dialog.

As a responsible employer we give our employees the opportunity to realize their potential and to contribute their individual strengths and ideas within our Group. In view of the increasing significance of digitization, we promote virtual collaboration and new forms of work. We are increasingly turning to digital learning methods when it comes to training and skills development. A good example is our MagentaONE course offer, which provides information on our new rate plans. Dealing with big data and IT security are two more key topics for which we continue to expand our digital course offers. 30 percent of all formal learning hours in our Group are now in digital format, and the trend is rising. Our Telekom Social Network, for example, offers new forms of collaboration. In the network, we pursue open dialog and productive exchange with our employees. Our Group-wide ideas management activities are a key tool in encouraging employee involvement. Twelve ideas were submitted in 2015 for every 100 employees, the highest participation rate ever recorded.

Our social commitment, however, is not just to our customers, partners and employees. We feel it is our responsibility to support the development of media skills in our community and help young people become more confident. Our efforts in this area include the Teachtoday initiative, which promotes safe media proficiency. In 2015, over 4,900 school students took part in our media obstacle course in Germany, for instance. We have also been involved in the "Yes, I can!" initiative for several years now. Since 2009 this initiative has given more than 75,000 children and young people from disadvantaged backgrounds an opportunity to learn key skills for an independent and confident life.

CR STRATEGY

Deutsche Telekom aims to be the leading telecommunications provider in Europe. This corporate vision is the basis for our approach as a responsible company (CR approach) and our CR mission, which is:

WE TAKE RESPONSIBILITY. WE ENABLE SUSTAINABILITY...

... IN OUR PROCESSES
... WITH AND FOR OUR EMPLOYEES
... FOR OUR CUSTOMERS
... IN SOCIETY

Our Group CR strategy also provides our national companies with a framework for their sustainability measures. This strategy revolves around our three CR action areas:

- **Connected life and work – enabling a sustainable lifestyle**
- **Connecting the unconnected**
- **Low-carbon society**

They provide a framework for the focal topics of our sustainability management activities regarding data security and data protection, digitization, sustainable supply chain, human rights, circular economy, resource conservation and a responsible employer approach. Our CR program states which specific goals we wish to achieve with which measures. We monitor our progress using key performance indicators (KPIs).

An integrated governance structure helps us to closely interlink strategic management and operational implementation of our CR strategy throughout the Group. Overall responsibility for sustainability lies with the Deutsche Telekom Board of Management.

CURRENT ORGANIZATIONAL STRUCTURE

As a driver of transformation at our company, the CR unit is part of Group Transformational Change & Corporate Responsibility (GCCR). GCCR, which directly reports to the Member of the Board of Management responsible for Human Resources, is charged with advancing our corporate culture with a focus on innovation, individual responsibility, entrepreneurship, and social responsibility.

Another pillar of our CR governance structure is the HR Leadership Team. The team is an advisory and decision-making body for the Human Resources (HR) Board department. It is made up of managers reporting directly to the Board Member for HR and makes decisions regarding Group-wide policies and guidelines, CR positioning and the strategic focus of the CR department.

The CR unit and the HR LT are advised and supported by the CR Board when it comes to CR management and strategy enhancement.

Current organizational structure
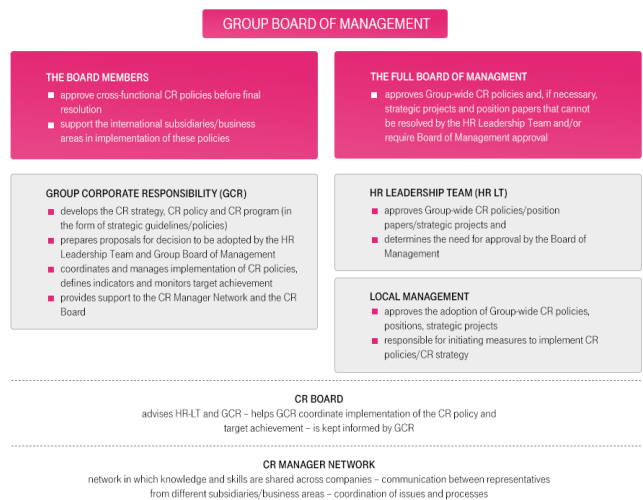
The CR managers from the different business units and national companies are responsible for operational implementation of the CR strategy. They collaborate intensively within the international CR Manager Network where they coordinate their activities and share best practices.

CR POLICY: INTERNATIONAL ROLL-OUT CONTINUES

Our CR Policy provides the mandatory framework for the sustainability management activities at all Group units. After rolling out the policy at Group Headquarters, Telekom Deutschland and T-Systems in 2014, we introduced the policy at other major European national companies in 2015, including OTE in Greece, Magyar Telekom in Hungary, Hrvatski Telekom in Croatia and T-Mobile Poland.

CERTIFIED HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEM: NEARLY ALL WORKPLACES COVERED

98.5 percent of our employees outside of Germany work at offices and facilities covered by our certified health, safety and environmental (HSE) management system. These results put us just short of our goal of having all national companies outside of Germany with more than 50 employees certified by the end of 2015. We use internal and external certificates (see diagram) and are going to have more companies certified in 2016, putting certification at 100 percent.

The HSE management system calls for systematic planning, implementation and optimization of operational processes in the areas of health, safety and environment. This promotes the health of our employees and has a positive effect on their performance. It is also beneficial when it comes to bidding on new projects since an increasing number of potential customers now require their suppliers to provide HSE certificates.

Share of employees covered by certificates outside of Germany

77,5 %
Deutsche Telekom
umbrella
certificate

Share of employees
covered by certificates
outside of Germany

21 %
Separate
certificate

1,5 %
No
certificate

CR CONTROLLING HELPS STEER OUR ACTIVITIES

Deutsche Telekom's CR controlling system plays a key role when it comes to steering our CR activities. It has been supported by an IT-based data collection system for the past six years. The system guarantees transparent reporting on ESG (environmental, social, and governance) data and KPIs. It supports standardized, mandatory processes at the Group and national level and enables Group-wide benchmarks. This IT support gives us additional capacities to conduct extensive analyses of ESG data. It makes it easier for us to assess whether we have achieved our CR targets.

We especially use ESG data to calculate our ESG KPIs, which we use to measure and steer our CR performance throughout the Group CR Controlling is also responsible for recording our other sustainability indicators. In 2015 we added new indicators in the areas of energy consumption and emissions: A number of our national companies are already using the interactive benchmarking tool to report on the share of renewable energy they generate themselves as well as the electricity and heating energy they purchase. We have expanded our recording activities for Scope 3 emissions; most of our national companies are now reporting basic data that can be used to centrally calculate Scope 3 emissions. This data includes Scope 3 emissions from business trips, hotel accommodation, commuting and using products and services. As of our 2015 CR Report, we began reporting this basic data and the Scope 3 emissions calculated from it in our interactive benchmarking tool.

ACHIEVING MORE TOGETHER: INTERNATIONAL COLLABORATION

How can international corporations put sustainability strategies into practice across borders? Deutsche Telekom employs CR managers for the relevant business segments and national companies to reach this goal. Through the CR Manager Network, CR managers have been attending regular face-to-face and online meetings since 2008 to share ideas and promote essential CR topics.

In 2015, one of the questions addressed by the CR Manager Network was how CR managers can cooperate more efficiently and work in closer collaboration across borders. In line with this topic, the 15th CR manager meeting, which took place in Poland on November 23 - 24, 2015, was held under the slogan "Achieving more together." Internal cooperation was at the top of the agenda on the first day. Participants

got together in small groups to discuss topics such as shared crisis management, handling environmental impacts and working on international projects. Work on these topics will start in 2016. The second day of the meeting focused on communicating international sustainability activities to the public.

One example of the commitment of our national companies was their response to the refugee crisis in Europe. All international CR activities conducted during the reporting period can be found in the section on national companies.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

On September 25, 2015, the United Nations adopted the 2030 Agenda for Sustainable Development along with 17 Sustainable Development Goals (SDGs). These goals are based on the Millennium Development Goals (MDGs) and will be effective as of January 1, 2016, for a 15-year period.

Information and communication technology has the potential to contribute to each goal. It can help achieving the goals faster, e.g., through connected agriculture.

Deutsche Telekom supports the SDGs, for example as part of several initiatives such as the UN Global Compact. The following overview illustrates our contribution to achieving the goals and refers to specific examples from the current CR Report. In some areas this contribution is especially significant. They are: Good health and well-being, quality education, gender equality, decent work and economic growth, innovation and infrastructure, reduced inequalities, responsible consumption and climate action. We highlighted the respective lines in green.

Overview: Our contribution to the Sustainable Development Goals

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Goals		Our contribution	Find out more
1 NO POVERTY	End poverty in all its forms everywhere	Among other things, our donations support the fight to end poverty. By **expanding our networks** we create the conditions for economic and social participation, and thereby provide access to education – an important resource to reduce poverty.	■ Corporate giving ■ Responsible network build-out
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Our efficient **Connected Agriculture** ICT img solutions allow for higher harvest yields while reducing the use of resources such as seeds, water, fertilizers and energy.	■ Connected agriculture
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	We promote health with our **e-health solutions** for the improvement of medical care and a number of health **measures for our employees**.	■ Connected health solutions ■ Innovative solutions for Papageorgiou General Hospital in Thessaloniki ■ Family Assistant for the elderly and chronically ill ■ Occupational health and safety ■ Health program in Mexico ■ Enabling people to help themselves
4 QUALITY EDUCATION	Ensure inclusive and quality education for all and promote lifelong learning	We invest heavily in the **training and personal development** of our approx. 225,000 employees. In addition, we promote the development of **media skills**. The Deutsche Telekom Stiftung foundation supports a number of **STEM projects**.	■ Training and development ■ Teachtoday – Initiative to promote safe and competent media use ■ Deutsche Telekom Stiftung promotes STEM subjects ■ IT Courses for Seniors ■ Connected Kids ■ e-Classrooms project in Macedonia
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	We are committed to the systematic **promotion of women** in management, supervisory boards and STEM professions. Our employees benefit from a number of different offers we provide, for instance, to improve their **work-life balance**.	■ Diversity and equal opportunities ■ "Every woman in technology award"
6 CLEAN WATER AND SANITATION	Ensure access to water and sanitation for all	Our efficient **Smart Agriculture** ICT solutions help reduce water consumption and use of fertilizers. Also, our **Smart Metering** solution allows for exact measurement and control of water consumption.	■ Connected agriculture ■ Smart Metering
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	Our integrated climate strategy helps us reduce CO_2 emissions, improve **energy efficiency**, offer more sustainable products (e.g., **QIVICON - Smart Home**) and raise the share of green energy in our electricity consumption.	■ Magyar Telekom is climate-neutral ■ T-Mobile Austria – Austria's first CO_2-neutral mobile provider ■ More green energy at European national companies ■ QIVICON – Living in a smart home ■ Smart grids & smart metering ■ Micro Smart Grid project reduces costs and CO_2 ■ Smarter Grids in Greece

8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all	We are committed to **sustainable growth**, provide **excellent working conditions** for our current and future employees and keep working toward a **more sustainable supply** chain.

- Sustainable finance
- Agile and responsible employer
- How we protect human rights
- Supplier development program

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	We keep pushing the expansion of our networks forward and adding **more innovative, sustainable products** to our portfolio.

- Responsible infrastructure expansion
- Sustainable products and services
- Industrial Internet: Opportunities of digitization
- Promoting start-ups with hub:raum
- Sustainable ICT solutions
- Research and development projects in Greece

10 REDUCED INEQUALITIES	Reduce inequality within and among countries	We employ adequate measures to **connect the unconnected, providing access to the digital world** for all.

- Assuming responsibility for the digital transformation
- Teachtoday – Initiative for safe and competent media use
- Telekom@School
- Innovative solutions to social challenges
- "Yes, I can!" initiative
- Deutsche Telekom Stiftung promotes STEM subjects
- Accessible products and services
- Access to the Digital World program
- Fostering safe Internet use and digital inclusion
- e-Classrooms in Macedonia

11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable	Our innovative solutions help shape the transformation of cities into intelligent urban spaces (**smart cities**).

- Smart cities: intelligent street lighting
- "Connected Cities" white paper

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	We keep developing **more sustainable product solutions** and promote the integration of **more sustainable production patterns** into our supply chain. At the same time we are committed to **avoiding waste and to the recycling of valuable natural resources**.

- Business potential through sustainability
- Sustainable ICT solutions
- T-Mobile Austria introduces Fairphone 2 in Austria
- Supplier development program
- Improving sustainability in the supply chain
- Supporting responsible resource extraction
- Waste reduction and recycling
- Recovering tantalum from electronic waste
- Used cell-phone collection
- Cell-phone recycling program in Greece
- Cell-phone recycling program in the U.S.

13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	We help protect the climate with **measures conducted at the Group** as well as with our sustainable products and services based on our integrated climate strategy.

- Climate protection strategy
- Implementing the integrated climate strategy
- Climate protection measures
- Sustainable products and services

14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources	Our white paper on connected cities incorporates water as a central resource in the development of innovative solutions for future city development.	▪ "Connected Cities" white paper ▪ Smart Metering
15 LIFE ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	Our efficient **Smart Agriculture** ICT solutions allow for higher harvest yields while reducing the use of resources such as seeds, water, fertilizers and energy. We also conduct **projects to protect biodiversity**.	▪ Connected agriculture ▪ Renaturalizing habitats with high biodiversity ▪ Corporate Volunteering
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote just, peaceful and inclusive societies	We have clearly expressed our commitment to complying with ethical principles and current legal standards. This commitment has been incorporated in our Guiding Principles and **Code of Conduct**. We also operate a comprehensive **compliance management system**. All our activities are compliant with legal regulations and our Binding Corporate Rules on Privacy.	▪ Compliance
17 PARTNERSHIPS FOR THE GOALS	Revitalize the global partnership for sustainable development	We **collaborate** with associations, institutions and companies at the **national and international level**. One of these is the Global e-Sustainability Initiative img (GeSI img).	▪ Overview of memberships and collaborations

CR PROGRAM

As part of its CR program, Deutsche Telekom specifies targets to be implemented throughout the Group in the relevant processes of its core business.

The CR program defines specific measures and a timeline for implementation. We also provide information on the implementation status in the CR program. Detailed information on the ESG KPIs, which we use to quantify our performance in each area, is provided in the CR Report.

2015 CR PROGRAM

Strategy and management ⌄

Goals	Scheduled completion date	Measures	Status
Further develop CR governance and strategy	Ongoing	• Gradually implement the Group Corporate Responsibility Policy at the national companies • Drive the integration of CR into the Groups central business processes • Integrate CR into the Group strategy • Revise CR strategy	• Group Corporate Responsibility Policy implemented at large European national companies. • Transition to integrated reporting continued by including materiality results and effects of key sustainability issues in the Annual Report. • Forecasts regarding the development of three ESG KPIs for and submitted for the Annual Report. • CR mission, CR approach and CR focus topics developed.
Embrace corporate values, accompany the transformation process	Ongoing	• Promote new forms of collaboration at the Group • Participate in dialog on topics relevant to society • Regularly review all KPIs for the benefits they provide, make them mandatory throughout the Group with target values	• Group-wide implementation of programs and formats – as virtual or face-to-face events – including Guiding Principles Day. • Dialog with experts from the fields of business, science, politics and society regarding digital responsibility started via telekom.com and social media • Next review of all ESG KPIs scheduled for
Support the Sustainable Development Goals (SDGs)	Ongoing	• Identify the relevance of the SDGs for DTAG core business • Take SDGs into account as an influencing factor in reviews of the ESG KPIs • Develop and implement measures to contribute to achieving the SDGs	• Transparent overview of DTAG's contribution to achieving the 17 SDGs drawn up and published

Stakeholder engagement ⌄

Goals	Scheduled completion date	Measures	Status
Systematic stakeholder engagement	Ongoing	• Implement a stakeholder engagement strategy based on the principles of the Global Reporting Initiative (GRI G4) and AA1000	• Stakeholder engagement incorporated via different formats, including a two-day CR Stakeholder Forum, internal round table on sustainable products, expert discussion on the environmental labeling of mobile devices.
Establish a materiality process	Ongoing	• Conduct annual materiality analysis (materiality processes) • Further develop the materiality process	• Materiality analysis conducted for • Materiality process further developed by introducing the methods used by the Global e-Sustainability Initiative (GeSI).

Climate protection ⌄

Goals	Scheduled completion date	Measures	Status
Reduce CO_2 emissions throughout the Group by 20 percent compared to 2008 (climate mitigation)	2020	• Roll out climate protection activities internationally • Introduce Group-wide monitoring	• Group-wide climate protection target approved by Group Board of Management in . • Annual status reports to Board of Management implemented.
Implement an integrated climate protection strategy and adapt it to climate change developments (climate adaptation)	2020	• Reduce CO_2 emissions • Identify... resulting from the use of renewable energy • Increase energy efficiency • Identify and use business potential from climate-friendly services (enabling) as well as opportunities in terms of product development and offers. (Sustainable product portfolio created.)	• Monitoring process for the reduction of CO_2 fully implemented in • Parameters for evaluating the sustainability of electricity procurement defined • Magyar Telekom and T-Mobile Austria climate-neutral since • Two new KPIs developed to show the relation between our energy consumption and CO_2 emissions to transported data volume. • Introduction of these KPIs planned for .
Record Scope 3 emissions throughout the Group	2016	• Develop methods for company and product-related carbon footprint and integrate these into the reporting process.	• Total Scope 3 emissions fully recorded and reported for business in Germany and several national companies (since 2015).

Management systems ⌄

Goals	Scheduled completion date	Measures	Status
Implement an occupational health, safety and environmental management system in compliance with ISO 14001 and OHSAS 18001 at all national companies with more than 50 employees.	2016	• Implement an integrated management system based on both standards and harmonize the different management process levels at the national companies	• 98.5 percent of our employees outside of Germany are covered by a certified health, safety and environmental management system. Telekom Deutschland GmbH is certified according to ISO 14001 and OHSAS 18001.

Sustainable consumption and lifestyle ⌄

Goals	Scheduled completion date	Measures	Status
Establish and monitor a sustainable product portfolio	Ongoing	• Implement the criteria and indicators developed in collaboration with external and internal stakeholders in company processes • Integrate product-based sustainability controlling in business processes and ensure Group-wide harmonization • Integrate the topic of sustainable products into corporate processes and develop a comprehensive strategy • Analyze products in terms of how they contribute to sustainability and what this can do for our business; include results in customer communication	• Additional products, including broadband Internet, BB cloud solutions and virtual set-top box, analyzed in detail as to their contribution to sustainability and the resulting business potential. Findings incorporated into customer communication. • Results of SMARTer study regarding business potential presented at Deutsche Telekom headquarters in Bonn
Stakeholder engagement and customer information	2020	• Conduct regular stakeholder dialog on specific topics • Develop sustainability-related customer orientation policies • Drive international standardization, e.g., via seals of quality or certification in the ICT sector • Get more products certified with the Blue Angel and TUEV Green Certified Product environmental labels.	• Regular stakeholder dialog on specific topics conducted • Speedphone series certified with Blue Angel label. • Blue Angel award received at German Sustainability Awards ceremony for our commitment and our role as a pioneer and multiplier for climate protection
Integration of life cycle assessment and usage behavior (sustainable consumption)	2020	• Tap efficiency potential in the product life cycle and enhance products and solutions to include sustainability criteria • Blacklist on environmentally harmful materials (not prohibited by law) contained in our products	• Successful advancement of lease model for devices (e.g., Media Receiver) to increase recycling share and length of use • Workshops conducted with suppliers on the voluntary materials blacklist, which was developed in cooperation with the Fraunhofer Institute for Reliability and Microintegration (Fraunhofer IZM).

Sustainable innovation and entrepreneurship ⌄

Goals	Scheduled completion date	Measures	Status
Develop innovative, sustainable business models	2020	• Establish general requirements to promote innovation in the sustainability field and identify and evaluate young companies and start-ups (partnering) • Promote innovative business ideas through hub:raum program • Drive forward the integration of ESG aspects in the innovation process	• Launch of the Internet of Things Accelerator program Twelve European start-ups paired with mentors from the M2M seotor • 2015 Cloud Boot Camp with more than 12 start-ups • Preparation for the integration of ESG aspects in the selection criteria of the newly established Corporate Innovation Fund, which supports innovative ideas in the business units in the course of the year

Socially responsible investment ⌄

Goals	Scheduled completion date	Measures	Status
Increase share of socially responsible investors in freely tradable stock	Ongoing	• Further enhance rating results • Engage in direct dialog with investors at SRI roadshows, via SRI calls and at SRI conferences • Engage in direct dialog with ratings analysts based on their assessments • Improve communication with investors regarding our sustainability efforts	• Included in DJSI World and DJSI Europe Index • Rated industry leader by oekom research • Rated second in the industry by Sustainalytics • Industry leader in the DACH region (Germany, Austria, Switzerland) Carbon Disclosure Leadership Index • Share of socially responsible investors in freely tradable stock increased slightly on the 2014 level to approx. 23 percent in 2015

Sustainable supply chain ⌄

Goals	Scheduled completion date	Measures	Status
Increase share of risk-evaluated purchasing volume (first supply level) to at least 75 percent	Completed	• Pre-qualification • Risk self-assessments • Supplier audits	• 79 percent of procurement volume covered in . • Target to be achieved by: increase share to percent.
Integrate sustainability into Group-wide procurement processes	Ongoing	• Successive integration of sustainability aspects into new vendor management system • Harmonize sustainable procurement management at all national companies via the Sustainable Procurement Working Group (SPWG) • Training courses for employees	• Concept to integrate sustainability aspects into vendor management system developed and implementation begun. • Face-to-face meetings, regular calls and an SPWG (Sustainable Procurement Working Group) roadshow introduced • 120 employees trained in "Sustainability in day-to-day business" workshops • 287 employees trained with the e-learning tool
Improve sustainability in our supply chain	Ongoing	• Establish a supplier development program • Anti-corruption training for suppliers in Germany	• Supplier development program established including seven companies. • Another four suppliers scheduled to be included in the program in 2016.

Social commitment ⌄

Goals	Scheduled completion date	Measures	Status

Integrate people into the knowledge and information society	Ongoing	• Expand efforts to promote media literacy and the responsible use of media	• Teachtoday positioned as a new flagship project. Results:
			  ○ More than 4,900 students between the ages of 9 and 12 participated in the Teachtoday media obstacle course in Germany
			  ○ First international call for submissions for the ";Media, sure! But secure." competition; Summit for Kids conducted for the second time
			  ○ Teachtoday online platform further expanded and made available in German and English; further languages planned
			  ○ New media magazine for children, "Scroller," developed

		• Continue to expand "Yes, I can!" initiative as a flagship project	• "Yes, I can!" initiative: more than 900 projects supported with a sponsorship volume of 5 million euros since 2009, reaching more than 75,000 young people.

		• Establish and expand aid offers for refugees	• Task force for refugee aid with seven focal topics initiated in Germany (as of February 2016):
			  ○ 68 refugee reception centers provided with Wi-Fi free of charge
			  ○ Internet platform www.refugees.telekom.de established
			  ○ Deutsche Telekom properties offered as refugee accommodation.
			  ○ 35 orientation internships, 12 internships for school students and six grants for studying at the Leipzig University of Applied Sciences (HfTL) awarded through the careers4refugees.de platform
			  ○ Nearly 500 civil servants in our Group seconded to the Federal Office for Migration and Refugees at their own request.
			  ○ More than 70 aid projects launched through the engagement@telekom.de platform
			  ○ Collaboration with Aktion Deutschland hilft aid organization: Collaboration with 30 companies
			• Further aid projects implemented at European sites along the refugee routes, for example, free Internet access, donation hotlines and financial support for emergency sea rescues

		• Reposition corporate citizenship by better aligning social commitment and portfolio of measures with our CR approach and core expertise	• Portfolio evaluated and focus sharpened; list of criteria for selecting projects for social commitment developed and applied
		• Ongoing evaluation of engagement@telekom activities	• 263 volunteering projects carried out, with 30,504 employees and 49,970 hours worked
		• Continue to improve transparency regarding the effectiveness of our social commitment by conducting ongoing effectiveness measurements	• Three new KPIs for measuring effectiveness tested and added to KPI set: Community Investment ESG KPI, Beneficiaries ESG KPI and Media Literacy ESG KPI

Networks ⌄

Goals	Scheduled completion date	Measures	Status
Around 80 percent broadband coverage of the German population by 2018.	2018	• Fiber optics build-out and installation/upgrading of distribution boxes with vectoring technology.	• Expansion of vectoring structure continued.
Provide LTE coverage to 95 percent of the population in Germany	2018	• Set up additional base stations • Continue LTE 1800 and LTE 800 network build-out	• LTE coverage of around 90 percent achieved (end of 2015)
Complete migration to IP in Germany by the end of 2018	2018	• VDSL vectoring build-out	• Around 9 million households in Germany switched to IP technology by the end of 2015

Employees ⌄

Goals	Scheduled completion date	Measures	Status
Adjust human resources policies to different life phases	Ongoing	• Continue to improve work-life balance offer • Promote part-time study programs (Bologna@Telekom)	• Enhanced suppport for employees caring for family members through new advisory services and arrangement of assistance. "Family manager" project launched in Bavaria. • The number of parent-and-child offices increased from twelve to a total of 20 (at 15 locations) • Flexible worktime models expanded. Lifetime work accounts made available to all employees.
First DAX-30 company to achieve a quota of 30 percent for women in middle and upper management	2020	• Ensure equal opportunity, freedom from discrimination and competitiveness • Introduce target quotas along the entire talent pipeline • Design and implement Managing Diversity module for manager training • Improve work-life balance	• Percentage of women in managerial positions throughout the Group increased from 19 percent (February 2010) to 25.8 percent (December 2015) • Quota development monitored, measures aligned, evaluated and redesigned where necessary • Successful completion in summer 2015 of the mentoring program to prepare women to be appointed to supervisory boards at German and international companies; Of the 24 female participants, seven now hold positions on a supervisory board. Follow-up program started in November 2015. Ongoing mentoring program for experts and managers on parental leave (end of June 2016)
Room for development and advancement	Ongoing	• Introduce new forms of internal and external collaboration, agile work and improved service orientation and encourage entrepreneurial thinking and action • Structured participation in discourse on relevant topics within society	• Group-wide Future Work program launched to establish a pioneering concept for a communicative work environment that promotes innovative strength and agility: sites in Bonn, Frankfurt and Hamburg redesigned. • Expansion of digital learning formats, e.g., the Magenta ONE offer: 30 percent of all official hours spent learning are done using digital media • Introduction of communities of practice as a form of collaboration that spans across functions and hierarchies: 40 communities founded at T-Systems so far. • Second round of Cyber Security Professional training program started

ESG KEY PERFORMANCE INDICATORS

The ESG KPIs help us steer our CR activities. We use them to systematically improve our performance and include them in our Annual Reports due to their relevance in generating added value. For the purpose of integrated financial and sustainability reporting, the KPIs map the six types of capital addressed in these reports and therefore also reflect the essential aspects of the sustainable value of our company (see diagram).

Types of capital
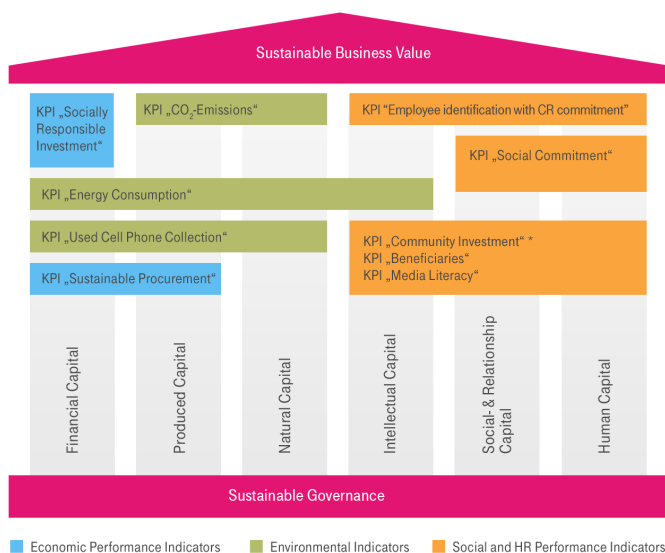
*Also covering financial capital. The attribution of the KPI to the types of capital is ment to show the linkages between them, but is not unequivocal for all types of capital.

ESG KPIS

In order to steer its CR performance, Deutsche Telekom uses eleven ESG key performance indicators (ESG KPIs) that apply throughout the Group:

- Socially Responsible Investment (SRI) ESG KPI
- Sustainable Procurement ESG KPI
- CO_2 Emissions ESG KPI
- Energy Consumption ESG KPI
- Used Cell-Phone Collection ESG KPI
- Community Investment ESG KPI
- Beneficiaries ESG KPI
- Media Literacy ESG KPI
- Social Commitment ESG KPI
- Employee Identification with CR Commitment ESG KPI

It is mandatory for all Deutsche Telekom national companies that participate in the data collection process to record the Group-wide ESG KPIs. These represent 99 percent of the Group's net revenue.

We are able to provide an updated value for the Employee Identification with CR Commitment ESG KPI in this report, having conducted our employee survey, which provides the required information, in 2015. The next survey is scheduled for 2017.

As of this report, we will only be reporting on the Used Cell-Phone Collection ESG KPI based on the new definition. The reference parameter used to calculate the ESG KPI was changed during the previous year from "number of customers" to "number of cell phones in circulation."

We conducted successful pilot tests of new ESG KPIs to measure the effectiveness of our social commitment (Community Investment, Beneficiaries and Media Literacy) in the previous year and then included them as a permanent part of our ESG KPI set. Our stakeholders responded particularly well to the focus on effectiveness and clear relevance of the Media Literacy ESG KPI to our core business. The PwC audit company also conducted an independent assurance engagement of the three new ESG KPIs, initially for Germany.

We launched an internal pilot project at the end of 2015 to push the revision process for the Energy Consumption ESG KPI. The model currently favored is to stop using revenues as a reference value. The relationship between revenues and energy consumption is not direct enough and is subject to a number of different factors such as regulation, competition and market saturation.

All ESG KPIs will be systematically reviewed in 2016, just like they were last in 2014. We will be analyzing any need for adjustment based on changing internal and external general conditions. Key internal criteria are the relationship to our core business and strategy, but also steering relevance, i.e., the question to what extent the ESG KPIs can help us effectively assess the success of key sustainability topics. External factors such as SRI ratings, the United Nations' Sustainable Development Goals and implications taken from other general guidelines are taken into consideration as well.We also expect the significance of impact measurements both at and outside our company to grow. We have been conducting these types of measurements with our Media Literacy ESG KPI, for example.There are also plans to expand our Sustainable Procurement ESG KPI since we achieved and even exceeded the target associated with this KPI in 2015. We will involve our national companies in the review process right from the start. When the German and international CR managers meet at the CR Managers Meeting in spring 2016, the ESG KPI review will be on the agenda. Similar to the last review, an inter-

nal pilot test of the new KPIs will be conducted and these will be in-corporated into our regular data processes based on the results. The new KPIs will then be gradually included in our external reporting activities.

ESG KPI REPORTING IN THE ANNUAL REPORT

We also report on selected ESG KPIs in the Deutsche Telekom Annual Report. Forecasts on the further development of three ESG KPIs (Energy Consumption, CO_2 Emissions and Sustainable Procurement) according to German accounting standard DRS 20 are also included in the report. We reviewed the forecasts made in the 2014 Annual Report for our 2015 Annual Report.

As expected, the figure for the Energy Consumption ESG KPI decreased in the reporting year compared with 2014, a trend that is even stronger than anticipated. As revenues increased, electricity consumption throughout the Group remained stable, and actually fell in Germany, in 2015. In view of the lightning rise in worldwide data traffic and the continuing network build-out, this stable trend is a success and has only been possible due to the progress we have made in energy efficiency.

We had assumed there would be a slight decline in the CO_2 Emissions ESG KPI for 2015, i.e., a slight improvement. This is consistent with the actual trend, which is in particular due to the aforementioned stable development in electricity consumption and the slight fall in emissions from fuel and natural gas consumption. In the case of the Sustainable Procurement ESG KPI, which stands at 78 percent, we actually exceeded the target forecast for 2015. In 2016 and 2017, we expect these ESG KPIs to develop as follows:

- Over the next two years we expect our Energy Consumption ESGKPI to fall, i.e., a positive development. This trend is based on the ratio between the slight savings in power consumption and increasing revenues. We expect the reductions in power consumption in particular as a result of our network migration to IP technology in Germany, improved network utilization in general, and the consolidation of T-Systems data centers in various countries. These savings are expected to be partly counterbalanced by the expansion of T-Mobile USA and the accompanying rise in electricity consumption.

- The developments in electricity consumption are also the main drivers of the trend in our CO_2 emissions. We therefore also expect our CO_2 Emissions ESG KPI to fall slightly in 2016 and 2017. Our expectation for the Group units participating in the climate protection target is that, in 2020, CO_2 emissions will lie 20 percent below the rate of the base year 2008 (excluding T-Mobile USA).

- In the coming years we expect our Sustainable Procurement ESG KPI to rise slightly above the figure achieved in the reporting year.

The trend in the Social Commitment ESG KPI reflects the German public's growing expectations of our company's social commitment, whereas Deutsche Telekom's performance receives the same rating as the previous year. Public expectations of our commitment have increased significantly – influenced primarily by the issue of refugees, which is the subject of heated public discussion at present.

We use the Employee Identification with CR Commitment ESG KPI to determine the degree to which our staff identify with, or how satisfied they are, with our CR commitment. It is based on our Group-wide employee survey, which is carried out every two to three years.
Evaluation of the survey showed a marked upward trend in both areas.

SUSTAINABLE FINANCE

Companies that rely on sustainable business practices are more competitive in the long term, which is why investors who are interested in sustainability tend to focus on long-term yields instead of short-term profit. Socially responsible investment (SRI) can be an important component when it comes to securing capital for Deutsche Telekom AG in the long term.

SRI investment products consist of securities from companies that have passed an audit conducted in accordance with environmental, social, and governance (ESG) criteria. This is why the development of demand for T-Shares from socially responsible investors serves as an indicator for assessing our sustainability performance. With our Socially Responsible Investment ESG KPI we measure how the financial markets perceive our CR activities. Investors concerned with sustainability often refer to ratings published by specialized SRI analysts. For this reason the rating given to our company by SRI analysts has an impact on our ability to win over and retain socially responsible investors and achieve our goal of keeping our company's medium and long-term cost of capital at a low level.

We use different formats – both in our reporting as well as in direct dialog – to inform SRI analysts and investors of our CR activities.

SOCIALLY RESPONSIBLE INVESTMENT (SRI) ESG KPI

At the end of 2015, around 21 percent of T-Shares were owned by investors who consider SRI criteria in their investment decisions at least to some extent. Two percent of T-Shares were held by investors who give priority to SRI aspects when managing their funds. Increasingly, our efforts toward more sustainability and social commitment therefore pay off in terms of reputation.

Investor communication expanded

We have been publishing relevant Deutsche Telekom ESG KPIs in our Annual Report for several years now, also providing forecasts regarding their future development. Financial market players interested in sustainability can also review ESG information in the Socially Responsible Investment (SRI) section of our investor relations portal. Interested parties can also find additional information on these topics in the SRI facts info box provided as a supplement to this CR report.

In addition to our reporting activities, we also engage in targeted dialog with investors. Our CR and Investor Relations (IR) units, for example, conducted joint SRI roadshows on the topic in June and December 2015. They also held special conference calls to keep interested investors informed and responded to numerous direct requests for information made by analysts and investors, covering the entire spectrum of ESG criteria, from climate protection and human rights to data privacy and diversity.

CURRENT POSITION IN RANKINGS AND RATINGS

Deutsche Telekom's ESG (environmental, social and governance) performance is assessed within the scope of CR ratings, which provide investors with valuable information for their investment decisions. As in previous years, the T-Share was once again listed in important sustainability ratings in 2015. We appeared in RobecoSAM's DJSI World and DJSI Europe Index for the first time since 2012. In addition, rating agency oekom singled us out as the world's best telecommunications company in terms of ecological and social performance in 2015. A top score of 100 points can be achieved in the CDP Carbon Disclosure Leadership index. We improved slightly once again from 98 to 99 points, thereby gaining a firm foothold as industry leader for the DACH region (Germany, Austria, and Switzerland). We were also listed as industry leader in the Carbon Performance Leadership Index in 2015. The STOXX Global ESG Leaders Index listed Deutsche Telekom for the fifth year in a row. During the last financial year we ranked 2nd in the telecommunications industry and 3rd among all German companies in the ranking conducted by rating agency Sustainalytics, on which this index is based. Once again, our share was listed on the FTSE4Good index and the UN Global Compact 100 index in the reporting year.

INTEGRATED REPORTING

More and more people are recognizing the significance of CR for a company's core business. This can also be seen in the international trend toward tighter integration of financial and non-financial reporting. Sustainability aspects that are very important to corporate added value, such as environmental protection, employee needs and sustainable products, are being included in traditional management reporting.

Deutsche Telekom has been working on integration in its annual report for several years now. These efforts can be seen in the increasing inclusion of CR topics in central business processes such as procurement, product development and innovation. In this context, we are also working on a more standardized format for reporting on our company's financial and non-financial performance. This is in line with SRI investor expectations, and our efforts received the Econ Award for Corporate Communications in 2015. Our report received Gold in the Annual Report category in 2014. One decisive factor in the jury's decision was effective integration of the topic of sustainability.

Various sections of our Annual Report make reference to how sustainability contributes to value creation in our corporate processes. We have been reporting on our ESGKPIs in our Annual Report since 2011. Additional qualitative trend forecasts for the following two financial years have been included for our Energy Consumption, CO_2 Emissions and Sustainable Procurement ESG KPIs since 2013. As a result, we were once again in a position to compare forecasts and actual KPI trends in our 2015 Annual Report and in this year's CR Report. Further information on this can be found in the ESGKPIs section.

To further push integration, we evaluated sustainability topics in this year's materiality process based on their significance for the success of our business. In addition to assessing their impact on sales and revenues, we analyzed their influence on the efficiency of our business processes, employee productivity, our ability to innovate and improving our reputation. As a result, we identified 18 sustainability topics that are highly significant to the success of Deutsche Telekom's business. These topics were integrated even more tightly into key sections of our Annual Report.

TAX POLICY GUIDELINES

The Group Tax department is responsible for ensuring that the Deutsche Telekom AG Group pays taxes and duties at national and international level in accordance with the applicable statutory provisions. This involves utilizing the scope available for optimizing taxes on the one hand, and living up to the social responsibility of a multinational company on the other.Group Tax makes sure that the Deutsche Telekom Group complies with all its tax obligations in Germany and abroad, in particular that it pays the taxes in accordance with the local laws and regulations applicable to the individual Group entities. This includes the Group's income taxes, which must also be regularly reported in our IFRS financial statements, as well as VAT and income tax on salaries payable within the context of customer transactions and for Group employees. Group Tax also ensures that the corporation has an efficient tax structure within the framework of German and foreign tax law as applicable in each country, i.e., that the Group does not carry any unnecessary tax burden. The goal is to achieve sustainable tax efficiency for the Group, something in which transparent, reliable cooperation with local tax authorities is deemed to be indispensable.

In addition, Group Tax also has the ambition to contribute as much as possible to the success of Deutsche Telekom's operations, e.g., by providing detailed tax advice regarding new business models or innovative technological developments. In such matters, the department is particularly focused on immediately clarifying any unresolved tax law-related issues as well as providing practical solutions to meeting all applicable tax requirements.

ADDED VALUE AND MATERIALITY

Which sustainability topics are relevant for our revenue development, capacity for innovation and reputation? Which topics matter to our stakeholders, including our shareholders, customers and employees as well as the public? In what areas and in what ways do our business operations impact society and the environment? Being familiar with key economic, environmental and social issues is fundamental to our success in these areas, which is why our materiality process is not solely based on our own perspective but also takes into account the opinions of our stakeholders.

OUR BUSINESS OPERATIONS

With more than 156 million mobile customers, 29 million fixed-network and around 18 million broadband lines, we are one of the leading integrated telecommunications companies worldwide. We offer our customers fixed-network/broadband, mobile communications, Internet, and Internet-based TV products and services for consumers, and ICT solutions for business and corporate customers. We have an international focus and are represented in more than 50 countries. Overall, we employ around 225,200 people (December 31, 2015).

The fixed-network business encompasses all voice and data communications activities based on fixed-network and broadband technology. This includes the sale of terminal equipment and other hardware, as well as the sale of services to resellers. Our mobile communications business offers mobile voice and data services to consumers and business customers. When marketing these services, we also sell mobile handsets and other hardware. In addition, we sell mobile services to resellers and to companies that buy network services and market them independently to third parties (mobile virtual network operators, or MVNOs). Drawing on a global infrastructure of data centers and networks, our corporate customer arm, T-Systems, operates information and communication technology (ICT) systems for multinational corporations and public-sector institutions. As illustrated in the diagram, our Group consists of four operating segments. The 2015 Annual Report provides more in-depth data regarding our business development.

The organizational structure at a glance

Deutsche Telekom Group			
Group Headquarters & Group Services			
Germany	United States	Europe	Systems Solutions
Fixed-network and mobile communications	Mobile communications	Fixed-network and mobile communications	T-Systems

MATERIALITY PROCESS BETTER TAILORED TO ICT REQUIREMENTS ⊘

Every year we identify which topics are the most material in defining Deutsche Telekom's sustainability management and sustainability reporting focus from the perspective of our stakeholders as well as from an internal corporate perspective.

We structured this materiality process in 2015 in accordance with the methods defined by the Global e-Sustainability Initiative (GeSI). The GeSI analysis covers 55 topics that are material for the ICT industry. These can be placed in nine categories: digital inclusion, employee relationships, climate change, circular economy, sourcing and manufacturing, customer relationships, privacy and freedom of expression, governance, and local community and environment impacts. The advantage is that, by switching our materiality process over to the GeSI method, the process is now even more focused on our core business as an ICT service provider.

For internal purposes we included all 55 topics in the weighting process. To map the stakeholder perspective, we first needed to compare the results of the earlier stakeholder survey with the aspects defined by GeSI.

Internal workshop identifies material aspects for the success of our business

At a workshop that we held on November 11, 2015, experts from different Deutsche Telekom departments including Human Resources, Innovation and Communications, looked at 55 topics and identified those that have the largest impact on five main value drivers behind business success from a corporate perspective. These value drivers were also adopted from the GeSI method (a link has been added to examples of material aspects):

- **Technology and innovation:** Increasing customer demands for secure, encrypted services mean that topics such as data security and cyber security are among the primary drivers behind innovation.

- **Revenue growth:** With network expansion, Deutsche Telekom can tap new markets and access new customers. High service quality is decisive for customer satisfaction and has a direct impact on customer acquisition and customer loyalty. Customer inquiries regarding sustainable products are still limited in number but continue to grow, which is why this topic has been identified as an important driver.

- **Business operations:** Which topics have a positive impact on business processes or help reduce costs? These include excellent employee involvement and basic standards such as data security, service quality, stakeholder engagement and compliance.

- **Employee relationships:** The following topics have considerable impact on employee satisfaction and productivity: talent acquisition, retention, development and staff reduction, employee involvement, employee health, safety and wellness and employee diversity and anti-discrimination. Having a service-oriented corporate culture (service quality), ethical business practices and transparency also have a favorable impact on employee relationships.

- **Reputation:** High service quality and transparency as well as extensive reporting strengthen trust in Deutsche Telekom. In contrast, topics such as business practices, privacy and supply chain labor standards can also pose risks to our reputation. Having our brands, products or services portrayed negatively in the media in connection with these aspects can significantly damage our reputation.

Ongoing survey weighs topics from stakeholder perspective
To help us identify which aspects are most material for our stakeholders, we assessed the results of our ongoing online stakeholder survey from the period from December 17, 2014, through December 7, 2015. The survey covered 74 aspects. The assessment was based on evaluations submitted by 312 people:

- 125 customers
- 121 employees and potential employees or employee representatives
- 22 analysts and investors
- 7 participants from the worlds of science, research and education
- 5 NGO representatives
- 5 suppliers
- 2 representatives from regulatory authorities and political decision-makers
- 25 participants who associated themselves with none of the groups mentioned

In order to be able to compare the 74 topics from the stakeholder survey, we matched them with the 55 aspects based on the GeSI method as far as possible. For 21 of the GeSI aspects none of the topics from the previous year's survey were an adequate match. In these cases we only took internal weighting into consideration. This can be particularly attributed to the different logic used by the surveys. Our previous surveys were more specifically targeted at assessing the approach, e.g., a distinction was made between different internal and external management tools. The GeSI method, however, primarily differentiates between factual aspects. We recently revised our stakeholder survey in line with the GeSI method. It includes weighting issues, performance assessment and open questions. Feedback from our stakeholders during the reporting period can be found here.

MATERIAL TOPICS FOR A SUSTAINABLE DEVELOPMENT ✓
Topics were rated as "very relevant," " relevant," "less relevant" and "not relevant" at internal workshops and in the stakeholder survey. We then transferred the weighting over to a 100-point scale. All topics that earned more than 60 points in the materiality process both from a corporate perspective as well as a stakeholder perspective are considered as very relevant and therefore material. These are depicted in the diagram below. You can find the overall results here.

Materiality matrix of Deutsche Telekom
Extract
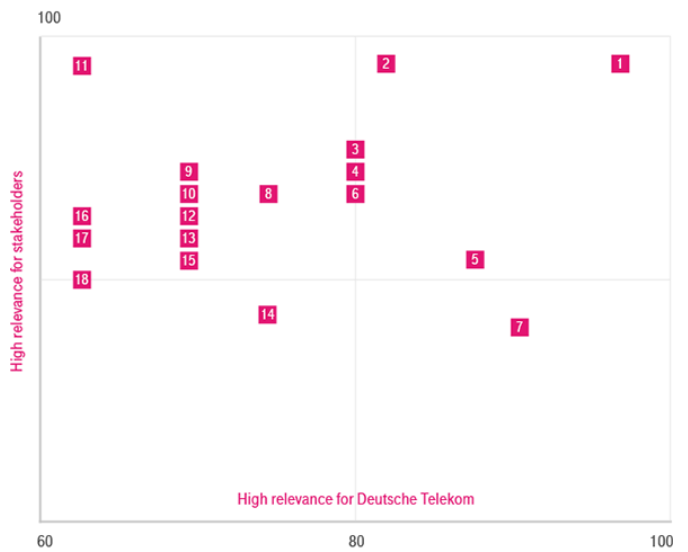
1	Data Security	11	Social Application of ICT Products and Services
2	Privacy	12	Ethical Business Practices and Compliance
3	ICT Solutions for a Low-Carbon Economy	13	Employee Diversity and Anti-Discrimination
4	ICT and Child Safety	14	Employee Involvement
5	Service Quality	15	Employee Health, Safety, and Wellness
6	Cyber Safety	16	Stakeholder Engagement
7	Talent Acquisition, Retention, Development and Reduction	17	Supply Chain Labor Standards
8	Climate Change Mitigation	18	Business Resilience and Adaptation
9	Transparency and Reporting		
10	Access (Geography)		

IMPACT AND DELIMITATION OF MATERIAL ASPECTS ALONG THE VALUE CHAIN ✓

Topics that are relevant for Deutsche Telekom were identified in the course of the materiality analysis. The following is a simplified illustration of where we primarily see environmental, social and economic impact – at the Group and national companies as well as in the upstream and downstream supply chain.

#	Material aspects	Impact				
		Raw materials extraction	Manufacturing	Processes at Deutsche Telekom	Use of services and products	Disposal and recycling
1	Data security			++	++	
2	Privacy			++	++	
3	ICT ⓘ solutions for a low-carbon economy		++	++	++	++
4	ICT and child safety				++	
5	Service quality			++	++	
6	Cyber safety			++	++	
7	Talent acquisition, retention, development and staff reduction			++		
8	Climate change mitigation	++	++	++	++	++
9	Transparency and reporting	++	++	++	++	++
10	Network expansion			++	++	
11	Socially relevant application of ICT products and services				++	
12	Ethical business practices and compliance	++	++	++	++	++
13	Employee diversity and anti-discrimination	++	++	++	++	
14	Employee involvement			++		
15	Employee health, safety and wellness	++	++	++		
16	Stakeholder engagement	++	++	++	++	++
17	Supply chain labor standards	++	++	++		++
18	Business resilience and adaptation			++		

MATERIAL TOPICS MATCHED WITH GRI ASPECTS ✓

The following overview indicates which GRI aspects can be matched with the material topics of the stakeholder survey.

#	topics	GRI aspects
1	Data security	Customer privacy
2	Privacy	
3	ICT ⓘ solutions for a low-carbon economy	Products and services
4	ICT and child safety	Customer health and safety
5	Service quality	Product and service labeling
6	Cyber safety	Customer health and safety
7	Talent acquisition, retention, development and staff reduction	Training and education
8	Climate change mitigation	Emissions; energy
9	Transparency and reporting	(no matching GRI indicator available)
10	Network expansion	Indirect economic impacts
11	Socially relevant application of ICT products and services	(no matching GRI indicator available, see sustainable products)
12	Ethical business practices and compliance	Compliance; anti-corruption
13	Employee diversity and anti-discrimination	Equal treatment; equal pay for men and women; diversity and equal opportunities
14	Employee involvement	Labor/management relations, freedom of association and right to collective bargaining
15	Employee health, safety and wellness	Occupational health and safety
16	Stakeholder engagement	Stakeholder engagement
17	Supply chain labor standards	Evaluating suppliers in terms of labor practices; evaluating suppliers in terms of human rights
18	Business resilience and adaptation	(no matching GRI indicator, see risk and opportunity management)

MATERIAL ASPECTS: OVERALL RESULTS

The following illustration shows the valuation of all topics from a stakeholder and company perspective. The company perspective is based on the results of an internal workshop. For the stakeholder perspective we have aligned the results of the previous stakeholder survey with the findings of the GeSI-analysis. New topics, which have not been addressed in the survey so far, are illustrated at the bottom of the x-axis. You can find the revised stakeholder survey here.

Category:

- ● Customer relationships
- ● Privacy and freedom of expression
- ● Governance
- ● Sourcing and manufacturing
- ● Circular economy

- ● Employee relationships
- ● Climate change
- ● Digital inclusion
- ● Local community and environment impacts

Relevance for

Relevance for Deutsche Telekom

Legend:

- ● Data security
- ● Geschäftliche Resilienz und Anpassung
- ● Clarity of pricing and billing
- ● Responsible marketing
- ● Safety while driving
- ● Gender and ICT
- ● Employee involvement
- ● Outsourcing and offshoring
- ● Privacy
- ● Freedom of expression
- ● ICT-Lösungen für eine kohlenstoffarme Ökonomie
- ● Energy consumption in the supply chain and transportation
- ● Research and development, local innovation
- ● Stakeholder engagement
- ● Donations to political parties
- ● Tax contributions
- ● Access (user characteristics)

- ● EMF
- ● ICT and child safetyinfo id=30]
- ● Service quality
- ● Cyber safety
- ● Collaborative consumption and sustainable lifestyles
- ● Employee health, safety and wellness
- ● Talent acquisition, retention, development and staff reduction
- ● Employee diversity and anti-discrimination
- ● User access control and content standards/safety
- ● Relations with law enforcement authorities
- ● Adjusting to the impact of climate change
- ● Product energy efficiency
- ● Mitigating climate change
- ● Ethical business practices and compliance
- ● Intellectual property rights
- ● Transparency and reporting
- ● Open sourcing
- ● Public policy
- ● Board compensation, independence and diversity
- ● Access (geography)

- ● Access (user characteristics)
- ● Socially relevant application of ICT products and services
- ● Inclusive supply chains
- ● Materials sourcing
- ● Waste and emissions management in the supply chain
- ● Local community impact
- ● Security services
- ● Electronic waste
- ● Sustainable product design

- ● Access (geography)
- ● Women's empowerment and ICT
- ● Supply chain labor standards
- ● Conflict minerals
- ● Water management in the supply chain
- ● Disaster preparedness and response
- ● Land use
- ● Environment impact
- ● Disruptive product innovation
- ● Hazardous or harmful materials
- ● Packaging and logistics

STAKEHOLDER MANAGEMENT

Companies are constantly balancing the expectations of a variety of stakeholders when managing their business. That is why a company's success depends on recognizing the interests and demands of its stakeholders and meeting and addressing these whenever possible and reasonable. Stakeholders also expect to be kept informed of how companies are responding to their demands. Deutsche Telekom goes even further by actively surveying its stakeholders and involving them in its management processes.

Engaging in dialog with our stakeholders helps us identify trends early on, which fosters our innovation processes (click here for current examples). At the same time, this strengthens existing alliances and creates new opportunities for partnerships. This is particularly important in terms of our sustainability targets, which we can only achieve in collaboration with partners from the worlds of politics (political advocacy), society, science and research, and industry.

Business sector and its representatives
- DAX-listed companies
- Other large corporations
- Small and medium-sized enterprises
- Trade and industry associations
- Cooperation partners
- Competitors

Science, research and education
- CR and sustainability research institutions
- Political and business research institutions
- Universities
- Schools
- Day care centers
- Student organizations and university associations
- ICT, sociology and design research institutions

NGOs and special interest groups
- Humanitarian organizations and charities
- Business ethics groups
- Multi-thematic organizations
- Churches and their relief organizations as well as other religious and social groups
- Foundations
- Environmental protection organizations

Media
- CR and sustainability
- Players from politics and business
- Education
- Radio broadcasters, daily press, press agencies
- Online media and social networks
- Publishers
- Journalist associations/media groups
- ICT and communications

Politics
- Players at national level
- Embassies and consulates
- Supervisory and regulatory authorities
- Communities and their representatives
- International organizations
- Players at EU level

Customers, potential customers and their representatives
- Youngsters and young adults
- Families
- Middle-aged people
- Senior citizens
- Small and medium-sized enterprises
- Large corporations
- Public authorities
- Consumer organizations and segment-specific interest groups
- Telekom Supervisory Board members

Employees, potential employees and their representatives
- • Employees
- Managers
- Board of Management

- Applicants and prospective employees
- Trade unions and works councils
- Employees and students
- Endowed chairs
- Apprentices/trainees

Suppliers
- Auditors and certification bodies
- Sub-suppliers
- Consultants
- First-tier suppliers

Analysts, investors and their representatives
- Private investors
- Funds, asset managers and analysts
- (SRI) rating agencies
- Analyst organizations and associations
- Institutional investors

GUARANTEEING STAKEHOLDER ENGAGEMENT

We systematically encourage stakeholder engagement in our corporate activities. In 2011 we developed a strategy for stakeholder engagement in order to manage our various activities throughout the Group. The strategy is based on the three AA1000 Principles developed by the NGO AccountAbility: materiality, inclusivity, and responsiveness.

We have defined three types of stakeholder engagement: Information, dialog and participation. These are based on six principles for interacting with stakeholder.

In order to ensure that our CR activities are designed effectively, we regularly assess how our stakeholders perceive and rate these activities based on our materiality process and CR topic monitoring.

FEEDBACK FROM THE STAKEHOLDER SURVEY

Our ongoing stakeholder survey (survey) includes weighting issues (2015 results), performance assessment and open questions. Below is a summary of feedback results for the period from January 2015 to March 2016.

Recommendations on how Deutsche Telekom can further improve its corporate responsibility:

- Stronger customer focus and improved customer service,
- Reduction of mobility-related CO_2 emissions,
- Sharper focus on social commitment,
- More intensive involvement of the company's employees,
- Improved availability of offered bandwidths,
- Expanded supply of sustainable products that enable and promote sustainable consumption

Requirements concerning the sustainability of Deutsche Telekom products:

- Durability
- Energy efficiency
- Resource conservation at every stage of the value chain
- Sustainable packaging design
- Transparent product information

Expectations regarding compliance with global policies and regulations (e.g., concerning human rights):

- Strict assessment of compliance both within the Group and along the supply chain (Deutsche Telekom is considered a pioneer in this area)

- Addressing violations systematically and transparently (both internally and externally) in order to establish trust and credibility

Suggestions for strengthening commitment to sustainability among employees and in the corporate culture:

- Increased internal communication on sustainability issues, e.g., within the Telekom Social Network

- Stronger employee involvement, e.g., by means of specific recommendations regarding more sustainable conduct and providing more room for implementing own ideas

- Promoting sustainable action with targeted, systematic incentives

- Clear commitment to sustainability by corporate management as a role model

- Improved stability within the company and reinforcing confidence in secure jobs

Requests and suggestions for improved reporting:

- Improved reader-friendliness, e.g., by means of clearer report structure (common thread), clearer diagrams, simpler, more lively language and more interactive elements

- Active marketing of the CR report

- More transparency in terms of goals not achieved

PETITION: MAGENTAMOBIL HAPPY

In February 2016, our MagentaMobil Happy offer was discussed in social media. In a petition addressed to Deutsche Telekom, we were asked to withdraw this option - as it supposedly supports the accumulation of smartphones that are no longer being used. We would like to address these concerns.

Why do we have this offer?

We provide our customers with solutions that meet their expectations. Several market surveys have shown that there are customers who want to always have the latest end device. The offer is targeted at these customers. It is safe to assume that customers will find a way to fulfill this wish regardless of what Deutsche Telekom offers. Just like our offer for this target group, we also offer plans directed at other target groups. Customers can always opt out of receiving a new smartphone and switch to a cheaper plan instead.

What we do:

We take our economic and social responsibility just as seriously as our environmental responsibility and try to promote resource awareness among our customers. This is shown by the examples below:

- In cooperation with Deutsche Umwelthilfe e.V., we have been raising general public awareness of conservative use of valuable resources such as gold, silver, copper and platinum with our used-cell phone collection campaigns for more than 13 years. In order to simplify the collection of used cell phones and smartphones, we have created the Handysammelcenter online collection portal. Since introducing the program in 2003, Telekom Deutschland has helped conserve resources by reusing or recycling more than two million used cell phones in cooperation with our partners Teqcycle and Deutsche Umwelthilfe e.V. Our used cell-phone collection process has been certified by DEKRA for secure data deletion. Depending on the condition of the device, the collected cell phones and smartphones are reused or properly recycled in line with environmental standards. Telekom Deutschland donates any profit generated to Deutsche Umwelthilfe e.V and has thus supported more than 770 environment and nature conservation projects to date.

- Another one of our offers is called "Don't buy, rent". This offer leads to prolonged average utilization periods of routers and media receivers. If a customer decides to cancel the service, they return the device, which is then either repaired and reused or properly recycled.

What our customers can do:

If a customer opts for a new device, they can, for example, give their previous smartphone to a family member or friend, extending the device's operating life. This extension of the device's life has a favorable impact on its carbon footprint. Anyone who does not wish to continue using their high-quality used device - whether a tablet or a smartphone - can exchange it for a voucher at any Telekom Shop with our "Handyankauf" cell-phone trade-in service. Users can get an estimate of the value of their device online in advance. If the device is not suitable for reuse, it can be turned in at any Telekom Shop or at a local public collection point for proper recycling. You can find a map of these collection points here. End devices should on no account be disposed of in domestic waste as that would mean losing valuable resources.

In order to convince the general public of a sustainable lifestyle, we provide useful tips and tricks on green surfing and energy-conscious driving in our "We care" app magazine. The app can be downloaded for free from iOS and Android stores.

STAKEHOLDER INVOLVEMENT

The type and extent of our stakeholder engagement is based on the results of a case-related relevance analysis. The more relevant a stakeholder group is to the topic or project concerned, the more intensive stakeholder engagement can be. Depending on the intensity, we make a distinction between three types of engagement: information, dialog, and participation.

Stakeholder involvement formats
Highlights

PARTIZIPATION
- Stakeholder survey
- Supplier development program
- Focus on social commitment
- Cooperation with Daimler and bicycle manufacturer Bulls
- Telekom Social Network – information, discussions and raising awareness
- Impressing customers with "wow" products

DIALOG
- CR Stakeholder Forum 2015: Sustainable products & Sustainable supply chain
- Magyar Telekoms 8th „Sustainability Day"
- Involvement in product labeling
- Dialog with experts from the fields of business, science, politics and society regarding digital responsibility
- SRI roadshows
- Round-table discussion on more sustainable products and rate plans
- Sustainability workshop with young journalists

INFORMATION
- We Care – new issue of app magazine published
- Teachtoday – initiative for the promotion of safe and competent media use
- "What we are proud of": employee communikation poster
- „Good to know": Interner CR-Newsletter für Mitarbeiter

LEADING IN CR ONLINE COMMUNICATION

Our CR online communication was praised by the Leuphana University of Lüneburg. We ranked first among 70 large corporations examined in the "Internet-based sustainability communication and reporting by listed companies in the DACH region (Germany, Austria, and Switzerland)." The data for the study was collected in November and December 2015.

The researchers analyzed corporate groups in Germany, Austria and Switzerland using 27 criteria within the four dimensions of information provision, access, clarity and dialog. The evaluation took into consideration sustainability information on the Group website, online sustainability reports and communication in social media. Deutsche Telekom met 73 percent of criteria, thereby scoring best among all companies.

OVERVIEW OF MEMBERSHIPS AND COLLABORATIONS

Business and industry associations

American Chamber of Commerce in Germany

Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA)

Branchenverband BITKOM

European Telecommunications Network Operators' Association (ETNO)

Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V. (econsense)

GSM Association (GSMA)

International Chamber of Commerce (ICC)

Bundesverband der Deutschen Industrie e.V. (BDI)

Climate protection and environmental organizations

B.A.U.M. e.V.

Global e-Sustainability Initiative (GeSI)

Stiftung 2° – Deutsche Unternehmer für Klimaschutz

Sustainability Leadership Forum (in Kooperation mit B.A.U.M.)

European School of Management and Technology (ESMT)(Sustainable Business Roundtable)

Global Compact

Global Compact LEAD

Caring for Climate

Joint Audit Cooperation (JAC)

Selected collaborations with humanitarian and social aid organizations

Bundesnetzwerk Bürgerschaftliches Engagement (Mitgliedschaft sowie Arbeitsgruppe Demografie und seit März 2014 Mitglied im Koordinierungsausschuss)

CCCD – WIE (Arbeitsgruppe Corporate Volunteering, Arbeitsgruppe Evaluation)

Aktion Deutschland Hilft e.V.

Deutsches Rotes Kreuz

DKMS Deutsche Knochenmarkspenderdatei gemeinnützige Gesellschaft mbH

Lebenshilfe e.V.

SOS-Kinderdorf e.V.

Nummer gegen Kummer

TelefonSeelsorge

Deutsche Telekom Stiftung

Deutschlandstiftung Integration

„Ich kann was!"-Initiative

Bundesarbeitsgemeinschaft der Senioren-Organisationen (BAGSO)

Friedrich-Ebert-Gymnasium Bonn

Teachtoday

Leitbild Deutsche Wirtschaft

Wirtschaftsbeirat der GIZ

FOCUS ON SOCIAL COMMITMENT
We reviewed our approach to social commitment and our respective portfolio of measures in 2015. Our goal was to further align our activities with our CR approach and core expertise while at the same time being flexible enough to cover a wide range of issues.

In addition to six Deutsche Telekom Group departments (Group Corporate Responsibility, Group Communication, Group Strategy, Investor Relations, Sponsorships, Human Resources Development), participants included members of the Deutsche Telekom Stiftung foundation and of the non-profit consulting company Phineo gAG. This guaranteed that different perspectives, both internal and external, were incorporated

into the process. The collaboration resulted in a matrix containing clear criteria on what must and what may be implemented, which we use as a basis for selecting projects for our social commitment activities. These projects must be relevant to society, i.e., promote confident use of ICT img, contribute to solving social issues or effectively reach a large number of people.

We use this list of criteria to make sure that our commitment activities reflect our core expertise more accurately, are in line with our compliance standards and also sets us apart from the competition in terms of our project activities.

TELEKOM SOCIAL NETWORK – INFORMATION, DISCUSSIONS AND RAISING AWARENESS
The Telekom Social Network (TSN), puts an end to e-mail ping pong. Employees can share and jointly work on content on Deutsche Telekom's largest communication platform. The platform was introduced four years ago and more than 100,000 employees currently take advantage of it in their everyday work.

More and more people are discussing CR projects and their enhancement on TSN. In the CR group, the CR department provides information on its latest initiatives and progress, e.g., concerning our supplier development program. It also uses the platform to get employees involved: 2015 was dedicated to refugee aid. TSN made it possible for us to reach a large number of people in a short time, organize campaigns such as a charity run and put employees who would like to help with interpreting, for example, in touch with the respective contacts.

In the second half of 2015 alone, CR group content was viewed more than 12,000 times. In addition, many TSN groups post the latest information on sustainability issues and aspects, for example on how shutting down old technology saves energy and protects the environment.

IMPRESSING CUSTOMERS WITH "WOW" PRODUCTS
Which products can we introduce to create the best customer experience? In order to answer this question, we invited 60 customers to the Telekom Design Gallery – our future forum at our Group Headquarters in Bonn – to evaluate five new products in January 2016. The 60 customers were selected based on market research results. We had previously asked international design agencies to develop a "wow" product in cooperation with our Telekom Design department: a product that delights our customers and makes their lives easier. The agencies presented their innovative products to customers and the Deutsche Telekom design team. One example was a digital pin board: Post-its, notes and photos analogously attached to the pin board are automatically digitized by a camera and transferred to a tablet.

The invitation to our T-Gallery was the kick-off event for our monthly Telekom Design Customer Labs. We invite customers to these Customer Labs to ask them to assess the concepts created by Telekom Design and other departments.

INVOLVEMENT IN PRODUCT LABELING

In March 2015 the Deutsche Umwelthilfe environmental organization and Telekom Deutschland jointly held an expert discussion with important stakeholders on the topic of labeling mobile communication devices as sustainable. In addition to several NGOs, representatives from the German Federal Ministry of the Environment, scientists and other telecommunications companies also took part in the event. The NGO "Forum for the Future" used this opportunity to present its Eco Rating model. Eco Rating aims to illustrate a number of sustainability aspects involved in smartphones to enable customers to make a comparison between different devices. At the end of the discussion it was very clear that the stakeholders are very critical of any environmental labeling primarily initiated by the industry. A credible environmental labeling concept requires the establishment of an independent expert board, e.g., Environmental Label Jury, which can determine and continue to adapt the relevant criteria.

Telekom Deutschland GmbH, supported by Deutsche Umwelthilfe, also uses product labeling for its fixed-line phones from independent institutions advised by expert bodies.   Deutsche Telekom is the only company to have its fixed-line phones certified by the Blue Angel environmental seal.

ROUND-TABLE DISCUSSION ON MORE SUSTAINABLE PRODUCTS AND RATE PLANS

In June 2015, Telekom Deutschland GmbH, together with representatives of Deutsche Umwelthilfe environmental organization, Germanwatch and the Verbraucherzentrale North Rhine-Westphalia consumer organization among others, hosted a round-table discussion on how to make products and rate plans more sustainable. Guests exchanged views with product and rate plan managers at Telekom Deutschland, focusing on means of using resources more efficiently in the production and operation of information and communications technology.
Telekom's commitment in collecting and recycling used cell phones was praised. At the same time, participants expressed their expectation that Telekom do more to promote the principles of the circular economy in the ICT img sector in the future.

SUSTAINABILITY WORKSHOP WITH YOUNG JOURNALISTS

A sustainability workshop with young journalists was held in July 2015 on the initiative of the econsense business forum in cooperation with the school of journalism, Deutsche Journalistenschule. At this workshop, Deutsche Telekom and three other companies answered critical questions from future journalists. The journalists were then invited to deepen their insights at a company event the following day hosted by Deutsche Telekom at the Munich Innovation Center. The students had the oppportunity to find out about energy-efficient data centers and special climate-friendly customer solutions. Their experiences from the workshop and the company event were used for their degree theses, in this case radio broadcasts.

WE CARE – NEW ISSUE OF APP MAGAZINE PUBLISHED

In January 2016, the third issue of our We Care app magazine was published under the heading "mobility." This issue contains information on why bicycles are going online and shares some simple tricks that help reduce fuel consumption and protect the environment.
We Care has been providing useful and entertaining information on the topic of sustainability since 2014. The latest issue explains how long it takes for a tree to restore the CO_2 imbalance generated by a single flight from Bonn to Berlin and how tablets for doctors can facilitate hospital stays. The We Care app magazine is available for free at the App img Store for all Android and iOS smartphones and tablet PCs. The latest issue of the app magazine had already been downloaded around 70,000 times by the end of March 2016.

POLITICAL ADVOCACY

The political sector and regulatory authorities influence the development and availability of the network infrastructure, technologies and services. This directly impacts the competitiveness of telecommunications companies as well as business in general, which relies on having a fast network infrastructure as well as state-of-the-art telecommunications services. Networks and services are also of considerable importance for maintaining a sense of community in society, which is why we engage in active, ongoing dialog with all interested stakeholders from the spheres of politics and society.

INSTRUMENTS

Our partners from parliaments, governments, and non-profit organizations need to uphold their independence and integrity. This principle is codified in Deutsche Telekom's Guiding Principles. Donations to political institutions, parties and political representatives are not allowed, for example. Instead, we place importance on factual communication, competence, credibility and integrity. As a result, politicians and stakeholders feel that the information we provide is authentic and credible and refer to this information when forming their own opinions. Deutsche Telekom is registered in the official transparency register for lobbyists in Brussels. Within the context of our collaboration efforts in associations and other bodies, we feel that we are under the obligation to comply with all ethical codes and legal provisions.

INVESTMENT INCENTIVE NEEDED FOR BROADBAND NETWORKS

Having a high-performing, reliable and secure broadband infrastructure is the basis of success for all business sectors and is a key factor in making a business location attractive. Deutsche Telekom has been investing extensively in infrastructure for fixed-line and mobile Internet for years, making a considerable contribution and showing more commitment than any other company to providing full-area coverage, particularly in rural areas.

In view of the ambitious broadband goals at both the national and European level, the main purpose of telecommunications and regulatory policies needs to be improving planning security and, in particular, the financial power of companies willing to invest in the market. This is the only way to fully tap private network build-out potential using all available technologies. In areas where broadband roll-out is not economically feasible, it is up to the public sector to develop technology and provider-independent incentive programs to help finance these efforts. Forward-thinking regulatory policies need to actively support investment in modern broadband networks and prevent unnecessary financial burdens and red tape for the network operators investing in networks.

Regulatory intervention needs to be restricted to proven market failure to keep it from unnecessarily limiting innovation. Open access must be embraced as a basic principle so that competition and free choice for consumers are guaranteed in connection with all network build-out projects.

In view of the fact that the Internet and telecommunications market are converging rapidly and in light of the growing market power of a few global Internet players, sector-specific regulation of telecommunications is creating more and more of an imbalance. The same laws and regulations that apply to telecommunications companies also need to apply to Internet companies providing the same services. The objective here must be to create equal competitive conditions and enable fair distribution of the financial burden involved in broadband build-out.

PROTECTING THE OPEN INTERNET

As part of the EU telecoms package, regulations on network neutrality were adopted at EU level and went into effect on April 30, 2016. The new regulations particularly address permitted traffic management, once again raise transparency requirements and limit commercial product and service differentiation on the Internet.

Deutsche Telekom remains committed to preserving an open Internet. Content and services will continue to be available online in accordance with the best effort principle, meaning they will be available to the extent permitted by the available resources. Deutsche Telekom will continue to expand and optimize its infrastructure so that we are able to cope with rapidly increasing amounts of data traffic and constantly upgrade our network. This is the only way for us to meet our customers' increasing demands and live up to the requirements of online content and application providers who also want to provide their services in high quality in the future. However, telecommunication networks cannot be operated without an effective network management system.

That is why Deutsche Telekom is developing business models based on the "best effort" Internet principle that online businesses can use to offer innovative services that pose specific demands on transmission quality and quality of service. This will include managing the rapidly growing volumes of different types of data streams in the net. Content will in no way be controlled. Deutsche Telekom supports the freedom of the Internet and does not influence user or provider content in any way. Deutsche Telekom will continue to take a non-discriminatory approach to marketing services with different quality-of-service levels in competition with other network operators. This gives consumers greater choice and guarantees a high quality level.

CONSUMER DIALOG

One of Deutsche Telekom's aims is to become the most highly regarded service company in the industry. That is why we again gave high priority to consumer-related topics in 2015.

Main topics included:

- Maintaining consumer data privacy, for example in the online advertising business,

- Improving comprehensive, cross-technology protection of young people at national and EU levels (in particular by advancing a comprehensive, Group-wide minimum standard within the EU and ongoing dialog with organizations involved in the protection of minors both nationally and at EU level)

- Improving customer service standards,

- Improving consumer protection in telecommunications, e.g., when switching providers for fixed-line and mobile connections

- and our efforts to provide better transparency for our customers.

Deutsche Telekom once again made progress in 2015 in regard to switching fixed-network providers - both internally as well as in collaboration with other telecommunications providers in Germany. The goal is to make it easier for both fixed-network and mobile consumers to switch providers without any service interruptions. In all these areas, Deutsche Telekom stands for a constructive and solution-oriented approach that is geared to both the consumers' interests and the interests of our company.

COMPLIANCE

At Deutsche Telekom AG we feel it is highly important that all of our employees and governance bodies comply with our values, rules of conduct and applicable laws at all times. Deutsche Telekom's central compliance organization (Group Compliance) plays a key role in establishing corporate governance structures and a corporate culture that are based on integrity. It promotes a culture and a set of values characterized by compliance at the company and and encourages managers and employees to fill these values with life. As a result, Deutsche Telekom's understanding of what compliance means far exceeds pure legal compliance in business activity, i.e., compliance with laws and internal

regulations, and focuses on the integrity of employees and governance bodies.

GOALS	MEASURES	MONITORING
• Ensuring integrity and compliance throughout the Group and with business partners	• Compliance organization	• Tell me! whistleblower portal
	• Compliance risk assessment	• Compliance audits
	• Code of Conduct	• Case investigations
	• Policies	• Punishing misconduct
	• Consulting	• Reporting
	• Training	
	• Communication campaigns	
	• Business partner audits	

ENSURING INTEGRITY AND COMPLIANCE

Deutsche Telekom has clearly expressed its commitment to complying with ethical principles and current legal standards. This commitment has been incorporated in our Guiding Principles and Code of Conduct. We have introduced a comprehensive compliance management system to effectively combat risks and make sure conduct throughout the Group is based on integrity and complies with our principles and regulations. All compliance management activities are in line with legal regulations and our Binding Corporate Rule on Privacy, which specify how to handle personal data within the Deutsche Telekom Group. Responsibility for the compliance management system lies with the top management level at Deutsche Telekom in the Board department for Data Privacy, Legal Affairs and Compliance. The same applies to every Deutsche Telekom company; responsibility for compliance is always assigned to a member of the top management. The Chief Compliance Officer of Deutsche Telekom AG is responsible for the Group-wide structure, advancement and implementation of the compliance management

system and heads the Group Compliance unit. We also have compliance officers at our operating segments and national companies who are in charge of local implementation of the compliance management system and compliance targets.

Goals of the compliance management system (CMS)

At Deutsche Telekom, compliance refers to following the rules and doing the "right thing," which means compliance requires all Deutsche Telekom employees to act with integrity. Within the meaning of our five Guiding Principles and Code of Conduct, integrity, and therefore compliance, forms the basis of all our business decisions and activities. It defines the behavior of all our employees when dealing with customers, employees and colleagues, investors, managers and Deutsche Telekom's general environment.

The goals of our compliance activities are based on these principles, the relevant regulations and legal standards as well as on Deutsche Telekom's strategic objective of becoming the leading European telecommunications provider. More specifically, the aim is to prevent compliance violations and non-ethical business decisions and to integrate compliance permanently into business processes at an early stage. This reduces risk of liability for the company and supports customer perception of Deutsche Telekom as a reliable partner. Group Compliance implements overarching compliance goals in business activities by systematically applying the compliance management system in the areas of prevention, identification and response.

Focus on prevention

We conduct a Group-wide compliance risk assessment each year. This helps us identify and assess our compliance risks and define focal points for conducting effective preventative measures, which are compiled in our compliance program.

The goal is to make sure that the conduct of our employees is ethical and compliant at all times, which is why we have set forth clear expectations on employee conduct in our Code of Conduct. We have also introduced Group policies relating to compliance such as policies on anti-corruption, gifts, invitations, events and dealing with consultants and agents. A policy database makes it easy for our employees to access and follow our policies (group-wide implementation of a code of conduct).

In addition to regular compliance training, we also conduct extensive anti-corruption training. We specifically address managers to act as multipliers to further raise awareness of compliance. Their feedback is thoroughly analyzed and used to introduce additional training offers or other measures as needed (click here for more information).

Employees can also visit the Ask me! portal to have their compliance questions answered and find reliable information on laws, internal policies and codes of conduct relevant to their daily activities.

We have also introduced various communication measures to promote a culture of compliance at the Group.

Identification and monitoring

Despite the best preventative measures, we are not always able to prevent breaches of law or serious violations of internal regulations at the company.

We have created the Tell me! whistleblower portal to uncover non-compliant conduct.Our employees as well as external parties, e.g., business partners or customers, can use the portal to report misconduct (protecting whistleblowers). Deutsche Telekom thoroughly investigates all reports within the limits of the legal framework and punishes such activity appropriately.

We have introduced a Group-wide reporting process to control and monitor these activities, including regular internal and external audits of our compliance management activities.

Compliant interaction with business partners and suppliers

Our Code of Conduct specifies proper conduct for all of our employees. With our Social Charter we make a commitment to protecting and promoting human rights including compliance with the ILO's core labor standards. Our suppliers are expected to comply with the obligations, principles and values set forth therein and we do our part to place our suppliers under the obligation to do so. We also expect our suppliers to require the same of their sub-suppliers. Our General Terms and Conditions for Purchasing include a corporate social responsibility and anti-corruption clause that places suppliers under the obligation to take all steps necessary to prevent and punish active and passive forms of corruption. We have been offering regular e-learning and face-to-face compliance training to our suppliers since 2014 and provide them with a compliance guideline as well (see GRI index).

We select our business partners based on compliance criteria and conduct risk-oriented compliance business assessments. This applies to customers and suppliers as well as consultants (Consultant Policy), sales agents, development partners and joint venture partners.

COMPLIANCE MANAGEMENT CERTIFICATION ✔

In order to guarantee that we are able to effectively mitigate risks and that we have effective processes in place at the company for doing so, we became certified according to the 980 audit standard of the Institute of Public Auditors in Germany (IDW) in the areas of anti-corruption and anti-trust legislation.

Anti-corruption audit: During the period from January 2012 through December 2013, German and international units were audited for risk of corruption in their respective countries. The auditors confirmed that our processes at the central compliance organization and various corporate departments are suitable for effectively preventing corruption. These processes related to sales, procurement, human resources and

internal audit. In 2016 (Germany) and 2017 (internationally) we will again be applying for certification focusing on anti-corruption. We document details regarding audit content and corporate departments that have undergone anti-corruption audits in our audit report.

Anti-trust compliance audit: Deutsche Telekom's anti-trust regulations were also audited for compliance with the IDW PS 980 standard by an independent auditing firm between January and December 2013. The audit report was issued in 2015 and confirms the effectiveness of our compliance management system, which is suitable for identifying vulnerabilities in time, thereby preventing violations of anti-trust law. Within the scope of this certification process, the independent auditing firm audited Deutsche Telekom AG, Telekom Deutschland GmbH and T-Systems International GmbH in Germany as well as ten other Group companies internationally. We document details regarding audit content and corporate departments that have undergone anti-trust compliance audits in our audit report.

INTERNATIONAL COLLABORATION ON COMPLIANCE

Different legal practices and cultural values in the countries where Deutsche Telekom is active represent a significant compliance challenge. The increasingly dynamic development of global markets and intensified international competition also influence our compliance strategy.

In line with the Group's international structure, we discuss strategic issues with an international compliance advisory team twice a year and define a shared compliance approach. The team is a trend-setter of sorts, as it provides an impetus for designing and implementing balanced compliance structures at Deutsche Telekom. We have also been promoting Group-wide compliance collaboration for years through meetings of the representatives of all compliance organizations from our international subsidiaries. The 11th International Compliance Days were held in 2015. Around 130 compliance officers from 31 countries met at our Greek national company OTE in Athens on April 22 and 23. Under the slogan, "Share and Collaborate," they discussed compliance strategies and trends as well as new approaches to collaboration.

PREVENTING AND FIGHTING CORRUPTION
All Group units regularly audited for risk of corruption

We conduct a wide spectrum of internal measures to prevent and fight corruption. The compliance risk assessment forms the foundation of our compliance management system. It helps us identify and evaluate compliance risks and develop appropriate prevention measures. To this end, we have introduced an annual process throughout the Group that assigns responsibilities and defines clear assessment criteria that are documented systematically. Companies are selected to participate in the compliance risk assessment process according to a maturity-based model . 79 companies participated in the assessment process in 2015.

Our Group risk map is a key component of the compliance risk assessment that we use to assess risks that are particularly significant to our company. The risk map enables Deutsche Telekom's globally active companies with their various business models to conduct systematic risk analyses. It currently covers 27 core risk categories ranging from corruption and anti-trust law violations to violations of the Group Code of Conduct. Each subsidiary can add additional categories specific to their business needs. This involves defining which specific threat each

risk poses to the subsidiary and stating which measures have already been implemented to mitigate this risk. If necessary, additional measures are developed to reduce the risks to a manageable level. Responsibility for the compliance risk assessment lies with the respective Group company. Our central compliance organization provides support and advice in these matters.

The subsidiaries' managing boards are informed of the results of the compliance risk assessment. Subsequently the compliance program for the following year is defined, including specific measures and responsibilities. The managing board passes a formal resolution to approve the program. The compliance program measures are monitored closely.

Investigation based on clear criteria
Deutsche Telekom has specified clear criteria for investigating suspected cases of corruption. We only start investigations if a violation of legal or internal regulations is reported with a sufficient degree of detail. Any tips that meet this requirement are investigated thoroughly. Any violations we uncover are punished appropriately. In some cases employment relationships have even been terminated for good cause. Claims for damages may also be asserted. Any weaknesses identified in the internal control system during the investigation are systematically analyzed and remedied.

TELL ME! WHISTLEBLOWER PORTAL: 120 REPORTS MADE ✓
In 2015, 120 compliance-related reports were made to Deutsche Telekom via the Tell me! portal. 18 of those are still being reviewed for plausibility and investigations are being made into 56 plausible reports (as at: February 2016). 17 of those were confirmed as actual misconduct and were punished accordingly. 31 cases are still in the investigation phase. In confirmed cases, Deutsche Telekom imposes systematic sanctions that are proportionate to the act and the guilt of the perpetrator and are in line with applicable legal provisions. Overall, in 2015 the majority of tips related to embezzlement, theft and fraud, commissions fraud and target manipulation.

MOST TRANSPARENT TELECOMMUNICATIONS COMPANY WORLDWIDE
Deutsche Telekom is the most transparent telecommunications company worldwide. This was confirmed in a study published by Transparency International in November 2015. The anti-corruption organization has published a transparency rating list of the world's 35 largest telecommunications companies.

The study was based on publicly available information on company anti-corruption programs, interdependence among businesses and country-by-country reporting of financial expenditures and revenues. Transparency International emphasized that Deutsche Telekom publishes all relevant information regarding preventative measures conducted at the company as well as on national and holding companies and discloses significant financial data.

INVOLVEMENT IN ANTI-CORRUPTION INITIATIVES
Deutsche Telekom works together with associations and organizations to fight corruption. We use these opportunities to share experiences and to further develop our compliance management system on an ongoing basis. For example, we are active as a corporate member of the Forum Compliance and Integrity (Center for Business Ethics), DICO (German Institute for Compliance), Bitkom (German Association for Information Technology, Telecommunications and New Media) and ENICO (European Network of Integrity and Compliance Officers). In cooperation with the ICC (International Chamber of Commerce) and other companies, Deutsche Telekom has developed guidelines to promote the prevention of corruption.

Through cooperation and exchange of experiences Deutsche Telekom makes a valuable contribution to the work of international anti-corruption-initiatives across company boundaries. The acquired knowledge is used to continuously improve the compliance-management-system.

MAJOR ONGOING LITIGATION ✓
Deutsche Telekom is party to several proceedings both in and out of court with government agencies, competitors, and other parties. The proceedings mentioned in the 2015 Annual Report are of particular importance from Deutsche Telekom's point of view.

HUMAN RIGHTS

As an international player, the Deutsche Telekom Group assigns high priority to human rights compliance, especially since the ICT sector is frequently criticized for deficiencies in its supply chain. That is why we have established comprehensive social standards at Deutsche Telekom and implement these using appropriate methods. At our company we attach particular importance to complying with the right to collective bargaining and supporting diversity and equal opportunities. We expressly require our suppliers to assume responsibilityas a way of making sure human rights are also protected outside of our Group.

GOALS	MEASURES	MONITORING
Ensuring protection of human rights within the Group	• Human rights due diligence program	• Contact point for human rights • Social performance report • Effectiveness analyses

HOW WE PROTECT HUMAN RIGHTS

Deutsche Telekom has made an express commitment to the UN Guiding Principles on Business and Human Rights published by the United Nations Human Rights Council in 2011. These principles require businesses to systematically identify the impact their operations have on human rights, and to prevent, mitigate or compensate these where necessary. In order to meet these requirements, we have developed an extensive program to implement the UN Guiding Principles and introduced an ongoing process comprised of several interconnected measures and tools (see diagram).

Human rights due diligence at Deutsche Telekom

Raising awareness, training, stakeholder involvement and networks

Effectiveness control, communication and reporting

Integration of a human rights perspective

Basic statement on human rights

Complaint mechanism

Human rights risk and impact analysis

Human rights due diligence at Deutsche Telekom
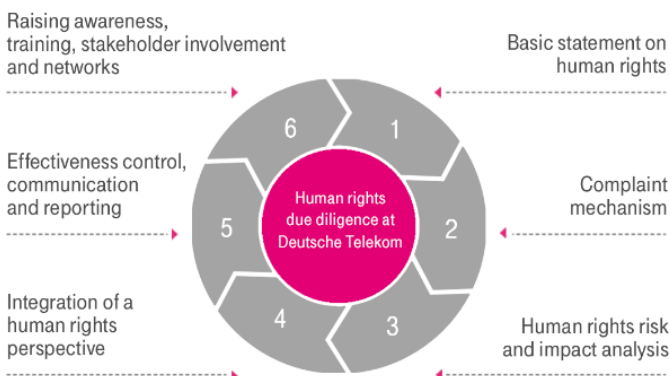
The obligation to respect human rights is incorporated into Deutsche Telekom's fundamental policies: our Guiding Principles, Code of Conduct and Social Charter . Deutsche Telekom's Employee Relations Policy and Diversity Policy are also relevant here.

Tools to assess possible impact on human rights

We use two tools to assess compliance with our Social Charter: Every year we draw up a central Social Performance Report with the participation of all 111 fully consolidated Deutsche Telekom subsidiaries. This report did not record any violations of our Social Charter during the period from October 2014 to September 2015. We have also been offering a central Contact Point for Human Rights since 2013. This contact point can be reached via various channels, for example the public e-mail address humanrights@telekom.de. Others use our anonymous whistleblower system, which allows them to submit their information anonymously. All contact options are listed on our Tell me! whistleblower portal, the purpose of which is to resolve violations of legal regulations and internal policies. We look into all tips and reports received and introduce countermeasures as soon as the information is identified as plausible. Click here for more information on the measures we took to resolve violations reported in 2015.

We also continued the process launched in 2013 to integrate human rights issues into the due diligence activities conducted in the context of mergers and acquisitions. In addition, we introduced special evaluation processes to assess employer-employee relations as part of implementing our Group Policy on Employee Relations.

REPORTS RECEIVED BY THE CONTACT POINT FOR HUMAN RIGHTS ✔

Since the set-up of a dedicated Contact Point for Human Rights at Deutsche Telekom in October 2013, the Contact Point is also involved in inquiries that are related to human rights. In the reporting period (01/01/2015 – 31/12/2015), the Contact Point received eleven inquiries related to human rights which were directly sent to the contact point email inbox or the (anonymous) whistleblower portal.. Not all inquiries were identified as being plausible.

Most inquiries were related to issues of freedom of expression and discrimination In three cases Telekom has been asked to participate in surveys about "Business and Human Rights" and "ILO Core Labour Standards". Two inquiries addressed the refugee aid, specially the establishment of HotSpots in refugee accommodations. One case was related to the "implementation of minimum wages". All inquiries received are of course handled confidentially and with all due respect.

RISK AND OPPORTUNITY MANAGEMENT

For us, comprehensive risk and opportunities management also means considering the opportunities and risks arising from ecological or social aspects or from the management of our Company. To this end, we actively and systematically involve all relevant stakeholders in the process of identifying current and potential risks and opportunities. We also participate in a number of working groups and committees. In parallel to continuously monitoring ecological, social and governance issues, we also systematically determine our stakeholders' positions on these issues. The key tools here are: ouryear-round open online materiality survey for all stakeholders , our bi-monthly NGO report, which systematically analyzes press publications of the NGOs relevant for us; our involvement in working groups and committees, countless national and international business associations and social organizations, stakeholder dialog formats organized by us, and our various publications. The following aspects have been identified as material for our sustainability management.

REPUTATION

How we deal with sustainability issues also entails both opportunities and risks for our reputation. A high level of service quality is one of the most important factors for improving customer perception. This is why customer satisfaction has been embedded in our Group management as a non-financial performance indicator. Transparency and reporting help to promote the trust of other external stakeholders in our Group. Our annual and CR reports also serve this purpose. However, issues such as business practices, data protection, or work standards in the supply chain also entail reputational risks: If there are negative media reports in connection with our brands, products, or services, this can cause substantial damage to our reputation. As part of our sustainability management, we continuously review such potential risks and take measures to minimize them.

CLIMATE PROTECTION

At present, we do not see any severe risks to the achievement of our climate protection targets for our reference period .We see climate protection above all as an opportunity: ICT products and services have the potential to save almost ten times as many carbon emissions in other industries as the ICT industry causes itself (SMARTer2030 study). This creates an opportunity to reduce 20 percent of global carbon emissions by 2030, and to maintain worldwide emissions at the level of 2015 with simultaneous economic growth. The additional revenue potential here amounts to USD 6.5 trillion, USD 2.0 trillion thereof for the ICT industry alone. Furthermore, the ICT industry can save costs totaling USD 4.9 trillion. Specifically, this means for Germany, for example, that potential savings of more than 19 million metric tons of CO_2 could be made by 2020 based on the 2012 level, for example, through broadband in Germany. In addition, the economic stimulus resulting from the broadband roll-out could create an estimated 162,000 new jobs. Additional opportunities arise, for example, from changed customer expectations, political measures to ensure the transition to renewable energy sources, and the growing interests of sustainable investors (SRI) in the subject of renewable energy. Environmentally-friendly products and services enable us to tap into new customer groups.

SUPPLIERS

We see more sustainability in our supply chain as an opportunity. It helps to enhance our reputation and our economic success. Thus through a development program, we help strategic suppliers to introduce business practices that are socially and ecologically acceptable and economically efficient. The program showed measurable successes again in its second year; we will expand it further in 2016. Better working conditions at our suppliers reduce the number of work-related accidents and the turnover rate. This increases productivity, while at the same time lowering costs for recruitment and training. Thus not only do we strengthen CR performance at our suppliers, we also significantly reduce identified risks. As part of our global procurement activities, we can be exposed to country- and supplier-specific risks. These include, for example, the use of child labor, the conscious acceptance of environmental damage or inadequate local working and safety conditions. However, the reporting of NGOs or media can give rise to risks to the Company's reputation, but also to supply risks. We systematically review our suppliers and in that way reduce these risks. In the renowned RobecoSAM sustainability rating, our supply chain management in the reporting year was rated just as highly as in the prior year with 93 out of 100 points. Our partnerships with suppliers that comply with international sustainability standards ensure a high level of product quality and reliable procurement.

HEALTH AND ENVIRONMENT

Mobile communications, or the electromagnetic fields used in mobile communications, regularly give rise to concerns among the general population about potential health risks. There is intense public, political, and scientific debate of this issue. Acceptance problems among the general public concern both mobile communications networks and the use of mobile handsets. In mobile communications, this affects projects like the build-out of the mobile communications infrastructure and the use of mobile handsets. In the fixed network, it affects sales of traditional DECT (digital cordless) phones and devices that use Wi-Fi technology. There is a risk of regulatory interventions, such as reduced EMF thresholds or the implementation of precautionary measures in mobile communications, e. g., amendments to building law or labeling requirements for handsets.

Over the past few years, recognized expert organizations such as the World Health Organization (WHO) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP) have repeatedly reviewed the current limit values for mobile communications and confirmed that – if these values are complied with – the use of mobile technology is safe based on current scientific knowledge. ICNIRP regularly reviews the recommendations for the limit values based on current scientific knowledge.

We are convinced that mobile communications technology is safe if specific threshold values are complied with. We are supported in this conviction by the assessment of the recognized bodies. The basis of our responsible dealing with this issue is our EMF Policy, with which we commit ourselves to more transparency, information, participation, and financial support of independent mobile communications research, far beyond that which is stipulated by legal requirements. We aim to overcome uncertainty among the general public by pursuing an objective, scientifically well-founded, and transparent information policy. Thus, we remain committed to maintaining our trust-based, successful communication with local authorities over and above the statutory requirements. This also applies after many years of collaboration with municipalities with regard to building out the mobile network were enshrined in law in 2013; previously, this collaboration was based on voluntary self-commitments by the network operators.

DATA PRIVACY AND DATA SECURITY

Almost half of the German population (48 percent) has been victim ✓ to Internet crime - for example through viruses, Trojans or computer worms. These were the findings of a survey conducted by TNS Emnid on behalf of Deutsche Telekom in February 2016. Another aspect of which many users have little awareness – whether using the web for personal or business purposes – is that every click leaves behind a trail of data that could potentially be traced back. Hackers can take advantage of this to collect specific data and identify vulnerabilities in hardware and software. Our customers' trust is the basis for our business as an ICT company, which is why data privacy and data security are of utmost importance to us.

GOALS	MEASURES	MONITORING
Guarantee effective data privacy and create trust	• Board department and Group unit for Data Privacy • Independent Data Privacy Advisory Council • Privacy and security by design through our Privacy and Security Assessment procedure • Transparent communication and annual reporting • Employee training courses	• Annual Group data privacy audit to measure the standard of data privacy within the Group • Risk-based annual audit program and ad-hoc controls • Certifications

LAYING THE FOUNDATION FOR EFFECTIVE DATA PRIVACY ✓

In 2008 we created a Board of Management department for Data Privacy, Legal Affairs and Compliance as well as the Group Privacy unit. This has given us the necessary capacities for effective data protection. The responsible Board member is advised by the independent Data Privacy Advisory Council, which was founded in February 2009 and comprises renowned experts from politics, science, business and organizations.

We are also committed to improving the political framework conditions to ensure comprehensive data privacy. At the 2015 national IT summit we signed the "Charter for the Promotion of Trustworthy Communications" together with the German Federal Minister of the Interior and other organizations. Its main purpose is to make sure that the encryption of private communications becomes standard.

Consistent transparency toward the public

In 2008 we were the first DAX-30 company to publish an annual data privacy report, which documents all relevant processes at the Group. We have been publishing an integrated report on data privacy and data security since 2011.

In addition, we have been publishing an annual Transparency Report since 2014. In the report we disclose our obligations to cooperate with German and international security agencies.

Further details and current information regarding data security can be found under http://www.telekom.com/dataprotection. The status report, for example, includes all processes relevant to data privacy at Deutsche Telekom. We present our latest measures to improve data privacy as well as tips for keeping personal information safe.

The section on consumer and youth protection elaborates on how we ensure the safety of our products and services.s

Regular employee training courses

Telecommunications companies are obliged to provide new employees with information on data privacy regulations. Deutsche Telekom goes beyond this legal requirement: Every two years, we train all of our employees in Germany and commit them to data privacy and telecommunications secrecy. Corresponding requirements for national companies are in place. We have also introduced specific trainings in the customer and human resources departments where the risk of data abuse is higher. These trainings include online courses for independent learning, presentations on data privacy and face-to-face courses on specific topics such as "Data privacy at call centers." This helps us make sure that all employees have in-depth understanding of the relevant data privacy policies.

Annual review of measures through audits and certifications

We conduct an annual basic data privacy audit to measure and improve the general data privacy standards at Deutsche Telekom in Germany and at 34 international affiliated companies. In 2015, 30 percent of Group employees were randomly selected and interviewed online. The basic data privacy audit is supplemented by self-assessments completed by the data privacy officers at the national companies on implementation of the requirements defined in the Binding Corporate Rules on Privacy.

Based on the results, the Group Privacy department identifies need for action at the respective departments and requires them to implement improvement measures. To this end, the Global Data Privacy Officer holds personal meetings with the responsible directors, managers and data privacy officers at the different departments. The Group Privacy department supports implementation of the improvement measures by providing information and advice and conducts a follow-up evaluation. Unusual audit results are taken into consideration when planning the follow-up audit.

We also have our processes and management systems as well as products and services certified by external, independent organizations such as TÜV, DEKRA and auditing firms.

PUBLICATION OF INTERNATIONAL TRANSPARENCY REPORT
Telecommunication companies are legally obliged to cooperate with security agencies. This includes surveillance measures to record telecommunications connections or disclosure of customer information. Deutsche Telekom has been publishing an annual transparency report for Germany since 2014, which covers the types and amount of information we disclose to security agencies. In January 2016 we also published our first international transparency report for all of Deutsche Telekom's national companies.

International legal framework conditions differ considerably. In some countries it is illegal to disclose security measures, in others surveillance is directly conducted by the authorities without the involvement of telecommunications companies. You can find more information on the local situations in the various country reports at http://www.telekom.com/transparency-report.

We consider it the responsibility of the authorities to ensure transparency regarding security measures and called for improved online security in the context of a ten-point program in January 2015. Until our requests are met, we strive to provide the necessary transparency within the legal possibilities.

DON'T GIVE THE DATA SLOB A CHANCE – INCREASING EMPLOYEE AWARENESS OF DATA PRIVACY
In January 2015 we launched an international campaign designed to raise employee awareness of the importance of data privacy. The campaign's protagonist is the "data slob". The data slob embodies sloppiness in handling data and information and demonstrates the consequences of treating data privacy lightly. We asked our employees on the Telekom Social Network, TSN, to illustrate these risks as part of an ideas competition under the heading "Don't give the data slob a chance." Around 150 employees took part and addressed the topic in writing, graphically (see cartoons) and even through videos.

In addition, employees can always report potential abuse of data privacy at datenschutz@telekom.de.

IT'S EASY TO FORGET THESE THINGS … REALLY?

Printers and wastepaper baskets are goldmines for data thieves.
More information in Group Privacy on the TSN.
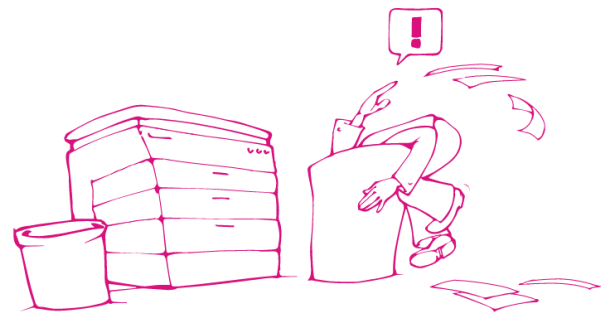
Don't be a data slob!

GOSSIP IS GOOD FOR THE SOUL … SERIOUSLY?

Someone may be eavesdropping on you though it's none of their business.
More information in Group Privacy on the TSN.
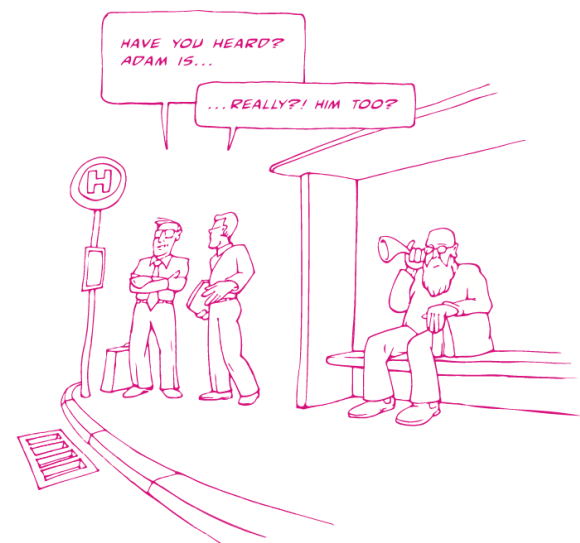
Don't be a data slob!

CURIOSITY DIDN'T REALLY KILL THE CAT ... OH?

Only you should be able to see what's on your screen.
More information in Group Privacy on the TSN.

Don't be a data slob!

LET'S SEE ABOUT THAT
SALARY STATEMENT...

CR-RATINGS

CR RATING: GROUP POLICY ON AVOIDING CORRUPTION RISKS WHEN WORKING WITH CONSULTANTS

In order to protect company assets and to avoid any risk of corruption and other conflicts of interest, the careful selection and monitoring of consultants, agents and similar external intermediaries is extremely important for Deutsche Telekom AG. That is why we introduced a Group policy that includes requirements for selecting and monitoring external consultants, agents and similar external intermediaries, and for designing and executing contracts with them.

CR RATING: COMPLIANCE AT JOINT VENTURES

We strive to implement our Code of Conduct and other compliance-related policies at our joint ventures as well. However, because we are only one of several partners involved in the joint venture, it is not always possible to introduce our Code of Conduct as it applies at the Group. As a result, the code of conduct followed by the joint venture is often a combination of the codes of conduct employed by the parent companies. In this process we do our best to make sure that the essential principles and elements of our Code of Conduct are also employed at the joint venture.

CR RATING: PROTECTING WHISTLEBLOWERS

Every employee at Deutsche Telekom has a responsibility to report a breach or suspected breach of legal regulations, guidelines, or internal policies. In addition to reporting to their direct superiors, they can also use the Tell me! whistleblower platform. Our Code of Conduct specifically states that whistleblowers will be protected. They will not be at any disadvantage unless they themselves are in breach of applicable regulations. We communicate this policy as an aspect of our Code of Conduct to all of our employees. The Code of Conduct also serves as a guidance for the people and departments that are responsible for following up on the reports.

CR RATING: GROUP-WIDE IMPLEMENTATION OF THE CODE OF CONDUCT

The Code of Conduct (CoC) is a key part of Deutsche Telekom's compliance management system. The CoC has been implemented at all of our national companies, which means that the managing boards of those national companies have approved it and communicated it to the company's employees. We encourage new national companies to implement the CoC as well.

New employees learn about the CoC when they join the company. The CoC can also be accessed on Deutsche Telekom's public websites and on the intranet along with other information and training material, e.g., in an e-learning format. Testimonial videos and statements by the management also emphasize the importance of the CoC for everyday work at Deutsche Telekom.

We regularly conduct campaigns especially designed to raise awareness of the CoC, including an annual Guiding Principles Day and an annual Anti-Corruption Day. Our Group-wide employee survey and pulse surveys also regularly assess employees' familiarity with the CoC. 86 percent of those surveyed in the last employee survey conducted in 2015 said that the Code of Conduct was the basis of their daily activities. Based on the survey results, we are offering additional communication and training measures to departments as needed.

Employees can get their compliance-related questions on the CoC answered on the Ask me! advice portal or by contacting the Compliance department.

CUSTOMERS & PRODUCTS

EVERY SECOND... SURFING WITH AT LEAST 50 MEGABITS.[1]

More and more areas in both the private and professional sphere are becoming connected. This means that our networks need to be able to transport increasingly large amounts of data. Because of this, we are constantly expanding our networks, increasing their transmission capacity and reducing electricity consumption by using more energy-efficient technology. We also offer our customers products and services that make their lives easier and more sustainable. And we combine digitization with responsibility when it comes to aspects such as data privacy.

Broadband Internet promotes sustainability →	95 percent of our fixed-line devices bear the Blue Angel seal →	Encrypted e-mails for everyone →
90 percent LTE coverage in Germany →	230,751 used cell phones and smartphones collected in 2015 →	Deutsche Telekom: leading in customer satisfaction →

[1] We are planning to provide roughly 80 percent of all households in Germany with VDSL vectoring lines featuring a bandwidth of at least 50 Mbit/s by 2018. This is subject to regulatory changes.

RESPONSIBLE INFRASTRUCTURE EXPANSION

Our network infrastructure enables economic performance and participation in the knowledge and information society. As a result, demand for faster, full-coverage data services is immense. That is why we continue to rapidly expand our infrastructure and improve transmission speeds with new, secure technology.

The integrated network strategy

GOALS	MEASURES	MONITORING
• 95 percent LTE coverage by 2018	• Integrated network strategy	• Network coverage status
• 80 percent VDSL vectoring coverage by 2018	• Migration to IP	

EXPANDING OUR INFRASTRUCTURE

The data volume generated globally will increase tenfold by 2020 compared to 2013, according to a study conducted in 2014 by US-based IT company EMC. That would mean 44 billion gigabytes in the networks a year instead of 4.4 billion. The amount of digital data being produced in Germany alone is expected to grow from a current 230 billion gigabytes to 1,100 billion. Networks need to be continually expanded to be able to handle this volume.

Deutsche Telekom has been the largest investor in this area in Germany for years now and will continue to drive network expansion. The main objectives of our pan-European integrated network strategy (INS) form the basis for these activities: growth, efficiency and quality. We will continue to expand our networks, increase the efficiency of our systems and further strengthen our role as a leader in network quality. Our integrated network strategy is in line with the network expansion goals specified by the EU Commission and the German federal government (digital agenda and broadband strategy).

Network expansion based on four pillars

Deutsche Telekom's integrated network strategy (INS) for Europe is based on the four pillars LTE, fiber optics, VDSL vectoring and hybrid. In addition to expanding the LTE mobile network, fiber-optic expansion in combination with VDSL vectoring technology is the short and medium-term focus of Deutsche Telekom's INS for Germany. In March 2015 we launched our integrated hybrid offer, a combination of LTE and fixed-network line, thereby considerably increasing bandwidths throughout Germany once again.
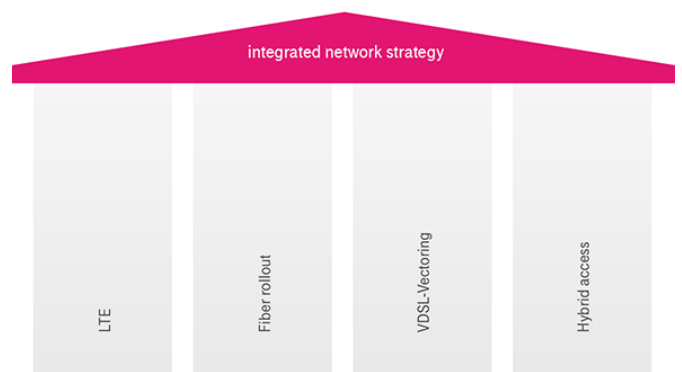
We have defined two goals as part of our INS in Germany that we plan to achieve by 2018: Firstly, we plan to be able to offer LTE connections to 95 percent of the population. Secondly, progress of the fiber-optic network roll-out should allow VDSL vectoring lines with bandwidths of at least 50 Mbit/s for around 80 percent of all households. This is subject to regulatory changes.

Upgrading our network architecture

We intend to make our networks faster and more efficient. To do this, we are going to deactivate all analog PSTN (public switched telephone network) platforms that we no longer need and switch our entire telephone network to IP-based lines by 2018. Thanks to this switch and other measures to improve efficiency, Deutsche Telekom will reduce the carbon footprint of its fixed and mobile networks in Germany by around 40 percent by 2020 compared to 2008. The switch to IP technology, which requires considerably less energy compared to earlier network technologies, will contribute significantly to the overall reduction of CO_2 emissions.

We will also rely on fiber optics when updating our network architecture in order to meet our customers' demands for fast network connections. Using fiber optic-based technology, VDSL vectoring, speeds up download data transmission rates to up to 100 Mbit/s and upload speeds even up to 40 Mbit/s. But vectoring requires more energy. To reduce this need for energy, we are working on control solutions for energy-efficient operation of our systems. The combination of IP technology and VDSL vectoring is already considerably more energy-efficient than conventional PSTN technology.

IMPLEMENTING OUR NETWORK STRATEGY IN THE FIXED NETWORK ✓

Mobile workplaces, multimedia applications and high-quality online services continually boost the demand for higher bandwidths. We are taking fiber optics closer to our customers in order to ensure the long-term success of our business.

With our network roll-out we plan to make ultra-high-speed Internet available to 80 percent of the German population by 2018. This is subject to regulatory changes. This means that we will considerably expand the fiber-optic network using FTTC, or fiber to the curb. For FTTC, fiber-optic cables are installed in the main cable up to the cable distribution box (the gray street cabinets found on sidewalks in German cities). From there, customers can be provided with large bandwidths via VDSL vectoring using the existing copper cable.

With FTTH, or fiber to the home, the fiber-optic cables are taken into the home. This will enable products with up to 200Mbit/s for downloads and up to 100Mbit/s for uploads, for example. FTTC alone already provides download speeds of 50 Mbit/s, which doubles to up to 100 Mbit/s when FTTC is combined with vectoring. Upload speeds are even quadrupled to up to 40 Mbit/s through vectoring.

We have been driving our vectoring infrastructure roll-out since November 2013. Expanding the fiber-optic network, however, involves a great deal of time and financial expense. That is why expansion is currently not economically feasible in some regions and will only be possible through close collaboration between politics and business.

IMPLEMENTING OUR NETWORK STRATEGY IN THE MOBILE NETWORK ✓

All of the Deutsche Telekom Group's national companies made considerable investments in 2015 in expanding their LTE networks and continue to make rapid progress in network build-out: More than 50 percent of our mobile base stations were equipped with LTE technology in the Europe segment (12 European countries besides Germany) by the end of 2015. Depending on the region, our national companies provide between 35 and 95-percent coverage. We are planning to increase this to between 75 and 95 percent by the end of 2018.

LTE expansion has been well on track in Germany, too. We achieved 90-percent coverage by the end of 2015 and plan to increase this to 95 percent by the end of 2018.

We are also making considerable progress with transmission speeds in mobile communications. We set the standard throughout Germany in early 2014 by rolling out LTE on the basis of the Cat 4 standard. This service in the LTE 1.800 network attains download speeds of up to 150 Mbit/s, 50 Mbit/s more than conventional LTE networks. More than 150 German cities benefit from this service. Speeds of up to 300 Mbit/s have even been possible since fall 2014 with LTE Max based on the Cat 6 standard. Radio antennas have also been set up in many rural regions to enable LTE via the 1,800 MHz frequency.

ONE ROUTER, TWO NETWORKS: HYBRID CONNECTION ✓

The hybrid connection is another pillar of our integrated network strategy that literally integrates networks. In fall 2014 we began offering our customers in Germany a combination of IP fixed-line and LTE mobile communications in a single fixed-line product thanks to hybrid technology. When customers require more bandwidth for their DSL connection, our hybrid service automatically activates LTE using a special hybrid router. This means that the transmission rates of both networks are added together. This is particularly useful in areas where we have not been able to offer broadband Internet via the fixed network to date.

In 2014 we became the first mass-market provider worldwide to offer this type of hybrid solution The offer has been available to customers throughout Germany since spring 2015.

MIGRATION TO IP TECHNOLOGY

All signs point to IP, the universal code of the 21st century. Thanks to IP technology [Glossary] phone calls are no longer transmitted via analog channels or using ISDN technology but in the form of data packets, a method that has been the standard in online and mobile communications services for some time now.We switched more than 9 million lines in Germany to IP technology by the end of 2015. In the other EU countries we also increased the number of IP lines. Macedonia, Slovakia, Montenegro and Croatia are all now "100 percent IP." Hungary plans to join them by the end of 2016, with Romania, Greece and Germany following in 2018. IP technology is also a requirement for VDSL vectoring with download data rates of up to 100 Mbit/s and upload rates of up to 40 Mbit/s.

FAST INTERNET ACCESS ON BOARD

Deutsche Telekom and Inmarsat are planning to provide airline passengers in Europe with even better internet access on board. The companies are currently developing the European Aviation Network within the scope of a strategic partnership. Two complementing transmission technologies are being combined in Europe for the first time: satellite communication and a high-performing LTE mobile communications network.

EUROPEAN AVIATION NETWORK COMBINES THE BEST OF SATELLITE AND LTE TECHNOLOGY

Inmarsat's state-of-the-art and custom-designed S-band satellite, will provide multi-beam pan-European coverage.

For onboard communication, the high-speed connection will be available via Wi-Fi.

Deutsche Telekom's LTE-based ground network ensures the most efficient use of S-band satellite frequencies (2x 15 MHz).

In 2017, Lufthansa will become the first European airline to conduct test flights to help develop the European Aviation Network.

Deutsche Telekom is continuing to expand its pan-European mobile network for this cooperation. Around 300 new LTE base stations with a range of more than 80 kilometers are being set up. In comparison, conventional LTE stations only have a range of around 10 kilometers.

NEW MOBILE COMMUNICATIONS STANDARD FOR EVEN FASTER INTERNET

The current 4th generation (4G) is the end of the era of "pure" mobile communications standards; its successor, 5G, is starting to take shape. Industry experts are currently intensively discussing which elements will be included in this standard, which will be an "integrated standard" in many respects. The goal is to ultimately agree on a globally consistent standard.

Many companies share our belief that 4G technology will most likely simply be adopted as part of a generic 5G standard. This means that 4G will form the foundation of 5G performance, as the technical potential of the current 4G standard, or LTE, has by far not yet been fully exhausted. Thanks to the evolution of LTE, the demand for fast bandwidths from consumers is being largely met even today. Although consumers will also benefit from the technological advances, the new 5G functions will primarily be of interest to industry, as they will make new business models possible that would be inconceivable by today's standards. These include innovative solutions for the healthcare and automotive industries. All in all, this next generation will provide 1,000 times higher capacity, 10 times better speed, 10 times faster response time (latency) and 1.5 times better mobility in comparison with conventional technologies. This provides us with the opportunity to fundamentally change the way we would like to support and assist our business customers.

At the Mobile World Congress in Barcelona in spring 2016, we presented the next steps on the road to 5G: the first fully functional end-to-end 5G network worldwide. In addition to high transmission rates, the model achieved data transfers with minimized latencies of less than one millisecond. In comparison, top latencies achieved with LTE are currently 40 milliseconds.

AWARD FOR MOBILE NETWORK IN GERMANY

connect (01/2016): Deutsche Telekom comes out on top among German mobile network providers for fifth time in a row

The testers from the connect trade journal put Deutsche Telekom in first place when it comes to speed (telephony and mobile Internet). We were the only provider to be rated "very good." More importance was placed on data services than voice telephony compared to previous years.

The 2015 CHIP network test: faster transfer rates, better voice quality - Deutsche Telekom has the best mobile network

Deutsche Telekom won CHIP magazine's network test by a large margin and was even able to expand its lead compared to last year, going from a score of 87.7 in 2014 to 89.3 in 2015. CHIP weights voice quality at 40 percent of the total score, while data usage, especially LTE, accounts for 60 percent.

Stiftung Warentest (11/2015): Deutsche Telekom has best mobile network

The German consumer organization Stiftung Warentest conducted an extensive network test to find out which carrier currently has the best mobile network. Measurements were taken in cities, in rural areas and on trains. According to the results, Deutsche Telekom has the best mobile network. A score of 2.3 earned the company the rating "good." Deutsche Telekom received a score of 2.2 for mobile data connections and 2.4 for voice connections.

connect (09/2015): test winner in IPTV

In August 2015 Deutsche Telekom secured first place in a test of IPTV offers conducted by connect magazine. The company's Entertain IPTV offer came out on top in every test category.

Car Connectivity Award 2015

Deutsche Telekom received the Car Connectivity Award 2015 for the best mobile network in cars. 42,520 readers of "auto motor und sport" and CHIP voted Deutsche Telekom number 1 in the mobile network category for the second time in a row.

Computer Bild (22/2015): Deutsche Telekom has the fastest mobile network

Deutsche Telekom was the only company to receive the rating "good" and took the clear lead ahead of its competitors, who were only rated "satisfactory." All carriers were criticized for their network performance in rural areas.

Telecom Handel reader's choice 2015: best mobile provider of the year for fourth time in a row

Retailers and partner store owners rated mobile communications providers in 23 disciplines. The questionnaire focused on aspects that retailers consider important such as acquisition commission, honesty and reliability, training, complaints processing and retailer hotlines. Participants particularly praised Deutsche Telekom for its network build-out program and MagentaEins plans.

SUSTAINABLE PRODUCTS AND SERVICES

Technological progress offers new ways to address the challenges ● posed by climate change, scarcity of resources, and nationwide healthcare. Information and communications technology (ICT) plays a key role in this context. Among other things, our products and services make climate-friendly consumption possible for our customers and enable new ways to provide healthcare.

GOALS	MEASURES	MONITORING
▪ Increasing share of sustainable products and services	▪ Creating a sustainable product portfolio ▪ Product certification (e.g., Blue Angel) ▪ Promoting innovation ▪ Implementing design principles	▪ Used Cell-Phone Collection ESG KPI

DEVELOPING SUSTAINABLE PRODUCTS AND SERVICES ●

ICT helps industry, service providers, and consumers pursue a more sustainable approach and holds tremendous market potential for all those involved. For example, according to the SMARTer2030 study 20 percent of all greenhouse gas emissions worldwide could be eliminated by 2030 through targeted use of information and communications technologies. However, sustainability means more than just climate protection when it comes to ICT. Technology could do many things such as contributing to reduced resource consumption, stabilizing power supply networks, simplifying work processes and continuing to improve medical care.

We are committed to systematically leveraging the vast sustainability potential of ICT, which is why we continuously work on innovative and future-oriented solutions. Among others, we focus on the Industrial Internet and e-health growth segments. We also started a project in 2014 to identify the sustainability potential of the products and services featured in our current product portfolio as well as business opportunities. In order to develop new ICT solutions, we are also cooperating with partners, e.g., in the field of M2M communication and are active members of international networks.

Achievements made measurable

We use key performance indicators (KPIs) such as the ESG KPI Used Cell-Phone Collection to make our achievements measurable. We have defined performance goals, e.g., sales goals, as internal monitoring tools in certain fields such as e-health and Smart Home.

Managing sustainable products calls for systematic measures to be implemented throughout the supply chain, which is why we have already established comprehensive procurement processes in order to ensure that sustainability criteria are met. We use our Design Principles as a guideline when developing new products and use recognized environmental labels such as the Blue Angel and the TÜV environmental label "Certified Green Product." Their requirements show us how to further optimize our products. These seals also help us inform our customers of the benefits of choosing sustainable products. We also provide our customers with a variety of offers and opportunities to ensure that our products are recycled or disposed of properly at the end of their life cycle.

BUSINESS POTENTIAL THROUGH SUSTAINABILITY

Our integrated climate strategy includes identifying sustainable aspects of products and services in our portfolio. We began this analysis process in collaboration with external experts in 2014. The results show that 37 percent of total revenues generated in Europe in 2014 involved products and services with sustainability benefits (click here for the analysis). Our products help improve medical care, enable people to participate in the knowledge society and conserve resources by replacing physical devices with digital solutions, to mention just a few of these benefits. We continued the project for identifying sustainability aspects in 2015. The broadband network, cloud computing and the virtual set-top box were the pilot products tested for their contribution to sustainability and the resulting business potential they hold. We identified their benefits in view of all three sustainability categories (environmental, social, and economic):

Broadband Internet

Between 2012 and 2020, our broadband networks have the potential to help reduce more than 19 million metric tons of CO_2 emissions in Germany alone. Employees and students can work from home and cut out their daily trip to the office or university. The economy benefits as well. Between 2015 and 2020, the gross domestic product of Germany alone is expected to grow by 47 billion euros thanks to broadband technology. This high-speed network enables new business models and has created 162,000 jobs, generating additional tax revenues of 10.6 million euros. The use of broadband technology also has the potential to prevent 3.8 million sick days.

SUSTAINABILITY BENEFITS
OF BROADBAND EXPANSION IN GERMANY

ENVIRONMENTAL BENEFITS

CO₂ emissions reduction
19.15 Mio tons

of CO₂ emissions could be saved in total through broadband in Germany between 2012-2020, from which 4.53 Mio tons of CO₂ emissions savings are attributed to broadband expansion only

YEARLY ADDITIONAL EFFECT OF 0.12 MIO TONS VIA BROADBAND EXPANSION

1.62*	1.75	1.87	2.00	2.12	2.25	2.38	2.50	2.63
2012	2013	2014	2015	2016	2017	2018	2019	2020
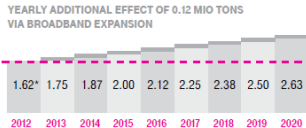
by enabling additional employees to work from home by telecommuting

by enabling small and medium enterprises to switch on-site software to cloud

by enabling additional students to use distance e-learning

*expected annual savings with current broadband access, based on the performance achieved in 2012

ECONOMIC BENEFITS

GDP growth
€ 47 Billion

could be realized by external economic impulses of broadband expansion**

Employment opportunities
162,000 people

could be additionally employed by external economic impulses of broadband expansion**

Increased tax revenue
€ 10.6 Million

could be additionally collected via different types of taxes through broadband expansion**

**cumulative additional effect through broadband expansion 2015–2020 in Germany

SOCIAL BENEFITS

Education
556,400 students

could graduate in total via distance e-learning in Germany between 2012-2020, from which 75,400 graduates are attributed to broadband expansion only

Health improvement
3.8 Mio sickness days

on national economy level, between 2015-2020, through broadband expansion due to:

- less people unemployed
- less stress related illness days caused by commuting
- less illness days caused by non fatal road accidents

Benefits were calculated for selected enabled services assuming that DTAG's share of all households' and SMEs' broadband access is on average 50% in a timeframe from 2012–2020, with 2012 as base year. Detailed list of underpinning assumptions is available from Deutsche Telekom Broadband Internet.

SUSTAINABILITY BENEFITS
OF B2B CLOUD SOLUTIONS IN GERMANY

FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

ENVIRONMENTAL

CO₂ emissions reduction
21 tons
of CO₂ emissions

CO₂

EQUIVALENT TO

1%
of the company's
total CO₂ emissions could be saved per year*

ECONOMIC

Cost savings
€ 7,000
of electricity costs

EQUIVALENT TO

-9%

9%
of the company's
total electricity costs could be saved per year*

*calculated benefits for SMEs with 100 employees

FOR SOCIETY

ENVIRONMENTAL

CO₂ emissions reduction
300,000 tons
of CO₂ could be saved per year between 2015-2020

due to broadband internet enablement of B2B cloud solutions for all SMEs in Germany

Benefits calculated for Germany based on SMEs with 100 employees, using on-site mail, CRM and groupware, and switching all three services to cloud. Detailed list of underpinning assumptions is available from Deutsche Telekom B2B Cloud

B2B cloud solutions

With our business-to-business (B2B) cloud solutions an SME with more than 100 employees can cut more than 21 metric tons of CO_2 emissions and decrease its electricity costs by 7,000 euros annually. That means SMEs in Germany can cut back 300,000 metric tons of CO_2 emissions each year between 2015 and 2020.

SUSTAINABILITY BENEFITS
OF VIRTUALIZED TV STB IN GERMANY

FOR TV USERS

ENVIRONMENTAL

CO₂ emissions reduction

20.44 kg

of CO₂ could be saved per year due to reduced and more energy efficient end consumer hardware*

ENVIRONMENTAL

Reduced material consumption

1.8 kg

of material from STB devices could be saved when adopting Virtualized TV STB*

ECONOMIC

Cost savings

€ 63

of costs could be saved per year due to elimination of STB rental costs and energy savings*

*calculated average benefits per TV user

FOR SOCIETY

Society can benefit from a complete replacement of classic TV STBs with Virtualized TV STB, thereby achieving:

ENVIRONMENTAL

CO₂ emissions reduction

47,000 tons
of CO₂ could be saved in total per year

ECONOMIC

Cost savings

€ 146 Mio
of aggregated costs for all TV users could be saved per year

ENVIRONMENTAL

Reduced material consumption

4,200 tons
of materials from STB devices could be saved in total

Benefits calculated for Germany considering the replacement of classic TV STBs with Smart TVs, TV-Sticks or Mini-STBs. Detailed list of underpinning assumptions is available from Deutsche Telekom Virtualized TV STB.

Virtual set-top box

Set-top boxes (STBs) add a wide range of special functions to TV sets and enable access to our Entertain offer, for example. By replacing these devices with virtual STBs, each customer can save 63 euros annually typically due to device energy consumption and rental fees. This amounts to total savings of 146 million euros for German TV users and reduced CO_2 emissions of 47,000 metric tons. This virtual solution also conserves resources, potentially saving 4,200 metric tons of material.

We use the results of these analyses to advance our sustainable product portfolio. Future plans also include keeping our customers informed of these sustainability benefits, thereby sharpening our competitive edge.

SMARTER2030 – CONTRIBUTING TO CLIMATE PROTECTION
State-of-the-art information and communications technology (ICT) makes life easier and encourages sustainable development. These were the findings of the SMARTer2030 study published by the Global e-Sustainability Initiative (GeSI). The study essentially shows that ICT products and services can provide extensive environmental, economic and social benefits.

In many industries, ICT makes it possible to develop innovative business models that are more resource- and cost-efficient, improve services and tap new sources of financial success. According to GeSI, not only could global CO_2 emissions be reduced by up to 20 percent by 2030, macroeconomic profits of up to 11 billion euros could be generated as well. The study also predicts an increase in crop yields thanks to ICT.

BUSINESS MODELS THROUGH INNOVATION

As a modern technology company, our aim is to assume a pioneering role and help shape future developments, which is why we develop smart solutions for more efficiency and convenience while keeping environmental impact to a minimum. Our focus here includes the growth areas machine-to-machine communication, e-health and smart home. In addition to developing innovative solutions, we also invest in extensive research, particularly at our central research facility, Telekom Innovation Laboratories (T-Labs). We invested a total of 108.1 million euros in research and development throughout the Group in 2015. We also finance professorships, collaborate with universities and encourage innovative business concepts with our start-up incubator, hub:raum.

INDUSTRIAL INTERNET: OPPORTUNITIES OF DIGITIZATION

Machines and products are becoming smarter: cars communicating with repair shops, smartphones becoming the new wallet. The technology that makes this possible is called machine-to-machine communication, or M2M. By 2020 the number of M2M connections around the world is expected to increase to 2.5 billion. Machine-to-machine communication is an important area of growth for Deutsche Telekom, too. Our Connected Car business area reflects this trend and focuses on smart mobility solutions.

We offer our customers numerous benefits by connecting machines digitally. The technology optimally synchronizes the work processes of the various customer devices and cars or even entire industrial plants. This increases industrial productivity, makes transportation more reliable (and more accurate) and helps reduce energy consumption and conserve resources. Our networks serve as the basis for this, because mobile communications is a vital part of the transmission process in any M2M connection.

We also support the German federal government's Industry 4.0 initiative through our involvement in machine-to-machine (M2M) communication. The initiative's objective is to maintain Germany's competitive edge in the technology sector.

M2M solutions for more efficient mobility

M2M communication holds strong potential in the transportation field. Our Connected Car business area is developing custom-fit solutions that tap this potential.

- At the international automobile fair IAA in September 2015 we presented driver- and vehicle-oriented real-time services under the slogan "Secure Auto Cloud." Deutsche Telekom also presented AutoApp at the trade fair. This mobile application allows drivers to receive position-related traffic information and situation-specific tips designed to enhance traffic safety or reduce fuel consumption.

- Daimler has developed a retrofit telematics solution for Mercedes cars in cooperation with T-Systems. The pilot stage was successfully completed in 2015. The European launch of the Mercedes Connect Me adapter is scheduled for early 2016. It allows customers to connect with their cars anywhere and anytime. For example, they can access information such as fuel levels or the position of their vehicle on their smartphones.

- Bicycle maker BULLS, e-bike system vendor Brose, and Deutsche Telekom presented a jointly developed, connected electric bicycle in 2015. People who own one of these bikes can use their smartphone to locate their bicycles at any time. Besides this, a motion sensor detects unusually fast braking activity and extreme tilting which could result in a fall. If the user stops for an unusually long time and does not react to a message on the display, the bike sends a text message with location data to a pre-defined contact person. In the event of an accident, this makes it easier to find the cyclist quickly and to provide assistance. BULLS is planning to launch the bike on the market as a special model in 2017.

The port of tomorrow

During the reporting period we continued our smartPORT Logistics (SPL) pilot project for the port of Hamburg and started to put it into commercial operation. The goal of the project is to improve HDV traffic flows at the Port of Hamburg and in its vicinity. All relevant traffic and infrastructure data is collected and analyzed in real time for this purpose. Results can be used to inform users about waiting times, alternative routes or parking.

In 2016 we defined data privacy guidelines for using data when working with the Internet of Things and the Industrial Internet. Among other things, the six rules define how Deutsche Telekom deals with personal data and how the persons concerned are involved.

CONNECTED FARMING

Roughly 2 billion metric tons of CO_2 emissions can be reduced and 250 billion liters of water saved annually in agriculture alone by the year 2030 through the use of ICT. The SMARTer2030 study published by the Global e-Sustainability Initiative (GeSI) confirms these numbers. These amounts are equivalent to around 2.2 times Germany's carbon footprint and the water consumption of around 180 million people. The reduction could be made possible by pushing the digitization of farming, for example. Real-time solutions are already making their way into agriculture. Farming machines send their data to the cloud via satellite; the data is analyzed immediately and important information is sent to the farmer via text message for instance. This lets the farmer optimize their use of fertilizer, seed and machines, save time, reduce costs and conserve resources.

Deutsch Telekom is working hard to encourage digitization in farming. Our goal in particular is to use smart technologies to help farmers become more sustainable and master the varied challenges they face every day. We develop solutions for this in numerous projects, as the following examples show:

- At the 2015 Agritechnica trade show, we presented a solution that helps farmers to dispense seeds and fertilizer efficiently and to optimize fuel consumption. Precise location data is transferred to agricultural machine steering systems via the mobile communications network, which helps to minimize unnecessary trips when sowing, fertilizing and harvesting. This new technology can be upgraded at low cost and does not require farmers to set up their own base station.

- We developed a time clocking system especially for farmers in collaboration with our partner MobilZeit. The solution replaces traditional paper time cards. The system comes with a display and keyboard as well as an evaluation software. Farm employees are given a chip having the size of a coin – when they begin or stop work, they hold the chip near the recording device. Thanks to an integrated RFID (Radio Frequency Identification) transponder, the chip can be read without contact, and the employee's work hours are automatically recorded. The data are sent to a central computer, via Deutsche Telekom's mobile network, and provided directly to the farmer via the system's evaluation software. The system helps the farmer keep up with their documentation obligations in connection with minimum wage requirements and simplifies administrative processes. The number of hours worked, for example, are immediately assigned to a specific cost center. This, in turn, makes it possible to calculate labor costs and profits in relation to harvest units.

2015 CR STAKEHOLDER FORUM: ENABLING SUSTAINABILITY – TURNING VISIONS INTO REALITY

On November 2 and 3, 2015 Deutsche Telekom hosted the 8th CR-Stakeholder Forum under the slogan "Enabling sustainability – Turning visions into reality." On the first day, Deutsche Telekom employees – in particular managers – were invited to intensively learn about sustainable products and services. The second day was used by our employees to share their ideas with suppliers, NGOs and other stakeholders. The presentations, discussions and workshops focused on the following questions: How can modern information and communication technologies like computers, the Internet, e-mail and cell phones help meet global challenges such as climate change? How can we make our supply chain more sustainable and transparent in cooperation with our suppliers and promote economic growth at the same time? Around 120 participants made clear recommendations for the future, e.g., greater consumer involvement and intensified cross-industry collaboration.

Raising internal awareness and fostering exchange

The goal of the first day was to show that every Deutsche Telekom business area makes a sustainable contribution for our customers and society. Deutsche Telekom employees presented products and solutions that help reduce energy consumption and CO_2 emissions among others: cloud services, Connected Car and e-mobility or Dynamic Workplace. Participants discussed these and other sustainability benefits of our current portfolio as part of subsequent round-table discussions and explored ways to expand their favorable effects.

Opportunities and challenges from the perspective of stakeholders

On the second day, employees and external stakeholders took a more in-depth look at issues in a workshop, including the topic of cloud services [LINK 8628]. The workshop focused on the Dynamic Workplace, a Deutsche Telekom offer that enables business customers to work regardless of their location. This means that employees can avoid a trip to work and reduce CO_2 emissions. Participants considered protecting data from unauthorized access (information on data protection here) to be the greatest challenge when it comes to cloud services.

At the second workshop, participants discussed smart mobility solutions such as connected cars. An analysis we carried out together with external experts showed that use of connected cars can reduce annual CO_2 emissions per vehicle by 15.9 percent (Connected Car). Participants at this workshop referred to data protection and security as important issues. They also considered large-scale development of infrastructure to be a significant basis for benefiting from these advantages.

SMART CITIES: INNOVATIVE SOLUTIONS FOR URBAN SPACES

Cities account for a large share of global CO_2 emissions. At the same time they can also be the driving force behind and the origin of sustainable solutions. Deutsche Telekom is dedicated to innovative solutions that help reshape cities into smart urban spaces. One good example of this is intelligent street lighting: sensors control lighting times and save energy in the process.

We set up a one street lighting system with integrated motion, air pollution, temperature, and acoustic sensors as part of a pilot project in Dubrovnik in May 2015. In addition, the lighting solution that we installed in Budapest in November 2015 is equipped with a charging station for electric cars, a WiFi router, a security camera, and an emergency button. Intelligent street lighting is a module within our Smart City concept and offers state-of-the-art communication infrastructures to support sustainable city development.

Telekom Romania also works towards the goal of transforming cities into smart urban spaces. Since 2015, the company runs several pilot projects in one Bucharest district that include smart parking, smart lightning, video surveillance and Managed Wi-Fi components. The first phase of the pilot projects is due to be completed in the spring of 2016 and it is planned to expand these activities to other districts as well.

QIVICON – LIVING IN A SMART HOME

There are many ways in which a smart home can make life easier. It lets residents conveniently control and monitor a large number of building and security technology devices, including home entertainment. If in the past customers bought a smart-home solution offered by one particular provider, they could only use those functions and devices and not those offered by other providers. The challenge therefore was to come up with a multi-vendor smart home solution. Deutsche Telekom and other key players together created the QIVICON platform on which any company, regardless of their industry or size, can offer their own solutions. This platform gives consumers the option to customize their own combination of different offers. More than 40 partner companies and brands currently offer their solutions on the platform. New partners, including Assa Abloy, Bosch Junkers, DOM, and Logitech, joined the platform during the reporting period. In the energy sector, for example, consumers have had access to smart home offers from green energy provider ENTEGA since October 2015, where they can optimize their energy

costs with solutions like smart heating thermostats. Other offers include security and convenience products, with the range of QIVCION-based offerings and compatible devices from different partners, growing constantly.

End-to-end solutions for an easy start in the smart home market
Businesses in Germany and abroad can use the QIVICON-based smart home platform combined with a Deutsche Telekom white label app as part of an end-to-end solution. The app can be customized to meet company needs and can be offered under the company's own brand. In summer 2015 the Austrian-based eww Group became the first international partner to take advantage of this opportunity and is now offering its own smart home offer to its end customers. This is a good example of how easy it is for companies to quickly get started in the market with an end-to-end home automation solution for addressing topics such as energy management, security and convenience. In addition to platform hosting, training and customer care (3rd level), Deutsche Telekom also offers hardware sourcing.

We support the Eclipse Foundation, one of the world's largest independent open source communities. We also actively pursue intensified collaboration with open source project partners and relevant bodies as a way of encouraging compatibility and standardization. Deutsche Telekom is planning to gradually make the programming interfaces for the smart home platform accessible so that developers can create their own applications and control devices in smart homes.

All communication via the QIVICON Home Base, which is connected to the Internet via servers, is encrypted. Any user data related to QIVICON is stored exclusively on Deutsche Telekom servers in Germany. All devices made by brands managed via QIVICON employ wireless technology based on state-of-the art security functions.

CONNECTED HEALTH SOLUTIONS FOR IMPROVED HEALTHCARE
Connecting healthcare services has many advantages. Telemedical assistance systems help patients and their families in their everyday lives, make work easier for medical personnel and reduce costs. Deutsche Telekom helps shape the digital healthcare system with numerous pilot projects. The primary goal is to enable the fast, secure exchange of information between doctors, patients and health insurers.

Data collection at the patient's bedside
In 2015, Deutsche Telekom installed a digital information system with 200 iPad minis at Gemeinschaftskrankenhaus Bonn hospital. Around 150 physicians and 450 nurses use the tablets when dealing with medical findings, diagnoses and X-ray images. They can access the information and medical records they need at all times and from anywhere within the hospital; they can even modify this data from the patient's bedside. Patients benefit as well. Digital documentation is more precise and there are no errors because a colleague's handwriting is illegible. Doctors can also carry out online medicine safety checks on the tablets to exclude reactions to other medicines.

Smart home emergency call system
We presented a new smart home emergency call system at the geriatric care trade fair in Hanover in 2016. The system works using sensors installed in the home, which are in turn connected to the intelligent soft-

ware of the emergency call system. The software is able to tell the difference between, say, a person bending down to pick something up and someone who has fallen and requires help. Upon identifying a real emergency situation, the system automatically uses a secure network to alert the control center staffed by an emergency home care service around the clock. The control center establishes contact with the resident via the hands-free function. The system also gives the staff an overview of the situation on-site by creating an image made impersonal and indistinct for reasons of data privacy.

Entertain for Hospitals: entertainment and information for patients
With Entertain for Hospitals, hospitals can offer patients a comprehensive range of entertainment formats and information directly at their bedside. The vendor-independent solution can be integrated into the respective hospital information system. This allows patients to read the information brochures made accessible to them, see their appointments or order meals. Depending on the hospital's offer, patients can also watch TV programs in the time-shift mode, download series, movies and documentaries, surf the Internet, make phone calls and play games. Around 3,000 beds had already been equipped with Entertain for Hospitals throughout Germany by the end of 2015.

Role model project for comprehensive healthcare
We are building an open, accessible, interdisciplinary IT platform for medical care for people living in Eastern Saxony in cooperation with Carus Consilium Sachsen GmbH, a subsidiary of the Dresden University Hospital. The CCS Telehealth Ostsachsen project is expected to help guarantee comprehensive, local medical care in rural regions for patients in the comfort of their own homes. Cardiac patients, for example, can use their tablets to send their vital data to the Dresdner Herzzentrum cardiology center for review. The data is processed by "telenurses" who monitor vital signs and immediately inform a physician in case of any doubt.

The pilot phase was started in 2015 after two years of development work. Initial applications, such as at-home care for congestive heart failure patients and outpatient follow-up care for stroke patients, were launched in July 2015. Introducing CCS Telehealth Ostsachsen involved creating telemedicine workstations, providing patients with tablets and IP telephones and installing high-performing servers, scanners and a central database. This approach makes the project a role model throughout Europe. The EU and the Free State of Saxony support the project, for example, by funding it with almost EUR10 million.

INNOVATIVE SOLUTIONS FOR PAPAGEORGIOU GENERAL HOSPITAL IN THESSALONIKI
In November 2015, OTE and CISCO completed the transformation of the Papageorgiou General Hospital in Thessaloniki into a smart digital hospital. Thanks to the innovative COSMOTE Business IT solutions and the use of CISCO products nursing services were upgraded, patient satisfaction improved, operative costs reduced and productivity increased. They installed wireless voice and data transmission systems that allow staff authorized access to the hospital's information systems via tablets or smartphones. CISCO's wireless infrastructure supports all the security, quality and high performing characteristics in data transmission, thus facilitating the staff's workload while offering Internet access to both patients and visitors.The two companies also proceeded

with the installation of a new IP phone center in the hospital and connected it up to the existing one. This unified infrastructure for Internet-based data and telephony also improves the hospital's internal communication effectiveness as staff can now accept internal calls to their smartphones, while drastically reducing telecommunication costs as well. Furthermore, location base servicesfor the hospital'ssignificant assets were offered via RFID tags, which allow real-time monitoring with 1-meter location accuracy, thus minimizing the cost of consumables and mobile asset monitoring. Last but not least, every hospital bed now has atouch-screenbedside terminal that serves as an entertainment, information and support devicefor patients and visitors, as well as a work tool for the hospital's nursing, medical, and administrative staff.

PROMOTING START-UPS: CREATING SCOPE FOR IDEAS

We have been running our own start-up incubator in Berlin since 2012 under the name hub:raum. At hub:raum, start-up teams can develop their ideas in an "incubator" environment and then introduce them to the market. Experienced start-up entrepreneurs work with the teams as mentors. We also provide teams with a maximum of 300,000 euros in seed funding.

Interested start-ups can go to the hub:raum website and apply for acceptance to the program. Investments were made in three start-ups in 2015:

- M2MGO offers web portal building blocks for the Internet of Things

- Teraki develops data-reduction software for the Internet of Things

- CiValue, the first investment in Israel, offers retailers a cloud-based big data platform to optimize their customer retention strategies.

hub:raum currently hosts a total of eleven start-ups: Blinkist, Stylemarks, Salonmeister, Reputami, Frestyl, Vigour.io, Contiamo, qLearning and Flexperto. hub:raum also offers an ongoing accelerator program, ChallengeUp. Start-up teams whose ideas complement Deutsche Telekom's business policy can join the program to turn these ideas into business models that qualify for funding. We provide them with the hub:raum campus infrastructure at no charge as well as hub:raum program offers, which vary from week to week (e.g., mentor and expert consultations, workshops, and events). More than 160 start-up teams have already taken advantage of this offer in Berlin and Cracow.

In 2015, hub:raum initiated a new program. The start-up incubator launched the Internet of Things Accelerator in collaboration with Intel, Cisco and hub:raum Cracow. The program paired 12 European start-ups with mentors from the M2M sector. The start-ups worked with their mentors to develop use cases from July to November 2015. The teams were specially flown in to Cracow, Berlin, Dublin and London so that they could work closely on the cases with their mentors. The goal was to support the start-ups with the companies' sales expertise and expert know-how as well as to enable the companies to access new technologies through the partnerships.

hub:raum introduced a new, topic-based event format referred to as boot camps in 2014. At these events, start-ups are given the chance to "boot" themselves (like booting an operating system), i.e., get noticed. We also use these events to present the start-ups as Deutsche Telekom

partners and put them in touch with investors. Teams from all over the world are invited to present their solutions to us in Berlin and/or Bonn. The Cloud Boot Camp was held in Berlin in November 2015. More than 12 start-ups participated, presenting their most innovative ideas and solutions.

SUSTAINABLE ICT SOLUTIONS

Deutsche Telekom is helping millions of consumers and business customers effectively lower their energy consumption and reduce CO_2 emissions with our growing offer of green products and innovative ICT solutions. We have been offering services to dematerialize business processes such as online billing, digitized workflows and cloud computing for several years now. This contributes to the success of our "Low-carbon society" CR action area. We also want to give as many people as possible the chance to participate in the information society and to use the opportunities it offers. For example, we make it easier for people with age-related or physical limitations to use modern means of communication. We develop products and services that meet their needs and continue to work on improving user friendliness. Throughout the Group, Deutsche Telekom also offers various subsidized rates to provide low-income customers and people with disabilities with an opportunity to place calls and surf the Internet at low cost.

PRODUCT CERTIFICATIONS: BLUE ANGEL FOR SPEEDPHONES ●

We see sustainable products as crucial in helping us distinguish ourselves in the ICT market. That is why we require our suppliers to comply with environmental and social requirements and monitor this compliance. We also keep our customers informed about environmental aspects, manufacturing conditions, safe, low-energy and demand-based usage, and resource-conserving disposal options at the end of the product life cycle. We rely on renowned environmental labels for this purpose.

Blue Angel for Deutsche Telekom products

95 percent of Telekom Deutschland's fixed-network devices are certified with the renowned Blue Angel environmental label. All of our Sinus series DECT phones have been awarded the independent environmental label since 2013. We were awarded the Blue Angel award within the context of the German Sustainability Award in November 2015 for our involvement and our role as pioneers and communicators of climate protection.

Our Speedphone series received the Blue Angel certification during the reporting period. The new IP telephones are particularly energy-efficient, low-radiation and come with replaceable batteries. A new feature lets users configure the transmission power individually and thereby save energy. Updates can directly be transferred to the Speedphone, making the devices easy to update, extending their useful lives and reducing their carbon footprint.

TUEV Certified Green Products

In addition to the Blue Angel we are increasingly focusing on the TUEV Certified Green Product environmental label. This label exceeds the Blue Angel criteria in ways such as requiring inspections of working conditions at production sites. Some of our products have already been certified, for example, the Speedphone 10 and the W 724V router.

PROTECTING RESOURCES WITH CLOUD COMPUTING

Cloud computing is often more resource- and energy-efficient than operating ICT processes outside of the cloud. Customers no longer need their own servers and storage media. Thanks to more effective capacity utilization, our data centers require less hardware, which means less energy consumption. Compared to a customer running their own infrastructure, this solution reduces energy consumption by up to 80 percent. We are also constantly improving the efficiency of our data centers.

Before making the switch to the cloud we make a cloud maturity check to analyze our business customers' business and IT processes. Our assessment is based on the maturity method published by the Open Data Center Alliance (ODCA). This helps our customers come up with the best cloud strategy for their business. We offer the T-Systems integration platform, Data Orchestration as a Service to make the integration of cloud services as smooth and easy as possible. The service enables a seamless interplay between information in the cloud and traditional on-site systems at customer offices, giving our customers faster access to new, optimized cloud services.

Sustainable solutions from the cloud

▪ With our Cloud Integration Center product (formerly: Enterprise Marketplace) we have been offering standardized cloud solutions tailored to large enterprises since 2014. Companies can access cloud services based on demand from our Cloud Integration Center. Their applications, servers, and other infrastructure are operated at our data centers. Customers can also access applications from external software manufacturers (Shared Software as a Service – Shared SaaS) at our Cloud Integration Center including a sustainability management software that T-Systems began selling in collaboration with the WeSustain software firm in November 2013.

▪ T-Systems also offers the doculife® product, which companies can use to fully transfer their document management processes to the cloud. Not only does the solution reduce energy consumption, it can also be used to significantly reduce paper consumption thanks to digitization.

▪ Deutsche Telekom supports companies that develop their own cloud services by offering cloud infrastructure solutions (Infrastructure as a Service – IaaS). Existing hardware is replaced by cloud services, reducing companies' energy consumption. We also offer development platforms (Platform as a Service – PaaS) like AppAgile. Along with a technical development environment for IT developers, we also make industry-specific business applications available from the cloud.

DON'T BUY, RENT ✔

By using our products, our customers can help conserve resources and reduce electronic waste and CO_2 emissions. In this context we are focusing on two models: rental services for routers and media receivers and used cell-phone collection programs.

We want to make sure that old routers and media receivers do not just end up in the trash. That is why we promote the "Don't buy, rent" approach. Introducing a twelve-month minimum contract term for routers and media receivers helps to extend the average usage time and reduces returns during the minimum lease period. When a contract is canceled, the customer returns the devices and the devices are then either reused or professionally recycled. We also introduced a return portal to simplify the return process, which cuts back on paper receipts and also allows customers to process their returns via the online return portal as needed.

We actively and effectively promote the rental service in many ways including at Telekom Shops, online, via customer service and in product flyers. The offer has met with great customer response. The number of people using our rental service had increased to some 8.2 million by the end of 2015.

Number of users of the rental service of routers and media receiver

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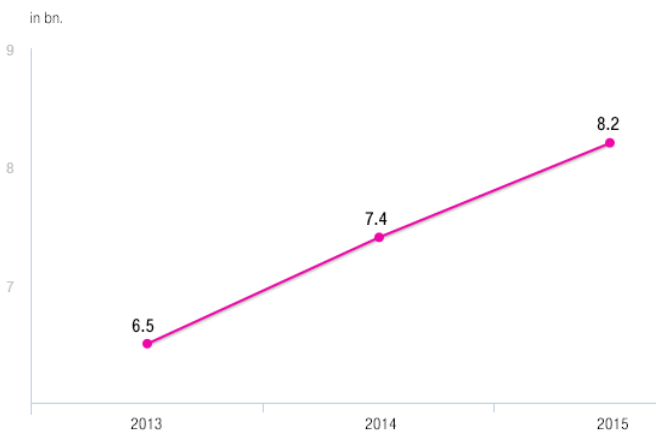
BLACKLIST ON ENVIRONMENTALLY HARMFUL MATERIALS

In 2014 we conducted a study on harmful materials in cell phones in collaboration with the Fraunhofer Institute for Reliability and Microintegration. The study identified materials that, although harmful to the environment, are currently not prohibited. We defined Deutsche Telekom's own list of prohibited materials over and above those covered by legal standards in order to send out a clear signal for a reduction in the industrial usage of substances that are problematic for the environment. In the meantime we have discussed this topic with suppliers and have already found broad consistency with the respective material blacklists at some of our suppliers. Deutsche Telekom will continue to engage in constructive dialog to find ways to avoid these materials.

USED CELL-PHONE COLLECTION

Too many used cell phones and smartphones are stuck in drawers or disposed of illegally with the household waste. Germany's recycling and reuse rate for small electronic appliances is much too low. Which is why used cell phones, smartphones and tablets need to either be repaired and reused or recycled properly. We have been offering different ways for people to hand in their devices since 2003.

Customers have been able to return their used, high-end cell phones and smartphones to Telekom Shops under a buyback program since 2013. They then receive a voucher equivalent to the monetary value of their devices that they can use to make purchases at a Telekom Shop. In 2014 we introduced the online collection portal Handysammelcenter in cooperation with Deutsche Umwelthilfe (DUH). Companies can use the portal to properly and safely dispose of their used cell phones and smartphones free of charge and receive a certificate as confirmation. Devices in good condition are generally reused. Public authorities, associations and other organizations can use the portal to initiate their own collection campaigns. The entire collection process has been certified by DEKRA. Any profit generated in this way is donated to nature conservation and environmental protection projects run by DUH.

During the reporting period we collaborated with DUH to support the cell-phone collection campaign run by the churches of the state of Baden-Württemberg. The goal is to collect 100,000 used phones. The campaign is scheduled to run for two years and end in May 2017. The members of the German Bundestag also continue to support our cell-phone collection efforts. Just like in 2014, they collected used cell phones at their offices and from their constituencies in 2015. They ended up collecting 2,500 used phones, more than twice as many as the year before.

The collection campaign at schools in the state of Saarland, in which we have been participating since the 2014/2015 school year, was extended due to the great response. The campaign is under the patronage of Annegret Kramp-Karrenbauer, Minister President of Saarland, and includes special course offers on cell-phone collection and resource efficiency. The campaign is now open to associations and communities in addition to educational institutions. The collection campaign has been honored as a "WerkstattN-project" from the German Council for Sustainable Development and therefore belongs to one of the 100 most innovative sustainability projects in Germany.

In 2015, we collected 230,751 used cell phones and smartphones throughout Germany and either reused them or had them properly recycled. The whole process is DEKRA certified and fulfills high data protection requirements. The joint cell-phone collection system run by Telekom Deutschland and DUH entered its twelfth year in 2015. More than 2 million used cell phones have been collected so far.

HANDSET RECYCLING AT T-MOBILE USA

T-Mobile USA's device recycling program mobilizes customers to help reduce environmental and human health impacts from improper recycling. The company is also increasing access to quality reusable and refurbished equipment for those who need them, while conserving our limited natural resources.

Any wireless consumer can bring any make, model or carrier phone, battery, accessory, tablet or netbook into any T-Mobile USA location to be recycled for free. Through the JUMP! and Mobilize programs, T-Mobile USA incentivizes its customers to trade in their used devices and accessories for great deals on the latest technology. Those trade-ins are all reused, refurbished or recycled.

T-Mobile USA launched the recycling program for its customers in 2008, resulting in over 9.5 million devices being reused or resold since then. 86 percent of the devices that are taken back are reused or resold, with the rest being responsibly recycled by providers selected on the basis of their leading industry environmental certification1.Since 2013, T-Mobile has sold over 1.4 million cell phones refurbished to its high standards directly to its customers through theCertified Pre-Owned program.

In 2015, T-Mobile USA collected 4,029,970 used cell phones.

ACCESSIBLE PRODUCTS AND SERVICES

Deutsche Telekom makes it easier for people with disabilities to have access to the knowledge and information society. Not only do we offer subsidized rates to people from low-income households, we also offer them to people with hearing and vision impairments. Our company also supports them with products and solutions especially designed to meet their needs.

Products and services for the hearing impaired

We set up a hotline (Deaf Hotline) for deaf and hearing-impaired customers in 2003, which offers customers immediate IT assistance, among other services. Customers can send an e-mail, fax message or letter, or use their video phone to communicate with our specially trained employees for any requests they may have. The employee either answers the question directly or lets the person know how to contact them via video telephony or webcam to talk about the issue. Up to 50 people currently call the hotline every day to get help with problems involving their DSL routers or find out more about special cell-phone rate plans, for example.

We have been conducting a campaign entitled "Accessible sales and service for the hearing impaired" since 2013. Special sales channels for people with hearing impairments are set up as part of the campaign. Deutsche Telekom began featuring special offers in 2014 for our deaf and hearing-impaired customers on a website tailored to their needs, for example. We also provide detailed information on these offers in video messages filmed in sign language. The website also features Deutsche Telekom support videos with subtitles providing information on our rate plans and products. In November 2015 we added new mobile rate plans to our portfolio, customized to fit the communication needs of the hearing-impaired.

Tablets for the blind

Online communication can pose a challenge for people who are blind or visually impaired. We support the Green Vision project, which develops special tablets for these user groups. What is special about the Green Vision tablets is its haptic, interactive interface that provides content in Braille. The tablets literally make mobile online content tangible. In line with the project's name, Green Vision, production of the prototype is also intended to conserve natural resources.

First network provider in Germany to offer smartphone for seniors

Since October 2014, we have been offering a smartphone especially developed for seniors – the Liberto 820. We are currently the only German network operator to offer this type of device. With its simple user interface, even inexperienced cell-phone users have no problem using all the functions of a high-performance Android device. Users are taken through the device step by step and shown how to use it. The device can even be set up and administered remotely via an online device manager. The Liberto 820 is compatible with hearing aids and has an emergency button and two simple menu versions, making it especially suitable for seniors.

HELLO HOLNAP! – THE SUSTAINABILITY MOBILE APP

At its 7th Sustainability Day in September 2014, Magyar Telekom launched the hello holnap! mobile phone app as part of its hello holnap! sustainability initiative. Since then it has been downloaded 7,500 times from AppleStore, GooglePlay and Windows Store. The app enables users to earn points for performing tasks supporting sustainable development that are organized by the operator and its partners. The points can then be redeemed in Forints and spent on donations. The app's game partners include 30km.hu, Oszkar teleauto, the ShoppingBag shoppers' community, Heroes of Responsible Dining, Autistic Art, as well as supporters such as Budapest Bike Mafia, the Suhanj! Foundation, the Autonomia Foundation, the Heti Betevő Foundation, the Hungarian Ornithological and Nature Conservation Society, and the National Society of Conservationists. The tasks users can earn points for include:

- Donations to organizations through achievements
- Partnership with sharing economy companies to collect points (e.g. carpooling or food from local farmers)
- Donation partnerships with NGOs

Points can also be earned by buying a sustainability-related mobile phone from the Magyar Telekom portfolio. Magyar Telekom defines a sustainability-related phone as one that either has an international certificate (e.g. TCO) or an environmental sustainability declaration or social attributes (e.g. for elderly people or the disabled).

FIRST "DIGITAL TREE" WITH WI-FI CONNECTIVITY IN ROMANIA

In March 2015 Telekom Romania and Smart Sun Solutions "planted" the first digital tree in Romania in Timisoara. This Strawberry Tree, the world's first solar energy-based public mobile-device charger offering Wi-Fi connectivity, is very suitable for "planting" in parks, open-air restaurants or commercial areas. The internet connection is based on 3G or 4G technology, depending on the coverage, and has a reach of approx. 10 meters. The system's rechargeable batteries store the energy and can run for up to 14 days. The Strawberry Tree allows simultaneous charging of up to 16 devices and has an annual capacity of up to 840,000 10-minute charges. It is not only a very innovative concept but also an environmental-friendly one with an eco-design and a neutral carbon footprint, while offering a friendly, convenient and inspiring service in crowded public places.

T-MOBILE AUSTRIA INTRODUCES FAIRPHONE 2 IN AUSTRIA

Since early 2016 T-Mobile Austria has been offering new and current customers the opportunity to choose a sustainable way of life when it comes to their smartphones. The company is one of the first mobile network providers in the world to combine a mobile contract with the Fairphone 2, the first sustainable, socially responsible smartphone. T-Mobile Austria actively supports the Dutch company Fairphone in their efforts to raise awareness of fair electronics and promote responsibility in the industry.

Fairphone focuses on four main challenges: to make mining at the beginning of the value chain, design, production and the product life cycle more sustainable and transparent. In order to achieve this goal the company cooperates with initiatives for the extraction of tin and tantalum from conflict-free mines in the Democratic Republic of Congo. It also created the first pilot supply chain for fair-trade gold in smartphones and promotes longevity through the modular product design of the Fairphone 2. In order to facilitate long-term use of the product, spare parts for the Fairphone 2 can be ordered via T-Mobile Austria.

NATIONAL COMPANIES EXPAND PRODUCTS AND SERVICES FOR HEARING-IMPAIRED PEOPLE

Together with a specialist partner Migam, Poland's market leader in new technologies for deaf-mutes, T-Mobile Poland launched the project "We Connect Everyone Everywhere", aiming to use state-of-the-art technology to align the educational and vocational opportunities of people suffering from hearing loss. Among other activities, the company turns its points of sale into disability-friendly outlets, translates selected contents of T-Mobile Poland's website into sign language and trains employees to provide a good service to deaf customers. In 2015 the company conducted a dialog with a society of hearing-impaired Poles to better address their specific needs. Since June, customers with a relevant medical certificate are also eligible for the "MIG JUMP!" offer, a big data package that allows internet communication tools, apps and video calls to be freely used.

In October, T-Mobile Czech Republic put a new service into all its 158 branded and partner shops. This free service offers remote simultaneous speech transcription, allowing deaf and hearing-impaired persons to conveniently view a shop assistant's answers on a tablet display. The service organized by Transkript online, a charity, in cooperation with the Czech Union of the Deaf (CUD) works quite simply: the shop assistant lends the tablet with this online app to the hearing-impaired customer and then connects him or her to the transcriber. What the shop assistant says is transferred to the transcriber's headphones and within moments appears as written text on the tablet display. An additional benefit is that this service generates work for visually impaired people who have the ability to focus intensively on speech and thus utilize their disability as a professional advantage in this e-transcription service.

Slovak Telekom is also very active in developing comprehensive programs and activities to support hearing-impaired people and families with hearing-impaired children in mastering their everyday lives. In September the Pontis Foundation received support from the Endowment Fund Telekom in launching a free online interpreter service that enables deaf people to better communicate at offices or doctors by contacting an interpreter via a mobile phone or tablet. To support hearing parents of hearing-impaired children properly stimulate and develop their children, Slovak Telekom has prepared a relevant TV spot and print campaign. In addition, parents and children are supported through a mobile teacher program that helps children to hear and then speak. The company also launched a community portal where parents with hearing-impaired children can exchange and find important information.

"I SEE, I HEAR, I REACT!" – EDUCATIONAL CAMPAIGN IN COOPERATION WITH THE NATIONAL POLICE HEADQUARTERS

T-Mobile cares about the safety of its customers and their families, and it wants to involve as many people as possible in its assistance scheme. For this reason, as the first mobile operator in Poland, T-Mobile Polska entered into a long-term collaboration with the National Police Headquarters as part of the Child Alert system in January 2016.

As the first operator in Poland, T-Mobile enables customers to receive information about a child who has gone missing. In practice, if there are circumstances indicating that a child has gone missing or has been kidnapped, T-Mobile will send its customers a special MMS (Child Alert), which is a message prepared by the police containing basic details of the event and the child involved. Such an MMS will only be sent after announcing the search in the Child Alert system.

This free project will not only help to locate missing children, it also promotes the idea of "Technology for good", an educational campaign on how the technology can help and provide safety for customers. It complies with T-Mobile's corporate social responsibility strategy and the culture of helping the company has built up.

CONSUMER PROTECTION AND SECURITY

In October 2015, the European Court of Justice determined that the Safe Harbor Agreement was invalid. In accordance with the agreement, U.S. companies were able to self-certify that they met European data privacy regulations. But these principles were not effectively implemented at those companies. Edward Snowden's revelations also demonstrated that U.S. security authorities store all of the personal data transmitted to the United States. The protection of personal data is part of the shared fundamental values in Europe. It is now up to the German government, the EU Commission and the United States to create an appropriate basis for secure data exchange between Europe and the United States.

For Deutsche Telekom, the European Court of Justice's decision means that we are heading in the right direction. We called for an "Internet of short distances" at an early stage, ensuring a direct path from the sender to the recipient when transferring data - without any detours through other jurisdictions such as the United States. This has already been implemented in our networks.

European business customers are critical of data storage outside of Europe; demand for secure cloud services "made in Europe" is growing. Our security solutions integrate these requirements; we guarantee the same high security standards for all of our data centers. We also develop products for consumers, such as products offering end-to-end encryption, and solutions for SMEs to detect and fend off hacker attacks in real time. In addition to data security, we have also introduced measures for consumer and youth protection.

To us, security is more than just protecting data and infrastructure - it also means protecting the public's health. We have established a Group-wide basis for this with our EMF policy.

CUSTOMER AND YOUTH PROTECTION

Protecting our customers is top priority at Deutsche Telekom. Whether ✔ it be the privacy of personal data or banning web content that is harmful to minors, Deutsche Telekom stands for high standards when it comes to consumer and youth protection. One example of the high security standard is De-Mail, our service for the legally secure identification of e-mail senders and recipients. We are also setting a new security standard for sending private e-mails with the E-Mail made in Germany industry initiative, which we co-founded. We want to teach children and young people how to use digital media safely and effectively and protect them from inappropriate content. Numerous projects throughout the Group aim to improve their media skills, and we work with a variety of initiatives and partners to create a child-friendly Internet. We have reinforced our stance with numerous national and international voluntary commitments and internal codes of conduct . In doing so, we often exceed the standards required by national regulations.

GOALS	MEASURES	MONITORING
▪ Protecting consumers and young people	▪ Developing data privacy products	▪ Annual data privacy report
	▪ Binding Corporate Rules on Privacy	
	▪ Promoting media skills	
	▪ Partnerships and alliances	

PROTECTING CONSUMERS AND YOUNG PEOPLE ✔

Data privacy and data security are very important to us. In 2008, we created a special Board of Management department for this topic and introduced the Binding Corporate Rules on Privacy specifying how personal data is to be collected, stored, and processed at the Deutsche Telekom Group. Not only do we provide transparent information on all of our activities and measures in our annual Data Privacy and Data Security Report, we also take stock of the current situation: What has Deutsche Telekom achieved? What do politicians consider to be the areas needing the most improvement? And what do experts think about the current state of data privacy and data security?

Our products and services have always provided a high degree of data privacy and data security. Growing volumes of data require special precautions to protect the privacy of citizens, which is why we approved eight mandatory principles for handling big data, or large amounts of personal data, in 2013. In January 2015, we also approved specific measures to protect data and infrastructure in our "Ten-point program for increased cyber security." We also developed new protective products including our Mobile Encryption app designed to ensure end-to-end encryption of mobile communication.

Data privacy and security also play a key role in the development of our other products and services. Our Privacy and Security Assessment (PSA) procedure allows us to review the security of our systems in each step of the development process. This procedure applies to newly developed systems as well as existing systems that undergo changes in technology or in the way data is processed. We use a standardized procedure to document the data privacy and data security status of our products throughout their entire life cycle. Youth protection aspects are also taken into consideration in our product and service design. In Germany we involve our youth protection officer in all issues regarding planning and designing offers for young people. The youth protection officer can then recommend limits or changes. In 2013, we also made it mandatory for every international subsidiary within the EU to designate a child safety officer (CSO) to handle youth-protection related topics. As a result, at least one CSO was appointed in each of our European markets in 2014. The CSO acts as a central contact for members of the community in the respective EU market. They also play a key internal role in coordinating topics revolving around the protection of minors. These measures increase the consistency and transparency of Deutsche Telekom's involvement in protecting minors.

Strategic approach to protecting minors from unsuitable media content

Our strategy to protect children and young people from harm when using digital media is based on three pillars. We

- provide attractive, age-appropriate offers for children and give parents and guardians tools (filters) that they can use to restrict the access minors have to harmful content,

- work to fight child abuse and child pornography and

- promote skills to help people use the Internet safely.

We also collaborate closely with prosecuting authorities and NGOs as well as other partners from business, politics, and society to ban online content that is harmful to children and young people.

We documented our commitment to protecting minors from unsuitable media content in Germany in relevant codes and introduced minimum standards.

In 2007, we committed ourselves to fighting child pornography on the Internet throughout the European Union. At a global level, we have been a member of the global association of mobile providers, GSMA since 2008, which pursues the same objectives. In order to better coordinate our activities within the Group, we also approved a list of general guidelines in October 2013 for our activities to help protect minors from unsuitable media content and made these guidelines mandatory at internati-

onal level, thereby setting new standards in our markets. In consideration of their particular cultural situation and business model, each international subsidiary in the European Union can further specify these measures, adopt additional measures, and also determine their own strategic focal points.

Because protecting minors from unsuitable media content poses a challenge that affects many industries, we cooperate with different organizations for the protection of minors and participate in coalitions that coordinate the involvement of companies and organizations from the Internet and media sector. For example, we are a member of the "CEO Coalition to make the Internet a better place for kids." We also play a leading role in the ICT Coalition for the Safer Use of Connected Devices and Online Services by Children and Young People in the EU. In this coalition, we pursue a comprehensive cross-industry approach based on six principles that expressly includes helping young people learn media skills.

In January 2013, as part of both coalitions, Deutsche Telekom announced plans to implement an EU-wide set of measures based on the principles of the ICT Coalition. The ICT Coalition published an annual report in April 2014 on the implementation of corresponding measures at all of the companies represented in the ICT coalition. The report, which was written by an independent expert from the Dublin Institute of Technology, comes to the conclusion that Deutsche Telekom's approach to implementing the ICT Coalition's principles is exemplary.

PROTECTING PERSONAL DATA

According to a survey carried out by the IfD Allensbach institute for its 2015 Security Report, Deutsche Telekom is the most trustworthy company among German telecommunications and Internet providers when it comes to data privacy. Greater value is generally placed on the protection of personal data in Germany compared to other countries, which is why the services we provide to our customers are hosted in particularly secure data centers.

We document our wide range of data protection activities in our annual Data Privacy and Data Security Report. The following are just a few examples of our activities during the reporting period.

Encrypted e-mails for everyone

As of mid-2016, Deutsche Telekom and the Fraunhofer Institute for Secure Information Technology (SIT) will begin providing Volksverschlüsselung, a simple and free e-mail encryption service for everyone. The solution is operated by Deutsche Telekom at a high-security data center. The goal is to make state-of-the-art encryption methods accessible to everyone. Cryptographic keys are created directly on the user's end device and never leave their device, making sure that they are never available to the infrastructure operator. To use the encryption, users only need to install the software and identify themselves as part of a simple one-time process. In the first step, users are identified via the established Deutsche Telekom registration processes or with the aid of an electronic ID card. Other processes for secure identification are planned at a later stage.

Testing Deutsche Telekom apps

In October 2015, Deutsche Telekom data protection and security specialists examined the security levels of 30 company apps. Focus was placed on the most popular apps in the Apple and Google download stores, including the We Care app magazine. They also checked how and when the apps provide the requested data privacy information. Can customers find sufficient information at the store - i.e., before downloading the software? How detailed is the data privacy information?

Overall, the testers were satisfied with the outcome. Results were particularly favorable with regard to data minimization and restriction of use to defined purposes, which means that apps do not store or use any personal user data not required to operate the app. But the testers also detected room for improvement. The most common criticism referred to shortcomings in data privacy notices, for example when it comes to contents or detectability within the app. Unfortunately, not all apps use the Deutsche Telekom privacy icon yet, a data protection icon developed by Deutsche Telekom that refers the user to privacy-by-design functions. The specialists also detected some potential for optimization in terms of data security. The Fraunhofer Institute for Secure Information Technology (Fraunhofer SIT) got involved in the vulnerability analyses and provided Deutsche Telekom with test software to identify critical potential security gaps commonly used by attackers. Any vulnerabilities found were documented and corrected.

TÜV data privacy certification for phone bills

Telekom issues around 27 million phone bills each month in the German consumer segment alone. TÜViT once again certified the billing processes used by Telekom Deutschland in 2015, assessing both data protection and IT security. By granting this certification, TÜV technical services agency has confirmed that Telekom handles customer data securely and in compliance with legal regulations.

Beware of fake bills

Time and again, criminals try to spread malicious code on computers using fake Telekom bills. Deutsche Telekom started adding further security features to their online bills in February 2015. In addition to addressing customers personally and including the customer's account number, online bills now also include the customer's address. Customers can recognize authentic online Telekom bills by the forgery-proof e-mail seal. It appears highlighted in customer e-mail inboxes and provides a quick overview of whether the e-mail was actually sent by Telekom. We have also introduced an invisible signature that is read by Internet providers as part of the e-mail transfer. Providers can tell from the signature whether an e-mail originates from a trustworthy sender or whether it is a fake e-mail indicating Deutsche Telekom as the sender.

The online Deutsche Telekom security guide

Information on cyber criminals, malware and phishing is distributed over thousands of websites on the Net. The www.sicherdigital.de website brings this information together, providing users with easy access to security issues. Young people, adults and businesses can find useful information and specific tips concerning security and data protection.

The "Confidential" issue of our We Care app talks about how dangerous hacker attacks can be and how users can protect themselves.

DEUTSCHE TELEKOM WINS OUTSTANDING SECURITY PERFORMANCE AWARDS

Deutsche Telekom was given three awards for its security policies at the German Security Conference in Berlin in November 2015. The Facebook Privacy app, Threat Management and Security Partnership Against Metal Theft were all singled out for recognition.

The jury decided that Deutsche Telekom was No. 1 in Germany in the Outstanding Security Provider category. Its Facebook Privacy app shows users who can see their personal content, who can find them on Facebook and who can post to their wall. Users can adjust their privacy settings with a single click to better protect their privacy.

Deutsche Telekom's threat management system was celebrated as an Outstanding Security Adviser. It ensures that all employees can get on with their jobs free of fear or violence. Anyone can contact the colleagues at Threat Management in the event of sudden physical approaches or if they feel they are being pursued, if threatened with physical or mental violence or unusual observations, such as when others express violent fantasies. Certified threat managers have helped around 200 colleagues over more than two years.

The jury also praised the SIPAM (Security Partnership Against Metal Theft) as an Outstanding Security Partnership. This partnership, composed of associations and companies from the logistics, telecommunications, mining and energy sectors, was founded in 2012 at the initiative of Deutsche Telekom, Deutsche Bahn and RWE as well as the Association of German Metal Traders (VDM). Most of the members operate critical infrastructures which are essential to the population, business, and government.

CHILD PROTECTION SOFTWARE AND SURFGARTEN BROWSER

As a leading ICT provider, we promote to the best of our ability a secure, positive online experience for children and young people. With age-appropriate websites and content we provide children and young people in Germany and other countries with exciting, attractive online content. There is, however, other, unsuitable online content on the Net aside from these offers. That is why we provide filters that parents can use to make it difficult for their children to access content that is dangerous or may impair their development. One of the two programs for the protection of young people under ages 16 and 18 from dangerous content recognized by the Commission for the Protection of Minors in the Media (KJM) was our child protection software. Parents (or other legal guardians) can use the software to flexibly determine which content their children (or wards) can access.

We also developed the Surfgarten browser for the iPhone, iPad, and iPod Touch for protecting minors in Germany. Both our German child protection software and Surfgarten contain a technological solution that identifies the age-rating of websites. We also integrated the fragFinn.de search engine in both software solutions.

The cell-phone user's license for children

We also offer solutions that enable children and young people to safely use cell phones. At IFA 2015, we introduced our new Family Card Start family plan, mainly intended for use by children. In the basic version of Family Card Start, fee-based mobile data use (excluding WiFi) is initially blocked by default. There is also the option to block calls to fee-based special phone numbers and value-added services. With the launch of the new plan and as part of the "Cell-phone beginners" campaign, we also published our cell-phone user's license on YouTube. The goal is to raise awareness among children regarding responsible smartphone use.

In addition to these solutions, we also promote secure and responsible media use among young people with our Teachtoday initiative. The initiative supports children and their families with practical and everyday tips and materials.

TAKING ACTION AGAINST CHILD PORNOGRAPHY

Deutsche Telekom considers it its obligation to take rigorous action against depictions of child abuse on the Internet. Deutsche Telekom has been involved in an EU-wide fight against the depiction of child abuse since 2007 in the European Framework for Safer Mobile Use by Younger Teenagers and Children. Since 2008 we have been committed to combating the spread of such content initiated by the global association of mobile providers GSMA.

Since 2013 we have also been participating in two cross-industry coalitions committed to fighting child abuse on the Internet, the "CEO Coalition to make the Internet a better place for kids" and the "ICT coalition forthe safer use of connected devices and online services by children and young people in the EU." The ICT Coalition published its first annual report in 2014. The report acknowledges our involvement in this area. We continue to be active in both coalitions and remain fully committed to their principles.

Working with the Center for Online Child Protection

As in 2014, we continued to participate in the Center for Child Protection on the Internet (I-KiZ) during the reporting period, a project run by the German Federal Ministry for Family Affairs, Senior Citizens, Women, and Youth. The "Network against the abuse and sexual exploitation of children – No grey areas on the Internet," was initiated in 2014 as part of the project. The aim of the network, which is under the patronage of Manuela Schwesig, Federal Minister of Family Affairs, Senior Citizens, Women and Youth, is to effectively fight the online depiction of children and young people in sexual poses and ban it internationally. It started its work by setting up a competence center designed to investigate the "grey areas" facilitating sexual abuse on the Internet.

ENCOURAGING THE RESPONSIBLE USE OF MOBILES

T-Mobile Netherlands undertakes various activities under the auspices of the Responsible Mobile Use Program:

Financial Responsibility Program

Due to the fact that many households in the Netherlands are struggling financially and for various reasons are having difficulties paying their monthly bills, T-Mobile Netherlands started building a new and disruptive program focusing on financial responsibility in 2015. The program follows a very innovative and personal approach that aims to make a difference for the company in terms of keeping its customers, and for society by helping customers to overcome financial difficulties.The program is based on six projects implemented by a cross-functional team within T-Mobile Netherlands and in cooperation with different partners:

1. Guest lectures on debt prevention in schools during National Money Week: This nationwide project week organized by the Ministry of Finance particularly targets primary schools. As 90% of children get their first mobile phone when they are 11 or 12 years old, T-Mobile Netherlands provided guest lectures to teach children how to prevent high costs resulting from mobile use and use their connection in a responsible way. With almost 150 colleagues involved, the guest lectures reached over 4,500 children. The company's employees held the guest lectures with materials provided by the company. The objective is to reach out to 10,000 children in 2016.

2. Financial Cafés 2.0: Situated in easy approachable community centers or libraries, Financial Cafés run by the NGO Humanitas enable people with financial problems to just drop in and get help from a volunteer or a social worker. In the 2.0 version, big corporates such as T-Mobile Netherland are working together to learn from each other now best to collect money from the same customer in a very humane way, i.e. coordinated by Humanitas volunteers. The volunteers are trained on the T-Mobile debt-collection procedures and have a direct point of contact in the company. This is helping the company to improve its dunning processes in a social and fair manner.

3. Poverty Coalition: This partnership between corporate banks, insurance companies, energy companies, bailiffs, money collecting companies, universities and tax authorities is working to prevent and fight poverty among Dutch households in the Netherlands.

4. Social SIMs: More than 600,000 people in the Netherlands are unemployed – not just the 40+, but also 20- to 30-year-olds. A large proportion of them are in debt and facing great problems. But in order to participate in society and the labor market it is important be reachable via phone. T-Mobile Netherlands is cooperating with local municipalities to provide the unemployed and people with debts with special SIM cards featuring a charitable tariff. In addition to the SIM cards, T-Mobile Netherlands is also offering job application workshops, short internships, soft skill training courses, and workshops on how to prevent debts.

5. Outbound calling team: T-Mobile brought a team of empathic colleagues together as a special outbound calling team that calls customers involved in the dunning process. Instead of asking them to pay, the message is "How are you? We appreciate you very much as a loyal costumer. Can we help you?" This is being undertaken with the understanding that basically, every customer is willing to pay and for customers in financial trouble an appropriate solution can always be found.

6. Financial debt prevention through product design: As a telecom provider T-Mobile Netherlands is aware of its responsibility to protect customers against fraud, unexpected costs, bill shocks, taking out subscriptions they cannot afford or problematic telecom debts. T-Mobile Netherlands therefore introduced new services (Stel Samen Stel Bij) that enable customers to adjust their usage in real time. With the T-Mobile App customers enjoy real-time insights into their costs and usage. To prevent bill shocks the company also contacts customers in real time if usage is high. And if a specific customer cannot be reached, the services are temporarily stopped.

Traffic safety
In September 2014 the Dutch Transport Ministry and Safe Traffic Netherlands launched a campaign about the safe use of mobile phones in road vehicles: "Keep Your Eyes on the Road". T-Mobile Netherlands was the first company from the telecom sector to adopt the campaign and support it through flyers in stores and especially in social media. A similar campaign was launched to encourage safe cycling since 20% of all cycling accidents in the Netherlands are caused by social media use in traffic. The fietsmodus-app activates a traffic mode that works in similar fashion to flight mode. In 2015 T-Mobile Netherlands upgraded this campaign and customized it to the T-Mobile brand by making a special promotion film featuring the CEO and adding some extra prizes. One of the prizes users can win is a T-Mobile cycle. As a result the number of users more than doubled.

De Kindertelefoon
Since 2010 T-Mobile has been sponsoring De Kindertelefoon, a helpline where children in particular can anonymously call for help. T-Mobile enables children and young people to use their mobile phone to make free calls to this Kindertelefoon.In 2015 the helpline was contacted nearly 600,000 times.

CYBER SECURITY

The hacker community continues to grow more professional and the ✓ damage they cause often affects all company departments. Vulnerabilities often meet with automated attacks as early as 8 hours after being published on the Net. As a responsible ICT provider, we are fighting this trend. Our business model includes guaranteeing our customers a high degree of security and effectively protecting the data and infrastructure of the people and companies who use our services from unauthorized access.

GOALS	MEASURES	MONITORING
• Protecting infrastructure from attacks	• Setting up the Cyber Defense Center	• Annual data privacy report
• Guaranteeing data security	• Analyzing attacks	
	• Developing defense strategies	
	• Entering into collaborations	

PROTECTING OUR INFRASTRUCTURE ✓

Protecting our customers from online dangers is a major concern at our company. In our Cyber Security business area, we have the capacities necessary not only to identify cyber attacks in plenty of time but also to respond quickly with countermeasures. We are also developing new ways to prevent attacks on an ongoing basis. To help us do this, we opened our own Cyber Defense Center where we analyze online behavior patterns and develop defense strategies.

Collaborating in the name of security

Cyber security is a shared responsibility. We work with research institutes, industry partners, initiatives, standardization bodies, public institutions and other online service providers worldwide to fight cyber crime and improve online security. We collaborate, for example, with the German Federal Office for Information Security (BSI) throughout Germany and with the European Union Agency for Network and Information Security (ENISA) at a European level.

To support our business customer segment we entered into a partnership with the AlienVault company in 2015. Together we offer a security solution for cyber attacks developed especially for SMEs. The solution lets SMEs use a defense system that was previously only available to corporations with extensive IT resources. We presented the new offer at CeBIT 2015 for the first time.

With the aim of improving collaboration when it comes to digital security, we also regularly host the Cyber Security Summit in collaboration with the Munich Security Conference. The next conference is scheduled for 2016.

Telekom Security is pooling Deutsche Telekom's security expertise
During the reporting period the Board of Management decided to create the new Telekom Security unit. Units working on the topics of security that have been separate until now, such as the Cyber Security business area, will be brought together here under one roof. The purpose
of consolidating these units is to increase our competitive edge and develop new, innovative offers for our customers. Telekom Security is to be formally established on April 1, 2016, and the new organization will officially be launched as a full-fledged separate unit on January 1, 2017.

STUDY: DEUTSCHE TELEKOM IS GERMANY'S LEADING SECURITY PROVIDER

Deutsche Telekom is the leading provider of managed security services in Germany. The analysts at Experton came to this conclusion in their Security Vendor Benchmark 2015 study. They reported that Deutsche Telekom has an attractive portfolio and proven competitive strength. The analyst firm conducted an extensive review of the offers of 450 security providers for the first time for the study. Deutsche Telekom received excellent ratings in the following categories: Security Information and Event Management, Mobile Security as a Service and Managed Security Services.

MOBILE COMMUNICATION AND HEALTH

Electromagnetic fields (EMF) are a prevalent element in our connected world, even if we are not able to perceive them directly. Their effects on our health remain a topic of discussion. It is very important to make sure that they do not present a problem for people or the environment when we use them in mobile communications.

The effects of electromagnetic fields have been thoroughly researched over past decades in numerous scientific studies. The World Health Organization (WHO) analyzes the findings of scientific research and recently made a statement regarding the results in October 2014. In its statement the World Health Organization concludes that the current threshold values for electromagnetic fields ensure that mobile communications technology can be used safely but that further research is required.

Deutsche Telekom has made a commitment to actively address scientific research on mobile communications and health, and provides detailed information on the Group website regarding the latest technology and scientific risk assessments published by expert committees and organizations.

GOALS	MEASURES	MONITORING
▪ Protecting people's health	▪ EMF-Policy ▪ Voluntary commitment	▪ Evaluating the EMF Policy

STRIVING FOR SECURE MOBILE COMMUNICATIONS
Our goal is to make our mobile communications infrastructure and our new products, as well as the processes on which they are based, as resource-efficient, secure and safe for health as possible. In Germany these activities are based in particular on voluntary commitments by mobile communications providers and an agreement with local authorities' associations. Compliance with these voluntary commitments is reviewed every two years. The Informationszentrum Mobilfunk e.V. (IZMF), an industry initiative by mobile communications enterprises, submitted an extensive expert report on the topic to the German federal government in May 2014; the next expert report is scheduled for spring 2016. Due to the changes in the German mobile communications industry that have led to a reduction in the number of member companies involved, the IZMF was closed at the end of 2015. However, Telekom Deutschland will continue its commitment to keeping the public informed by supporting the www.informationszentrum-mobilfunk.de information portal in collaboration with Telefónica.

Our Group-wide EMF Policy, which we adopted in 2004, plays a pivotal role. The policy specifies standardized minimum requirements in the area of mobile communications and health, requirements that by far exceed those set forth by national laws. Our policy provides our national companies with a mandatory framework that makes sure that the topic of mobile communications and health is addressed in a consistent, responsible way throughout the Group. All of our national companies have officially accepted the EMF Policy and implemented most of the required measures.

Our EMF Policy stipulates the following principles and measures:

- Transparency: We place importance on discussing issues involved in mobile communications openly. We make all relevant information regarding our mobile communications equipment in Germany accessible to the public, e.g., on the EMF databases operated by the German Federal Network Agency.

- Information: We provide consumer information that is easy to understand and pursue a fact-based, sound information policy. On our Group website we provide the latest information to those interested. We also provide our customers with information on the SAR levels of their devices. In addition, customers can get information on SAR levels at many of our shops, via our free environmental hotline or via e-mail.

- Participation: We rely on close collaboration and constructive dialog with all those involved, including communities, when it comes to network expansion. Our goal is to find amicable solutions and negotiate acceptable compromises, which can only be achieved by responding fairly to critical arguments and being ready to learn from mistakes.

- Research and partnerships: Our guidelines call for funding targeted research, scientific excellence, transparency, objectivity and intelligibility.

We conduct quarterly reviews of compliance with our EMF Policy. The findings are used to improve individual aspects and develop solutions in different working groups such as the EMF Core Team and the EMF Technical Working Group.

EVALUATING AND IMPLEMENTING THE EMF POLICY
Our goal is to put our EMF Policy into practice seamlessly throughout the Group. We help our national companies do this by providing specific tools. We developed standardized policies for funding research, for example, and published these on the Deutsche Telekom website. Our national companies will use these policies in their funding programs.

We also rely on the independent initiative of our national companies and encourage them to continue to improve their measures even if they have already effectively introduced the EMF Policy. The dialog conducted by the Deutsche Telekom national companies with other network providers and with consumers, politicians and scientists plays a central role in this context.

Regular monitoring activities show us that the EMF Policy is being implemented in all of our action areas. We also continue to optimize current measures being employed at national-company level.

- IZMF conducted a measurement campaign through the end of 2015 to provide the population and stakeholders with information on EMF. In October 2015 IZMF published a study on measuring high-frequency emissions in everyday situations. The result: The German population is only mildly exposed to transmission waves emitted by surrounding broadcasting transmitters and mobile base stations, wireless local area networks, mobile devices and DECT telephones. Although making phone calls on your own cell phone increases exposure, total exposure still remains well below standard thresholds.

- The Bavarian Mobile Communications Pact was extended for an unlimited time in fall 2015 on the basis of the pact signed in 2011.

- In Austria, the industry association Forum Mobilkommunikation (FMK) initiated the citizens' mobile communications forum, giving interested citizens the opportunity to pose questions about mobile communications directly and online. Over time the citizens' forum is becoming a knowledge platform where people can use the search function to get answers to the most important questions on the topic.

SERVICE QUALITY

As a service-oriented, responsible company, we feel obliged to respond ✔ to our customers' needs and expectations. That's why we have set up a comprehensive customer relationship management system. We encourage dialog with our customers by giving them opportunities to quickly and easily contact us at any time via the communication channel of their choice, e.g., online, via app, phone or e-mail or at a Telekom shop.

GOALS	MEASURES	MONITORING
Improving customer satisfaction and loyalty	"C1 – customers first" program	TRI*M method

HOW WE GUARANTEE EXCELLENT SERVICE QUALITY ✔

We strive to delight our customers and have integrated this goal into our Group-wide Guiding Principles. Even variable components of our managers' salaries are based on customer satisfaction. We use a variety of tools to regularly gauge the satisfaction and loyalty of our customers. One of these tools is the TRI*M customer loyalty study, which is conducted several times a year by an independent external service provider. The results are presented in the TRI*M index. Our target was to improve the results by around 10 percent in Germany by the end of 2015 compared to the results from 2012. We were able to achieve the target values from 2012 through 2014. A decision was made to put target achievement for the year 2015 on hold due to the ongoing transformation programs and increased number of customer inquiries regarding the migration to IP technology.

Since 2013, fixed-line and mobile communications customers in Germany have been able to reach us by phone around the clock at no charge. This applies to all of our service numbers, even for questions regarding Internet and TV services. Online inquires are becoming more and more important as well. More than 40 percent of all service inquiries at Telekom Deutschland are solved by support provided by our cross-area online platforms. We systematically evaluate our customers' inquiries and complaints to identify the root of the problem and make improvements.

BEST CUSTOMER EXPERIENCE WITH "C1 - CUSTOMERS FIRST" ✔

The "C1 – customers first" program plays an important part in providing the best customer experience as described in our corporate strategy. The purpose of the program is to improve the satisfaction and experience of consumers and business customers and to surpass their expectations if possible. Last year we implemented the following measures:

- In April 2015 we launched the customer program for MagentaONE for consumers, which offers free service advantages. Specially trained MagentaONE service teams are at the core of the program. They allow for fast response to customer requests. In order to tailor the program to our customers' needs we engaged in extensive dialog with them before the program started. We visited customers at home, held workshops and conducted a quantitative market research study. Results showed what our customers expect from a good customer experience and how important it is to them.

- Another example of a successful "Customers first" measure during the reporting period is our welcome gift for customers who are moving. More than 9 million German citizens moved home in 2015. When moving, our customers expect a seamless transition of their Deutsche Telekom connection. We therefore consider this situation to be a moment of truth in customer relations: a perfect chance to foster customer satisfaction and loyalty, but also a situation in which bad service can ruin the customer relationship. For that reason we decided to reinterpret the traditional welcome gift of bread and salt in 2015. Customers receive a gift card welcoming them to their new home and giving them the opportunity to order bread and salt from our gift shop. The idea is to provide a positive experience in a stressful situation and to create an emotional bond between our customers and Deutsche Telekom.

- We also gave order confirmations sent to new fixed-line customers a more modern, clearer, more concise layout in 2015. Important information can now be seen at a glance. The price, minimum term of contract and cancellation period are listed directly next to the purchased product and any important information such as the provision or termination date are highlighted.

Indicator shows customer retention progress
We use the TRI*M-index to gauge customer retention and regularly participate in benchmarkings. Our goal was to increase customer retention in Germany by 10 percent by 2015 compared with 2012. We were able to keep customer retention on the rise from 2012 through 2014. Due to ongoing transformation programs and increased customer inquiries regarding the migration to IP technology we had to put this target on hold for 2015. For the Deutsche Telekom group, however, we were able to increase the TRI*M from 65.9 points in 2014 to 67.4 points in 2015. With this, we have reached our initial goal in 2015. We plan to achieve a slight increase eachyear until 2018.

DEUTSCHE TELEKOM: LEADING IN CUSTOMER SATISFACTION

Customer satisfaction with our service was assessed by TÜV Rheinland technical services provider in the reporting period. The testers rated our service hotline, the Telekom shops, and our technical service as "good" for the third time in a row. They asked a representative sample of 2,750 customers about their experience. As in previous years, customers rated reliability, friendliness and competence. Based on the number of points determined by the testers, each individual area also received a score of "good."

Service study on mobile communications stores:
Deutsche Telekom takes the win

Deutsche Telekom employees are always friendly and confident when providing customer assistance. That was the conclusion drawn in a study conducted by the market research institute, Deutsches Institut für Service-Qualität. These results gave Deutsche Telekom the win with a total rating of "good." The mobile communications stores also scored points by having the most extensive offer of cell phones and featuring high-end retail space with a clear layout.

CR-RATINGS

CR rating: Child and youth protection
Depending on supply and technical distribution, Deutsche Telekom implements different youth protection functions to protect children from getting access to inappropriate content.

Deutsche Telekom offers the age verification system ID-Pass for specific content to guarantee that even adults only get access if a special Adult PIN is typed in correctly. The verification system is fully in line with legal requirements in Germany.

Amongst others, we ensure youth protection by being in compliance with legal requirements regarding age dependent transmission times of relevant content. Classified content over the age of 16 is available after 10pm, content over the age of 18 only after 11pm. Moreover, we label content with technical age markers that can be read by youth protection programs.

SOCIETY

EVERY SECOND... WE INVEST IN THE FUTURE OF OUR CHILDREN AND YOUNG PEOPLE.[1]

We do our part to make sure that young people can look forward to a bright future. Every second we invest three cents in projects to help children and young people from disadvantaged backgrounds improve their skills as part of our "Yes, I can!" initiative. We teach people how to use digital media safely and competently through our Teachtoday initiative. We also support our employees in their volunteer activities and have a tradition of sponsoring cultural and sporting events.

"Yes, I can!" initiative: more than 900 projects sponsored since 2009 →

Teachtoday media obstacle course: more than 4,900 school students reached →

Task force for refugee aid initiated →

Junior Engineer Academy: supporting the STEM profiles at 75 schools since 2005 →

More than 90,000 euros emergency aid for earthquake victims in Nepal →

"New sports experience" initiative: more than 105,000 young people reached since 2009 →

[1] Since it was launched six years ago, we have sponsored our "Yes, I can!" initiative with a total volume of 5 million euros. This has made it possible to reach over 75,000 children and young people.

DIGITAL RESPONSIBILITY

Digitization is changing our lives – how we communicate, how we stay informed, how we learn. In a digitized world media skills are indispensable when it comes to getting involved in society, which is why we work to teach people how to competently and safely use new technologies. Our numerous projects and initiatives in Germany and Europe are targeted at children and young people as well as adults and seniors.

GOALS	MEASURES	MONITORING
▪ Promoting media literacy	▪ Media literacy projects	▪ Social Commitment KPI
▪ Enabling access to digital technologies	▪ Providing technical infrastructure	▪ Network coverage status
	▪ Strategic partnerships and initiatives	

ASSUMING RESPONSIBILITY FOR THE DIGITAL TRANSFORMATION

All around the world, having access to modern information technologies is the basis of being able to participate in the knowledge and information society, which is why we are creating the necessary technical infrastructure and reducing the financial hurdles that prevent its use. We also help people learn how to actively and competently use new technologies, conducting custom projects for various target groups. ICT can also be used to address social challenges. We develop our own offers and support partner initiatives with our expertise in this area.

▪ Promoting media literacy: Our Teachtoday initiative provides children, young people, families and teachers with extensive practical, hands-on materials and formats for teaching children how to use media safely and competently. We also address people that have rarely or never worked with modern information technology through a variety of offers: Our employees, for example, organize courses on how to use cell phones and the internet for residents of Lebenshife facilities within the context of our Social Days. Another good example for this is the Access to the Digital World initiative supported by OTE and COSMOTE, where people over the age of 50 with no computer experience can learn the basics of using digital technology. Another key focal point of our involvement is promoting online security. Our online advice portal, www.sicherdigital.de, for example, gives people free security advice designed especially for their age group. Our free data privacy advice portal also offers advice on data privacy and security.

▪ Enabling access: We offer schools throughout Germany free broadband access as part of our Telekom@School initiative. This gives children and young people the opportunity to learn how to use digital media irrespective of their family background. We also offer special rates to enable low-income customers and people with disabilities to make phone calls and surf the web at reasonable prices. More than one million customers in Germany take advantage of these special rates each year. Our national companies also work to make technical infrastructures easier to use. In the scope of Magyar Telekom's "hello holnap!" initiative for example, customers with disabilities are offered special rates and usage options in line with their particular needs.

▪ Helping solve social problems: The technology can contribute to solving social problems. As part of our refugee aid activities for example, we set up the refugees.telekom.de portal, providing refugees with consolidated information on asylum procedures and on living and working in Germany. Ongoing projects and initiatives also benefit from our expertise: During the reporting period we supported the International Mapping Day and asked people to check locations for the Wheelmap.org online map, which is designed for people with disabilities. We also participated as a partner in the pilot project promoting a year of voluntary social/digital work.

TEACHTODAY – INITIATIVE FOR THE PROMOTION OF SAFE AND COMPETENT MEDIA USE

Teachtoday is our initiative for teaching people how to use media safely and competently. It supports children, young people, parents and grandparents as well as teachers by offering hands-on tips and materials - online and at face-to-face events. In 2015 our media obstacle course took to the German roads: Awareness was raised for safe media usage in a playful manner among over 4,900 school students between the ages of 9 and 12 in 42 institutions in eleven different federal states. More than 150 children discussed topics involving the digital world at the Summit for Kids in November 2015. We documented their ideas in an interactive manifesto. The highlight of the event was the award ceremony of the "Media, sure! But secure." competition. For the first time, international submissions were accepted and projects from five countries took part. The jury presented awards to seven projects including the joint media project on refugee migration from Syria called "Homeland!?", which was submitted by the Martin Luther King School in Saarlouis, Germany. In 2015, we also created a new media magazine for children called "Scroller," which is supplemented by an advice portal for parents and notes for teachers. The portals teachtoday and scroller are available in English as well as German.

DEUTSCHE TELEKOM: PARTNER FOR DIGITAL EDUCATION AND ONLINE SAFETY

Deutsche Telekom was involved in different projects and initiatives for digital education and improved online safety during the reporting period.

Involvement with „Deutschland sicher im Netz" (DsiN)

We expanded our involvement with the "Deutschland sicher im Netz" (DsiN) association during the reporting period. Thomas Kremer, Deutsche Telekom Board Member for Data Privacy, Legal Affairs and Compliance, became chairman of the board at DsiN in November. We are also a partner company of the myDigitalWorld competition; the youth competition for improved online safety entered its second round in October 2015. Birgit Klesper, Senior Vice President Group Transformational Change & Corporate Responsibility at Deutsche Telekom, is a member of the jury that will select the best submissions in summer 2016. Deutsche Telekom also became a partner of the new Digital Neighborhood project in November 2015. With the project, DsiN is planning to create a Germany-wide network of IT experts from associations and non-profit organizations to pass on their knowledge of IT safety issues to people in their personal environment.

DsiN was created as part of the 1st National IT Summit nine years ago under the patronage of the Federal Ministry of the Interior. The association is a point of contact for consumers and companies and provides specific advice to raise security awareness when using the Internet.

Pilot project for voluntary social/digital work in Saxony-Anhalt

The pilot project promoting a year of voluntary social/digital work was launched in the city of Halle in October 2015. The new offers for promoting media skills involved in the pilot project extend the current concept of a voluntary social work year: Under the program, young people between the ages of 16 and 26 with an interest in modern media can work on digital projects or help people learn how to use new media at non-profit organizations, such as facilities for seniors and people with disabilities, day-care centers and clinics. The scope of the program, which is initially beind tested at around 25 facilities in Saxony-Anhalt, ranges from digital storytelling to creating accessible web content. Volunteers receive media teaching support during their entire time in the program.

The project, which is scheduled to run two years, is sponsored by the German Ministry of Family Affairs, Senior Citizens, Women and Youth, Deutsche Telekom and NrEins.de AG. In addition to the pilot project in Saxony-Anhalt, the ministry is also supports a two-year sponsorship of a pilot project in Rhineland-Palatinate. The objective of the two pilot projects is to produce results that enable institutions offering voluntary social work positions to integrate digital modules into the traditional concept.

INNOVATIVE SOLUTIONS TO SOCIAL CHALLENGES

Technology can help to overcome social challenges. This is why Deutsche Telekom promoted the following digital initiatives during the reporting period:

▪ **Deutsche Telekom supports International Mapping Day campaign**
To celebrate the "International Day of Persons with Disabilities 2015", the non-profit organization "Sozialhelden" collaborated with the World Health Organization (WHO) and ITU (International Telecommunication Union) to initiate the International Mapping Day campaign. The aim was to add even more locations with wheelchair accessibility to the Wheelmap.org online map. Deutsche Telekom called upon its employees, customers and other interested people to participate in the campaign.

▪ **IRMGARD app helps adults learn to read and write in German**
IRMGARD is the first app in Germany designed to help adults learn to read and write in German. The only other apps so far are designed for children and not very suitable for use by adults. IRMGARD particularly focuses on the specific needs of adults,: users are, for example, addressed and motivated by a real person on an equal footing. Deutsche Telekom co-financed the IRMGARD app and asked people to volunteer their time to promote use of the app.

PROGRAM EDUCATES CHILDREN IN SAFE INTERNET USE

In June 2015, COSMOTE launched a new program for the optimal and safe use of today's technology by children called "Child and Safety in Technology". In this framework, the company also launched an online platform website and a leaflet providing relevant information to parents who can now learn how to make this technology more functional and safe through the use of specialized products and services. One of them is the new COSMOTE SMILE service designed especially for smartphones and tablets, which ensures a child can only operate specific phone numbers selected by the parents for incoming and outgoing calls, and only allows access during specified times of day to apps and webpages selected by the parents. COSMOTE SMILE also detects the position of the child's mobile/tablet on a map and notifies parents when the signal leaves the designated boundaries.

FOSTERING SAFE INTERNET USE AND DIGITAL INCLUSION

Digital Bridge Program

In the 11 years since Magyar Telekom launched its Digital Bridge Program, the inhabitants of small, disadvantaged settlements where few people live have been taught how and what the internet can be used for, and how it can make their life easier. Participants in the program are helped by Magyar Telekom volunteers who provide advice tailored to the inhabitants' individual needs. 15 events were organized during 2015. Seven were at elementary schools as a summer digital "daycare" for school pupils aged 10-14 and eight were Digital Bridges, including Digital Bridge Festivals (digital education and talent show). During 2015 approx. 1,000 people were reached, and a further 60,000 through the respective Facebook page. The 200th Digital Bridge event was staged in November 2015.

Smart Digital Program

Legislation in Hungary requires every Internet provider to provide free software on its homepage to make protection of underage persons possible. Through its Smart Digital Program Magyar Telekom, however, is doing much more than merely fulfilling its legal obligations since Telekom volunteers have educated tens of thousands of school pupils on how to use the net more safely and consciously. Within the frame-

work of this Smart Digital Program, which evolved from the Digital Bridge Program, Telekom is contributing to the development of a climate of digital maturity and literacy in Hungary. For the fifth year in a row, children were trained in the safe use of online technologies on Safer Internet Day (see below). Within the framework of a residential project in Nyíregyháza (see below) an intensive series of lectures aimed at beginner internet users commenced for adults and seniors. This free course teaches participants what the web can be used for and how it can help them solve everyday problems.

Safer Internet Day

Safer Internet Day is an annual EU initiative accompanied by a wide range of extraordinary net community, school and technology programs. In 2015 Magyar Telekom cooperated with the Digital Knowledge Academy to simultaneously teach 1,000 children from 14 schools in 12 cities on the conscious and safe use of online technologies. Telekom's volunteers passed on practical skills relating to the opportunities and risks inherent in the use of the net, ways of setting options and filtering content, as well as netiquette. In an interactive lecture during a 45-minute classroom session the speakers addressed basic issues ranging from password protection and filtering risky content to solutions to safeguard users from harassment. All these activities took the specific needs of the age group concerned into account.

Digital Hungary – a residential project in Nyíregyháza

One of Magyar Telekom's long-term goals has been to spread smart city services in order to improve the living standards of urban inhabitants, and contribute to the creation of a more sustainable urban environment. Digital Hungary, the first comprehensive program for digital communities and the economy, commenced in Nyíregyháza. In the first round, Hungary's government allocated HUF 1.7bn (€ 5.48 Mio.) to the first phase of this Digital Hungary government program in Nyíregyháza. In spring 2015 Magyar Telekom collaborated with the Ministry of National Development and the Municipality of Nyíregyháza to launch a comprehensive development plan in the county capital. Under the auspices of the Digital Nyíregyháza sub-project Magyar Telekom is investing its own resources (close to HUF 0.5bn (€ 1.6 Mio.)) to carry out an intense network development in the city. The work is already underway in several parts of the city, and Magyar Telekom is planning to make at least 30 Mbps available for over 7,000 households in 2016. Many other settlements are scheduled to have new generation and broadband access by the end of 2017.

IT COURSES FOR SENIORS

AjTy ("you too") Senior, a project launched in 2013 by T-Systems Slovakia in cooperation with the electro-technical secondary school in Košice, provides IT courses for senior citizens. The lessons offered in 2015 focused on working with a PC and the Internet, e.g. what the Internet can be used for, how a mail account can be created, how documents can be written in Word, how to chat online, etc. 2015 was very successful in that 40 seniors were attracted to the two courses in the summer and winter term. 20 volunteers from T-Systems Slovakia taught the seniors all the knowledge and skills required. Improvements were made to the courses, e.g. in ways of communicating with the students, delivering course content after its completion, final tests, etc.

ACCESS TO THE DIGITAL WORLD PROGRAM

For yet another year, COSMOTE supported the Access to the Digital World Program, which aims to reduce PC illiteracy amongst the over-50s and thus enhance their access to the digital world, education and life-long learning. This initiative offers, free of charge, basic digital skills and Internet usage courses to over-50s with no previous digital experience. Two- and four-hour seminars are held to introduce the participants to the use of touchscreen technology for smartphones and tablets, and online social networking, e.g. Skype, Facebook, etc. From September 2014 to the end of July 2015, Access to the Digital World was held in three municipalities, attended by a total of 765 senior citizens with an average age of 64. Besides financial support, COSMOTE provided all the necessary hardware and technical support.

RECORD PARTICIPATION AT FREE PROGRAMMING WORKSHOPS

Since September 2015 Telekom Romania has been running the fourth round of the Coder Dojo Bucharest North Workshops, with over 50 children and youngsters aged 7 to 16 studying programming and computer-assisted electronics based on the Arduino development platform. The workshops are being organized free throughout the 2015-2016 school year and include training sessions for beginner programmers as well as for youngsters who have already gathered experience at the previous years' Dojos and want to upgrade their programming or Arduino skills. The children and young people attending are coordinated by volunteering mentors from the world of business or independent specialists who want to get involved in educating the younger generation. Bucharest North @Telekom Romania, the oldest Dojo of its kind in Romania, has been running for four years with monthly meetings staged at a location where logistical support and Internet connections are provided by Telekom Romania.

CoderDojo, an international movement initiated in Ireland in 2011, aims to offer interested children the chance to learn programming in an informal environment through regular sessions outside normal school hours.

As in the past, organizations planning to open an e-classroom where the target group would learn for free to use computer programs (Word, Excel etc.) and the Internet, e-mails, etc. applied for funds from the e-Macedonia Foundation in 2015. As a result, the e-Macedonia Foundation provided €8,000 to open two new e-classrooms. The Foundation provides full or partial funds for the opening of every e-classroom as well as technical support through teaching aids, Internet links and fully functioning equipment.

So far, around 400 citizens in the Republic of Macedonia have been received practical further education through this project.

CONNECTED KIDS

Digital literacy is becoming a basic skill required for participating in any aspect of society. With its Connected Kids project, T-Mobile Austria hopes to raise awareness among students, parents and teachers regarding the numerous ways mobile Internet can be used for learning, and to advance the use of digital media at schools. T-Mobile Austria has been collaborating with Apple since 2013 to provide Austrian classrooms with tablets and mobile Internet hotspots for 2 weeks at a time. 3,777 students at 37 participating schools and more than 200 teachers have already had the chance to explore digital learning in a connected classroom. Educational and technical support is provided to make sure students get to experience all the advantages of mobile communication in teaching.

T-Mobile launched the Connected Kids blog to make the experience of using digital media in schools and families as part of a connected classroom available to the public.

Long-term project goals include inspiring students to pass on what they learn to people outside of traditional educational institutions.

E-MACEDONIA FOUNDATION CONTINUES E-CLASSROOMS PROJECT

The e-Macedonia Foundation initiated the e-Classrooms project in 2012 with the aim of offering socially vulnerable people access to information, social interaction and improved educational standards and skills, and thus enhancing their employment prospects. Concurrently, the idea of the e-Macedonia Foundation is to create a comprehensive digital society in which everyone will be able to explore their possibilities and benefit from the new technologies, enjoy a free access, share information and services, and be able to participate more efficiently in their communities.

PROVIDING DIVERSITY AND EQUAL OPPORTUNITIES

Deutsche Telekom promotes equal opportunities and involvement in society. We work to provide better educational opportunities in all areas of life to everyone, regardless of their social background or personal ability, starting with early childhood and continuing on through old age. Our efforts particularly focus on teaching people how to use digital medial safely and competently.

In view of the strong influx of refugees coming to Europe, we are also interested in giving the people who arrive here the chance of a fresh start. With that we support the sustainability of Europe and our company.

GOALS	MEASURES	MONITORING
• Promoting equal opportunities • Providing access to education	• Educational projects • Aid for refugees	• KPI's on Social Commitment

PROMOTING EQUAL OPPORTUNITIES

Our goal is to connect people, not only with our products and services but also with our social commitment. We contribute our core expertise as an international ICT corporation to these efforts and work actively to ensure that everyone, regardless of age, background or education, can participate in our society. Our efforts to promote equal opportunities include supporting projects and institutions, such as our "Yes, I can!" initiative, that work to develop the individual skills of young people from disadvantaged backgrounds, both socially and in terms of education. We are also involved in numerous projects to teach people how to use digital media safely and competently. Our "My chance to get going!" project gives these young people the opportunity to participate in a vocational training program.

We also encourage young people to volunteer, e.g., within the scope of our Enactus university partnership, a coaching offer for social projects conducted by students. The Deutsche Telekom foundation also promotes equal opportunities and is involved in numerous projects to help people develop their skills in the STEM subjects (science, technology, engineering and mathematics).

In view of the influx of refugees coming to Europe we expanded our refugee aid as part of our social commitment in 2015 and set up different aid offers at our European locations along the routes used by refugees.

MORE THAN 200 NEW PROJECTS FOR THE "YES, I CAN!" INITIATIVE

Our "Yes, I can!" initiative teaches young people key skills to enable them to act independently and with self-confidence. In doing so, we promote equal opportunities within our society. In the reporting year, more than 200 new projects went live with funding totaling over 800,000 euros. The focal theme in 2015 was "Exploring, understanding and shaping my environment," in which children and young people were encouraged to take a close look at their direct environments and to get to know their surroundings from a completely new perspective. Numerous other skill-enhancing projects, for example in the areas of crafts, the theater, and geocaching, also received support from the initiative. Since it was launched six years ago, over 900 projects have been funded by the initiative nationwide with a total volume of 5 million euros. This has made it possible to reach over 75,000 children and young people.

TASK FORCE FOR REFUGEE AID

In view of the massive challenges involved in aid work for refugees, our Board of Management set up its own task force in August 2015. It pools our various aid programs in Germany to ensure that support can be provided faster and with less red tape:

- E-mails or messenger services are usually the only way for people in refugee shelters to keep in touch with their families and friends. By the end of February 2016, we had already supplied free WiFi to around 68 refugee reception centers.

- How can I apply for asylum? Where can I learn German? Am I allowed to work? Where can I get help? The answers to this and many other questions can be found on our "https://refugees.telekom.de" internet platform. The portal also makes it possible to contact local helpers and organizations. It is available in eight languages and is being continually expanded.

- We offered 19 Deutsche Telekom properties as refugee accommodation.

- In 2015, we advertised 77 internships at Deutsche Telekom and offered grants for students to study at our HfTL University of Applied Sciences in Leipzig via the „careers4refugees.de" refugee platform. So far, we were able to assign 47 internships to university and school students and six grants for university courses.

The "Yes, I can!" initiative
Sponsored projects 2009 - 2015

FROM PROJECT TO ASSOCIATION

- More than 900 sponsored projects
- More than 5 million euros in sponsorship funds
- Well over 70,000 youngsters reached
- Focal topics vary, e.g., 2015: "Exploring, understanding and shaping my environment"
- Regular activities, contests and events for associated organizations
- Successive networking of the organizations among each other
- High degree of acceptance among practitioners, academia, politics and media
- The "Yes, I can!" initiative became a non-profit association in fall 2011
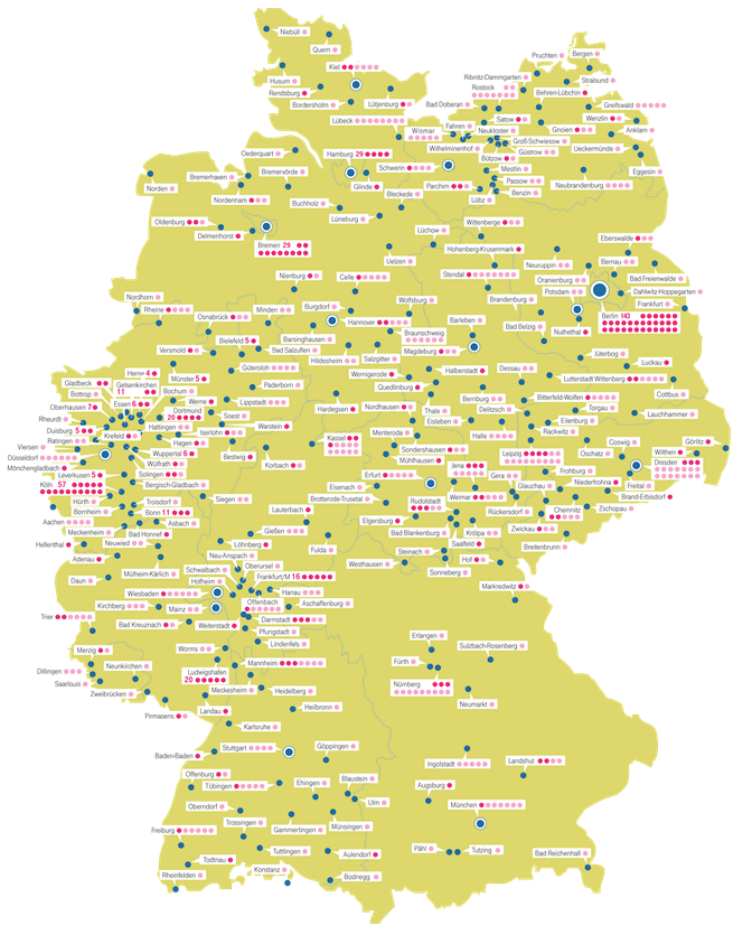
● Sponsored projects 2015   ● Sponsored projects 2009 - 2014   ● Location of sponsored projects

- At their request, we assign civil servants working for our company to the Federal Office for Migration and Refugees (BAMF) to help process the high number of applications for asylum. Employees have submitted more than 800 applications to Vivento, Deutsche Telekom's personnel service provider. Nearly 500 civil servants are already working at BAMF or are scheduled to start soon, and more civil servants still have the opportunity to transfer to the Federal Office.

- Many of our staff help out in the temporary shelters, accompany refugees on visits to the public authorities, and donate both clothing and money. We support this voluntary work via our "engagement@telekom.de" platform. By the end of February 2016, more than 70 aid projects had been launched, including a nationwide charity run with over 1,100 participants at 16 locations, which brought in over 50,000 euros. Other projects include joint activities to promote integration and offer German language courses. Employees are currently teaching German within the scope of the "I want to learn German" project.

- We collaborate with ministries, government agencies, adult education centers and those in charge of running refugee registration centers like the German Red Cross, Caritas, the Workers' Samaritan Federation (ASB), etc. Our involvement in a collaboration with Germany's Relief Coalition and its partners is ongoing. Furthermore, we work closely and pragmatically with over 30 other companies to achieve specific targets.

At our European sites along the refugee routes, we implement various aid projects that suit local needs. We offer people in many countries free internet access to ensure they can keep in touch with their friends and relatives. Some of our national companies have set up donation hotlines. Financial support provided by the OTE Group to the coastguard service in Greece, for instance, has already helped to save 74,000 people from drowning. T-Mobile Austria has been working in refugee aid since 2010, helping for instance to give young refugees a new perspective in life. Since then, ten percent of trainee positions in Austria's T-Mobile Shops have been reserved for young refugees who enter the country without their families and are supported by "lobby.16." This association organizes training and continuing education for young unaccompanied refugees.

AN OVERVIEW OF REFUGEE AID ACTIVITIES

In view of the waves of refugees coming to Europe, we expanded our involvement in refugee aid in August 2015 and initiated different aid activities as needed at our European sites along refugee routes. As of February 2016

Deutsche Telekom
In August 2015 Deutsche Telekom created a task force to coordinate different aid activities in Germany, for example, the supply of free Wi-Fi to some 68 refugee reception centers. We also created a portal, refugees.telekom.de, where refugees can find information about applying for asylum and living and working in Germany. On our careers4refugees.de website we also offer refugees internships and grants to study at our University of Applied Sciences in Leipzig (HfTL). To date we have granted 35 orientation internships, twelve internships for school students and six grants for studying at the HfTL. Almost 500 of our civil servants have switched to the German Federal Office for Migration and Refugees (BAMF) where they help process applications for asylum. Our employees have organized more than 70 aid projects via our engagement@telekom platform.

T-Mobile Austria
T-Mobile Austria has donated around 60,000 euros to date to support the refugee aid efforts of Caritas and provide desperately needed accommodation. The company also set up hundreds of Wi-Fi spots at Caritas housing and provided thousands of SIM data cards with data volumes for smartphones. Since 2010 T-Mobile has been setting aside 10 percent of its training positions annually for young unaccompanied refugees. In Vienna T-Mobile is collaborating closely with the private lobby.16 initiative on the project. T-Mobile Austria also supports the "hallo" app that helps refugee children learn German.

OTE & Cosmote
One of the initiatives supported by the OTE Group was the work and mission of the Hellenic Coast Guard. By covering the cost of repairing and maintaining 52 vessels, the OTE Group contributed to the Hellenic Coast Guards' successful response to more than 74,000 saved refugee lives, within just five months in 2015. The support also includes free provision of telecommunication products to facilities, the support of NGOs and the realization of volunteering projects.

T-Mobile Netherlands
T-Mobile Netherlands decided to initiate a partnership with Vluchtelingenwerk Nederland and donated technology and pre-paid SIM cards to the first 10,000 refugees. These SIM cardholders are also being invited to job application workshops and soft skill training courses, as well as being provided with apps to help them to find their way around the Netherlands.

Slovak Telekom
Slovak Telekom set up lines for donating money via text messages. A total of 2,000 euros was donated to two domestic NGOs. Furthermore, Slovak Telekom donated 2,000 euros to the #DomovNaMame project which offers canvas baby carriers to refugees.

Magyar Telekom
Magyar Telekom helps with its own resources. Free Wi-Fi services have been built in two refugee camps and power strips have been provided for the sake of helping refugees' connection and the capability for reaching information.

T-HT Hrvatski Telekom
T-HT Hrvatski Telekom donated money to the Red Cross and has given volunteering employees a day off. In addition, T-HT provided the refugee camp with ten USB sticks for free LTE Internet access, and around 360 SIM cards with free GB and call time included.

Makedonski Telekom
On the occasion of the Guiding Principle Day on 24th of September, Makedonski Telekom called for humanitarian action among its employees. A donation of 20 boxes with canned food and bottled water was given to the Red Cross.

Crnogorski Telekom
In September 2015 Crnogorski Telekom joined in an action initiated by the Red Cross and collected aid for migrants in Southeast Europe through a humanitarian hotline. By sending a text message their customers donated one euro.

We have gathered a valuable experience since the task force was first launched and struck a positive balance at the end of 2015. We plan to continue these aid efforts in 2016.

DEUTSCHE TELEKOM FOUNDATION PROMOTES STEM SUBJECTS

The Deutsche Telekom foundation sponsors numerous projects involving STEM subjects to improve the skills of young people in science, technology, engineering and mathematics and get them excited about careers in these fields. One excellent example is the Junior Engineer Academy (JIA), which was founded in 2005. The academy helps secondary schools in Germany develop a STEM profile. 75 schools were involved in the JIA network at the end of 2015 and the project has reached around 4,500 students since its founding. The Junior Engineer Academy will begin establishing technology-related school partnerships in central, eastern and southeastern Europe in 2016.

"Be a math whiz"

The PISA study revealed that around 20 percent of young people in Germany only have basic math skills upon completing their mandatory education. The Deutsche Telekom foundation initiated the "Be a math whiz" project in 2010 to help students early on in their educational careers. The project develops, tests and distributes special course material for students in the lower secondary level. This is supplemented by continuing education courses for teachers throughout Germany held at the German Center for Mathematics Teacher Education (DZLM). The effectiveness of the materials will be evaluated on a regular basis in the future. For this purpose the math skills of 4,500 students were tested

and their teachers were surveyed during the reporting period. As a result, we identified a surprisingly high need for assistance - up to 80 percent of the students per class at some schools. The overall results of the skills assessment have been available since the end of 2015. They provide a basis for future evaluations so that we can track progress. Further tests will be conducted in 2016 and 2017 to assess whether the students are able to retain the skills they learn in the long run. Simultaneously, we will continue distributing course material.

"MINTeinander" project

The aim of the MINTeinander project, which was launched in 2013, is to teach STEM (or MINT in German) skills to children from preschool to secondary school ages using course material developed by the project. The second call for applications in fall 2015 was targeted at preschools, elementary schools and secondary schools that collaborate with other institutions in their region and want to improve their natural sciences course offer. Together with the newly selected institutions, since January 2016 the project has supported a total of 291 preschools, elementary schools and secondary schools collaborating in 61 preschool/school networks, including one from Argentina and one from the U.S. Each school is given an experiment set on magnetism as well as accompanying didactic material developed by a group of experts from the University of Münster. Teachers of institutions that recently joined can take advantage of free continuing education offers conducted by experienced experts from the network. The foundation will be launching another call for applications in September 2016, where preschool/school networks can apply for materials on the topic "Sink or swim".

Junior Science Café

How much research is involved in a smartphone? How will we be communicating with each other in 20 years? In the Junior Science Café (JSC) project, students aged 14 through 18 organize discussion panels with experts where they can talk about science-related topics in a relaxed atmosphere. The main focus of the project is to encourage students to act independently. They choose the topic and the experts and plan and moderate the panel discussions, which introduces them to different scientific topics.

The project, which the Deutsche Telekom foundation is conducting in collaboration with the Wissenschaft im Dialog (WiD) business initiative, struck a favorable balance in 2015: A total of roughly 30 schools throughout Germany participated in the project and 18 café events were held during the reporting period. Students invited around 50 experts to come to their schools and discuss topics such as digital forensics, communication in the aerospace sector and smart home technology. Around 1,300 visitors attended the discussions.

New project: STEM reading mentors

What happens when a volcano erupts and how does a satnav work? Exciting stories can be used to explain many natural science and technological phenomena. The new collaboration between the Deutsche Telekom foundation and the German Reading Foundation expands on this idea. The aim of the collaboration is to recruit volunteer mentors to read stories involving the STEM subjects to children between the ages of three and ten and get them excited about contents dealing with mathematics, natural sciences and technology. The foundations created a special list of STEM media tips containing both classic books and digital offers such as apps and animated e-books. The collaboration got the ball rolling on International Volunteer Day with a "reading hour" at Deutsche Telekom headquarters. Deutsche Telekom CEO Timotheus Höttges, Professor Wolfgang Schuster, Chairman of the Deutsche Telekom Stiftung Executive Board, and Dr. Jörg F. Maas, Chief Executive of the German Reading Foundation, participated in the event.

Training for reading mentors via face-to-face events and online courses began in 2016. They will then be able to work with children at day-care centers and elementary schools. Upon request, the German Reading Foundation's Reading Network also helps volunteers locate suitable schools or day-care centers. Deutsche Telekom offers its employees the opportunity to volunteer as a reading mentor within the context of the company's Social Days. 50 employees participated in the new project in 2015.

COACHING FOR STUDENT SOCIAL-WELFARE PROJECTS: ENACTUS

Deutsche Telekom's Center for Strategic Projects (CSP) has been supporting the international student network, Enactus, for several years. We advise student teams at WHU Otto Beisheim School of Management when it comes to realizing their own social and environmental projects and business concepts.

Deutsche Telekom took on a new role as an Enactus incubator in mid-2015. In this role, we systematically support newly formed student teams by offering method training, coaching and networking opportunities.

This is how we are currently supporting the Enactus team at WHU Otto Beisheim School of Management in Vallendar in their project activities - and it's been a success so far. During the reporting period, the team we coach at WHU Vallendar won the Rookie Award for the best up-and-coming team at the Enactus 2015 National Cup for their 2nd Home project. In the project refugees are trained to become care professionals and receive German lessons, thereby offering them new career perspectives. Caritas, the German Red Cross and the AWO welfare organization support the project.

Deutsche Telekom also provides general support to all the student teams. During the Enactus team weekend in December 2015, project managers from more than 40 Enactus student teams in Germany were given a good overview of helpful methods for conducting projects. Deutsche Telekom introduced tried-and-true project management methods to the students and shared experience gained in strategic transformation projects conducted by the company.

SUPPORTING WAR CHILD

T-Mobile Netherlands' partnership with and main sponsorship of the NGO War Child helps children in war areas, and particularly in Lebanon, to enjoy an education. This is made possible through a grant, the provision of free consultancy, and raising money through employee initiatives.

2015 was a year of great engagement with around 600 employees involved, help provided to 25,000 children, and a record sum of nearly €350,000 raised for War Child.

In 2015 T-Mobile Netherlands again provided a call center facility for War Child, in particular for their TV show. More than 10,000 friends (monthly donors) were reached and helped by the 400 employees volunteering their services at the call center.

Lebanon and the war in Syria

About 1.5 million Syrian children have fled the civil war in Syria to neighboring countries such as Lebanon, Turkey and Jordan. Ever since the beginning of the conflict, Syrian children have been severely affected by illegal detainment, sexual abuse, and exposure to hostilities. War Child provides Safe Spaces and psychosocial relief for Syrian refugee children. Parents and carers are also involved. The lion's share of the money T-Mobile Netherlands raised in 2015 went to Lebanon. A delegation of T-Mobile colleagues visited Lebanon to experience for themselves what great work War Child is doing and how the company's support for War Child is helping children and their families. In addition, the company has provided War Child employees with free subscriptions and free handhelds.

Vluchtelingewerk Nederland

Over the past 12 years T-Mobile Netherlands has supported War Child in its aid work in war regions. However, in view of the current refugee crisis it was decided to initiate a local partnership with Vluchtelingenwerk Nederland. The company donated technology and a pre-paid SIM card with €10 of credit for data or voice service use to the first 10,000 refugees. As part of the Social SIMs initiative (see above), these SIM cardholders are also being invited to job application workshops and soft skill training courses, as well as being provided with apps to help them to find their way around the Netherlands.

"THE FIRST FIVE ARE MOST IMPORTANT"

The partnership between UNICEF and the Telekom for Macedonia Foundation aims to raise awareness of the importance of early education. After all, children develop most in the first five years of their lives, and children who attend high-quality pre-school programs are more successful in school and life in general. To this end, the partnership is striving to open early childhood development centers so that children from vulnerable environments enjoy the same opportunities for early education as their peers who go to kindergartens.

In order to close the gap between urban and rural areas, where kindergartens are underrepresented, the new early childhood development centers are being built in the communities that need them most. Overall, ten centers, with nearly 400 children enrolled, have been opened.

The Telekom for Macedonia Foundation made an initial cash donation of US$50,000 (€ 46,000) to help pay for the new centers, and also donated some of the revenues from text messages sent on New Year's Eve.

ENGAGEMENT@TELEKOM

Their community volunteer efforts make our employees the most effective representatives of our values. Through their efforts, our employees express our relationship to our society and contribute to strengthening the sense of community we share. This is not only helpful for the community, but also fosters Deutsche Telekom's reputation. Volunteering is also very beneficial when it comes to internal HR development. It strengthens identification with the company, expands each person's horizon and has a positive impact on social skills and teamwork.

That is why we give our employees ample opportunity to volunteer, preferably with a focus on teaching media literacy. This is just another way in which we help simplify and enrich the lives of those around us.

GOALS	MEASURES	MONITORING
Using our core expertise to benefit society	▪ Corporate volunteering ▪ Corporate giving ▪ Donation Policy ▪ Cooperation with non-profit organizations	▪ Social Commitment KPI's ▪ Reviewing compliance with Donation Policy

TAKING RESPONSIBILITY IN OUR SOCIETY

We contribute to society in a number of ways with our corporate citizenship program, engagement@telekom. In times of digital transformation, we want to be a trusted partner to our community. We contribute our core expertise and the knowledge of our employees to these efforts. engagement@telekom is based on two pillars:

▪ Corporate volunteering (supporting our employees in their volunteering activities) and corporate giving (our donation activities)

▪ Long-term partnerships with non-profit organizations

engagement@telekom

covers the entire social commitment of
Deutsche Telekom AG

Collaboration Partners	Corporate volunteering/ corporate Giving
Partnerships with employee participation	Encouraging employees' volunterring activities

We give our employees the opportunity to volunteer for social projects or the environment within the scope of our Social Days. These volunteer opportunities are often within the context of our longstanding partnerships with non-profit organizations such as Lebenshilfe and DKMS, the German Bone Marrow Donor Center. One of our focal points are projects that promote media literacy, in which our expertise can be particularly effective. Corporate volunteering is also an important component of our training and development activities. The volunteer efforts of our apprentices are given special recognition in our Group competition, "Responsibility wins!".

With our corporate giving activities we support the work of aid organizations worldwide, preferably those with which we have longstanding partnerships. We also provide fast disaster relief. Our 13-year collaboration with Aktion Deutschland Hilft, Germany's Relief Coalition, is an excellent example. Our Group Donation Policy outlines the framework for our donation activities.

We collaborate closely across country borders when it comes to our involvement and share experiences and best practices. A set of KPIs helps us measure the success of our social commitment. In addition to our Social Commitment ESG KPI we successfully tested three additional KPIs in 2014 and included them as a standard part of our KPI set in 2015. These new KPIs are the Community Investment ESG KPI, the Beneficiaries ESG KPI and the Media Literacy ESG KPI. The KPIs enable us to make targeted measurements of the investments we have made as well as the number of people involved and the target groups reached by our efforts. We can also determine specifically the number of people participating in our media literacy programs, thus drawing a direct relationship to our core business.

In 2015 we also conducted an extensive strategy process in order to more effectively align our activities with our corporate image and core expertise. Our strategy now includes a list of criteria for selecting future projects.

"RESPONSIBILITY WINS!" COMPETITION

Our annual "Responsibility wins!" competition gives our apprentices and students in cooperative degree programs the opportunity to develop their skills beyond the scope of their professional training in order to benefit others. Many of them all over Germany once again participated in 2015. Three excellent projects received an award in February 2016 at an awards ceremony held at Deutsche Telekom headquarters in Bonn. First place this year went to a team from the Landshut training center, who promoted agreement between residents and night owls in the city of Regensburg with their "Party fair" project. The team conceptualized and filmed video clips addressing problematic behavior such as drinking, vandalism and aggressive behavior.

"AKTION DEUTSCHLAND HILFT" – DISASTER RELIEF

Deutsche Telekom provided emergency relief in three cases in 2015, each time supported by donation campaigns conducted by our employees, in the twelfth year of our successful collaboration with Aktion Deutschland Hilft, Germany's Relief Coalition.

Cyclone Pam in Vanuatu

In March 2015, Cyclone Pam touched down with full force on the island state of Vanuatu situated northeast of Australia. The cyclone was the worst natural disaster in the history of Vanuatu. According to the United Nations, at least 24 people lost their lives during the cyclone and 3,300 lost their homes. Deutsche Telekom provided fast aid to the victims of the cyclone. The Group donated 50,000 euros in emergency aid to Germany's Relief Coalition and we asked our employees to donate as well.

Earthquake in Nepal

In April 2015, Nepal experienced its biggest earthquake in more than 80 years followed by a number of severe aftershocks. More than 8,000 people lost their lives and the geographic location made it difficult to provide aid. Deutsche Telekom donated 50,000 euros in emergency aid to Germany's Relief Coalition and helped facilitate communication in the disaster area by canceling roaming fees for calls and, in some cases, for text messaging. In addition to Deutsche Telekom in Germany, T-Mobile USA and our national companies T-Mobile Netherlands, T-Mobile Czech Republic and T-Mobile Austria as well as Telekom Albania, Crnogorski Telekom (Montenegro) and Telekom Romania all participated in the efforts. Deutsche Telekom employees were ready to help as well, collecting 45,400 euros in aid funds in a cross-border employee donation drive; Deutsche Telekom doubled this impressive donation to express its appreciation to its employees.

Aid for refugees

Deutsche Telekom also supports the refugee aid efforts of Germany's Relief Coalition. In addition to asking employees to make donations, we held charity runs at all of our 16 German training centers. The 50,000 euros we collected were donated to a project dedicated to trauma work at a refugee camp in northern Iraq. We also created our own refugee aid program early on. It pools the company's various aid programs to ensure that support can be provided faster and with less red tape.

TOGETHER WE ARE STRONGER

For the tenth consecutive year in 2015, Hrvatski Telekom ran its successful donations' competition "Together we are stronger", which is staged to support worthy causes in the community that aim to enrich people's lives and further community development. In the ten years of this initiative, Hrvatski Telekom has been able to support the realization of more than 240 projects with grants totaling almost HRK 8.5 million (over €1.1 million). The projects were in areas such as technology, life-long education, healthcare, care for the elderly and infirm, humanitarian work, ecology, and sustainability.

The fund for 2015 grants amounted to HRK 720,000 (ca. €94,000) and was again intended for organizations and institutions that carry out initiatives of importance to the local community. The categories for the 2015 competition, which ran from September to November, were:

- Technology and communications: Projects relating to the application of contemporary technologies in life and work

- Education and digitalization: Projects contributing to improving the quality of life and enabling inclusion and equal opportunities for all

- Environment and sustainability: Environmental projects contributing to environmental protection

-

345 projects applied to take part in "Together we are stronger" in 2015. In all, twelve non-profit organizations from a wide variety of fields received grants and the respective outcomes are to be monitored and communicated. There has already been extensive media coverage of all phases of the competition and, of course, of the winners.

POZITIVA SE NE **SKRIVA!**

CULTURAL AND SPORTS SPONSORSHIP

Culture and sports are a source of pleasure, inspiration and also innovative strength for society. An inspiration to many people, they create a sense of community and enable understanding across cultural and political borders. As an international corporation, we feel that sponsoring cultural activities and sports is another element of our corporate responsibility.

GOALS	MEASURES	MONITORING
• Strengthening involvement in cultural activities	• Sponsorship Policy	• Reviewing compliance with Sponsorship Policy
• Promoting competitive and recreational sports	• Promoting school sports, recreational sports and inclusion projects	
	• Supporting cultural offers	

GETTING INVOLVED IN CULTURE AND SPORTS

Deutsche Telekom encourages variety in cultural expression throughout the Group. In Germany, it is one of the leading sponsors of culture and sports. As well as providing financial support, we offer our experience in communication and marketing activities to support artists, athletes, organizers and clubs. Regional involvement at our locations also plays a key role.

Sponsoring music is a long-standing tradition at Deutsche Telekom and a vital element in the company's brand communication activities. We want to give as many people as possible access to cultural events, thus encouraging them to share thoughts and ideas. Our main sponsorship focus is placed on events like the Beethovenfest and the International Telekom Beethoven Competition Bonn, which has been providing a stage for up-and-coming pianists from all over the world for 10 years.

Deutsche Telekom supports competitive and recreational sports equally. Our sports sponsorship activities focus on soccer partnerships with the DFB German Football Association, FC Bayern Munich and other German major league soccer teams. Deutsche Telekom also lays emphasis on those aspects of sports that foster community life. We sponsor athletes supported by the Stiftung Deutsche Sporthilfe, recreational and school sports projects as well as athletes with disabilities. As a Bonn-based company, we also sponsor the Telekom Baskets Bonn basketball team and the Bonn Marathon. We also encourage our employees to participate in the city's traditional annual run and in the "Staying in shape in the winter" running for health program.

ENCOURAGING ENTHUSIASM FOR SPORTS WITH THE TELEKOM BASKETS

2015 marked the 20-year anniversary of the Telekom Baskets Bonn. Deutsche Telekom celebrated the occasion with an extensive anniversary campaign in which fans and basketball enthusiasts had the chance to vote for their favorite player of each season over the past 20 years. Photos of the 20 selected "legends" were then posted as an XXL photo gallery at selected buildings in Bonn.

Ticket sweepstakes for the Telekom Baskets

Before the 2015/2016 season got underway, Deutsche Telekom launched its eighth Tix for Kids ticket sweepstakes. We raffled off two sets of tickets (2 x 30 tickets) for each home game. Participation was open to all schools in Bonn. Businesses also had the opportunity to become ticket sponsors for social welfare institutions, school classes, club teams and work centers for disabled people. Deutsche Telekom itself donated an additional 242 tickets to various organizations including the "Maria im Walde" children and youth center and refugee accommodations.

Second round for Baskets@school student training project

Deutsche Telekom's Baskets@school initiative makes it possible for students in 5th through 10th grade to have their sports idols visit their school. Children and young people experience what professional basketball training is like by participating in a training session that lasts for around 90 minutes. Because the previous year's response was so positive, the basketball club decided to expand the campaign's scope, and, for the first time, involved schools from other districts in the program. Head team trainers offered a total of eight training sessions from November 2015 through April 2016. The aim of Baskets@School is to get students from the region interested in basketball and to improve their team spirit.

ANSTOSS! SOCCER INITIATIVE

The goal of Deutsche Telekom's ANSTOSS! soccer initiative is to make new experiences possible and support young talents. This broad-based project promotes soccer in the areas of amateur and recreational sports, developing young talent and disabled sports.

Listening to soccer instead of watching it

One focal point of ANSTOSS! is the "New sports experience" initiative, which has been encouraging young people to try out disabled sports since 2009, raising their awareness of what people with disabilities can accomplish. The initiative launched a new project during the reporting period called "'Seeing' soccer through sound," in which young people with and without sight impairments take a trip to the soccer stadium together. The kids "watch" the game in a very special way: equipped with darkened ski goggles, they can only hear the live commentary by a reporter who makes the game tangible to people with sight impair-

ments. After the game, the participants get together to talk about their experiences. The experience helps them better understand what life is like for each other and helps them overcome their fears and reservations. A total of 45 young people from 7 schools participated in the "'Seeing' soccer through sound" program during the reporting period. The collaboration partners of "New sports experience" are the German National Paralympic Committee (DBS), the German Football Association (DFB) and the Sepp Herberger DFB foundation.

Deutsche Telekom looking for top goals by kids

Every month, Deutsche Telekom looks for the best goals scored by young people Germany-wide in its "Stollenstrolche – Germany's top goals by kids" initiative. Any young soccer player up to age twelve can participate. A jury selects the five best goals from the submitted videos and posts them on www.stollenstrolche.de where people can vote for their favorite. The Stollenstrolch of the Month wins a trophy and a 1,000 euro voucher for their club.

Deutsche Telekom became a partner of the Bavarian soccer association, BFV, in March 2015. The collaboration, which is scheduled to run until December 31, 2016, will be supporting the Stollenstrolch program as well as the "New sports experience" initiative.

Deutsche Telekom also became a premium partner of the first "Fußballiade" soccer competition. The four-day community event hosted by the BFV was held in the city of Landshut in June 2015 under the slogan, "Bavaria celebrates soccer." 3,000 soccer players from 209 clubs as well as more than 10,000 visitors attended the event. The Bavarian soccer association and Deutsche Telekom kept their eye out for the top goals scored by kids and announced the winner of the title Fußballiade soccer competition. Junior teams also had the chance to try out blind soccer.

A UNIQUE CONCERT EXPERIENCE AT THE BEETHOVENFEST AND JAZZFEST FESTIVALS

Beethovenfest Bonn festival

In 2015 Deutsche Telekom was once again the main sponsor of the Beethovenfest Bonn festival where we presented two particularly special concert events: a concert given by the Wiener Symphoniker on September 6 and, on a different note, the Caribbean Showdown Vol. II concert on September 13. This explosion of South American music was organized by the student manager initiative of the Young Beethovenfest, which Deutsche Telekom has been supporting for five years. In the project, a team of 9 to 10 school students takes over planning and advertising a concert for the Beethovenfest Bonn over a period of eight months. The students handle financing and advertising and make sure the
concert runs smoothly. The team is also responsible for artist and sponsor services, visitor services, the online presence on different channels, a press conference and planning and running the entire supporting and educational program. Beethovenfest employees assist the students in all of their responsibilities.

Jazzfest Bonn festival

Deutsche Telekom was also again the main sponsor of Jazzfest Bonn, which was held in May 2015. We presented a double concert at the Telekom Forum on May 16 within this context: Nigel Kennedy reinterpreted songs by guitar legend Jimi Hendrix in a world premiere. The act was opened by a captivating performance by Jazz clarinetist Rebecca Trescher.

MEDIA EDUCATION PROJECT WITH THE JUNGES THEATER BONN

Deutsche Telekom and the Junges Theater Bonn (JTB) launched a new media education project in 2015 to raise student awareness of how to use the Internet safely. Since the project was launched in fall 2015, fourth-graders at up to 30 elementary schools in Bonn and its surroundings have had the opportunity to participate in a special project day. Together with their teachers they wrote their own play focusing on the opportunities and risks of the Internet. One main feature of the class project was depicting the Internet as a "human machine." Some students played people using the internet, some played servers and others, routers. Thick ropes connected the users, servers and routers. Students then had the chance to perform the play for their parents and fellow students at their schools. In 2016, Deutsche Telekom will be continuing the JTB project at another 30 schools. The project is Deutsche Telekom's most recent collaboration with JTB, who we have been working with since 2004.

CULTURAL SPONSORSHIPS TO PRESERVE AND PROMOTE GREECE'S CULTURAL HERITAGE

The main objective of the cultural sponsorships is to promote Greece's cultural heritage by providing an advanced technological infrastructure, services and know-how to cultural institutions in Greece. Some of the major innovative cultural sponsorships in 2015 also supported local communities

"A Greek Island at the Gates of the East" – Rhodes Archaeological Museum

Rhodes Archaeological Museum hosted an exhibition entitled "A Greek Island at the Gates of the East" from the Louvre featuring treasures from the island of Rhodes from the 15th to 5th centuries BC. 48 unique and rare loan items were exhibited in their birthplace for first time. 3G/4G and Wi-Fi were provided to Museum visitors and in the surrounding Palace and Knight's Castle.

Underwater excavation off the coast of Antikythera

Support continued for the underwater excavation expedition off the coast of Antikythera in September and October 2015. The international team of scientists carrying out the excavation came from the Hellenic Ephorate of Underwater Antiquities and the Ministry of Culture in collaboration with the U.S. Woods Hole Oceanographic Institute. COSMOTE provided uninterrupted communications in Greece and abroad to meet the team's telecommunication and publicity needs, as it had equipped the island of Antikythera with permanent new-generation telecom infrastructure in 2014.

Restoration of the National Observatory of Athens on Nymphs Hill, Thissio

Another important contribution to preserving Greece's cultural heritage was the restoration of the historic Dorides Refracting Telescope and the building and dome it is housed in. The work was completed in May 2015. The building and telescope built in 1870 are located at the National Observatory of Athens in Thissio, directly opposite the sacred rock of the Acropolis. Now visitors can observe and explore the Attica sky and planets through the lens of the most historic telescope in Greece, as 113 years of scientific history have been brought back to life by the work of OTE Group technicians. They not only dealt with all the telescope's electrical and mechanical problems but also repaired the structural problems in the building and the dome, and installed lighting for the path leading to the Dorides building.

EMPLOYEES

EVERY SECOND... WE SAVE ALMOST 5 EUROS THANKS TO OUR EMPLOYEES' IDEAS.[1]

Our employees contribute significantly to our success with their imagination and expertise. In Germany alone, every eighth employee submitted a suggestion to our Ideas Management department in 2015. We find it important that everyone is able to contribute their individual strengths at our company. And we create the right atmosphere for them to do so, e.g., by offering numerous training and development opportunities, promoting work-life balance and offering fair pay and extensive preventative health measures.

Dialog with Christian P. Illek, Chief Human Resources Officer at Deutsche Telekom →

Lifetime work accounts made available to all employees →

More than 13,000 suggestions submitted to Group Ideas Management →

Deutsche Telekom's own training program for cyber security professionals enters second round →

420,000 days spent on continuing education for our employees in Germany →

Training program for potential supervisory board candidates concluded with excellent results →

[1] Employees submitted 13,728 suggestions for improvement via the genial@telekom ideas platform in 2015. The savings generated by these improvements came to 146.5 million euros.

DIGITIZATION AS A KEY OPPORTUNITY

Christian P. Illek,seit April 2015 Vorstand Personal der Deutschen Telekom

Digitization is changing our society and working world. What trends do you see?

The digitized ecosystem will change the way we work. The presence of automation and smart machines in our working and private lives is increasing. As this process continues, we must ensure that people stay at the heart of everything we do. We aren't talking about competition between man and machine – we're talking about collaboration and automation. That will give us extra freedom, freedom that can then be dedicated to innovation. It's worth noting that digital skills are not just a key qualification in the working world but now also a prerequisite for participating in society.

So how can we make sure the digital age doesn't leave people behind?

To an extent, people need entirely different qualifications to survive in this new world. That is why it is so important to be able to use new technologies competently. We need a fresh push in education – from schools and vocational training all the way to colleges and universities – to make digitization a central plank of all programs and courses, and to involve not just politicians and academics, but business too.

Do you think that people have still to realize just how decisive digitization is for the future?

Let me put it this way, we still do not have a full enough understanding of digitization. That is why I think computer science should be made a mandatory subject in our schools. As a subject, computer science has an importance comparable with English these days.

And what can people do as individuals?

People should embrace this change and see digitization as a chance to reshape society. That means being prepared for lifelong learning and further development. Anyone who thinks they can rely on one formal qualification for their entire career is quickly going to run into difficulties.

What does Deutsche Telekom offer its employees to keep them in good shape for the digital age?

We offer a wide range of in-house further training. Our cyber security professional training course is just one successful example of this. And with our Teachtoday initiative we are also working to achieve competent use of digital media in wider society.

In addition to new educational content, does digitization also require new methods of cooperation?

Of course. To put it simply, what matters is results, not whether you turn up. In the future, cooperation in an increasingly digitized working world will require us to work in a more participative, transparent and virtual way: specific work situations will determine the most suitable working environment. Depending on your role, that may mean being on the go or being part of an open-plan office set-up with agile working methods. This will require employees, and in particular managers, to embrace these new working methods. Trust will be the decisive driver behind this cultural change.

In what way is leadership changing because of this development?

Digitization, with its growing complexity and volatility, is forcing us to abandon our tried-and-tested leadership models. New criteria for evaluating leadership skills and style are being introduced as yesterday's "command-and-control" approaches often no longer function. Digital collaboration tools, such as companies' own internal social networks,

make knowledge-sharing faster and more transparent, which ultimately leads to decision-making processes becoming more democratic. It is vitally important for managers in Work 4.0 environments to understand and be able to work with such tools. Particular attention must be given to how leadership's responsibility can influence culture.

Key word culture: But Deutsche Telekom is anything but a young start-up, its a well-established corporation...
...in the midst of a transformation. That is why management must pay extra attention to managing ambivalent organizational structures. On the one hand, our core business must be continuously optimized while, on the other, innovations and new business ideas must be developed. The struggle to manage efficiency and innovation calls for rigorous, interdisciplinary thinking from leadership and better and more intensive communication.

Many people are worried about increasing digitization, both as it affects their private and professional lives. What would you say to them?
Digitization offers us fascinating possibilities. It can help us make work more humane and improve our lives. Just think of medical technology, for instance. These developments offer many opportunities and we must seize them. At the same time, we must act to shape technological progress in all areas of our responsibility and value system. In the digital age, transparency and sticking to core ethical and moral principles will be indispensable guidelines on the path to a social consensus at work and in life in general.

RESPONSIBLE AND AGILE EMPLOYER

We aim to become the leading European telecommunications provider. Cooperative employee relations that are based on involvement and fairness are key in achieving this goal. As a responsible employer we give our employees the opportunity to realize their potential and to contribute their individual strengths and ideas within our Group. In a market characterized by transformation, we use pioneering methods and tools to help our employees approach necessary changes and new technical opportunities with flexibility.

GOALS	MEASURES	MONITORING
• Employee relations characterized by fairness and responsibility	• Fair pay and flexible working hours • Dialog with employee representatives • Socially acceptable staff restructuring • Employee survey	• Reviewing implementation of our Employee Relations Policy • Assessing employee satisfaction • Reviewing compliance with current collective agreements and relevant Group and company policies

SHAPING EMPLOYEE RELATIONS AS A RESPONSIBLE EMPLOYER ✔

As a responsible employer, we maintain trusting relationships with our employees throughout the Group as well as with trade unions and employee representatives and engage in extensive dialog with them. This involves the works councils, the Central Works Councils, the Group Works Council, the Group representatives for the disabled and the Executive Staff Representation Committee within the Group in Germany, and the European Works Council at a European level. We maintain constructive relationships based on mutual trust with all of these employee representative bodies.

Fair pay and benefits
We give our employees fair pay in line with the standard wages typical to the relevant country's employment market and guarantee equal pay for work performed by men and women without discrimination. We pay Deutsche Telekom managers in compliance with our Group-wide "Global Compensation Guideline". We also offer our employees additional benefits such as our company pension scheme. We assess the effectiveness of our pay and benefits elements by conducting various measures such as employee interviews.

Flexible working models
Having the chance to structure one's work according to one's own needs considerably improves work-life balance and helps prevent stress and the feeling of being overworked. That is why Deutsche Telekom expressly encourages flexible working models. Our flexible working models range from flexitime and part-time work to lifetime work accounts. We introduced lifetime work accounts for all of our employees in 2016, for example. This gives our employees the opportunity to finance a temporary release from work of longer than one month, which may be used for early retirement, a sabbatical or to support a period of part-time work. Before that, lifetime work accounts were only available to executives. Deutsche Telekom's working models comply with current collective agreements for employees, the Federal Civil Service Act and internal regulations.

Socially responsible staff restructuring
Our Group transformation activities, which will help us stay competitive in the future, were a central topic these past years and will continue to be in years to come. These activities include complex staff restructuring measures. Deutsche Telekom is committed to socially responsible staff restructuring with the extensive support of our employees. These measures are based on our "integrated planning and management process", which the Group Board of Management annually reviews and approves. We document the progress of our socially responsible staff restructuring activities in our monthly Group reports.

Employee satisfaction and participation
We pursue open dialog and productive exchange with our employees. The Telekom Social Network (TSN) is an important tool in these efforts. All of our employees can post topics of their choice there and open them for discussion. Our managers also regularly use TSN as a platform for direct dialog. Another central aspect in our Group-wide feedback culture is our employee survey. We supplement this survey with regular pulse surveys, which give us a snapshot of the mood in the Group twice a year. Our Group-wide ideas management activities are another key tool in encouraging employee contributions to the success of the company.

Our employees have been showing an ever-increasing interest in getting involved in both our Group-wide employee survey and our ideas management initiative. 78 percent of our employees participated in the 2015 Group-wide employee survey (without T-Mobile USA). This is the highest participation rate we have seen so far, and employee satisfaction was higher than in previous years as well. In terms of ideas management, twelve ideas were submitted for every 100 employees, the highest participation rate ever recorded We also offer our employees different ways to get involved, e.g., in the form of corporate volunteering projects.

Our Guiding Principles and Employee Relations Policy form the basis for the employee relations standards that are employed throughout the Group.

COMPLIANCE WITH THE EMPLOYEE RELATIONS POLICY AT NATIONAL COMPANIES

To help us effectively implement our Group Employee Relations Policy we conduct special reviews to assess labor relations at the different national companies as well as any human rights-related risks resulting from our business activities. In 2015 we held on-site reviews of compliance with our Employee Relations Policy at the subsidiaries Deutsche Telekom Kundenservice in Germany, Hrvatski Telekom in Croatia and T-Systems France. The results were published on our website.

Our analyses showed that many employee standards in place at Deutsche Telekom Kundenservice are well above market standards, including internal training and development opportunities as well as the health rate. Hrvatski Telekom in Croatia is the leader when it comes to equal opportunities for men and women as well as work-life balance. T-Systems France has also effectively implemented many aspects of the Employee Relations Policy, including appropriate health and safety standards, risk prevention measures and work-life balance offers.

SOCIALLY RESPONSIBLE STAFF RESTRUCTURING AT T-SYSTEMS

T-Systems has undergone an extensive transformation over the past two years, a process that it has now successfully completed. This transformation was accompanied by complex staff restructuring measures at T-Systems that were conducted in a socially responsible manner during the reporting period. It included training measures, creating new business areas and staff reductions. The Group offered support to all employees whose positions were cut through a variety of measures, focusing on the following initiatives during the reporting period:

Innovative change management with Job Service & Placement

Our active change management program for staff restructuring, Job Service & Placement (JSP), was launched in 2014 to prepare employees whose positions are undergoing restructuring in the transformation process for employment opportunities within and outside of our company. Advisors from Vivento assist these employees with a professional career analysis, advise them on their perspectives, help them through the application process and help them identify interesting job openings. Employees switching to an internal or external position with less favorable pay and benefits can also qualify for compensation payments. When filling jobs being advertised internally, first priority is given to employees supported by the JSP service, and we offer employees additional training of up to six months if necessary. We also provide support to anyone whose position has been or is going to be cut through transparent communication, e.g., through our "On-site consultations on staff restructuring during the transformation process," orientation workshops, continuing education, English courses and Xing trainings. JSP consulting approach was enhanced in 2015. Consultants now assume more of a supportive role. With this approach we intend to strengthen employees' initiative and encourage them to independently find solutions that will best suit them. JSP has placed a total of 800 employees in the approximately 18 months since it was launched.

Career opportunities for civil servants

Deutsche Telekom, numerous German federal government agencies and Deutsche Telekom's own personnel service provider, Vivento, launched the "Chancen Bund initiative" in 2014 to offer IT experts with civil-servant status at T-Systems an attractive opportunity to work for a German federal government agency. Thanks to the initiative 400 civil ser-

vants have already been seconded to the German federal government. During the reporting period Deutsche Telekom developed a solution that makes it possible for civil servants to switch to the next higher service grade. In accordance with legislation regarding civil servants it is possible to switch to the next higher service grade in certain positions. This is an opportunity for advancement, particularly for civil servants who are currently performing a more senior role on temporary leave from civil-servant status.

Supporting the Federal Office for Migration and Refugees (BAMF)

The Federal Office for Migration and Refugees (BAMF) has seen a rapid escalation in the number of applications for refugee status or asylum. In order to rise to this challenge, the BAMF is currently on a recruitment drive to significantly expand its workforce. Supporting federal, state and local governments is particularly important to Deutsche Telekom when it comes to refugee aid. Chief Human Resources Officer, Dr. Christian Illek, initiated a task force for refugee aid during the reporting period that is involved in different aid activities, including providing experts to support the BAMF. There is a lot that Deutsche Telekom civil servants can do at BAMF, from handling administrative tasks and coordinating integration programs to providing IT support. BAMF is looking for medium- to upper-grade civil servants who want to bring commitment and experience to this social challenge.

Initiatives for switching jobs within the Group

We encourage employees to look for new jobs within the Group through a number of offers. The incentives we offer include a special bonus and compensation for any differences in pay. A good example is the "operational services as an opportunity" initiative, which we launched during the reporting period. With this initiative we support employees looking to switch to operational services GmbH & Co. KG, a 50-percent subsidiary of T-Systems International GmbH. We also assign tasks that were previously handled by external service providers to our own employees whenever possible in line with the principle of "internal over external."

To help us in these efforts, we launched the Market Unit Hub initiative for employees working for our T-Systems Market Unit. Within only six months after launching the initiative we were able to place almost 300 employees and replace external service providers.

Thanks to these measures we were able to avoid compulsory redundancies and set up new business areas with qualified IT experts in 2015. However, we have not yet met our headcount targets at Telekom IT, which is why we made the decision in Q3 2015 to intensify our current measures.

CIVIL SERVANT TRANSFERS

Around 800 Deutsche Telekom civil servants decided with the assistance of Deutsche Telekom's in-house personnel service provider, Vivento, to make a permanent transfer to federal, state or local government. Their decision was made easier by the increased need for personnel at the level of federal, state and local government resulting from numerous reform projects. The new employment opportunities outside of the company offering highly interesting perspectives for new career paths were particularly attractive to employees from Group departments currently undergoing a transformation process. Transfers to customs offices, IT positions connected to the "Chancen Bund initiative" and a number of positions with federal, state or local public administration were of particular interest.

FLEXIBLE WORKING MODELS

In addition to a wide range of working models Deutsche Telekom offers part-time models that are tailored to the needs of specific target groups.

Voluntary commitment to encouraging part-time employment

Deutsche Telekom has been explicitly promoting part-time working hours for managers since introducing its policy on part-time work in 2010. The aim is to encourage part-time work with a view to improving and facilitating the work-life balance, for both women and men. In 2015 a total of 51 managers throughout Germany were working part-time. We have also made a similar voluntary commitment regarding employees covered by collective agreements and civil servants. 13.7 percent of employees covered by collective agreements and 20 percent of civil servants employed at Deutsche Telekom throughout Germany are currently working part-time.

Guaranteed return to full-time work

Since January 1, 2014, we have been guaranteeing part-time employees at Deutsche Telekom the chance to return to work full time in case they wish to end part-time work earlier than planned and return to their previous schedule. All they need to do is give 3 months' notice; operational issues play no role. That means more flexibility and security for employees. With this policy, Deutsche Telekom is setting the bar for part-time employment.

Phased retirement

Phased retirement is a model to help employees with a smooth transition to retirement. Employees aged 55 and above can reduce their final working years and begin early retirement. Deutsche Telekom offers phased retirement both as a block and as a part-time model . Unlike regular part-time regulations, Deutsche Telekom makes a substantial top-up payment to the employees' net part-time pay with its phased retirement offer. That means that reducing their weekly hours does not mean a proportionate reduction in net pay for employees. A total of 2,309 phased retirement contracts were signed during the reporting period, 1,869 with employees under collective agreements and 440 with civil servants.

Part-time training for single parents

Deutsche Telekom has been offering single parents up to the age of 25 the opportunity to complete a training program or cooperative course of study part-time since 2011 in collaboration with the German Federal Employment Agency. 50 young people began their part-time training with this program in 2015.

Returning to work after parental leave

Within the scope of the Stay in ContacT parental leave program, Deutsche Telekom offers employees on parental leave a part-time program to help them return to work.

Deutsche Telekom also offers many other part-time options to reduce working hours including job sharing, where two or more employees share one position. This option can be employed using a job splitting model where each employee is responsible for different tasks or via job pairing, where employees share responsibility for one area.

DEUTSCHE TELEKOM IS COMMITTED TO FAIR PAY

Deutsche Telekom fosters employee relations based on trust and pays all of its employees at the Group fairly and based on market standards. This also includes our numerous apprentices, students on cooperative degree programs and entry-level professionals. In the 2014 collective bargaining round, the negotiating partners agreed on the following terms, which apply to the majority of employees covered by collective agreements at the Deutsche Telekom Group in Germany:

- Starting in 2014, the salaries of roughly 60,000 employees covered by collective agreements at Group parent company Deutsche Telekom AG and in the Germany operating segment were raised in two phases as at April 1, 2014, and February 1, 2015, by a total of 5 percent for employees in the lower pay groups and 4.6 percent for employees in the higher pay groups. The collective wage agreements have a term of 24 months and will expire on January 31, 2016.

- Pay raises totaling 3.5 percent were agreed at T-Systems within the context of the current transformation program at T-Systems. The roughly 20,000 employees received a 1.5-percent raise as at April 1, 2014, and a 2.0-percent raise as at April 1, 2015. The collective wage agreement has a term of 24 months and will expire on March 31, 2016.

- The majority of the Group's employees participate directly in the company's success. For these employees, variable remuneration is determined exclusively on the basis of company target achievement.

The Minimum Wage Act, which went into effect in Germany on January 1, 2015, has no impact on payment under collective agreements at Deutsche Telekom. Hourly wages at Deutsche Telekom are considerably higher than the required minimum wage of 8.50 euros. Internships with a duration of more than three months, with the exception of mandatory internships, also became subject to minimum wage when the new legislation went into effect. Regardless of these legislative changes, Deutsche Telekom places considerable importance on continuing to offer both voluntary and mandatory internships with longer durations, giving students the chance to explore possible careers and get to know what it is like to work at the company.

INTENSIVE DIALOG WITH EMPLOYEE REPRESENTATIVES

We successfully continued our intensive dialog with the works councils and trade unions in 2015. The year was characterized by measures of far-reaching strategic significance such as site consolidation for Deutsche Telekom Technischer Service GmbH and founding a multi-shared services unit, which has been in charge of finance, purchasing and HR services since January 1, 2016. We have discussed these intensively with employee representatives. This goes to show that our commitment to trusted cooperation, which is anchored in our Employee Relations Policy is taking effect. Standardizing and harmonizing employment conditions within the Group will be a key topic for the future, and we will do this in close collaboration with the trade unions and works councils. Thanks to the establishment in late 2015 of the IT and telecoms employers' association agv:comunity, collective agreements can now be made for the Group as a whole, rather than just for individual companies. In this way we hope to cut back on the complexity of collective agreements at the Group. The agv:comunity is also open to other companies from the telecommunications and IT industry.

GREAT INTEREST IN EMPLOYEE SURVEY

The opinions of our employees play a key role in the evolution and transformation of our company, which is why we regularly ask them to give us their feedback. Our most important feedback tools include our employee survey, which is conducted every two years, and the bi-annual pulse survey . The pulse survey continuously gives us a snapshot of the current mood in the Group and allows us to monitor the effectiveness of the follow-up measures taken as a result of the employee survey. This lets us make quick adjustments if necessary.

Our most recent Group-wide employee survey (without T-Mobile USA) was conducted in 2015. We invited some 184,000 employees from 30 countries speaking 22 different languages to give us feedback. Over 144,000 employees worldwide took part, a response rate of 78 percent. This is the highest participation rate we have seen so far, and the high participation rates recorded in previous years are also proof of the tremendous interest our employees have in helping to shape our Group. The high scores previously recorded in the commitment index continued to increase slightly in 2015 to 4.1 on a scale of 1.0 - 5.0 (2012: 4.0). Employee satisfaction, which we gauge twice a year with our Group-wide pulse survey, also receives a high score with 76 percent positive responses. The next pulse survey will be conducted in 2016. The next Group-wide employee survey is scheduled for 2017.

HIGH TURNOUT FOR GROUP-WIDE IDEAS MANAGEMENT

A large number of employees again turned out to get involved in the Group-wide ideas management program in 2015. In Germany alone, one out of every eight employees submitted a new idea, giving us the highest participation rate ever recorded. This shows how strong our employees' interest is in actively playing a part in improving our products and services. The economic benefit resulting from the 13,728 ideas submitted translated into a total of 146.5 million euros in cost savings and tapping new business potential. We particularly encourage our employees to submit ideas on the topics of the future, which is why we launched the "Smart Home - simpler, better, more integrated!" ideas management campaign in May 2015, calling for innovative suggestions on the topic. Making a name for our "Smart Home" product, which constitutes one of the largest areas of growth at our Telekom Shop Gesellschaft, is one of the Group's top objectives. Contestants submitted a total of 66 ideas, five of which resulted in a modification or expansion of the product.

Our ideas management results can also hold their own in external competitions. One employee idea won the 2015 German Ideas Award granted by Deutsches Institut für Betriebswirtschaft in the "Best environmental idea" category. Another idea received first place in the "Best employee idea 2015" category of the 2015 Ideas Management Award presented by Deutsches Institut für Ideen- und Innovationsmanagement.

FUTURE WORK – WORKING IN THE DIGITAL AGE

The primary aim of our human resources development measures is to promote virtual collaboration and new workplace structures. We collaborated with the University of St. Gallen to conduct a survey of experts in order to identify the opportunities and challenges to the world of work that come with digitization. 25 megatrends pertaining to Work 4.0 were identified and published.

We are keen to foster a communicative, performance-driven working climate, innovativeness and agility. As well as modern workplaces, this demands measures to encourage flexibility, virtual collaboration and leadership, and a culture of knowledge sharing. We are creating open office worlds and tearing down the proverbial walls to promote interdepartmental collaboration. Employees can choose their workstation and share their desks. In 2015, one of our top priorities was to redesign our locations in Bonn, Frankfurt, and Hamburg. Our goal is to continue to pursue the transformation of our corporate culture from one based on being at the office to one based on results. The plan is to reach around 25,000 employees with our concept by the end of 2017.

We promote and support virtual collaboration in communities of practice. Instead of rigid, closed project teams, employees work together
to develop cross-functional and cross-hierarchical solutions and to increase their knowledge informally. During the reporting period, 40 of these transnational communities worked at T-Systems on strategic topics such as cyber security, cloud technology and the Industry Internet. Community members received intensive support through online training to improve their virtual collaboration.

LEADERSHIP IN TIMES OF CHANGE

We founded Shareground in 2013, an organizational unit that supports cultural transformation with new work methods and innovative learning formats. This includes workshops and team coaching sessions that cover new forms of collaboration.

We are aware that companies also need to adjust their basic understanding of leadership in times of change, which is why, during the reporting period, we invited all of our managers to participate in the "Facilitative Leadership Curriculum" pilot project, a training program
on the topic of leadership in times of change. Facilitators are managers who initiate, facilitate and encourage change at a company. With our "Facilitative Leadership Curriculum" we hope to give new momentum particularly to our employees who are involved in change processes and development initiatives at our company. The pilot project provides managers with an introduction to the methods and approaches used by "facilitative leaders." They learn how to create a culture of development and learning that is based on the individual's voluntary action and autonomy. Participants are also given practical tools and techniques that they can use to make their jobs as managers easier. The program consists of three training units. Once they have completed all three units, participants are invited to join the Facilitator Community where they can discuss their experiences on the job with each other. A total of 32 employees participated in the pilot project and response was very good. We will decide whether or not to offer the Facilitative Leadership Curriculum program to all managers after the pilot project has been evaluated.

HEALTH AND SAFETY

The health and performance of our staff are the foundation of the long-term success of our business. High absence levels due to illness, on the other hand, come with many risks. Deutsche Telekom feels that it is its duty and responsibility to maintain and promote the health of our employees.

GOALS	MEASURES	MONITORING
• Promoting employee health and performance	• Occupational health and safety management system • Counseling offers • Preventive measures • Assessing risks, e.g., as part of the employee survey • Regular workplace inspections	• Internal and external audits • Accident rate • Health rate • Evaluating our offers • Employee satisfaction and health index from employee survey

PROMOTING THE HEALTH OF OUR WORKFORCE

The main goal of Deutsche Telekom's health management system is to maintain the health and performance levels of our employees. We view occupational health and safety legislation as minimum requirements.

Incorporating health and safety management throughout the Group
Our corporate occupational health and safety measures are effectively incorporated into our corporate structures via certified management systems and appropriate policies and guidelines. These are based on the internationally recognized OHSAS18001 standard, which we began rolling out throughout the Group in 2010. All of the parties, tasks and measures involved in the health and safety management system are described in a handbook and procedural instructions and have been signed by the executive management. The topic is monitored and managed at Group level; health managers at each location are also responsible for structuring the measures.

We systematically assess the effectiveness of our measures. This includes reviewing the results or our employee survey, competitor benchmarks and other relevant performance indicators. The analysis of this data forms the basis for annual targeted measures that by far exceed legal requirements. Some examples include our diabetes prevention campaign and an extensive psychosocial counseling offer.

One focus of our corporate health promotion activities is encouraging our employees to assume responsibility for their own health. Our managers play a key role in promoting a corporate culture in line with these goals and are obligated to take this responsibility seriously. Health-promoting leadership is part of our leadership principles at Deutsche Telekom and is assessed based on department-specific targets derived from the results of our employee survey.

Above-average results
Different performance indicators reflect the effectiveness of our corporate health management activities:

- The employee health rate of 94* percent at Telekom Deutschland is stable unlike the current industry trend. (*95.6 percent excluding long-term illnesses)

- The health index derived from the 2015 Group-wide employee survey also remained stable compared to 2012 results.

- The accident rate is considerably below the industry average.

- According to health insurance providers, the number of our employees suffering from mental disorders and the length of treatment is not rising unlike the industry trend.

This year's RobecoSAM rating, for example, attests to our high standards. RobecoSAM is one of the leading rating agencies, annually assessing the sustainability performance of major corporations. Deutsche Telekom scored 97 out of 100 points in the Privacy and Operational Health & Safety category of the 2015 RobecoSAM Corporate Sustainability Assessment, making Deutsche Telekom an industry leader.

DIABETES PREVENTION CAMPAIGN

Seven million people in Germany suffer from diabetes and the numbers are growing. Having your blood sugar tested is a good way to identify the disease at an early stage, which is why Deutsche Telekom offered its employees the opportunity to have their blood sugar tested at more than 50 locations in Germany between March and June 2015. More than 3,000 employees participated in the campaign, which was conducted in collaboration with the BKK health insurance company. Employees with unusual results received extensive follow-up counseling by a company doctor. Deutsche Telekom's blood sugar testing campaign picks up the thread from last year's heart and circulatory disease prevention campaign. Because diabetes will become more common as the population ages, we are planning to continue this campaign in the coming years.

FIT AND MOBILE AT WORK

We have been offering our employees special fitness programs at locations in Germany since 2014 to help counteract the effects of a day spent working at their desks. Qualified mobile fitness coaches teach easy-to-do exercises particularly for the back and neck to small teams of employees. We continued these programs in 2015 as part of our extensive health promotion activities; more than 600 courses were held in 2015.

PSYCHOSOCIAL COUNSELING AS PART OF CHANGE MANAGEMENT

Changes at work can be perceived as stressful, which is why we have all the transformation processes currently underway at Deutsche Telekom intensively supported by the Employee and Executive Advisory Service. Our goal is to provide support to employees and managers and prevent psychological crises.

We offer individual counseling where employees affected by the changes can take advantage of an hour of private counseling. Special offers to managers and those responsible for change processes are designed to help them through the transformation. Talks and workshops on psychological health complete the offer. Communication campaigns are used to inform employees and managers at affected sites of the offers available.

The T-Systems transformation process received particular support in 2015 thanks to psychosocial counseling offers. In collaboration with health service provider B.A.D., we offered counseling days at 11 locations in Germany. B.A.D. also offered on-site consultations at all of T-Systems' 12 regional info events. We offered events for managers as well, where they could learn more about B.A.D.'s services. Three-quarters of all of T-Systems' managers (1,550 people) took advantage of the opportunity to find out more and address specific questions pertaining to their daily leadership tasks.

WORKSHOP MAKES PROMOTING HEALTH TOP PRIORITY

A corporate culture that promotes health needs role models, which is why we have been integrating workshops on health-promoting leadership into our Leadership Excellence and Development (LEAD) program in Germany since 2014. At the two-day workshops, managers learn more about their own health and are taught how to improve their individual resources. They then learn the basic principles involved in a managerial approach to promoting health. This offer addresses executives and experienced top-level managers. We also offer workshops on health and leadership for our other managers such as team leaders. This workshop series will be offered again in 2016.

'NURTURE YOURSELF' PROGRAM

In order to assist T-Systems employees to function at optimal levels, the company provides an Employee Wellness Program (EWP) known as Zinakekele (which means 'nurture yourself' in Zulu). Employees and their families have access to confidential support to help them address the challenges and problems experienced in modern life, e.g. physical, mental or emotional illness, financial, legal, marital or family distress, alcohol or drug abuse, or similar concerns. The program provides various counseling and support services that can be accessed by phone or face-to-face in both work and private environments. Employees are encouraged to take responsibility for their own health through an online portal where they receive personalized 'Health Bytes' (according to their profile) and can 'Ask the Doctor' about any concerns they have.

The EWP activities in 2015 included:

- Blood donation drives
- Wellness Days for health checks
- The latest health and wellness advice
- Finance workshops
- Launch of a T-Systems Walking Club

Approximately 1,000 employees were reached during the Wellness Days in May 2015. With the help of a state-of-the-art technology-driven journey a comprehensive health and wellness profile of each employee was built to identify areas of potential risk, which should then be addressed.

Towards the end of 2015 a "Giving From The Heart" program was launched to support employees who are going through a traumatic experience or critical illness. This program includes personal messages from the Managing Director in conjunction with counselling sessions with a psychologist.

Since back and neck pain was one of the top reported health problems in the Employee Survey 2015, the company is planning to provide laptop stands for all employees in 2016, as they promote good ergonomics and help to alleviate back and neck pain.

TOTAL HEALTH: INTERNAL HEALTH FOR EMPLOYEES PROGRAM

Total Health, an in-company training program, promotes physical exercise to improve employees' health and lifestyle, and enable them to participate in relaxing activities with their co-workers. Total Health continued throughout 2015 with 142 employees participating in 313 different kinds of sporting disciplines, such as kickboxing, zumba fitness, Latin dance and yoga, all taught on company premises. One of the most remarkable benefits of the Total Health program has been the marked reduction in the numbers of overweight employees, as shown by the figures provided by PREVENIMSS, a government program that examines employees in the T-Systems offices for two weeks a year.

In addition to the ongoing sporting activities of the total Health Program, T-Systems Mexico staged an internal competition known as **Kiloton** from 15 June to 27 August 2015. Kiloton combined exercise and a balanced diet to motivate employees to reduce weight and body fat. The activities offered to reach that goal included a nutritionist program, kick boxing and dance classes on the premises, as well as weekly tips on how to reduce or lose weight. More than 200 participants (almost 15% of the workforce) made up 50 mixed teams in the Puebla offices and 17 mixed teams in the Polanco and Santa Fe offices. The results were extraordinarily good and exceeded the previous year's target with all the participants managing to reduce their body fat and weight. By the end of the 2015 activities, the participants had lost a total of 282 kg due to their great efforts and participation in all the classes offered by the company.

HEALTH ACTIVITIES FOR EMPLOYEES

During 2015 Slovak Telekom staged numerous health-oriented activities for employees, including measuring blood pressure, cholesterol levels, varicose veins and hemoglobin, health boxes for front-line staff, first-aid courses, massages, lymphatic drainage, health seminars, and information about healthy food at the workplace.

These activities are very popular at Telekom, with 2,793 employees having their health measured and 1,390 participating in the 14 health seminars and workshops featuring nutrition specialists, doctors and other professionals. A special Health Week and Benefits was held from September 21-30, 2015.

EDUCATION AND DEVELOPMENT

The need for highly qualified workers in the STEM subjects (science, technology, engineering and math) will continue to grow in coming years. This development will particularly be felt in business areas such as cloud technology, big data, cyber security and the Industrial Internet. Our extensive training and continuing education offers help prevent a lack of these skilled workers, sharpen our company's competitive edge and get us ready for the digital future.

GOALS	MEASURES	MONITORING
• Promoting our employees' skills development and performance	• Training offers • Training and development • Leadership development • Talent programs • Digital teaching and learning formats • Performance assessment tools	• Trainee ratio • Participation in training and development opportunities • Percentage of digital learning formats used • Employee satisfaction

INVESTING IN TRAINING AND DEVELOPMENT

Our goal is to identify and get talented young people on board early on in their careers. That is why we extensively support their training and continued education. We specified a trainee ratio of 2.9 percent of our employees in Germany each year until 2015. We currently offer openings for ten vocational training programs and eight cooperative degree programs. This makes us one of the largest vocational training providers in Germany. We also offer a large number of training and development opportunities for our experts and managers. With these continuing education offers, Deutsche Telekom promotes the concept of life-long learning.

Education@Telekom
... takes a look at the entire educational chain from vocational training - university degree - further development
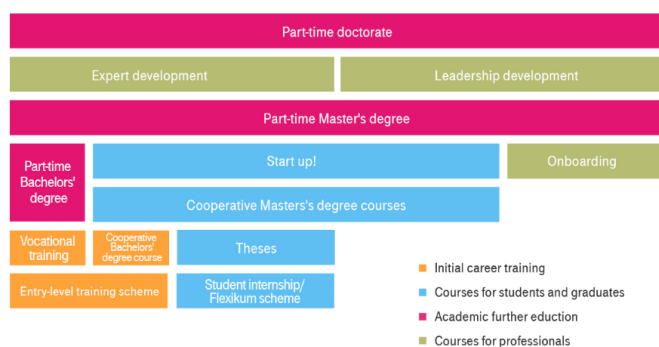
The cornerstones of our vocational training and development programs are our Employee Relations Policy, Guiding Principles and Leadership Principles.

Education 3.0 successfully concluded

The aim of our Education 3.0 initiative, which we finalized in 2015, was to bring our offers better in line with Deutsche Telekom's future strategic needs. We developed a completely new training portfolio for the big data topic, for example. Courses on "usable privacy & security" were added to our training program for cyber security professionals, which was launched in 2014. In this context, we laid special emphasis on digital learning formats along the entire education chain, from vocational training through to cooperative bachelor programs and part-time master programs.

Promoting digital learning

We have been promoting digital learning at our company for many years. Around 30 percent of all learning hours are currently held digitally and the number is growing. The learning program portfolio combines programs available on the market with our own in-house products to create Group-specific content. A good example of this is our "All-IP Basic Training", a 90-minute online training program. The course is offered to all of our employees, an excellent chance to acquire basic knowledge of IP. By the end of 2015, this course had been accessed around 3,700 times, both nationally and internationally. We also rely increasingly on informal digital learning. Experts meet in digital communities, for example, to discuss the topics of the future. Around 40 international communities are currently active, 17 of which are focused on Deutsche Telekom's strategic business areas. Community members at T-Systems use the "Virtual Collaboration" digital learning format to encourage collaboration across segments, countries and hierarchies.

Group-wide management development

With our Leadership Excellence and Development (LEAD) program, we make a standardized offer of business-based, strategically relevant learning formats available to all managers at the Group. The portfolio covers central topics that support managers in mastering the challenges involved in their daily work as well as in their roles as leaders and team managers. The program is based on our leadership principles "Collaborate," "Innovate" and "Empower to perform."

Performance assessment tools

The "Performance Dialog" is our tool for assessing the performance of high-ranking managers. Around 2,800 top-level managers are currently being assessed using this tool. The assessment involves not only target achievement levels but also looks at how the manager went about achieving these goals. Managers complete a self-assessment and obtain feedback from their colleagues. We also continue to use our

other performance assessment tools, "Compass", for civil servants and employees covered by collective agreements in Germany, and our "Performance & Potential Review" for employees in Germany outside collective agreements, a tool that is also used at many of our national companies.

Assessing effectiveness

We regularly and systematically review the effectiveness of our training and development activities. These reviews involve standardized surveys conducted as part of our quality circle, which gives us a regular overview of the quality of our training and development activities via monthly reports. Our Bologna@Telekom program designed to encourage part-time study ,for example, is now subject to extensive quality controls – from the application process to graduate management. We also ask employees to evaluate our training and development offers in our regular employee survey . Additional tools are added to our standard reporting and surveys as needed. In 2015 we surveyed all 805 of the top-level managers at T-Systems about our leadership culture within the scope of our Group-wide initiative "Lead to win." The fact that 75 percent of these managers participated in the survey shows that this topic is important to them. 66 percent rated collaboration within their own business unit as positive. The feedback we received from more than 400 personal comments was especially valuable. We will be using the survey results to further improve the leadership culture at T-Systems.

DEUTSCHE TELEKOM'S IN-HOUSE UNIVERSITY ENCOURAGES INTEREST IN STEM SUBJECTS

The company's own HfTL University of Applied Sciences in Leipzig is involved in a variety of projects focused on educating experts to work in the telecommunications market and on encouraging young people to pursue careers in the STEM subjects.

New bachelor program: Applied computer science

The cooperative bachelor program for a degree in Applied Computer Science got underway at HfTL with the start of the 2015/2016 winter semester. In addition to teaching the basics of computer science, the program particularly focuses on future-ready technologies and how they can be applied. Students can choose specialization modules such as programming apps for smartphones, programming databases and managing complex networks. They also gain and apply in-depth knowledge of innovative concepts and technologies for application development and data management. The program will be continued in the 2016/2017 winter semester with a considerable increase in registration numbers.

Study programs available to refugees

HfTL has been accepting refugees for bachelor and master's degree programs, both full and part-time, since the 2015/2016 winter semester. The bachelor programs are held in German and the master's program in Information and Communications Technology is offered in both German and English. As HfTL students, refugees qualify for the "MINT-Bonbon" scholarship program, which means they do not have to pay course fees. Costs for German courses or subject-related support courses as well as semester fees and the required IT equipment are paid for as well. The German Federal Employment Agency's career information centers and non-profit organizations provide refugees with information about the offer. Seven refugees from Syria were accepted into the bachelor program for the 2015/2016 winter semester. New students are expected to join in 2016.

Competition instead of class

In the 2015/2016 winter semester more than 200 HfTL students participated in the 2nd Software Engineering Competition. For the first time, students from the Business Information Systems and Communications and Media Technology part-time programs also participated in the competition. The competition calls for students to develop innovative solutions to current problems in the telecommunications industry and other business sectors. The projects covered a wide range of topics, from web applications for non-profit associations, apps to create songs and budget planning for shared apartment communities, to developing a community app for borrowing unused equipment and other items. The student projects will be judged by an internal jury at the university on the basis of specified criteria. The winning team will get to participate in an IT security workshop held by T-Systems MultiMedia Solution in Dresden. Other prizes include a workshop on the Scrum software development method and the chance to participate in student business counseling.

GETTING RECRUITING AT DEUTSCHE TELEKOM READY FOR THE FUTURE

Deutsche Telekom is always looking for creative spirits and technology-minded people who want to help us shape the digital future. We will consolidate our local Recruiting units into one global organization in 2016 in order to give us access to the best people regardless of national borders and to improve international collaboration.

We have effectively positioned ourselves as an attractive employer over the past few years with a creative, target group-oriented presence in social media and other unusual initiatives such as "Leave your Mark" and "Blind Applying." This was confirmed by the Online Talent Communication 2015 study conducted by Potentialpark, which rated our Careers website as the best employer presence in Germany.

Since 2013, we have been awarding the Women's MINT Award in collaboration with audimax student magazine and the "MINT-Zukunft-schaffen" (Creating a STEM future) initiative in order to do something about the lack of STEM experts and to get young women excited about STEM subjects. The award goes to the most convincing final papers on the following growth topics: networks of the future, Industrial Internet, cyber security, automotive technologies and digital universe. The winning paper on "Dynamic Cell Size Adaptation and Intercell Interference Coordination in LTE Heterogeneous Networks" received a prize of 3,000 euros and an additional paper in each of the five categories received 500 euros.

Active sourcing is key in looking for candidates, i.e., actively addressing potential candidates via networks, trade fairs, events, etc. This enables us to quickly engage in authentic, personal contact with candidates, which establishes trust and helps us fill positions with top candidates more quickly and cost-effectively.

START UP!: TRAINEE PROGRAM FOR YOUNG INNOVATORS

Our international Start up! trainee program offers young people with entrepreneurial spirit who are open to new ideas and innovation a chance to get started at Deutsche Telekom in Germany. We hope to attract graduates in STEM subjects to the trainee program. In the reporting period we accepted 31 university graduates into our trainee program, roughly 45 percent of whom were women. During a period of 15 to 18 months, the trainees get to know different areas of the company
in Germany and abroad and are put in charge of challenging project activities in various business areas. Experienced mentors assist the trainees. The program is supplemented by innovative training formats and events. One example is the Start up! Learning Company, with which we won the HR Excellence Award 2015 in the "Corporate talent management program" category. At the Start up! Learning Company, young talents can participate in project simulations where they learn how to realize change despite resistance.

ENCOURAGING DIVERSITY AMONG OUR APPRENTICES

We stand for open-mindedness and are committed to diversity, which is why we accept different performance levels and needs when it comes to young talents:

- Depending on how long their families have been in Germany and where they come from, young people with migrant backgrounds often encounter particular problems on the job and vocational training market. We see them as an opportunity for our company: today, 8.1 percent of our apprentices and students in cooperative degree programs have a nationality other than German, representing a total of 69 countries. We have also been offering internships for school students targeted specifically at refugees since 2015 within the scope of the Group's refugee initiative.

- In 2009 we launched the "My chance to get going" project in collaboration with the German Federal Employment Agency to help people qualify for entry-level training. The program prepares disadvantaged young people for an apprenticeship at Deutsche Telekom. The project has been very successful so far. Of the 564 interns who participated in the program between 2009 and 2014, 401 have already started a apprenticeship at our company; 93 of them started with the first training year and 308 were accepted directly into the second year. Another approx. 70 interns started the program in 2015.

- Since 2011 we have been collaborating with the German Federal Employment Agency to offer single parents the opportunity to complete a training program or cooperative degree program part-time. 50 young people began their training with this program in 2015.

- To encourage diversity in the program, we also work to increase the number of women participating in technical cooperative study programs. While in 2010 the share of women was only 11 percent, it has meanwhile risen to 23.5 percent.

- Around one percent of our apprentices are young people with disabilities. This is above-average in view of the total number of disabled people in Germany.

- Our Young IT Talents and Young Sales Talents programs support high-performing apprentices and students in cooperative degree programs who are focusing on IT, sales and customer consulting. Participants have the opportunity to tackle challenging customer projects and extend their skills at expert and training events, and in national and international competitions.

TRAINING PROGRAM FOR CYBER SECURITY PROFESSIONALS ENTERS SECOND ROUND

Deutsche Telekom is closing a gap on the German vocational training and job market with our training program for cyber security professionals (certified by the Chamber of Industry and Commerce, IHK), which was launched in 2014. According to a study by the BITKOM industry association, IT data privacy experts are extremely hard to find on today's market. The study found that there were no vocational training programs and very few degree programs that people could attend to learn the necessary skills. In response, Deutsche Telekom launched the cyber security professional program in September 2014, a two-and-a-half-year, part-time program created for apprentices and students in cooperative degree programs at Deutsche Telekom who become eligible to apply after completing their current training. The program combines classic further training with study modules and learning phases at the company. Those who complete the course receive a certificate for IT security professionals from the German Chamber of Industry and Commerce.

The training program for cyber security professionals entered its second round in 2015 with ten selected participants. The program is very popular with 300 graduates applying for the program in 2015. The third generation of young talents will get started with the program in 2016. Employees with career experience will also have the opportunity to earn the IHK certificate in 2016 through a condensed continuing education program. In early 2016 Deutsche Telekom won the IHK education prize awarded by the Association of German Chambers of Commerce and Industry (DIHK) in the Corporations category.

Special emphasis was placed on the topic of usable security and privacy. We created a supplemental training offer that focuses on the human factor involved in IT security in collaboration with the Fraunhofer Institute for Communication, Information Processing and Ergonomics (FKIE) and incorporated it into our program in 2015. Another program launched in 2015 is the "network forensics" certificate that our employees can earn by attending a series of seminars developed in collaboration with several universities.

PROMOTING AND RETAINING TALENT

Having dedicated, ICT-minded and service-oriented employees contributes to the success of our business. This makes it important to secure the loyalty of these talented employees, encourage them, get them involved and develop their skills further. Our global talent management system serves as the basis for succession planning and placement of talented employees at our company.

Talents@Telekom

Talented people who are planning the next step in their careers or want to gain experience working on strategic projects can sign up on the Talents@Telekom online platform, where they can post their curriculum

vitae and get noticed. Employees from human resources units throughout the Group use the platform to get in touch with them. With more than 550 employee profiles, 24 percent of which were posted by women and 36 percent by international colleagues, the response to the platform was slightly less than the previous year. The platform is a useful tool in simplifying the process of finding the right person for a position anywhere in the Group and increasing an employee's chance of getting noticed. It also encourages employees to gain experience at different business units or national companies and in a range of functions, furthering diversity at the Group.

"Light up" talent conference provides opportunity for dialog
300 talented employees from 20 countries met at the talent conference in Bonn in September under the slogan, "Light up" or "Put your talent in the spotlight!". Conference participants had the opportunity to learn more about effective strategies to help them advance their careers. The event was also an excellent networking opportunity. Around 100 top managers from the Group's various business units were invited to attend the conference as guests.

T-Systems Connect-2-Change initiative: promotes dialog with top performers
The Connect-2-Change initiative was launched in 2014 as a two-year program to accompany the transformation process at T-Systems. Its aim is to recognize the potential of top performers at T-Systems and strengthen their loyalty to the company. During the reporting period we invited roughly 150 employees to work on T-Systems' transformation and future topics at conferences outside their typical job environments. In intensive dialog with the management and in working groups, participants had the opportunity to reflect their experience and know-how from their day-to-day work on the basis of the company's strategic direction. The mixed format of information, dialog, networking and interactive elements was well received. 98percent of participants gave the program an excellent rating. 96percent said that the conference strengthened their feeling of recognition and loyalty to the company. The management also rated the event very favorably.

International Career Management Program encourages international dialog
The International Career Management Program initiated by the Europe & Technology Board area was launched in 2014. The purpose of the program is to encourage an exchange of talented employees and create permanent, international career paths facilitating transfers between the national companies. More than 120 managers and experts traded workplaces at different companies for several months during the reporting period. Employees were able to further their skills in an international environment and the departments benefited from new knowledge and experience as well as intensified networking. The program also expanded our internal talent market.

Delight your Customer: Telekom Deutschland's talent and innovation platform
The Delight your Customer event series has served as a talent and innovation platform at Telekom Deutschland since 2011. The program addresses employees who are strong performers or have high potential as identified by our performance development tools, "Compass" and

the Performance & Potential Review. Focal topics include customer orientation and current market trends such as the increasing digitization at the workplace. Participants collaborate in workshops, receiving real customer feedback to improve service quality.

Three two-day "Delight your Customer" events were held in Bad Neuenahr, Germany in 2015 under the slogan "Experience digital worlds." Roughly 1,000 participants from Telekom Deutschland met there to network and come up with innovative ideas. The program featured workshops and presentations on topics such as big data, design thinking, M2M and agile work. With the Delight your Customer program, Telekom Deutschland specifically encourages cross-departmental and cross-functional exchange. The event was very popular, with 97 percent of participants stating they were satisfied or very satisfied.

PERFORMANCE DIALOG FOR ALL EXECUTIVES
Performance Dialog, which was introduced in 2014, is a tool for assessing the performance of top-level managers. It was expanded during the reporting period to include all executives.

Performance Dialog encourages ongoing dialog between executives and their superiors. Working together closely with their superiors and reflecting intensively on their own leadership style is expected to improve the performance of our executives and make the assessment process more transparent. Performance Dialog is based on our "Guiding Principles" and our "Leadership Principles", which were introduced in 2014: "Collaborate," "Innovate" and "Empower to perform." In addition to being reviewed by their superiors, their colleagues also assess the executives' leadership style. This peer feedback also has a direct impact on target achievement.

Our "Compass" tool for assessing employees covered by collective agreements and civil servants in Germany and our "Performance & Potential Review", which we rolled out internationally in 2014, continue to be used throughout the Group.

REALITY-BASED TRAINING FOR EVERYDAY CHALLENGES
In 2015 we offered a three-day Project Management Reality Training program in which a total of 140 experienced project managers from 21 countries and all business areas of Deutsche Telekom participated. Participants learned how to deal with everyday challenges with the help of reality-based simulations, including fictional customers, employees and suppliers. One assignment was to develop a concept for effectively integrating a local telecommunications company affected by extensive market changes. Participants had help from experienced trainers and coaches and were able to expand their skills in dealing with different target groups and intercultural collaboration. The training event was also an excellent opportunity to share experiences and network with people from other segments and countries. 95 percent of participants stated that they would recommend the training to their colleagues. Because of the tremendous response, we will be offering the program again in 2016. The Project Management Reality Training program is part of our international personnel development offer.

EMPLOYEE ENGAGEMENT

T-Systems Limited has around 700 employees, distributed across a number of locations in the UK and supporting a wide range of customers with different demands and IT requirements. The diverse nature of the demands and staff geography coupled with an increase in home working makes creating and maintaining a healthy company culture more difficult and has increased the importance of consistent and well managed two-way communication and engagement between staff and management.

In 2015, T-Systems Limited implemented the Career Gateway, which plays an essential role in shaping the company's strategic skill management and establishes a proactive approach to continuous up-skilling. It enables managers and individuals to identify any gaps in their skill set either for their current or any possible future role within the company. The Gateway will then pinpoint relevant training in a structured and consistent manner. Employees take responsibility for their own development but are supported not only by their manager but also by Career Champions who help to define and structure the career paths and options available to all staff.

In addition to the Career Gateway, T-Systems Limited also implemented a number of measures to improve the quality of two-way communication between employees and the leadership. For example, Leadership@Delivery sessions are organized for developing common leadership skills, changing management techniques, and sharing best practices on developing people and managing teams.

The Managing Director holds face-to-face townhall meetings at our key locations to explain local and international strategy in person.

Last but not least, the third Festival of Discovery, which gives staff from different locations, service lines and accounts a chance to meet and learn more about the strengths and direction of the company's business. The Festival of Discovery 2016 was held on 10th March 2016 and included a presentation to all staff on the importance of Corporate Social Responsibility.

DIVERSITY AND EQUAL OPPORTUNITIES

People from approximately 150 countries, women and men, young and old as well as people with different abilities and cultural backgrounds, work together effectively at Deutsche Telekom. This diversity helps us stay on top of global competition with good ideas, excellent products and the best team.

GOALS	MEASURES	MONITORING
▪ Encouraging internationality and intercultural experiences ▪ 30 percent of management positions to be filled by women	▪ Fair Share - initiative to increase number of female employees ▪ Work-life balance offers ▪ Multiplier and mentor programs for experts and managers ▪ Action plan to promote inclusion ▪ Entry-level qualification for disadvantaged young people ▪ Job rotation and international talent and leadership programs	▪ Percentage of women at the company ▪ Percentage of women in managerial positions ▪ Percentage of employees working part-time or on parental leave ▪ Percentage of employees with disabilities ▪ Percentage of disadvantaged young people starting an apprenticeship ▪ Diversity in HR development programs

SUPPORTING DIVERSITY

Our aim is to promote and benefit from the diversity of our employees as a source of creativity and innovation. We offer our employees numerous opportunities to grow professionally and personally at our company, regardless of gender, age, sexual orientation, health or ethnic or cultural background. A central point here is increasing the number of women in expert and managerial positions. We want to be the first DAX-30 company to have 30 percent women in middle and senior management positions worldwide. To this end, we launched the Fair Share initiative.

As early as during the hiring process we emphasize diversity and consider options other than just traditional educational routes. One good example is our entry-level qualification program for young people who are disadvantaged in terms of their social and educational background and our part-time apprenticeships/degree programs for single parents.

We support an effective work-life balance with extensive offerings to allow our employees to work at their best. This includes daycare offers and assistance with caregiving, offers which exceed the legal requirements. A good example is the right for part-time employees to return to full working hours. All employees can return to their full weekly hours whenever they want. In 2016 we also introduced lifetime work accounts, which can be used by our employees to take limited time off, for example.

We offer multiplier and mentor programs to establish managers as role models and ambassadors who encourage diversity. Since 2015, we have been promoting awareness of diversity within the Group with our unconscious bias campaign. It includes workshops and other offers aimed at reducing prejudice. Many of our employees have become actively involved in addressing various aspects of diversity, for example as members of internal networks such as "queerbeet", a network of lesbian, gay, bisexual and transsexual employees, or of the numerous women's networks that have been established within the Group.

Deutsche Telekom's Diversity Policy, die Guiding Principles and Employee Relations Policy and the Social Charter are the cornerstones of these measures. We are also a founding member of the Diversity Charter association.

We regularly review the effectiveness of our measures to promote diversity and publish the results in our Fair Share and Work-Life reports. More than 25 percent of our managerial positions are currently held by women. The number of managers working part-time and the number of fathers taking advantage of parental leave continues to grow as well. The number of disabled employees working in Germany puts us well over the statutory quota of 5 percent.

PARTICIPATING IN THE THIRD GERMAN DIVERSITY DAY

In 2015 Deutsche Telekom again participated in the Germany-wide activity day held by the Diversity Charter association, the third German Diversity Day. On this day we also launched our internal campaign on unconscious bias. We used posters to raise awareness, explanatory videos and practice-oriented workshops to show to our employees how subconscious prejudice influences thoughts, feelings and actions and how such behavioral patterns can be overcome. By the end of 2015, a total of 3,100 employees had participated in the workshops and feedback was very positive. We have now begun to adapt the campaign to other regions and to implement it at our national companies.

GERMAN DIVERSITY CONFERENCE

An independent platform for dialog, strategies and innovation projects, the Diversity Conference has been hosted jointly by the German daily, "Tagesspiegel", and the Diversity Charter association since 2012. In November 2015 around 300 key players from the worlds of business, politics, society and science once again came together in Berlin. At one booth participants were able to catch up on activities at Deutsche Telekom relating to diversity and unconscious bias. Deutsche Telekom also sponsored the Diversity Slam, a particular highlight of the conference. Four teams or individuals, which had been pre-selected by a jury, had a maximum of ten minutes to present their idea, best practice example or study results relating to the topics of prejudice, stereotypes and unconscious bias. The audience then voted for the best slam presentation.

ACTION PLAN TO PROMOTE INCLUSION

The share of disabled employees at our company has been exceeding the statutory minimum percentage of 5 percent of the workforce for years. Currently, people with disabilities account for more than 7 percent of our workforce in Germany, which puts us ahead of all other DAX-30 companies. During the reporting period we developed an action plan in collaboration with employee representatives that is based on the UN Convention on the Rights of Persons with Disabilities and designed to continue the successful inclusion of persons with disabilities at our company. Measures defined in the action plan include accessibility of training courses and IT applications.

MENTORING PROGRAM FOR EXPERTS AND MANAGERS ON PARENTAL LEAVE

In 2014 we initiated the second round of our "Child and Career" mentoring program. The program is targeted toward young talent in expert and managerial positions who are planning to take or are currently on parental leave or have just returned to work. During all of these phases, they are supported by a senior manager mentor. 31 tandem teams took part in the second round of the program. The program runs for approx. 18 months and will end on June 30, 2016, with a number of trainings, events and tandem discussions. The poll conducted upon completion of the first round found that participants were very happy with the program; almost 20 percent were even able to advance their careers during parental leave.

TRAINING PROGRAM TO PREPARE EMPLOYEES FOR THE SUPERVISORY BOARD

In 2014 we became the first DAX-listed company to develop a training program in cooperation with the European School of Management and Technology (ESMT) that gets employees ready for a position on the supervisory board. The goal is to create a pool of candidates who could potentially assume a position on the supervisory board at a Deutsche Telekom company in Germany or abroad and to encourage women in particular to take on a supervisory board position.

The first round of the program with 24 women ended in summer 2015. In addition to traditional content, the training also gave insight into practical experiences presented by supervisory board members, case studies from the Group and a simulated supervisory board meeting. Of the 24 female participants, 7 now hold positions on a supervisory board with several more going through the nomination process. The training program helped increase the percentage of women on supervisory boards in Germany from 28 percent in 2014 to 30.6 percent. The program won 3rd place in the Equal Job Opportunities category of the HR Excellence Award.

The successor program, now also open to men, got underway in November 2015 with 28 female and 7 male participants.

THE FAMILY MANAGER PILOT PROJECT

In July 2015 Deutsche Telekom created the position of Family Manager, a point of contact offering employees personal advice on all kinds of topics relating to the reconciliation of work and family. This offer also includes a family hotline. Since its introduction the pilot project has met with positive feedback. So far, approx. 140 personal consultations have been provided. 420 employees have also signed up for a series of talks

on the "Reconciliation of work and care," which was launched as part of the pilot project in December 2015. This pilot project will run for one year and is initially available in Bavaria only.

LIFETIME WORK ACCOUNTS

We introduced lifetime work accounts for all of our employees in 2016. This gives our employees the opportunity to finance a temporary release from work of longer than one month, which may be used for early retirement, a sabbatical or to support a period of part-time work. Until this year, lifetime work accounts were only available to executives. Our employees can finance their account either from their gross salary or with time credits converted into monetary amounts. Until 2018 we will also support employees who are below a certain income limit with an annual contribution.

COMMITMENT TO INCREASING THE NUMBER OF WOMEN IN MANAGERIAL POSITIONS

In 2010 we became the first DAX-30 company to commit to staffing 30 percent of our mid and upper-level management positions worldwide with women. Our "Fair Share" initiative is designed to help us achieve this goal. In 2011 we also launched an initiative together with two other companies to boost the number of women in managerial positions at the 30 DAX-listed companies, an initiative that is unique in Europe. With these initiatives we were able to help fuel the ongoing public debate on the topic.

To help us reach our goal, we launched our Fair Share initiative and a number of measures: expanding our offers dedicated to work-life balance by introducing parental leave models, flexible working hours and child care facilities, a mentoring program to prepare female employees for supervisory board positions as well as addressing talented women through channels such as our talent platform, Talents@Telekom.

As a result, we have been able to continually increase the percentage of women in management positions since 2010. With 35 percent on the Group's Supervisory Board, we have already surpassed our own goal as well as the legal quota introduced on January 1, 2016. Since announcement of the women's quota in early 2010, we have been able to increase the percentage of women throughout the Group from 19 percent to a current 25 percent. In order to consolidate our achievements beyond 2015, we have prolonged our plan until 2020 and extended it to the two management levels directly below the Management Board, to managing boards as well as to our internal supervisory boards in Germany. With these efforts, we are significantly surpassing the statutory regulations in effect since 2015. We are planning to further pursue the measures we have already taken in order to reach our goals.

Im November 2015 we joined the UN Women Empowerment Principles, a global initiative launched by the United Nations and Global Compact for the promotion of women at companies.

SPONSORSHIP OF "EVERY WOMAN IN TECHNOLOGY" AWARDS

T-Systems Limited partnered with Everywoman in 2013 and is now an active member of the network. Everywoman is a membership organization that has championed the advancement of women in business since its foundation in 1999. It works alongside companies looking to develop and retain a pipeline of female leaders who are looking to advance

themselves and others.T-Systems Limited has its own Everywoman community with the aim of helping staff connect and stay inspired by providing the opportunity to network internally and externally, and to attend in-company webinars, bi-monthly meetings and an annual event to hear and learn from each other and leading women in the technology industry. In 2015 the Everywoman network was opened up to all staff to build a broad understanding of the benefits to the organization of having a truly diverse workforce.

As part of our commitment to the Everywoman program, T-Systems sponsored the 2015 Everywoman Team Leader Award as one category of the "Every woman in technology" awards. The awards play a vital role in uncovering role models whose stories and achievements demonstrate to those young women and girls that they can achieve great success if they opt to forge a career in IT.

T-Systems views the Everywoman program as an important part of its strategy and continues to support it in 2016.

CR-RATINGS

CR-RATING: OVERTIME

Employees of Deutsche Telekom work under a flexitime policy. That means that working hours are no longer based on specific starting and ending times. Instead, employees can independently decide when they are going to start and end work each day within a specified framework. Hours worked are recorded in a flexitime account. When an employee collects credit – in other words, works more than their regular working hours – a traffic light system indicates whether those hours are still acceptable. If they are not, flexitime credits are reduced in line with a reduction plan agreed between the employee and their manager. The flexitime account balance must pass the zero mark in regular intervals, i.e., whithin 18 months as a rule.

Since January, employees covered by collective agreements have also been able to pay up to 80 hours a year onto a lifetime work account. in order to use all or part of these hours for a release from work later on. The employment relationship persists during this release from work. Remuneration is sourced from the credit accrued in the lifetime work account.

CR-RATING: STAFF RESTRUCTURING

Restructuring measures can have a significant impact on the lives of our employees and their families, which is why we carefully consider alternative solutions and weigh legal, ethical and business-related aspects before making such decisions. If a restructuring project cannot be avoided, we try to minimize any negative impact on our employees based on our extensive experience with structuring change processes to make them as socially responsible as possible.

The relevant works council committees are informed on significant operational changes and involved according to the legally applicable provisions such as the German Works Constitution Act (Betriebsverfassungsgesetz). We also regularly engage in dialog with employee representatives at a national and European level. We comply with local employment legislation in the countries in which we are active and often go above and beyond minimum standards.

CR-RATING: DIVERSITY & EQUAL OPPORTUNITIES

T-Systems South Africa specifically encourages and supports groups such as the blacks, coloreds and Indians that have been traditionally disadvantaged. The framework for these efforts is the South-African government's "Broad-Based Black Economic Empowerment" (B-BBEE) initiative. The aim is to achieve equality for traditionally disadvantaged citizens when it comes to education and professional careers. In 2015, T-Systems South Africa once again achieved its target of reaching the B-BBEE compliance level 2. This compliance level confirms that the company has followed the recommendations for supporting disadvantaged citizens to a very high degree. Compliance was certified by an independent, external auditor.

The company worked to achieve the compliance level by setting specific diversity targets for every employee category. These targets are based on an analysis of the employee structure, vacant positions and potential employees on the labor market. They cover ethnic background as well as gender. Targets are set for every business area and in turn contribute to the company targets . The managers' performance agreements are linked to these targets.

Companies in South Africa are not legally required to participate in the B-BBEE program; the program is, however, a requirement for receiving government subsidies and participating in public bids

SUPPLIERS

EVERY SECOND... 3 KG CO_2 ARE AVOIDED IN OUR SUPPLY CHAIN.[1]

A reduction of 169,000 metric tons of CO_2 in two years – that's 3 kg per second. One of our key suppliers managed this decrease by implementing energy consumption reduction measures within the scope of our supplier development program. This program aims to improve the environmental standards in our supply chain and guarantee protection of employee rights using proven tools, methods and measures as well as relying on trusting, long-term relationships.

Measures for a sustainable supply chain	Socially and environmentally sustainable procurement policy applicable Group-wide	Encouraging responsible raw materials extraction
→	→	→
Dialog and exchange at the 2015 CR Stakeholder Forum	Initial success for supplier development program	2015 audit results at a glance
→	→	→
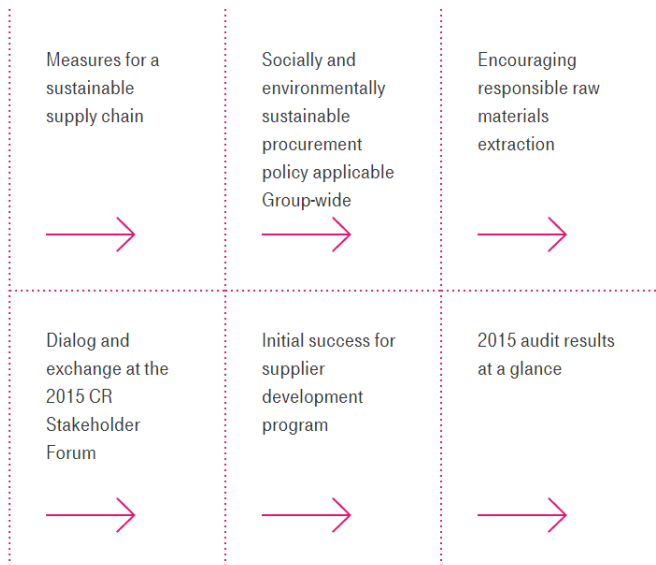
[1] Since we launched our supplier development program in 2014 we have been able to reduce CO_2 emissions at one of the participants including its sub-suppliers by 169,000 metric tons by the end of 2015.

SUSTAINABLE PROCUREMENT STRATEGY

Non-governmental organizations (NGOs) and the media continue to ✓ uncover violations of employee and human rights as well as environmental protection standards along the supply chain for phones, laptops and other ICT products. As one of the largest telecommunications service providers worldwide with more than 30,000 suppliers in over 80 countries, we take this issue seriously. We use effective management tools to make sure our suppliers and manufacturers provide humane working conditions and are involved in effective environmental protection.

GOALS	MEASURES	MONITORING
▪ Implementing sustainable procurement strategy	▪ Norms, standards and guidelines	▪ Sustainable Procurement ESG KPI
	▪ Group-wide implementation by Sustainable Procurement Working Group	▪ Sustainability rankings
	▪ Employee training	
	▪ Stakeholder engagement	
	▪ Established escalation procedure for serious cases	

MANAGING SUSTAINABILITY IN PROCUREMENT PROCESSES ✓

One of Telekom's aims is to constantly improve the sustainability of its value chain. We have laid the foundation for this with our sustainable procurement strategy. We adhere to principles for socially and environmentally friendly procurement throughout the Group and manage our processes with the help of internal and external performance indicators and management tools.

Basic standards

Telekom has created social and environmental minimum standards for its corporate governance through its Guiding Principles and voluntary commitments. We also require our suppliers to comply with these standards. Our CR and anti-corruption clause, which is based on the fundamental principles set forth in the following Group Policies, is an integral component of our supplier contracts:

- Our Group-wide Code of Conduct,
- Our Social Charter,
- The Telekom Fraud Policy,
- The Coltan Statement and
- The Statement on Extractives.

With our Social Charter we have made a commitment to complying with the fundamental principles and standards set forth by the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD) as well as with the Universal Declaration of Human Rights and the UN Global Compact.

Commitment to sustainable procurement

Our strategy for realizing sustainable procurement practices is based on our CR strategy and has been effectively incorporated into our procurement processes. The Sustainable Procurement Working Group (SPWG) is responsible for Group-wide, i.e., international, implementation of our sustainable procurement strategy. Members of the SPWG assist our employees in all decisions regarding sustainable procurement. The heads of the CR and Procurement departments are jointly responsible for the implementation of sustainable procurement practices. They report directly to the Board of Management member for Human Resources and Finance, respectively. Our escalation process calls for decisions to be made at Board of Management level in serious cases. We have also specified sustainable procurement requirements for the BuyIn joint venture.

We have incorporated our sustainability principles into the Group's Global Procurement Policy to provide orientation for our buyers. The accompanying Procurement Practices provide specific instructions on how to conduct procurement transactions in Germany. We use an e-learning tool to train our employees. Our buyers can, for example, use the tool to learn how to implement our sustainability principles in their daily business activities.

Promoting sustainability with the Sustainable Procurement ESG KPI

We introduced the Sustainable Procurement ESG KPI to measure and manage our performance in this area. This KPI measures the ratio between the procurement volume we receive from suppliers whose compliance with social and environmental criteria has been verified through self-assessments, E-TASC or social audits, and our total procurement volume. We have reached and even exceeded our goal of covering 75 percent by 2015, reaching a current 78 percent for this KPI. Our goal is to reach 80 percent by 2020.

Sustainability rankings rate supply chain management activities

Every year leading rating agencies measure the sustainability performance of large enterprises. Deutsche Telekom scored 93 out of 100 points in the Supply Chain Management category of the 2015 RobecoSAM Corporate Sustainability Assessment, making Deutsche Telekom an industry leader.

Two awards presented in 2015 confirm our good performance in the area of sustainable supply chain management: the German CSR Award in the CSR in the Supply Chain category and the DQSGermany Excellence Awardin the Responsible Sourcing category.

CR STAKEHOLDER FORUM: TRANSPARENCY AND ECONOMIC GROWTH

On November 2 and 3, 2015 Deutsche Telekom hosted the 8th CR-Stakeholder Forum under the slogan "Enabling sustainability – Turning visions into reality." While the first day focused on sustainable products, the second day's main topic was sustainable supply chain management.

Former German Federal Minister of the Environment Prof. Dr. Klaus Töpfer held an inspiring opening speech in front of 120 external and internal participants. He described sustainability as extremely complex – an ongoing process. He also said that it is important to find solutions today to ensure peaceful coexistence with an estimated world population of 9 billion by the year 2050 and called for the development of ICT solutions in the face of the challenges ahead.

The subsequent panel discussion, which Prof. Töpfer also took part in, provided key insights into CR issues – including those beyond Deutsche Telekom's borders. Axel Bachmann, head of Sustainability at Coca Cola, talked about the beverage company's CR activities. Luis Neves, Board Representative for Sustainability and Climate Protection, provided insight into the work of the Global e-Sustainability Initiative (GeSI), of which he is chairman. Tessa Wernink, co-founder and head of Communications at Fairphone, introduced the company's sustainable smartphone. During the discussion, a number of votes were held in which guests could participate using an app. All participants said they placed importance on transparency in the supply chain. However, the panel agreed that it was impossible to have complete control over a supply chain with more than 30,000 suppliers, making risk awareness and management all the more critical. They also agreed that transparency in the supply chain could be a competitive advantage as it promotes innovation and new business models. An interesting fact: 45 percent of the guests who took part in the voting stated that they do not consider sustainability aspects when buying a cell phone.

Transparency as the basis for more sustainability was discussed in greater depth in subsequent workshops. One of the proposals that participants came up with was to offer additional rewards for suppliers meeting compliance standards. They were also in favor of closer supplier/customer cooperation to create trust and find joint solutions together in the face of potential challenges.

The second focus of the event, sustainable products and services, is covered in the customers & products section.

ACT RESPONSIBLY, TEACH SUSTAINABILITY

Acting responsibly is part of our corporate culture. We incorporate this basic approach into various measures at our company, including continuing education. The topic of sustainability in day-to-day business was a focal point of our training activities for buyers in 2015. Around 120 employees from Germany and various national companies participated in four-day training courses where they learned about processes and tools for sustainable procurement. 287 employees also used our Sustainable Procurement e-learning tool in 2015.

DELFIN AWARD FOR SUPPLIERS AND OTHER COMPANIES

On June 12 2015 the 8th DELFIN award ceremony took place as part of the 16th Sustainability Roundtable in Budapest. DELFIN is a Hungarian acronym for "Award for a Committed, Sustainable and Innovative Generation" and these awards go to suppliers offering outstanding commitment to sustainable development in four categories:

- Support for equal opportunities and promotion of non-discrimination inside and outside the company
- Innovation in the interests of sustainability
- Sustainability education and awareness raising
- Investment and development related to climate protection

This year, the jury of experts decided to recognize the efforts of organizations and businesses promoting waste management, renewable energy, environment-friendly transportation, and equal opportunities.

SUPPLY CHAIN MANAGEMENT

Deutsche Telekom maintains business relationships with more than ✔ 30,000 suppliers in over 80 countries. Our relationships with suppliers are based on trust and dialog combined with monitoring and providing concrete support for the implementation of sustainability standards. We have a variety of instruments, methods and measures in place to help us improve the sustainability of our supply chain. Our basic aim is to recognize the cause of any problems and to work closely together with our suppliers to resolve them.

GOALS	MEASURES	MONITORING
▪ Increasing the share of suppliers audited for sustainability	▪ Weighting sustainability aspects at 10 percent for bids ▪ Supplier surveys and self-assessments ▪ Supplier evaluation and development ▪ Escalation process for violations	▪ Results of online surveys ▪ Social audits ▪ Sustainable Procurement ESG KPI

Risk minimization and supplier development

Suppliers with an estimated purchasing volume of more than 100,000 Euro per year

Multilevel risk assessment

Continuous improvement

- Binding prequalification
- Supplier assessment
- Supplier classification
- Supplier development

IMPROVING SUSTAINABILITY IN THE SUPPLY CHAIN ✔

Depending on the development phase of the supplier relationship, we use different tools to make our supply chain more sustainable. A ten-percent sustainability-weighting factor has been included in all bids for proposals since 2014. This creates strong incentives for suppliers to offer more sustainable products and services in the bidding process.

We also use a four-level approach to minimize risks and encourage our suppliers to improve their practices. The funnel chart illustrates the process. Via our supply chain management system we initially ask all potential suppliers with an annual order volume of more than 100,000 euros about 16 sustainability-related aspects (phase 1). These 16 aspects relate to human rights and corruption as well as environmental protection and occupational health and safety.

As the business relationship proceeds, we ask strategically relevant and high-risk suppliers to enter extensive information about their practices in the E-TASC (Electronics Tool for Accountable Supply Chains powered by EcoVadis) information system. Experts evaluate these statements on the basis of additional background information and targeted research. We take things a step further in our relationships to some suppliers that exhibit a higher CR risk and conduct on-site social audits (phase 2). In doing so, we focus not only on direct suppliers of Deutsche Telekom but also on downstream suppliers as far as possible.
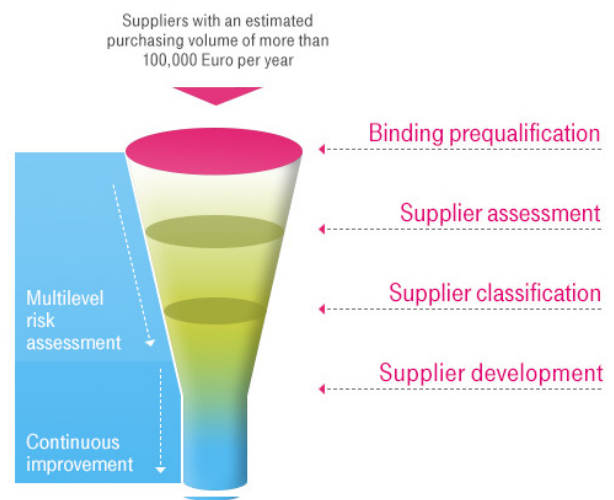
We also boost the effectiveness of our audits by collaborating with a current nine other companies in the Joint Audit Cooperation (JAC). Thanks to the increasing number of JAC members, we are able to conduct a higher number of audits on joint suppliers.

We use the information provided and audit results to classify and evaluate suppliers, especially those that offer several material groups, according to CR criteria (phase 3). This is done using supplier score-cards, which let us assess a supplier's sustainability performance and compare them with other suppliers at a glance. The evaluation is also based on press information and reports from non-governmental organizations (NGOs). We also collaborate closely with selected suppliers to address acute issues and improve their sustainability performance in the long term. Our supplier development program is particularly effective here (phase 4). In cases of significant disregard of our requirements, we initiate an escalation process to effect fast resolution in accordance with the Deutsche Telekom sustainability standards. The results of the supplier evaluations and the measures taken to solve the problems are recorded centrally.

INITIAL SUCCESS FOR SUPPLIER DEVELOPMENT PROGRAM

We collaborate as partners with our suppliers to make sure they are able to meet our high sustainability criteria with measures like our development program for key strategic suppliers. In this program we work together to come up with solutions for topics such as environmental protection, working hour regulations and occupational health and safety. It is a clear win-win situation for us as well as our suppliers because better working conditions have a positive influence on employee loyalty and motivation, raise productivity and improve the quality of products. Having launched the pilot with three suppliers in 2014, we extended the project to build a comprehensive development program in which seven companies already participate. We are planning to include four additional suppliers in 2016.

One of our key suppliers has been able to reduce CO_2 emissions in its own operations and in its supply chain by 169,000 metric tons since the start of the program. And this is not the only measurable success: one supplier was able to increase its productivity by 34 percent, another was able to reduce the number of employee absences due to occupational health and safety issues by 48 percent and another supplier was able to increase waste recycling from 69 percent to 85 percent.

The diagram shows the areas in which we audit our suppliers. Using the results, we work with them to develop a plan for remedying any issues. Suppliers receive support from Deutsche Telekom experts as well as professional external consultants in applying these measures. All activities and results are documented so that we can gauge the effectiveness of the measures employed. Adjustments are then made as needed.

ONLINE SURVEY GIVES UP-TO-DATE OVERVIEW OF WORKING CONDITIONS AT SUPPLIERS

Various tools are employed to assess the effectiveness of our supplier development program. We ran a pilot project to test an online survey to help us in these efforts in December 2015. We asked employees from a supplier in China to rate their employer in nine categories including overtime, discrimination and occupational health and safety. Employees were given QR codes so that they could use their smartphones to participate in the survey voluntarily and anonymously. After evaluating the results, we found that there is low risk with this supplier in terms of employee fluctuation, child labor and occupational health and safety.

We are planning to gradually expand the survey to all suppliers within the scope of our development program in 2016. Additional improvement measures will be introduced following the survey as needed. We are also planning to use this procedure with other suppliers when applicable. This will make it possible for us to assess the effectiveness of improvement measures introduced in the wake of social audits.

Corporate Responsibility Excellence

Anti-Corruption and Bribery
Supply Chain Management
Environmental Perfomance

Human Ressources and Practice
CR Strategy and Organization

Business Ethics & Compliance

Suppliers CR Governance and Management Systems

Corporate Responsibility Excellence

Duty to Staff

Productivity
Working and Living Conditions
Staff Turnover and Satisfaction
Health and Safety

Worker Treatment and Relationships
Women and the Workplace
Wages and Benefits

2015 AUDIT RESULTS

A total of 62 social audits, 7 on direct and 55 on indirect suppliers of ✓ Deutsche Telekom, were conducted in 2015 through the auditing program set up and managed at Group level. As in previous years, our activities were focused on suppliers in Asia, particularly China and a few neighboring countries such as Singapore, Malaysia and Vietnam. We also conducted social audits in Mexico, the UK and Eastern Europe.

Audited suppliers included manufacturers in the areas of IT hardware, -software and -services as well as networks and devices. The audits did not find any cases of corruption or bribery nor any critical violations of compliance policies or the right to intellectual property.

AT A GLANCE: 2015 AUDIT RESULTS ✓

Disciplinary practices (11)
Discrimination (8)
Freedom of association (14)
Forced labor (14)
Working hours (76)
Wages & remuneration (41)
Health & safety (290)
Environmental protection (82)
Corporate ethics (109)
Child & juvenile labor (16)
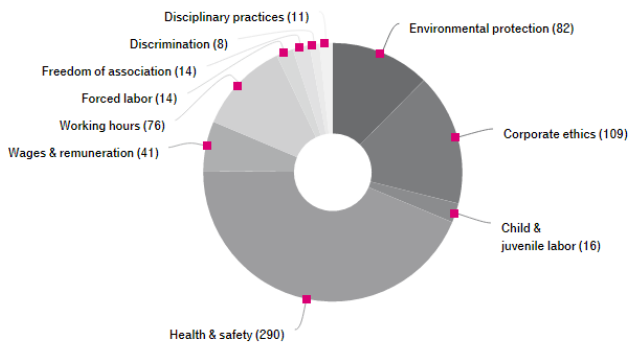
Legend: Area (Number of violations)

DETAILED RESULTS ✓

We do not audit all of our suppliers (over 30,000) equally but instead focus on strategically important or high-risk supplier groups. We focus on roughly 200 suppliers that are regularly audited at least every three years. The majority of these audits take place within the context of the Joint Audit Cooperation (JAC).

A total of 661 violations of Deutsche Telekom supplier requirements were identified during the audits conducted in 2015, 17 of which were unacceptable incidents. The audits conducted at 49 suppliers resulted in critical findings – 197 individual cases in total. Click here for some examples of unacceptable and critical violations and the improvement measures introduced.

305 of the identified violations (52 of which were critical) were remedied by the end of 2015. The improvement measures had not yet been effectively concluded in the other cases. Most of the violations related to occupational health and safety (44 percent), a five percentage point decrease compared to 2014. The number of corporate ethics violations increased considerably in contrast (from 6.6 to 16 percent). This can particularly be attributed to inadequate CR management and, especially with regard to procedures and policies, risk assessment, -risk monitoring, reporting and training. These are all important in ensuring responsible supplier management, which is why we will be focusing on these aspects more intently in coming years. Environment came in third at 12 percent compared to 10 percent in 2014, followed by working hours at 11 percent compared to 12.6 percent in 2014.

EXAMPLES OF FINDINGS AND INITIATED IMPROVEMENTS ✓

Area	Findings at suppliers	Initiated improvements
Corporate ethics	Lack of procedures for preventing corruption: Bribery and corruption were not included in the risk assessments conducted by suppliers; suppliers neither did not know how to deal with conflict minerals nor documented their way of handling	Defining a procedure for dealing with bribery and corruption and integrating this procedure into the risk assessment; reporting at least once a year on procedure implementation; raising awareness of conflict minerals through internal and external training and approving an agreement on the topic
Discrimination	"Physical flexibility" was used as an evaluation criterion for promotion, thereby potentially discriminating against other employees (e.g., people with disabilities).	Removing the criterion from the employee assessment form
Environmental protection	Waste water results such as chemical oxygen requirements, tin and sulfide exceeded local target values; lack of waste water treatment in soldering and polishing	Setting up the required waste water treatment equipment
	No environmental impact testing for construction projects	Conducting environmental impact testing in compliance with law and regulations
	Insufficient monitoring or reporting of waste management and waste storage	Improving waste reporting to identify sources and disposal sites
Forced labor	Packaging activities outsourced to workers outside of Germany who have to pay one month's wages as a sign-up fee in violation of the supplier's policy	Introducing appropriate, effective policies and procedures to make sure that every form of forced labor, debt bondage and forced prisoner labor (including human trade and slavery) is prevented
	Workers without working permits employed in the wake of outsourcing; temporary work agreements not in line with the work actually being performed and pay roll figures	Introducing appropriate, effective policies and procedures to make sure that every form of forced labor, debt bondage and forced prisoner labor (including human trade and slavery) is prevented
	Employer keeping ID cards submitted by temporary workers	Making sure that employee ID cards are not kept by contractors, employment agencies or employers
Occupational health and safety	Standard lamps instead of anti-explosion lighting in a storage facility for hazardous waste	Installation of key systems and equipment for inspection, surveillance, explosion protection and other critical safety topics
	Storage area with large amounts of hazardous chemicals such as methanol and alkali situated in the production area; violation of Chinese regulations regarding safe handling of dangerous chemicals	Inspection of chemicals and their storage: placing hazardous materials in a class A chemical storage facility; separate storage of hazardous materials according to different categories; daily inspection of chemical status and storage
	Violation of Chinese regulations regarding fire protection and prevention in buildings	Adjustment of height of fire extinguishers
	Unsuitable exits in the production area; emergency exits blocked by products; emergency doors hard to open	Making sure that suitable, easy-to-open exits that are not blocked are available in all areas (measures completed)
	No fire safety license for chemical storage facility; no building permit for production building	Obtaining relevant permits before commencement of operations
	No conductor protection in hazardous waste storage facility	Installing protective equipment
	Placing flammable chemicals in the assembly lines without suitable process management; collecting chemical residue in a container for non-hazardous waste, collection not separate; alcohol containers also being used for waste water without indication of new usage	Making sure that there is proof of compliance with regulations regarding secure management of hazardous chemicals (measures completed)
Wages & salaries	No adequate pay for overtime on public holidays; base pay for some employees below local minimum wage	Pay for all employees in compliance with local laws
Working hours	Overtime exceeds limit specified by law and SA8000	Creating a medium and long-term plan to gradually come into compliance with legal requirements

RESOURCE SCARCITY AND RAW MATERIALS SOURCING

Production of electronic devices like smartphones is harmful to the environment and requires large amounts of water and energy. Because the production facilities of suppliers and manufacturers are often located in regions where water is scarce or the population does not have sufficient access to electricity, the availability of resources plays a more significant role there than it does in countries like Germany.

Moreover, valuable raw materials like metals are used in producing smartphones and other ICT products. Some metals, including tantalum, gold, tin and tungsten, are extracted from ores, some of which are extracted in the eastern part of the Democratic Republic of Congo under conditions that are inhumane and/or associated with civil war. The parties involved in conflict in the region use the profit for purposes such as financing civil wars. Deutsche Telekom does not produce any ICT products itself. The Group purchases these products from international manufacturers and sells them at its stores, offers them in the context of service provision or uses them in its network infrastructure. We require our suppliers to refrain from using any of these conflict resources. We also support industry initiatives like the Conflict-Free Sourcing Initiative, which work toward a more sustainable supply chain.

GOALS	MEASURES	MONITORING
• Conserving resources and promoting responsible resource extraction	• Coltan Statement • Statement on Extractives • Supporting the Conflict-Free Sourcing Initiative • Conflict-free resources integrated into our manufacturer product requirements • Research project on recycling tantalum	

SUPPORTING RESPONSIBLE RESOURCE EXTRACTION

Deutsche Telekom requires its suppliers to protect the environment and use resources responsibly. These requirements are documented in our Social Charter. They are also described in detail in our CR clause, which has been a permanent feature of our General Terms and Conditions for Purchasing since June 2013. We require our suppliers to provide information on their activities as part of a self-assessment and conduct supplier audits to emphasize the importance of these requirements. In the scope of the audits, we check whether our suppliers use an environmental management system and how they manage their energy and water consumption, as well as other factors. We also explicitly ask them about their waste management system.

Handling critical raw materials

Deutsche Telekom collaborates with suppliers and industry initiatives to effect responsible raw materials sourcing. One of our requirements on suppliers is that they do not use any conflict resources in the devices they sell or the network technology they employ.

Deutsche Telekom published its Coltan Statement in 2005 and added the Statement on Extractives to it in 2009. The use of conflict-free resources has been a product requirement on our manufacturers since 2014. The purpose of this decision is to make sure that both our direct suppliers as well as their sub-suppliers minimize the social risks that come with extracting raw materials. We require our suppliers to comply with Deutsche Telekom's Statement on Extractives. Policies regarding conflict resources and their use are also an integral aspect of our supplier audits.

In cooperation with the Global e-Sustainability Initiative and the Electronic Industry Citizenship Coalition industry associations, we work to advance the Conflict-Free Sourcing Initiative (CFSI). This initiative helps companies identify conflict resources and avoid trade and production involving those resources.

Recycled tantalum, on the other hand, is considered conflict-free, which is why Telekom Deutschland GmbH is conducting a research project on recycling precious metals such as gold and tantalum from outdated network infrastructure components.

NO CONFLICT RESOURCES: PARTICIPATING IN THE CONFLICT-FREE SOURCING INITIATIVE

Deutsche Telekom has been supporting the Conflict-Free Sourcing Initiative (CFSP) ever since it was founded in 2008. CFSI is the largest business initiative for responsible raw materials sourcing. Its objective is to identify conflict resources and prevent their extraction and sale.

CFSI is based on a working group that was founded in 2008 by the Global e-Sustainability Initiative and the Electronic Industry Citizenship Coalition industry associations (Extractives Working Group) to address sustainable raw materials extraction. Since then, the number of metal processing companies and smelters participating in CFSI has continued to grow. 184 of these companies have been audited in compliance with the standard audit protocol. Another 50 have committed themselves to completing the audit process (as of February 2015).

CLIMATE & ENVIRONMENT

EVERY SECOND... 180G OF COPPER CABLE ARE RECLAIMED.[1]

We help conserve resources by dismantling and recycling used copper cable. Up to 90 percent of the cable is reintroduced to the raw materials market. Next to conserving resources, we particularly work to mitigate climate change. We record and reduce CO_2 emissions along our entire value chain and conduct numerous measures to improve energy efficiency.

Implementing the integrated climate strategy →	Recording Scope 3 emissions for relevant national companies →	Magyar Telekom and T-Mobile Austria are climate-neutral →
Green Card for company fleet →	Improved cooling technology for data centers →	Micro Smart Grid project reduces costs and CO_2 →
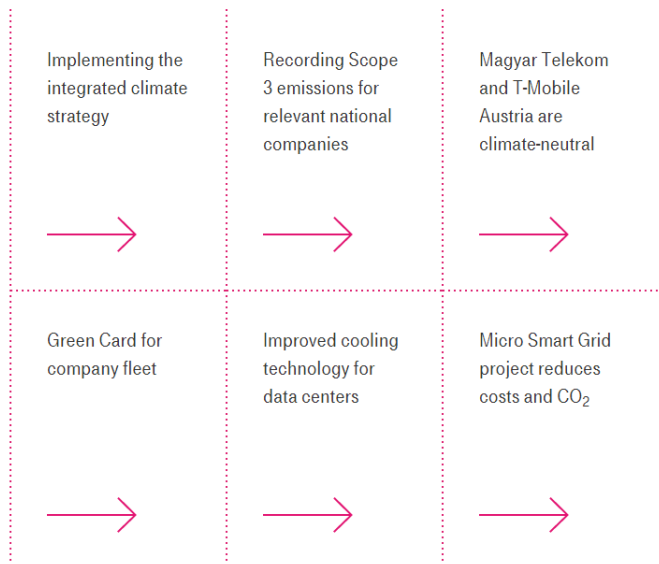
[1] We recovered a total of 5,800 metric tons of copper cable in 2015. The cable is processed in accordance with environmental standards at certified waste disposal facilities.

CLIMATE PROTECTION STRATEGY

195 countries made a commitment to meeting mandatory climate protection goals at the UN Climate Change Conference in Paris in 2015. As a telecommunications company, we want to contribute to achieving the 2-degree target that was set in Paris. We have been working toward a low-carbon, sustainable future for years. Our products and services help our customers reduce their carbon footprint. The flow of traffic at the Port of Hamburg, for example, can be controlled more efficiently in real time and farmers can prevent redundant trips when tending their fields. We continue to systematically expand our offers for these types of solutions. Our climate protection targets also include reducing our own CO_2 emissions by 20 percent by the year 2020 compared to 2008 levels. To do this, we are investing in efficient network technology, improving energy management at our buildings and setting clear CO_2 limits for our service vehicle fleet.

GOALS	MEASURES	MONITORING
• Reducing CO2 emissions by 20 percent by 2020 (absolute emissions)	• Modernizing and optimizing network infrastructure and buildings • Optimizing and virtualizing data centers • Reducing fuel consumption by optimizing and reducing our fleet	• Energy Consumption KPI • CO2 Emissions KPI

PROTECTING THE ENVIRONMENT

"We assume responsibility for a low-carbon society" is one of the key action areas of our CR strategy. We intend to keep this promise with the help of our Group-wide climate protection target, which was adopted in 2013 to reduce our CO_2 emissions by 20percent (excluding T-Mobile USA) by 2020 compared with 2008. We have developed measures to help us meet this target as well as instruments to gauge our progress.

Measurable success in climate protection

We record the direct impact of our climate protection measures with our Energy Consumption and CO_2 Emissions key performance indicators (KPIs) in order to assess the effectiveness of those measures. These KPIs also help us keep our stakeholders informed regarding the progress we have made in achieving our climate target. In 2015, we also worked on new KPIs that can be used to analyze the relationship between energy consumption/CO_2 emissions and transported data volumes. We are planning to introduce these KPIs in 2016.

Measuring direct and indirect emissions

We measure our CO_2 emissions on the basis of standards such as the internationally recognized Greenhouse Gas (GHG) Protocol, which distinguishes between three CO_2 emissions categories: GHG Scope 1, 2 and 3. Over the past few years, we have introduced measurement of GHG Scope 1 and 2 emissions throughout the Group. Our CO_2 Emissions KPI is based on this data. Since 2013 we have been recording all relevant Scope 3 emissions generated by our business in Germany. We also recorded the Scope 3 emissions generated by other national companies for the first time in 2015 and plan to measure them throughout the entire Group by the end of 2016.

Collaborating for innovation and climate protection

Effective climate protection calls for joint efforts on the part of business, politics, science and society. We are involved in a number of German initiatives (2° foundation in Germany) and international associations to help us effectively work to protect the climate. One of these is the Global e-Sustainability Initiative (GeSI). As an industry association, GeSI's vision is to help make society greener and more climate-friendly with the help of ICT solutions.

Using electricity from renewable energy sources

Measures to improve the energy efficiency of our networks and infrastructures are at the heart of our climate protection strategy. To date, we have not included renewable energy in our calculations regarding our Group-wide climate protection target. Renewable energy, however, can help avoid CO_2 emissions. That is why we attach great value to the use of renewable energy, which will play an important role in our integrated climate strategy in the future.

IMPLEMENTING AN INTEGRATED CLIMATE STRATEGY ✅

Our integrated climate strategy supports Deutsche Telekom in pursuing its Group strategy to become the leading European telecommunications provider.

The four pillars of the integrated climate protection strategy

- ■ CO_2 emissions
- ■ Renewable energy
- ■ Energy efficiency
- ■ Sustainable products
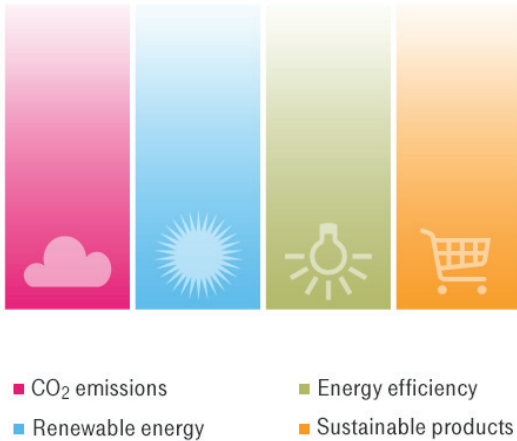
In 2015, we were able to make substantial improvements in the four pillars of our integrated climate strategy - CO_2 emissions, renewable energy, energy efficiency and sustainable products - and measure these achievements on the basis of specific targets and indicators.

CO_2 emissions

As regards the first pillar, reducing CO_2 emissions, we finished the roll-out of our monitoring process in 2015, which had been launched the year before. We were also able to record Scope 3 emissions for all of our national companies in 2015 as planned. These efforts have made it possible for us to publish all of our CO_2 emissions in compliance with the GHG Protocol for the first time in 2016. And we continue to work toward our climate target in 2016 in order to reduce our emissions by 20 percent by the year 2020 compared to the base year 2008 (excluding T-Mobile US).

Renewable energy

We continue our efforts to increase our reliance on renewable energy throughout the Group. Some of our national companies are already setting a good example; Magyar Telekom in Hungary has been getting 100 percent of its electricity from renewable sources since 2015. We have also set parameters for assessing the sustainability of purchased electricity in collaboration with our colleagues responsible for procuring electricity for our offices and facilities in Europe. These parameters help us increase the transparency of our energy mix and improve it as a result.

Energy efficiency

We are always working to improve the capacity and performance of our fixed-line and mobile communications networks. Because these require the most energy throughout the Group, we continue to modernize them and enhance their energy efficiency. In 2015 we developed two new KPIs to measure our progress, one that establishes a relationship between our energy consumption and transported data volume and the other between our carbon footprint and transported data volume. We are planning to introduce these KPIs in 2016.

Sustainable products

Our products and services help our customers reduce energy consumption or have other favorable effects in different parts of society. Our products help reduce CO_2 emissions and costs significantly, for example in the areas of healthcare, business, mobility and logistics. Dynamic Workplace, for example, makes it possible for many of our business customers' employees to work from home. That means they produce less CO_2 and save time usually spent commuting to work. The time they save can also improve their work-life balance and have a positive impact on employee health. We intend to integrate this potential step by step into our portfolio, thus contributing to our fourth pillar, sustainable products. Products and services that provide sustainable benefits accounted for 37 percent of total revenues in 2014. In 2014, products of Deutsche Telekom allowed greenhouse gas savings of nine million metric tons (click here for the analysis). Due to this, we were able to compensate more than our own CO_2 emissions.

MEASURING SCOPE 3 EMISSIONS ALONG THE VALUE CHAIN

Indirect emissions along the value chain, or Scope 3 emissions, make up the majority of our total emissions. Recording these emissions helps us design targeted measures to reduce our carbon footprint at a corporate and product level.

We have been recording Scope 3 emissions at Deutsche Telekom in Germany since 2013. Our Scope 3 emissions for 2015 were down 1.1 percent year on year at 4,217,367 metric tons of CO_2 equivalents. As in previous years, most emissions were generated through the use of end devices bought from or leased through us as well as by end devices bought from other providers to use our telecommunications services. These emissions constitute roughly two-thirds of our total Scope 3 emissions. Emissions generated by purchasing goods and services are significant as well; these make up around one-fourth of total Scope 3 emissions. Our employees commuting to work caused the highest increase in emissions; this is due to the use of an increased emission factor. With a year-on-year increase of 60 percent, these emissions currently make up 8 percent of our total Scope 3 emissions.

Telekom's Scope 3 emissions in Germany

-1,2 %

2012	2013	2014	2015
3,504,060	3,734,715	4,266,570 *	4,217,367

Quantities started in t CO_2 equivalents
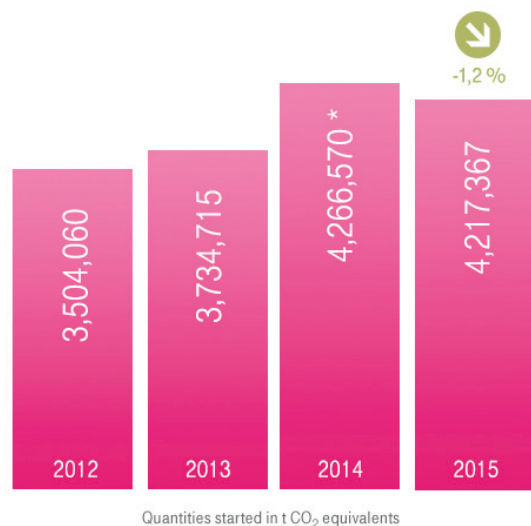
* Subsequent adjustment by adding scope 3 category 3 „Fuel- and energy-related activities (not included in scope 1 or scope 2)"

We fully disclose the data on the emissions generated by other national companies for the first time for 2015. Emissions sources there are similar to those identified in Germany. At national companies without any relevant fixed-line business such as those in Austria, Poland and the Netherlands, however, purchased products and services are the main source of Scope 3 emissions.

Overview of Scope 3 emissions (t CO2e)

National company	2014	2015	Annual comparison
Hungary	320,374	430,490	↗
Croatia	219,105	208,154	↘
Slovakia	94,080	102,068	↗
Greece	601,674	713,184	↗
Romania	437,739	456,712	↗
Austria	31,510	32,886	↗
Czech Republic	82,915	74,941	↘
Netherlands	48,881	52,468	↗
Poland	152,892	138,201	↘
Total	1,989,170	2,209,103	↗

We are planning to fully record Scope 3 emissions throughout the Group by the end of 2016.

T-MOBILE USA ENERGY STRATEGY

In September 2015 the first annual energy planning meeting took place with groups from across the business representing retail, corporate real estate, critical facilities, network engineering, procurement and sustainability.

This team is focused on raising the visibility of energy efficiency as an opportunity for many divisions across the company by working with each business unit to set goals and track progress. The team is also focused on short-term projects like using a consistent vendor for LED lighting retrofits and piloting analytics software. Ultimately, the team will be improving T-Mobile USA's use of analytics and metrics to manage the company's energy performance and identify opportunities to reduce consumption.

MORE GREEN ENERGY AT EUROPEAN NATIONAL COMPANIES

All of Deutsche Telekom's national companies in Europe are expected to make sure that the share of renewable energy they use for their power supply is at least 10 percent above that of the respective national energy mix by 2016, to the extent permitted by the liberalization of the energy market. To this end they can also purchase renewable energy certificates if needed, a practice already in place in the Netherlands and Greece. In addition to T-Mobile Austria, T-Mobile Netherlands and T-Mobile

Czech Republic, the Hungarian Magyar Telekom also managed to obtain 100 percent of its electricity from renewable energy sources for the first time in 2015.

We rely increasingly on renewable energy sources throughout the Group. Our goal is to tap new potential for reducing CO_2 emissions beyond achieving our climate protection target. That is why the Group started to develop sustainability criteria for procuring its electricity in 2015. We had already analyzed the situation at every national company and identified further possible uses for renewable energy in 2014. Based on the findings, our plan is to develop measures to increase the share of renewable energy sources used throughout the Group.

MAGYAR TELEKOM AND T-MOBILE AUSTRIA ARE CLIMATE-NEUTRAL

Our Hungarian national company, Magyar Telekom, has been fully climate-neutral since 2015. In order to reduce energy consumption, the company has been conducting several measures such as updating its networks and data centers and increasing the number of alternative drive vehicles in the company fleet. Additionally, Magyar Telekom procures 100 percent of its electricity from renewable energy sources. Part of the company's electricity procurement is based on RECS certificates.

In early 2015 T-Mobile Austria became Austria's first CO_2-neutral mobile communications provider. Not only does the company ensure CO_2-neutral operation of its network like other providers do, it also guarantees that all other parts of the company such as offices, shops and vehicle fleets are CO_2 neutral. This is mainly made possible through using CO_2-free energy from renewable sources. Emissions that cannot be avoided at this point are compensated for through certificates in compliance with internationally accepted standards. In an effort to assess and further reduce inevitable emissions, the company is measuring its CO_2 emissions according to the Greenhouse Gas (GHG) Protocol Standard (Scope 1-3). This includes direct and indirect emissions such as those generated by employee travel.

ANOTHER OPTION: CO_2 COMPENSATION

Preventing greenhouse gas emissions has top priority at our company. Reducing such emissions is the second-best option. Investing in certified climate protection projects is one way to compensate for some of the CO_2 emissions that we are unable to avoid generating or reduce.

From early March 2015 to late February 2016, Telekom Deutschland compensated for 10,362 metric tons of CO_2 emissions. These included emissions associated with our events (participant travel to and from the event, room usage, etc.) and certain products and services (e.g., conference calls or web conferences). Our Event Policy specifies the ways in which we compensate for emissions generated by events.

CLIMATE PROTECTION MEASURES

With our Group-wide climate protection target we have resolved to lower energy consumption and, therefore, CO_2 emissions in all areas. Our main focal point is areas with the highest energy consumption, particularly our technical infrastructure (fixed network, mobile communications and data centers), which make up around 70 percent of our energy consumption. Use of our buildings and vehicle fleet (one of the largest in Europe with around 40,700 company cars and service vehicles) are another major factor.

ENERGY EFFICIENCY IN THE NETWORK

Our networks make up our core business and form the basis of our ✓ products and services. However, operating our networks is also our main source of CO_2 emissions, which makes achieving greater energy efficiency in network operation a key component of our climate protection target. We take different approaches for the fixed network, mobile communications and data centers. When it comes to data centers, we focus on a few particularly efficient data centers. And when it comes to our networks, measures include replacing old technology with new, for example through IP migration in the fixed network.

GOALS	MEASURES	MONITORING
▪ Reducing energy requirements	▪ Consolidating data centers	▪ PUE factor
▪ PUE factor of 1.4 in the fixed network by 2020	▪ Migration to IP	▪ Energy consumption

OPERATING ENERGY-EFFICIENT NETWORKS ✓

Deutsche Telekom operates its own fixed-line and mobile communications networks in Europe and the United States. Most of our energy requirements come from operating this network infrastructure. In the interest of our customers, we continue to increase the capacity and performance of our networks so that we can handle growing amounts of data and increasing demands on the speed and quality of data transmission. This always goes hand-in-hand with higher energy requirements. We pursue three different approaches to further reduce our energy needs:

- We are modernizing our network infrastructure by migrating over to IP technology, installing highly efficient plants to ensure availability of power and consistently removing technology that we no longer need.

- We optimize energy supply and conversion, e.g., by improving power converters.

- We use more energy-efficient technology for lighting, monitoring and above all cooling our facilities.

Our internal energy service provider, Power & Air Solutions, which is responsible for energy management in Germany, plays a key role in these activities. Power & Air Solutions has been ISO50001 certified since 2013 for their energy efficient approach.

Measuring and controlling energy consumption

The PUE factor (Power Usage Effectiveness) is measured annually and is an important performance indicator for managing our climate protection measures. Our goal for our fixed network in Germany is to reduce our PUE factor to 1.4 by 2020, allowing us to compensate for increasing energy requirements due to growing volumes of data and new features.

Research on efficient network technologies

We constantly work to increase the energy efficiency of our network infrastructure. In 2015, we launched the EARNI project research project together with partners from industry (Alcatel-Lucent) and science (Fraunhofer Heinrich Hertz Institute). The project's goal is to improve network capacity utilization and energy efficiency by using multipurpose technologies. We suffered a setback in a comparable project in March 2015 when we decided to cancel the project after a field test had shown that introducing the technology for load-adaptive network operation would only be feasible with substantial effort and considerable losses in terms of reliability/availability.

REDUCED CO_2 AT DATA CENTERS

We also keep our goal of reducing our carbon footprint in mind when planning and operating our data centers. To achieve this goal, T-Systems takes a two-step approach: It starts with optimizing energy consumption at each data center site and then continues with improving processes throughout the global data center landscape.

Between 2008 and 2013 the focus was on optimizing existing data center space. Some examples include updating the cooling systems and installing cold aisle containment to control the flow of cooling air as needed and minimize cold air waste in the IT areas. Advancements in IT technology also made it possible to considerably reduce energy consumption. In addition to these fundamental technical optimization measures, we are always fine-tuning our climate control technology; this in combination with optimum data center capacity utilization enables us to continue to improve efficiency.

The PUE factor serves as an indicator for improvements in energy efficiency. We were able to reduce the average PUE factor at the T-Systems data centers from 1.85 to 1.63 between 2008 and 2015.Despite these favorable overall results, we recorded fluctuations in the PUE factor during the reporting period compared to the previous year. This is due to the fact that, while the energy required for non-ICT components remained unchanged, computer energy consumption fluctuated in the wake of the consolidation process.

Energy efficiency of our data centers is increasing

PUE factor

1.63

1.85

2

1.85

The PUE factor (Power Usage Effectiveness)
fell from 1.85 in 2008 to 1.63 in 2015.

0

2008   2015
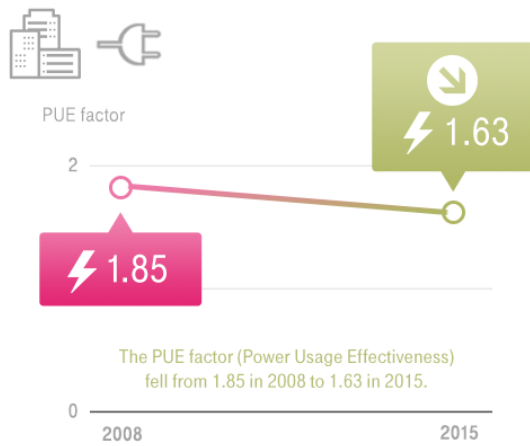
The PUE factor serves as an indicator for energy efficiency.Between 2008 an 2015, we saw a positive change in the average PUE factor of our data centers from **1.85** to **1.63** thanks to the measures described in the text.

The second phase has been ongoing since 2013. This phase combines physical data center consolidation (i.e., reducing data center space and sites) with logical consolidation (i.e., virtualizing data center infrastructure). The DC11@2018 program is working to globally consolidate data center sites with the latest IT technology to a few FMO (future mode of operation) data centers. The target average PUE factor at the FMO data centers will be 1.4 once the program has been completed. This requires a homogeneous IT landscape combined with optimum capacity utilization of data center infrastructure, IT hardware and the software running on the systems. We expect these measures to bring about another massive reduction in CO_2 emissions. Current program plans estimate a cumulated CO_2 reduction of up to 51 percent by 2020 based on the 2012 figures.

INNOVATIVE SOLUTIONS FOR AN ENERGY-EFFICIENT NETWORK INFRASTRUCTURE

Operating our networks and data centers accounts for the majority of our energy consumption. Through various measures, we intend to reduce our energy consumption and improve the energy efficiency of our infrastructure, moving us closer to our climate target. We initiated several projects in 2015 including the following:

Creating an energy dashboard

During the reporting period we developed a new web-based energy application, the Energy Dashboard. The app makes it possible to monitor approximately 8,000 fixed-network nodes and 20,000 mobile base stations. This gives all Power & Air Solutions employees who monitor the energy consumption levels of our systems a quick overview – at any time and from anywhere. The app includes a notification system in case large consumption points exceed certain threshold values. This lets us identify possible causes early on and take counteractive measures. The app also makes it possible to identify and selectively control central network nodes with high traffic volumes.

Improved cooling technology for data centers

In 2014, we launched operations at our cloud data center in Biere. The cooling concept developed in-house cuts total energy requirements by around one-third relative to comparable data centers. But we do not limit our efforts to new data centers. We also strive to cut back on energy consumption in our current network infrastructure. That is why we tested two new ways to cool data centers and switching centers in 2015:

- controlling ventilators already in place with the help of 3D room temperature measurement
- new heat removal systems.

We will use the test findings to further optimize our current cooling systems.

ENERGY-AWARE NETWORK INFRASTRUCTURE (EARNI) RESEARCH PROJECT

We are always expanding and optimizing our networks so that we can offer services that are demand-oriented and energy-efficient. Whenever technically feasible, we are increasingly employing system technology based on multipurpose hardware. We joined forces with Alcatel-Lucent and the Fraunhofer Heinrich Hertz Institute in 2015 to launch the Energy-Aware Network Infrastructure (EARNI) project. The aim of this project is to find out whether using new multipurpose systems has a favorable impact on network energy efficiency.

For the research project, we used an actual use case to calculate energy requirements and compared the results with conventional technology. The results of this comparison show that, with careful planning and network design, the capacity of multipurpose systems can be much better utilized and therefore promise better energy efficiency compared to conventional technology. The system also permits load-adaptive operation.

Multipurpose hardware brings other advantages as well. The technology makes it possible to incorporate controllers to control local energy supply systems. Cogeneration plants and photovoltaic systems can be used to provide power to the telecommunications network. What's more, this equipment can be controlled with the same hardware that is used for the network technology. The EARNI project also analyzed a use case pertaining to the control of power supply.

The research done within project EARNI was based on the previous projects LOLA and DESI, which examined operating concepts for the load-adaptive operation of networks.

COGENERATION PLANTS REDUCE CO_2

We are increasingly using combined heat and power (CHP) plants in addition to the conventional power grid. They are an efficient, environmentally friendly way to provide power to our network nodes: CHP plants convert around 90 percent of the energy into usable energy (electricity and heat); in contrast, conventional electricity generation in the German power grid has an efficiency of only around 40 percent.

By using these plants, we can considerably reduce the CO_2 emissions caused by network operation. Power & Air Solutions was operating its own CHP plants at a total of 27 network nodes in February 2016. These units generate around 7.9 GWh of electricity each year. Due to the high efficiency of these units, they generated 2,700 metric tons less CO_2 than energy taken from public power grids.

More units planned
We commissioned two additional CHP units to be installed in Berlin and Frankfurt am Main in 2015. We also looked into how to increase the efficiency of our current CHP plants. Based on the findings of our analysis, we designed a new energy concept for one of our sites in Berlin. The concept should be in place by the end of 2016.

CHP units basically cover the electricity and heating needs of our network nodes via thermal energy. To tone down excessive electricity needs (peak loads) during times of exceedingly high data traffic volumes, we have improved load distribution by introducing a new control approach.

ENERGY-EFFICIENT BUILDINGS

Within the scope of our climate protection target, we work diligently ✔ to continue to reduce our energy consumption and the carbon footprint associated with it. Efficient facility management plays a key role in these efforts. Around a quarter of our energy consumption throughout Germany can be attributed to usage of our buildings, for example.

GOALS	MEASURES	MONITORING
▪ Reducing energy consumption	▪ Optimizing energy use in buildings	▪ Energy Consumption ESG KPI
	▪ Optimizing space management	▪ Biannual energy report
	▪ New working models, e.g. Future Work	

MAKING OUR BUILDINGS ENERGY-EFFICIENT ✔

Our facility energy management activities can be broken down into "heating energy" and "electricity consumption." We have defined sub-targets for each of these areas to help us attain our climate target in Germany. Progress is measured twice a year.

Two approaches are involved in achieving our sub-targets. One of these is to reduce our office space. Apart from staff restructuring measures, we are introducing new office workplace concepts to optimize space usage. Another focal point is increasing the energy efficiency of our processes. For this we use an energy management system compliant with the international standard ISO 50001. We identify the need for improvement by using specific indicators such as "kilowatt hours per square meter," "energy consumption at midnight" or "peak loads" to compare similar facilities. The energy management system is run by Power & Air Solutions.

Heat and hot water

We use approximately 600 GWh of heating energy throughout Germany each year, primarily by using gas and heating oil as well as district heating. That is the same amount of energy needed to provide around 100,000 newly built apartments with heat and hot water. To reduce consumption, we calculate the basic renovation work needed at our facilities, conduct efficiency analyses and focus on necessary and particularly efficient measures within the scope of the available budget such as:

- Optimizing heating systems
- Using condensing boiler technology to replace old heating systems and pumps
- Recovery of waste heat produced by data centers
- Using cogeneration plants

Our real estate management departments are responsible for measurements, analyses and developing appropriate measures. In 2014, they coordinated the installation of heating systems that use waste heat generated by IT systems at three of our data centers.

Electricity

Our employee workstations, lighting, and building technology, including pumps, ventilation, cooling and elevators, are responsible for the largest part of electricity consumption in our buildings. We focus our energy conservation measures on the following areas:

- Using LED lighting and motion detectors in underground parking structures and hallways
- Using state-of-the-art pumps and fans
- Switching off building technology outside working hours

In 2015, we equipped 41 elevators at eight locations with modern LED lighting.

MICRO SMART GRID PROJECT REDUCES COSTS AND CO_2

Our facility energy management measures all work toward the same goal: reducing our energy requirements to help us reach our climate target.

Smart grid solutions have the potential to optimize the energy requirements of buildings, reducing costs as well as CO_2 emissions. We developed an innovative energy concept based on this technology for one of our sites in Berlin in 2015. The concept revolves around a micro smart grid.

We are planning to use two CHP plants with high thermal energy storage capacity, which are scheduled to be installed by the end of 2016. The waste heat produced by the CHP plants will be used to heat a neighboring school and gym. We expect the new system to not only cut back on costs but also reduce CO_2 emissions by up to 800 metric tons a year.

SOLAR ENERGY: SUNNY PROSPECTS FOR CLIMATE PROTECTION

We are increasingly relying on solar energy to power our technology sites. In 2014 we decided to equip 600 of our sites with photovoltaic units over the next several years. Our internal energy service provider, Power and Air Solutions, is responsible for installing the units.

In early 2016, Deutsche Telekom was operating solar power units at a total of 307 switching centers in Germany. This is expected to reduce our carbon footprint by 932 metric tons per year and move us closer to our climate target for 2020.

CLIMATE-FRIENDLY MOBILITY

With around 25,700 vehicles in Germany alone, our corporate fleet is one of the largest in Europe. The CO_2 emissions of the entire vehicle fleet are around 7 percent of our total emissions (Scopes 1 and 2 according to the GHG Protocol) in Germany. That is why we encourage our employees to take a climate-friendly approach to mobility. We also focus on alternative and fuel-efficient engines - which of course must also be financially viable - when purchasing new company cars and service vehicles.

GOALS	MEASURES	MONITORING
▪ Reducing average CO_2 emissions to 110g CO_2/km by the end of 2015	▪ Green Car Policy ▪ Using alternative drives ▪ Offering discount season tickets for commuters	▪ Fuel consumption ▪ Mileage

OUR CLIMATE-FRIENDLY MOBILITY EFFORTS ✓

We achieved our goal of reducing the average CO_2 emissions generated by all newly procured cars (company cars and service vehicles) to 110 g CO_2/km by the end of 2015. These results come in below the EU requirements of 120 g CO_2/km. Due to the lack of established alternative methods, we had to refer to the manufacturer standard CO_2 values in our calculations. We are aware that this method has been widely criticized for some time now and are closely following public discussion of the issue.

In order to make our fleet management climate-friendly, Telekom MobilitySolutions pursues a strategy based on three pillars:

▪ Rightsizing: selecting appropriately sized, energy-efficient, low-emissions cars. By introducing our Green Car Policy we have also created incentives for drivers of company cars to select smaller, more efficient cars.

▪ Economizing: encouraging a fuel-efficient, low-emissions driving style with driver training courses

▪ Substituting: piloting and testing alternative mobility concepts.

We can further reduce our fleet's carbon footprint by purchasing vehicles with alternative drives and fuel systems. We have been turning to natural gas and electric vehicles for some time now to help us achieve this goal. Medium-term, we are especially planning to continue to keep tabs on developments in electric mobility and employ these effectively.

Natural gas vehicles

We feel that low-emissions natural gas drives are the right approach toward effective green mobility. This technology is an effective aid in reducing pollution and the carbon footprint, particularly when renewable resources are used, e.g., natural gas obtained from residual materials and waste. However, long-range use of natural gas vehicles is still very limited due to an insufficient number of natural gas filling stations. We find the limited offer of suitable vehicles available from manufacturers particularly restrictive. Despite this, we continue to offer natural-gas powered cars to company car users and to do so at especially favorable terms and conditions. The Green Car Policy penalty budget is partly used for this purpose.

We also encourage our commuting employees to actively protect the climate by enabling them to buy discount season tickets for local and regional public transportation.

GREEN CARD FOR COMPANY FLEET

The Deutsche Umwelthilfe (DUH) environmental organization has awarded the Green Card to Deutsche Telekom's company car fleet. DUH surveyed 194 listed companies and SMEs for the study. The organization asked these companies about the average CO_2 emissions produced by the company cars of the Chairman and members of the Board of Management and by the company car fleet as well as about the details of the mobility strategy. A total of only 12 companies received the Green Card for their credible climate awareness.

Deutsche Telekom served as an excellent example with its Green Car Policy and target of reducing standard emissions of new cars within the entire vehicle fleet to an average of 110 g CO_2/km by 2015.

ON THE GO AND GREEN

Since 2015 Deutsche Telekom has been offering its employees the chance to purchase a bicycle or e-bike as a green and healthy alternative using deferred compensation. With the support of Telekom MobilitySolutions, employees can lease a bicycle through their employer for three years. The monthly payments are subtracted from the employee's gross salary. The new offer has met with tremendous response right from the off. Several hundred employees are already taking advantage of the offer.

We provide shuttle service between different locations, e.g., to the Cologne/Bonn airport or the Siegburg ICE train station to reduce the carbon footprint of business trips. Roughly 117,000 passengers used this service in 2015. Employees can use an app or the intranet to book a seat.

Our employees can use bicycles available at eight major Deutsche Telekom locations to get to their business appointments within the city.

USES FOR ELECTRIC CARS

We continue to encounter hurdles when it comes to extensive use of electric cars: Limited range, insufficient charging infrastructure and high costs make these cars unattractive in many usage scenarios. To date, our electric car projects have only been possible because the charging stations at Deutsche Telekom locations have been set up with the help of project partners. We participate intensively in selected electric mobility pilot projects to test the medium-term potential of electric mobility:

- Two additional new-generation electric/plug-in hybrid rental cars have been available for business trips since November 2015. With proceeds from the Green Car Policy penalty budget, we purchased two additional cars to complement the two electric cars in our fleet (BMW i3 and VW eGolf): a Mercedes-Benz B Class Electric Drive and an Audi A3 e-tron plug-in hybrid.

- We have been participating in an e-mobility funding project ("Wirtschaft am Strom") in Hamburg together with Deutsche Telekom Technischer Service since April 2014. In this project, we are using seven Renault Zoe and three Smart ed models as service vehicles.

- In spring 2014 we added a Tesla electric car to our vehicle fleet for Board of Management members as a chauffeured vehicle for trips in the Cologne/Bonn area and to Darmstadt. Charging stations for the car were set up on-site.

- A few selected hybrid cars have been available in our company car segment since summer 2014. The offer only applies to the upper vehicle classes as the high costs involved exceed the defined budgets in the other categories. We have also begun offering electric cars as company cars for the first time in selected regions.

RESOURCE EFFICIENCY AND ENVIRONMENTAL PROTECTION

We work diligently to improve the energy efficiency of our networks. In our view, this is the most effective way to reduce our impact on the climate and environment. We also try to limit our use of scarce resources and work on reducing the amount of waste produced throughout the Group. We also recycle the valuable materials found in waste such as copper and lead from used cables.

GOALS	MEASURES	MONITORING
▪ Improving resource efficiency	▪ Health, safety and environmental management system ▪ International waste management framework	▪ Waste volumes ▪ Used Cell-Phone Collection ESG KPI ▪ Use of space

SAVING RESOURCES AND PROTECTING THE ENVIRONMENT

With our health, safety and environmental management system (HSE) we have made a commitment to continually improving our performance in these areas. The system is based on international standards OHSAS 18001 on occupational health and safety and ISO 14001 on environmental management.

Our aim is to improve resource efficiency throughout the Group by steadily reducing the amount of waste produced and improving our recycling processes. We also support cell-phone collection campaigns in order to regain valuable resources. For this purpose, we have introduced the Used Cell-Phone Collection ESG KPI, which compares the number of cell phones in circulation to the number of collected devices.

We regularly collect Group-wide data on the amount of waste we produce. Our International Waste Management Framework guarantees standardized guidelines for all Deutsche Telekom companies. Our national companies are required to use this framework as a basis for identifying their own measurable targets and then monitor target achievement. This approach makes it possible to flexibly address the specific requirements of each country and company without working with quantitative objectives.

Resource efficiency is a priority for Deutsche Telekom at workplaces, too. We use recycled paper and energy-efficient multifunctional printers and encourage employees to use green office supplies. In order to reduce the amount of paper used throughout the Group, Deutsche Telekom asks its employees to have their salary statements sent to their "De-Mail" account instead of having a printout sent by post. Around 20 percent of employees have already canceled delivery by post. We laun-

ched the Click Green campaign in early 2016 in order to motivate even more employees to make the switch. With the project, Deutsche Telekom sponsors a reforestation project at the Westwald in Darmstadt.

WASTE REDUCTION AND RECYCLING

Our national companies are responsible for implementing our waste management strategy according to standardized Group-wide principles. Based on our International Waste Management Framework, which was approved in 2013, they develop a waste strategy or update their current strategy and identify appropriate targets: The reduction of hazardous waste has top priority. An international status survey on the implementation process is currently being planned. The idea is to get a central overview of the current status of strategy development and target definition.

Requirements for Group-wide copper cable recycling

Our activities are currently focused on disposing of the copper wires that have been the main component of telephone lines for decades. These are being replaced over the course of our fiber-optic roll-out. The national companies still need support when it comes to meeting our standards for responsible waste management in terms of recycling and disposing of old copper cables. In response, our waste experts came up with a draft of copper-cable recycling requirements and submitted it to the national companies for approval. As a result, a guideline that is mandatory throughout the Group was introduced in January 2016.

RECOVERING TANTALUM FROM ELECTRONIC WASTE

Our entire network will be migrated to IP technology by 2018. Over the next few years we will be dismantling tons of used electronics. We intend to recover precious metals such as gold and tantalum from the resulting electronic scrap.

The tantalum used to manufacture condensers is extracted from coltan. Coltan is considered to be a conflict resource, which is why recycling is important when it comes to enabling conflict-free manufacturing of condensers.

In 2013 we launched a project in collaboration with bifa environmental institute in order to develop the optimal method for dismantling and recycling tantalum condensers. We had to dismantle the condensers manually during the pilot phase since chemical and thermal processes are not suitable.

In 2015 we studied other ways to efficiently dismantle tantalum condensers. In an effort to integrate the latest research on different methods of tantalum recycling in the process, Deutsche Telekom cooperated with Deutsche Umwelthilfe to organize an expert discussion with representa-

tives from a number of research and recycling institutions. We will choose the best recycling process available and then put it into operation in 2016.

TAKE-BACK RECYCLING PROGRAM

The take-back recycling program for batteries, ink cartridges and phones was launched in June 2013 with the aim of enhancing recycling activities in the COSMOTE-GERMANOS retail network, as well as strengthening society's environmental awareness. In 2015, the program was implemented in more than 460 retail outlets and about 50 t of batteries, ink cartridges and phone devices were collected. Around World Environment Day a two-week promotional campaign in the COSMOTE–GERMANOS retail network allowed customers who recycled their old mobile devices to enjoy a discount of up to €20 on a new smartphone or tablet.

For each metric ton of phone devices collected during the period from June 2014 to December 2015 (15t in all) the sum of €1,000 was donated to two environmental NGOs (Callisto & Philodassiki Enossi Athinon) that organize educational programs for schools with a particular focus on forest and wild life protection.

ENVIRONMENTAL MANAGEMENT PROGRAM 2015

In 2015 T-Systems Iberia set up an Environmental Management Program that includes the following activities:

ISO 14001 certification extended to Cerdanyola site

Now that the T-Systems Iberia headquarters in Barcelona and Madrid are ISO 14001 certified, the aim was to also have the new data center in Cerdanyola certified. To this end, a gap analysis was conducted, an activity plan based on legal requirements and other aspects created, communication and training activities implemented, and an internal audit conducted. After the ISO 14001 requirements were fulfilled in the data center at the Cerdanyola site, DEKRA was commissioned to conduct an external audit. The results of this audit were positive so that the company's ISO 14001 certification will also include this site.

Paper consumption reduced at Cerdanyola site

A reduction of paper consumption, especially at the Cerdanyola site, was already identified as a significant aspect in the materiality analysis conducted in 2014. For this reason and as part of the ISO 14001 certification, T-Systems Iberia set the target of reducing its paper consumption by 5 percent at this site by the end of 2015. In order to achieve this goal several campaigns were implemented to raise awareness for a responsible use of paper among employees. In addition, the company set up a procedure to control paper consumption (Paper Warehouse Custody). All that resulted in an overwhelming 30 percent reduction in paper consumption.

Cutting energy consumption

In order to reduce CO_2 emissions caused by primary energy consumption from fossil fuels, the T-Systems Iberia site in Barcelona (22@) was connected to a new district heating/cooling provider (Districlima) in October 2015. Districlima generates energy from waste energy sources (urban or alternative solid waste) using very energy-efficient technologies. As a result, the conventional equipment, such as chillers and boi-

lers, to produce heat or cooling inside the building is no longer needed. Consequently, the amount of electricity consumed in October and November fell by 14 percent. The total consumption of energy at this site was reduced by 3 percent in 2015.

5,800 METRIC TONS OF COPPER CABLE RECYCLED

In 2015, Deutsche Telekom removed more than 5,800 metric tons of copper cable from duct systems in Germany alone. The cable is processed in accordance with environmental standards at certified waste disposal facilities and up to 90 percent of the material are recycled.

Copper cable recycled since 2010
in metric tons
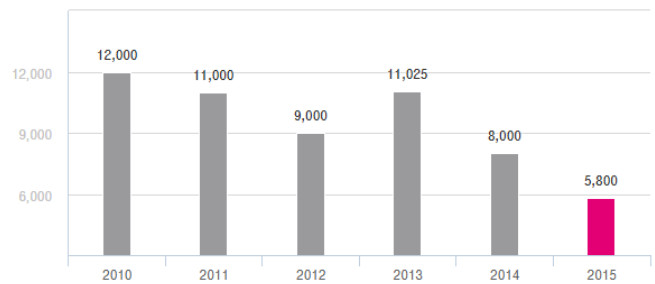
PROTECTING BIODIVERSITY

Extinction continues to be a global problem. The consequences are difficult to predict. One major cause of extinction is the fact that more and more space is being taken up for industry, agriculture and transportation. In 2014, we conducted a study on the size of the space used for our business activities in Germany in order to effectively steer our efforts to help protect biodiversity. We also included worldwide upstream value chains in our analysis. The study's findings confirmed our view that the amount of space we use has relatively little impact on the environment. Our business activities primarily impact biodiversity at the start of our value chain in regions located far away where we have very limited influence. Despite this fact, we are working to increase our influence through measures such as our supply chain management. The study identified use of space along the entire value chain at a total of 1,730 square kilometers per year. That is around twice the size of Berlin. 14 percent of this is space characterized by highly above-average biodiversity according to the criteria specified by the non-profit organization, Conservation International.

Our influence on maintaining and improving habitats with high biodiversity is greater in areas close to our facilities. That is why we collaborate with competent partners on nature conservation efforts near us.

Renaturalizing habitats with high biodiversity

We have been supporting nature conservation projects initiated by the Deutsche Umwelthilfe (DUH) organization since 2000 with the proceeds from our used cell-phone collection activities. In 2015 we donated to the organization's Living Rhine project, which uses exemplary measures to show how more space for natural river landscapes can be created along one of Europe's busiest inland waterways. The Living Forests nature

conservation fund is another DUH project that we have been supporting for several years now. Click on the following link for a selection of the projects we sponsor: www.handysfuerdieumwelt.de.

RESOURCE EFFICIENCY AT THE WORKPLACE

We were able to maintain the percentage of green office material ordered at our offices in 2015 at 35 percent of total order volume. Because we streamlined our portfolio in line with cost optimization targets, the percentage of items meeting particularly strict sustainability criteria came to 22 percent. These criteria include paper bearing the Blue Angel environmental label.

FACTS & FIGURES

● Positive development   ● Insignificant change   ● Negative development

Economic

		2012	2013	2014	2015
Sustainable Procurement ESG KPI (% of procurement volume reviewed according to sustainability criteria)	↗	54	54	72	78
Socially Responsible Investment (SRI) ESG KPI (% T-Shares held by SRI investors)	↗	14,1	20,6	22,7	23,0

Environmental

		2012	2013	2014	2015
Energy Consumption ESG KPI (energy consumption in thousands of MWh/revenue in billions of €)	↘	119	121	120	108
CO_2 Emissions ESG KPI (difference in emissions compared to the climate target base year 2008 in thousands of t CO_2)	↘	406	632	593	488
Used Cell Phone Collection ESG KPI (cell phones collected in thousands/customers in millions)	↗		17,7	17,9	28,6

Social

		2012	2013	2014	2015
Social Commitment ESG KPI (Performance vs. relevance in percentage points / DT in Germany)	↘	-6	+6	+14	-1
Employee identification with CR commitment ESG KPI (Employee identification with Deutsche Telekom's CR commitment in %)	↗	65			78
Community Investment ESG KPI (Deutsche Telekom's involvement in the community either financially, in-kind or by time contribution of its employees measured in millions of €)	↗			48,9	55,4
Beneficiaries ESG KPI (number of people involved in community activities and in target group that benefited from community activities in millions)	↗			13,0	14,5
Media Literacy ESG KPI (% of people reached through programs addressing media literacy)	→			40	37

INTER ACTIVE FIGURES   Through our interactive benchmarking tool, important facts and figures of our national companies can be analysed and compared.

SOCIALLY RESPONSIBLE INVESTMENT

SOCIALLY RESPONSIBLE INVESTMENT ESG KPI (SRI)

In 2015, around 21 percent of Deutsche Telekom AG's shares were held by investors who take SRI/ESG criteria into account at least partially in their investment decisions. Around two percent of T-Shares were held by investors who give priority to SRI/ESG aspects when managing their funds.

The Socially Responsible Investment ESG KPI indicates the percentage of Deutsche Telekom AG T-shares held by investors who show concern for environmental, social and governance criteria in their investment strategy. Due to annual updating of the calculation criteria, comparisons with the previous year may not always provide conclusive information. (Source: ipreo)

in %

14.1	20.6	22.7	23.0
2012	2013	2014	2015 ●

▪ Primary SRI ▪ Partial SRI

● Data checked by PwC.
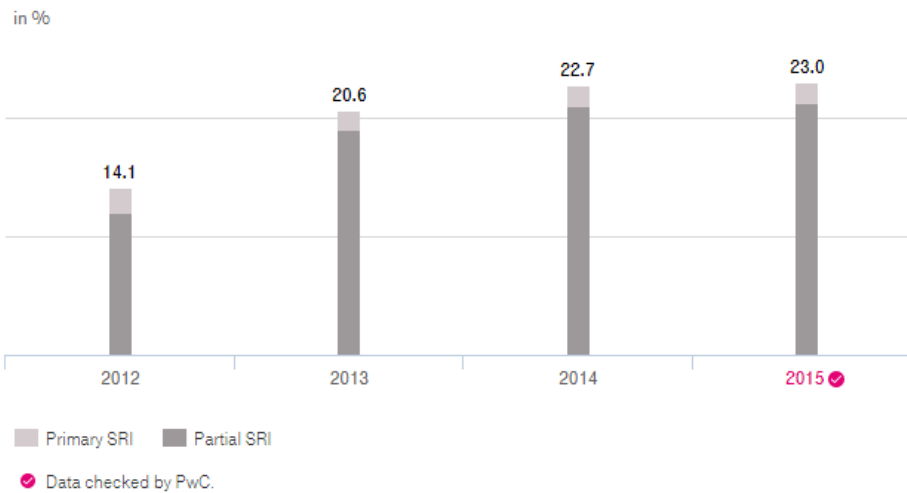
Reporting against standards

The KPI is relevant for criteria 1 (Strategic Analysis, Strategy and Goals) and 7 (Rules and Processes) of the German Sustainability Code.

LISTING OF THE T-SHARE

In 2015, the T-Share was listed on leading sustainability indexes – and again on the eminent DJSI img World and the DJSI Europe Index from RobecoSAM img. In addition, rating agency oekom singled us out as the world's best telecommunications company in terms of ecological and social performance in 2015. A top score of 100 points can be achieved in the CDP img Carbon Disclosure Leadership index. We improved slightly once again from 98 to 99 points, thereby gaining a firm foothold as industry leader for the DACH region (Germany, Austria, and Switzerland). Furthermore, we appear on the STOXX Global ESG Leaders Index for the fifth year in succession. In the Sustainalytics rating agency ranking on which this index is based, we emerged as no. 2 in the telecommunications industry worldwide and no. 3 among all German companies in the last financial year. Once again, our share was listed on the FTSE4Good img index and the UN Global Compact img 100 index in the reporting year.

Rating agency	Indexes/ratings/ ranking	Successfully listed in index				
		2015	2014	2013	2012	2011
RobecoSAM	DJSI World	✓	✗	✗	✓	✓
	DJSI Europe	✓	✗	✗	✓	✓
CPD	Carbon Disclosure Leadership [a]	✓	✓	✓	✗	✗
	Carbon Performance Leadership	✗	✗	✗	✗	✗
oekom research AG	„Prime" (Sector Leader [b])	✓	✓	✓	✓	✓
Sustainalytics	STOXX Global ESG Leaders	✓	✓	✓	✓	✓
	iSTOXX 50 SD KPI	✓	✓	✓	n.a.	n.a.
	UN Global Compact	✓	✓	✓	n.a.	n.a.
FTSE Financial Times Stock Exchange	FTSE4Good	✓	✓	✓	✓	✓
MSCI	MSCI Global Climate	✗	✗	✗	✗	✓

✓ Successfully listed ✗ Not listed

[a] Deutsche Telekom is sector leader in the DACH (Germany, Austria, Switzerland) region.
[b] Based on oekom research CR Review 2016.

Reporting against standards

The KPI is relevant for criterion 1 (Strategic Analysis, Strategy and Goals) of the German Sustainability Code.

SUPPLIERS

SUSTAINABLE PROCUREMENT ESG KPI

The Sustainable Procurement ESG KPI indicates a considerable year-on-year increase at 78 percent, because we audited more suppliers than originally anticipated for their compliance with our social and environmental standards. This is significantly higher than the target value of 75 percent we forecast for 2015.

We measure the degree to which our procurement volume is covered by sustainable activities with the Sustainable Procurement ESG KPI. It measures the share of procurement volume we obtain from suppliers where one or several Group companies of the corporate group have been assessed for compliance with our social and environmental standards by way of self-assessments and/or audits. This also applies for audits carried out on subcontractors. In the coming years we expect our Sustainable Procurement ESG KPI to rise slightly above the figure achieved in the reporting year.

in %

2012	2013	2014	2015 ✔
54	54	72	78
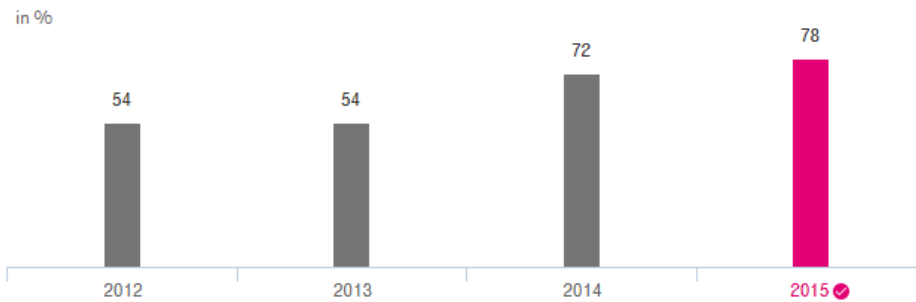
■ Procurement volume covered by supplier self-assessments and/or audits as a percentage of total sourcing volume.

✔ Data audited by PwC. Based on procurement volumes at Group Procurement. Values cannot be directly compared to the previous year.

Reporting against standards

The Sustainable Procurement ESG KPI together with information about our strategic approach fully covers the → **G4-HR9** (Audit ⓘ) and → **G4-HR10** (Suppliers and human rights) GRI indicators. By providing this information, we cover the V28-04 EFFAS indicators (Supply Chain). It is also relevant for criteria 1 (Opportunities and Risks), 3 (Sustainability Goals), 4 (Value Added Chain), 6 (Rules and Processes), 7 (Performance Indicators) and 17 (Human Rights) of the German Sustainability Code. It is also used for reporting in accordance with the Global Compact Principles 1 (Supporting and respecting human rights), 2 (No complicity in human rights abuses) and 5 (Effective Abolition of Child Labor).

SUPPLIER RELATIONSHIPS

The percentage of procurement volume generated with companies registered in the industry information tool E-TASC img increased significantly from 43 percent in the previous year to 63 percent in 2015. At the same time, the percentage of procurement volume generated with audited companies decreased from 39 percent to around 31 percent. A supplier prequalification process took place for 51 percent of the procurement volume in 2015 via the Supplier Management Portal (SMP), compared with 37 percent the previous year. Prequalification is mandatory for all suppliers with which we anticipate an order volume of more than 100,000 euros. The share of procurement volume obtained from developing and emerging markets remains steady at 1.0 percent.

- ■ percentage of procurement volume addressed by E-TASC [a) b)]
- ■ percentage of procurement volume covered by prequalification [a) b)]
- ■ percentage of audited procurement volume [a) b)]
- ■ percentage of procurement volume from developing and emerging countries [a) c)]
- ■ Number of audits conducted [d)]
- ■ Number of workshops conducted

✔ Data checked by PwC.
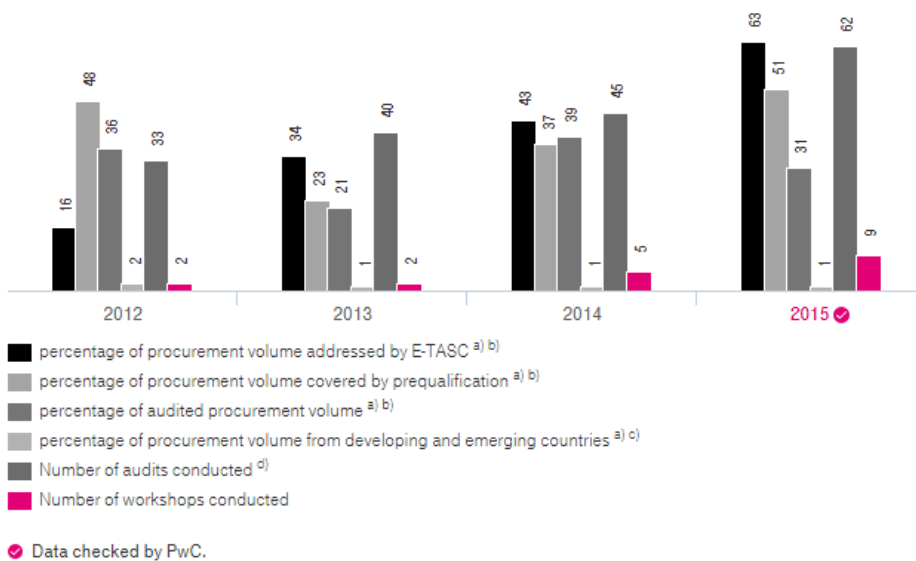
a) Procurement volume from Procurement's global database (GDB).
b) Data audited by PwC. Includes social audits carried out both internally and externally. Based on procurement volumes at Group Procurement
c) From 2013, calculation of the indicator is based solely on the external procurement volume, as with the calculation of the Sustainable Procurement ESG KPI.
d) Data audited by PwC. Includes social audits carried out internally and externally. (both within Deutsche Telekom and via the Joint Audit Cooperation (JAC)). Audits also include follow-up audits.

Reporting against standards

The Sustainable Procurement ESG KPI together with information about our strategic approach fully covers the → G4-HR10 (Suppliers and human rights) GRI indicators. We also comply with criterion 17 (Human Rights) of the German Sustainability Code. The KPI is also relevant for the EFFAS indicator (V28-04) and for criteria 1 (Opportunities and Risks), 3 (Sustainability Goals), 4 (Value Added Chain) and 6 (Rules and Processes) of the German Sustainability Code. It is also used for reporting in accordance with the Global Compact Principles 1 (Supporting and respecting human rights), 2 (No complicity in human rights abuses) and 5 (Effective Abolition of Child Labor).

FINANCIAL PERFORMANCE INDICATORS

NET VALUE ADDED

Net added value increased slightly year over year from 31.6 billion euros to 32 billion euros. This year-on-year increase in net added value is primarily the result of increased payments to lenders, which can primarily be attributed to a reduction in new medium and long-term debt. Please refer to the section on "Financial position of Deutsche Telekom AG" in our current annual report for more information on cash flow from financing activities and details on financial liabilities.

In contrast to the statement of income, the net value added only takes account of real payment flows. That means that deferred tax expenses and the accrual of provisions do not impact the net value added of the reporting period. Although these costs are deducted from net profit in the statement of income, they are not linked to any current payments to stakeholder groups, as is the case with net value added. Outpayments in this respect are scheduled for the future and will only be accounted for in net value added in future years.

Total
32.0 bn. €

- 13.6 bn. € Payments to employees
- 0.7 bn. € Payments for tax
- 2.6 bn. € Payments to capital providers
- 15.1 bn. € Paymets to investors
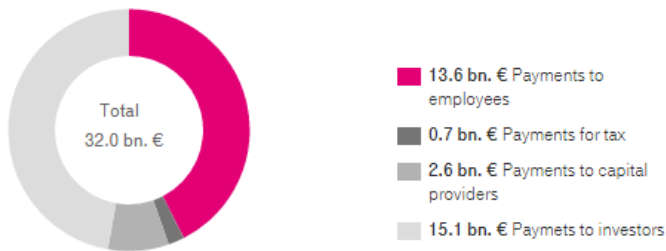
Reporting against standards

With this KPI ⓘ, we fully cover the → G4-EC1 (Direct economic value generated and distributed) GRI indicator.

NET REVENUE, EBITDA AND NET PROFIT

A detailed clarification of our financial KPIs is available at
www.telekom.com/investorrelations.

in bn. €

		2012	2013	2014	2015
Net revenue		58.2	60.1	62.7	69.2
EBITDA (adjusted for special factors)[a, b]		18.0	17.4	17.6	19.9
EBITDA margin (adjusted for special factors)[c]	in %	30.9	28.9	28.0	28.8
Net profit (loss)		5.3	0.9	2.9	3.3

[a] Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses.

[b] EBITDA, EBITDA adjusted for special factors, net debt, and free cash flow are non-GAAP figures not governed by the International Financial Reporting Standards (IFRS). They should not be viewed in isolation as an alternative to profit or loss from operations, net profit or loss, net cash from operating activities, the liabilities reported in the consolidated statement of financial position, or other Deutsche Telekom key performance indicators presented in accordance with IFRS. For detailed information and calculations, please refer to the section "„Development of business in the Group".

[c] Calculated on the basis of millions for the purpose of greater precision. Changes to percentages expressed as percentage points.

REVENUE DEVELOPMENT

In 2015 Deutsche Telekom generated Group revenue of 69.2 billion euros, reflecting growth of 6.5 billion euros, a significant increase year on year. The international share of Group revenue rose by four percentage points to 62.9 percent.

in bn. €

	2013	2014	2015	Change on 2014
Net revenue Germany[a]	26.3	25.7	25.7	0.0
Net revenue international[a]	33.9	36.9	43.5	6.6
Net revenue Group (total)	60.1	62.7	69.2	6.5
International revenue as a percentage of Group revenue	56.3%	58.9%	62.9%	4 pp

[a] Since revenue allocation to determine ratios is from an HR perspective, it reflects the location of employees (FTE); see annual report section "Workforce statistics"
In the annual report revenue is allocated to the country where it is generated.

PERSONNEL COSTS AND PERSONNEL COST RATIO

By personnel costs we mean basic personnel costs (salaries) and incidental personnel expenses – where applicable including, or adjusted for, special factors in conjunction with personnel restructuring measures (individual downsizing instruments). The personnel cost ratio represents personnel costs as a proportion of revenue. The development of this rate serves as a benchmark for company business. This performance indicator has fallen continually Group-wide since 2012 from 23.2 to today's figure of 21.2 percent. Again, the slight increase in the ratio for Germany compared with 2014 (32.9 to 33.0 percent) reflects expenditure on expanding and restructuring the networks and the investments associated with this. Deutsche Telekom is driving network build-out not just in terms of coverage but also with regard to transmission speeds. The key driver of the Group's adjusted personnel cost ratio, which fell by 0.8 percentage points, is the significant rise in revenue. It more than compensated for the rise in personnel costs in the Group.

The disadvantage of the personnel cost ratio is that it ignores external personnel costs. Therefore the total workforce costs ratio is more meaningful for the management of personnel costs at Deutsche Telekom.

in bn. €

	2010	2011	2012	2013	2014	2015
Personnel costs in the Group	15.1	14.8	14.7	15.1	14.7	15.8
of which: Germany	9.2	9.2	9.2	9.4	9.1	9.4
Special factors	1.0	1.2	1.2	1.4	0.9	1.2
Personnel costs in the Group adjusted for special factors	14.1	13.6	13.5	13.7	13.8	14.6
Net revenue[a]	62.4	58.7	58.2	60.1	62.7	69.2
of which: Germany	28.1	27.2	26.7	26.3	25.7	25.7
Adjusted personnel cost ratio Group (total. in %)	22.5	23.1	23.2	22.7	22.0	21.2
Adjusted personnel cost ratio Germany (in %)	30.4	30.6	31.1	32.3	32.9	33.0

[a] As revenue allocation is separated into Germany/international from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated.

REVENUE PER EMPLOYEE

While revenue per employee in Germany rose slightly by 5,000 euros following several years at a fairly constant level, international business reported growth in revenue per employee of around 17 percent. This is largely accounted for by our U.S. business. The number of employees in our United States operating segment increased by 11.5 percent, partly due to growth of 8.3 million new mobile communications customers as a result of the Un-carrier initiatives launched by T-Mobile USA. As a result, the United States segment achieved a revenue increase of over 29 percent year on year, thereby accounting for the largest share in Group revenue at 41.8 percent. This disproportionately high growth in revenue compared with the rise in headcount explains the segment's higher productivity figures.

in thousand €

	2010	2011	2012	2013	2014	2015
International	273	268	281	303	329	385
Group (total)	247	244	250	262	275	306
Germany	221	221	222	223	222	227

━●━ International   ━◆━ Group (total)   ━▪━ Germany
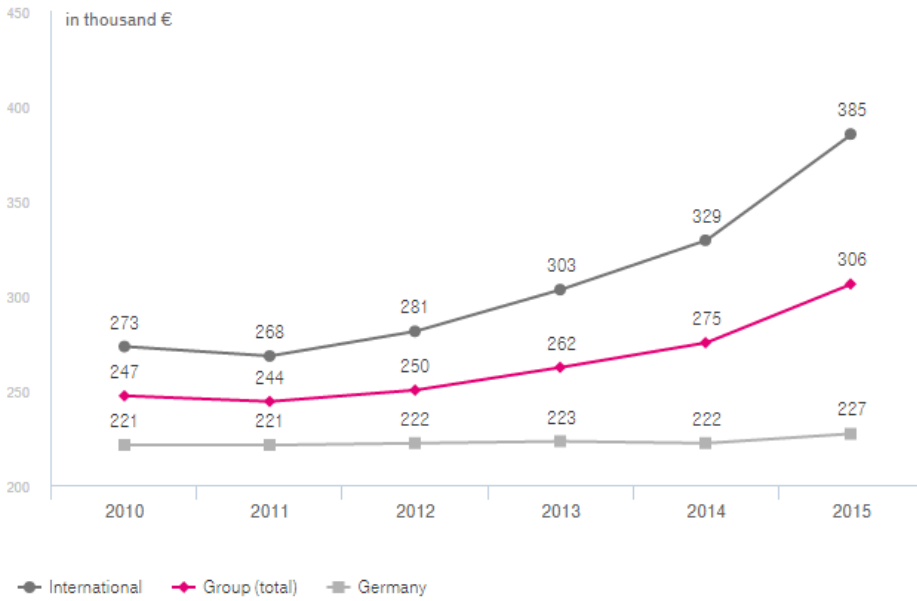
ENERGY

ENERGY CONSUMPTION ESG KPI [a]

Deutsche Telekom measures the Energy Consumption ESG KPI as the Monetary Power Efficiency Index (MPEI) in which developments in energy consumption (in thousands of MWh) are indicated in relation to revenues (in billions of euros). The figure for the Energy Consumption ESG KPI decreased in the reporting year compared with 2014, a positive trend that is even stronger than anticipated. As revenues increased, electricity consumption throughout the Group remained stable, and actually fell slightly in Germany, in 2015. In view of the lightning rise in worldwide data traffic and the continuing network build-out, this stable trend is a success and has only been possible due to the progress we have made in energy efficiency. For the years 2016 and 2017, we anticipate a positive trend, namely that our Energy Consumption ESG KPI will decrease over the next two years. This trend is based on the ratio between the slight savings in power consumption and increasing revenues. We expect the reductions in power consumption in particular as a result of our network migration to IP technology in Germany, improved network utilization in general, and the consolidation of T-Systems data centers in various countries. These savings are expected to be partly counterbalanced by the expansion of T-Mobile US and the accompanying rise in power consumption.

	2012	2013	2014	2015
	119	121	120	108
Revenue in bn. €	55.7	57.8	61.9	68.6
Energy in thousand MWh	6,624.7	6,992.9	7,424.0	7,421.5

Energy Consumption ESG KPI Energy consumption in relation to relevant revenue, calculated as Monetary Power Efficiency Indicator (MPEI: Energy consumption in k MWh/revenue in billions of €).

● Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

[a] Calculated using fact-based estimates and/or extrapolations.

Reporting against standards

By reporting our electricity consumption in relation to our revenues for the reporting period, we fully cover the → G4-EN5 (Energy intensity) and the E01-02 (Energy consumption, specific) EFFAS indicator and we partially cover the E01-01 (Energy consumption, total) EFFAS indicator. This data is also relevant for criteria 7 (Rules and processes), 11 and 12 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

TOTAL ENERGY CONSUMPTION

Total energy consumption decreased slightly by approx. 3 percent year over year. While energy consumption increased at T-Mobile Czech Republic, T-Systems Iberia and T-Systems North America, Deutsche Telekom in Germany achieved a considerable decrease. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.

Energy consumption in million MWh

	2012	2013	2014	2015
	8.3	8.6	9.1	8.9

Fuels vehicle fleet
Fossil Fuels
District heating
Electricity

Energy consumption 2015 ✓

District heating 0.2m MWh
Fuels vehicle fleet 0.7m MWh
Fossil Fuels 0.5m MWh
8.9 m MWh
Electricity 7.4m MWh
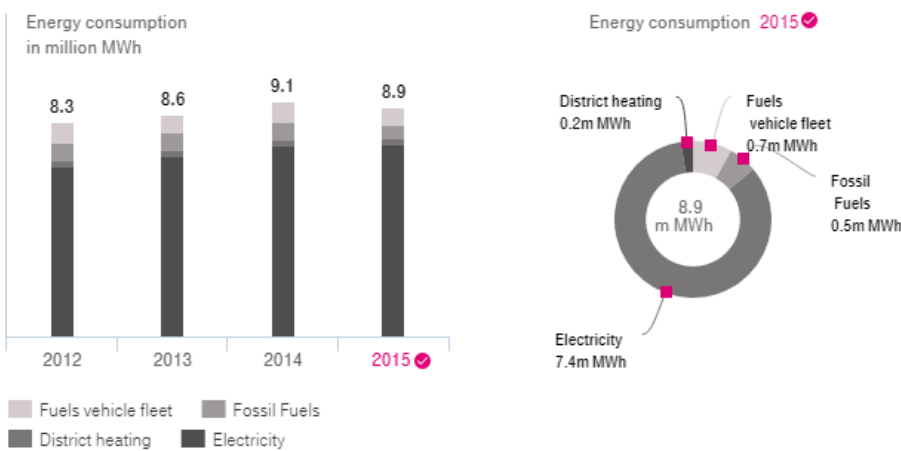
✓ Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

You will find more information on our climate protection measures here.

Reporting against standards

By reporting our energy consumption from primary energy sources, we partially cover the → G4-EN3 (Energy consumption within the organization) GRI indicator and the E01-01 (Energy consumption, total) EFFAS indicator. By reporting fleet energy consumption, we also partially cover the EN 29 (Environmental impact of transportation) GRI indicator. This data is also relevant for criterion 11 of the German Sustainability Code (Usage of natural resources). It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

RENEWABLE ENERGY

We are committed to increasing our reliance on renewable energy throughout the Group. To this end all European national companies can also purchase renewable energy certificates if needed, a practice already in place in the Netherlands and Greece. Compensation certificates were also purchased in 2015 to make our national companies in Hungary and Austria climate-neutral. Data on renewable energy is being reported here on a Group-wide scale for the first time.

The data regarding the share of renewable energy in the electricity mix indicates the average mix in the relevant country from public sources (Eurostat/Global Status Report, IEA Report, etc.) as at May 2015.

in MWh	2015
Renewable energy (total)	2 402 780
Sourcing renewable energy from power mix	1 560 850
Share of renewables in power mix (in %)	33
Direct sourcing	70 288
Self-produced electricity	2 007
RECS certificates	25 866
GOOs (guarantees of origin)	739 710
Biogas	3 419
Self-produced heat	14

DECOUPLING POWER CONSUMPTION AND CO_2 EMISSIONS

Deutsche Telekom was able to reduce the emissions generated by its electricity consumption to zero from 2008 to 2012 by purchasing RECS img certificates (Renewable Energy Certificate System). However, we feel that these certificates have not had as positive an impact on the environment as we had hoped. Demand for certificates was generally limited. As a result, RECS certificates do not make a noticeable contribution to encouraging the expansion of renewable energy sources. That is why we feel it makes more sense both in terms of ecological and economic aspects to invest in reducing our energy consumption and increasing our energy efficiency than to purchase RECS certificates.

— Power Consumption in Germany
— CO₂-emissionsCO
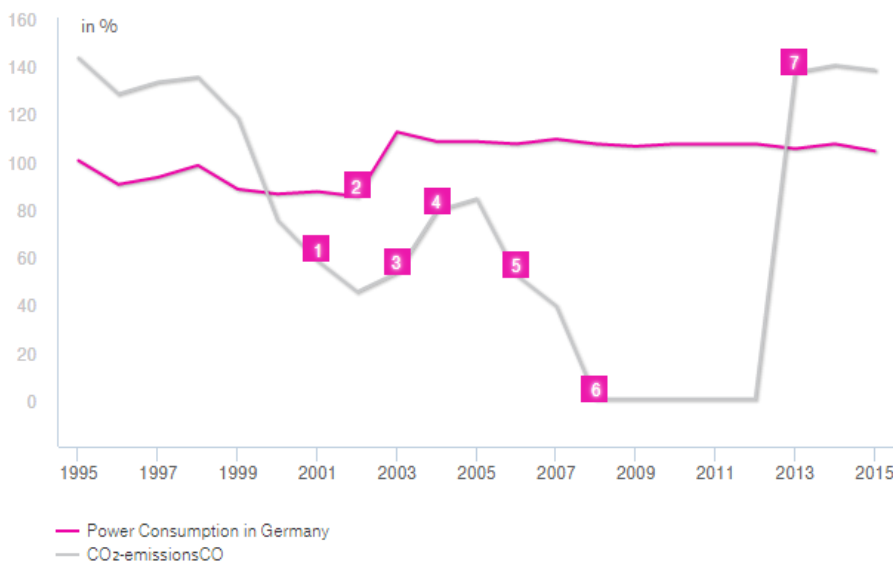
1 Increased procurement of power from cogeneration (CHP) plants
2 Rise in energy consumption for technical reasons
3 Power utilities no longer provide data on share of energy otained from cogeneration
4 Power utilities no longer provide data for their power mix > calculation based on power mix for Germany
5 Purchase of power from renewable energy sources
6 All electricity requirements covered directly or indirectly by renewable resourcesn
7 No purchase of RECS-certificates.

Reporting against standards

By providing this information, we fully cover the E16-05 (Alternative energy consumption) EFFAS indicator. This data is also relevant for criteria 3 (Strategic analysis, strategy and goals), 11 and 12 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

CO_2 EMISSIONS (SCOPE 1 & 2)

CO_2 EMISSIONS ESG KPI

The CO_2 Emissions ESG KPI indicates the development of absolute as well as relative emissions compared to the base year 2008. The comparative value from the base year is 3,362 metric thd. tons of CO_2. We had assumed there would be a slight decline in the CO_2 Emissions ESG KPI for 2015, i. e., a slight improvement. This is consistent with the actual trend, which is in particular due to the aforementioned stable development in electricity consumption and the slight fall in emissions from fuel and natural gas consumption. The developments in power consumption are the main drivers of the trend in our CO_2 emissions. We therefore expect our CO_2 Emissions ESG KPI to fall slightly in 2016 and 2017. Our expectation for the Group units participating in the climate protection target (excluding T-Mobile US) is that, in 2020, CO_2 emissions will lie 20 percent below the rate of the base year 2008. For detailed comments on the figures for each national company, please refer to the interactive benchmarking tool.

We calculated our CO_2 emission values based on different energy and fuel consumption data. Calculation complied with the Greenhouse Gas (GHG) Protocol and was based on emission factors set forth by the International Energy Agency (IEA) and/or the GHG Protocol calculation tools. The total value reflects direct (Scope 1) and indirect (Scope 2) emissions. Since our CO_2 emissions are largely driven by our power consumption, the resulting positive trend is similar to the development described for the Energy Consumption ESG KPI.

Changes compared against base year in thousand t CO_2
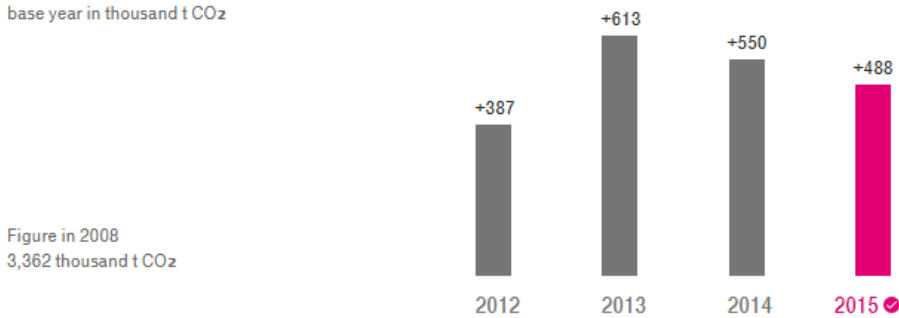
Figure in 2008
3,362 thousand t CO_2

	2012	2013	2014	2015 ●
	+387	+613	+550	+488
CO_2-emissions in thousand t	3,587	3,816	3,912	3,849
Changes compared against 2008 in %	+12	+19	+16	+15

● Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

Reporting against standards

By measuring progress based on our CO_2 Emissions ESG KPI [i], we report our CO_2 emissions in accordance with the Greenhouse Gas Protocol together with our self-defined CO_2 reduction goal, thereby complying with criterion 13 of the German Sustainability Code (Greenhouse gas emissions). By reporting this data, we fully cover the → G4-EN15 (Direct GHG emissions), → G4-EN16 (Energy indirect GHG emissions) and → G4-EN17 (Other indirect GHG emissions) GRI indicators and partially cover the E02-01 (Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 7 (Rules and processes), 11 and 12 (Usage of natural resources) and 13 (Greenhouse gas emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

TOTAL CO_2 EMISSIONS (SCOPE 1 & 2 EMISSIONS)

Our CO_2 emissions are largely driven by our power consumption. The year-over-year decrease of 5 percent is largely due to the use of energy certificates (RECS img, GOO) at Magyar Telekom in Hungary, T-Mobile Poland and Cosmote in Greece.

For the first time, we distinguished between "location-based" and "market-based" methods in calculating the Scope 2 emissions img in the table below. The "location-based" method is based on emission factors for certain geographic locations; i.e., without taking a company's individual power mix into consideration. The "market-based" method on the other hand is based on the emissions actually generated by a power source. In this method, procuring renewable energy decreases the emission results. If the power source being used and thus the emission factor cannot be clearly determined, a residual factor is applied for calculation. This residual factor is sometimes considerably higher than the regional power mix factor.

CO_2 emissions
(Scope 1 & 2) in t

	2012	2013	2014	2015 ✔
	2.0 m	3.6 m	3.6 m	3.5 m
CO_2 emissions (Scope 1) in t	354,208	336,641	341,604	298,940
CO_2 emissions (Scope 2) in t	1,637,815	3,214,352	3,303,338	3,168,482
Carbon emission reduction through renewable energy certificates (in metric tons)	1,628,174	286,207	266,744	381,989
Scope 2 GHG Protocol Guidance				
CO_2 emissions (Scope 2 "location-based") in t				3,583,260
CO_2 emissions (Scope 2 "market-based") in t				4,074,862

✔ Data verified by PwC. For detailed audit comments see "DT Group in Germany" and "T-Mobile USA".

Reporting against standards

By reporting our direct and indirect CO_2 emissions (Scope 1 & 2) in accordance with the Greenhouse Gas Protocol, we fully cover the → G4-EN15 (Direct GHG emissions) and → G4-EN16 (Energy indirect GHG emissions) and partially cover the E02-01 (Total Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).
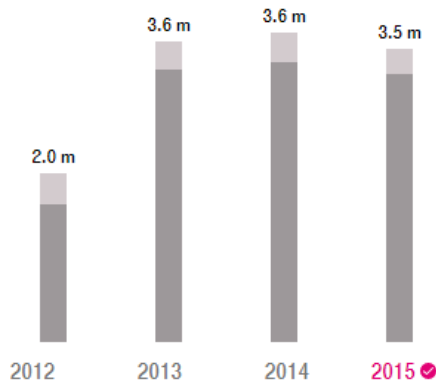
CO$_2$ EMISSIONS (SCOPE 3)

CO$_2$ EMISSIONS FROM THE SUPPLY CHAIN AND PRODUCTION WASTE (SCOPE 3) AT THE DEUTSCHE TELEKOM GROUP
The majority of our total emissions can be classified as Scope 3 emissions. This includes emissions generated by business trips, commuting, our supply chain and the use of products and services.

We have been recording Scope 3 emissions at DT Group in Germany since 2013. We are reporting our Scope 3 emissions on a Group-wide scale here for the first time. The basic data used to calculate Scope 3 emissions is covered in the benchmarking tool. You will find more information on recording Scope 3 emissions along the value chain here.

Production waste
30,524 t CO₂

Purchased transport services (upstream)
148,150 t CO₂

Capital goods
203,672 t CO₂

Upstream energy and fuel supply chains
294,481 t CO₂

total
2,071,410 t CO₂

Purchased products and services
1,394,583 t CO₂

Reporting against standards

By reporting this data, we fully cover the → **G4-EN17** (Other indirect GHG emissions) and the E02-01 (Total Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

CO$_2$ EMISSIONS FROM THE SUPPLY CHAIN AND PRODUCTION WASTE (SCOPE 3) AT THE DT GROUP IN GERMANY

The majority of our total emissions can be classified as Scope 3 emissions img. This includes emissions generated by business trips, commuting, our supply chain and the use of products and services. We have been recording Scope 3 emissions at DT Group in Germany since 2013. We are reporting our Scope 3 emissions on a Group-wide scale here for the first time. The basic data used to calculate Scope 3 emissions is covered in the benchmarking tool. You will find more information on recording Scope 3 emissions along the value chain here.

Production waste
22,101 t CO$_2$

Purchased transport services (upstream)
86,255 t CO$_2$

Capital goods
144,064 t CO$_2$

Upstream energy and fuel
supply chains
279,625 t CO$_2$

total
1,501,516 t CO$_2$

Purchased products
and services
969,471 t CO$_2$

Reporting against standards

By reporting this data, we fully cover the → G4-EN17 (Other indirect GHG emissions) and the E02-01 (Total Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).
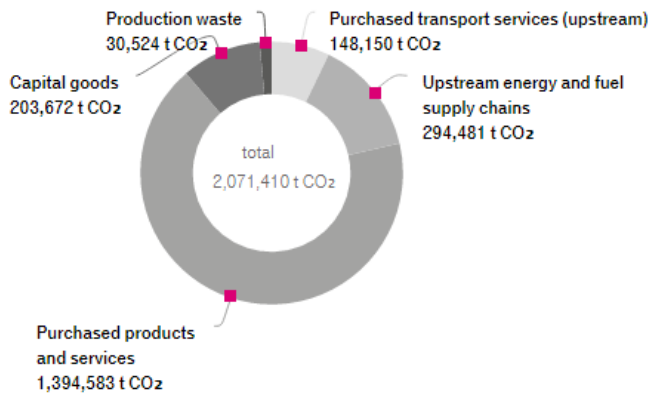
CO₂ EMISSIONS FROM BUSINESS TRAVEL AND COMMUTING (SCOPE 3) AT THE DEUTSCHE TELEKOM GROUP

The majority of our total emissions can be classified as Scope 3 emissions img. This includes emissions generated by business trips, commuting, our supply chain and the use of products and services. We have been recording Scope 3 emissions at DT Group in Germany since 2013. We are reporting our Scope 3 emissions on a Group-wide scale here for the first time. The basic data used to calculate Scope 3 emissions is covered in the benchmarking tool. You will find more information on recording Scope 3 emissions along the value chain here.
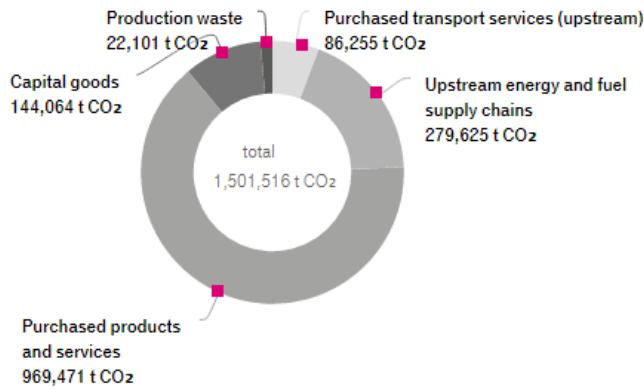

Distance traveled (business trips)
36,503 t CO₂

Overnight stays (business trips)
9,144 t CO₂

total
370,140 t CO₂

Business travel
324,493 t CO₂

Reporting against standards

By reporting this data, we fully cover the → | G4-EN17 | (Other indirect GHG emissions) and the E02-01 (Total Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

CO_2 EMISSIONS FROM BUSINESS TRAVEL AND COMMUTING (SCOPE 3) AT THE DT GROUP IN GERMANY

The majority of our total emissions can be classified as Scope 3 emissions img. This includes emissions generated by business trips, commuting, our supply chain and the use of products and services. We have been recording Scope 3 emissions at DT Group in Germany since 2013. We are reporting our Scope 3 emissions on a Group-wide scale here for the first time. The basic data used to calculate Scope 3 emissions is covered in the benchmarking tool. You will find more information on recording Scope 3 emissions along the value chain here.
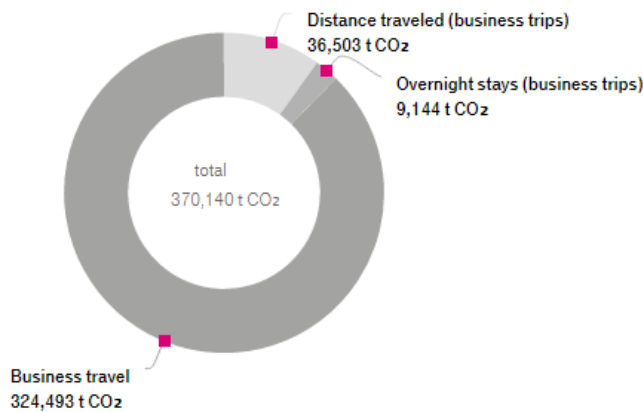

Distance traveled (business trips)
31,229 t CO₂

Overnight stays (business trips)
7,923 t CO₂

total
355,664 t CO₂

Business travel
316,512 t CO₂

Reporting against standards

By reporting this data, we fully cover the → G4-EN17 (Other indirect GHG emissions) and the E02-01 (Total Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

CO_2 EMISSIONS FROM THE USE OF PRODUCTS AND SERVICES (SCOPE 3) AT THE DEUTSCHE TELEKOM GROUP

The majority of our total emissions can be classified as Scope 3 emissions img. This includes emissions generated by business trips, commuting, our supply chain and the use of products and services. We have been recording Scope 3 emissions at DT Group in Germany since 2013. We are reporting our Scope 3 emissions on a Group-wide scale here for the first time. The basic data used to calculate Scope 3 emissions is covered in the benchmarking tool. You will find more information on recording Scope 3 emissions along the value chain here.
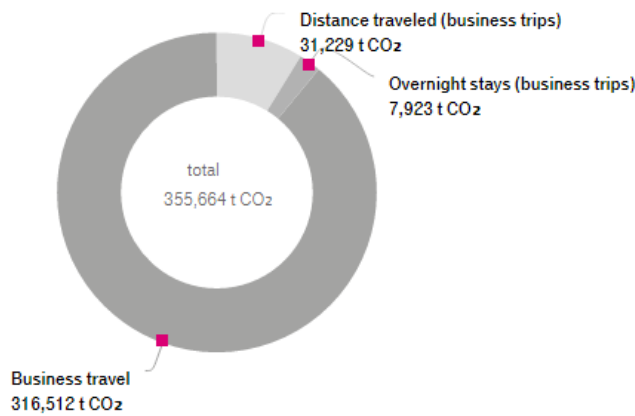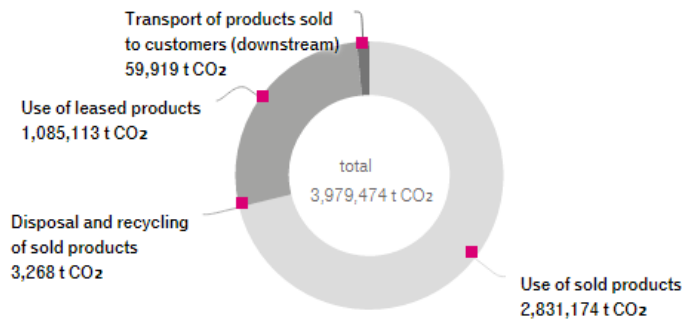

Transport of products sold to customers (downstream) 59,919 t CO_2

Use of leased products 1,085,113 t CO_2

Disposal and recycling of sold products 3,268 t CO_2

total 3,979,474 t CO_2

Use of sold products 2,831,174 t CO_2

Reporting against standards

By reporting this data, we fully cover the → **G4-EN17** (Other indirect GHG emissions) and the E02-01 (Total Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

CO$_2$ EMISSIONS FROM THE USE OF PRODUCTS AND SERVICES (SCOPE 3) AT THE DT GROUP IN GERMANY

The majority of our total emissions can be classified as Scope 3 emissions img. This includes emissions generated by business trips, commuting, our supply chain and the use of products and services. We have been recording Scope 3 emissions at DT Group in Germany since 2013. We are reporting our Scope 3 emissions on a Group-wide scale here for the first time. The basic data used to calculate Scope 3 emissions is covered in the benchmarking tool. You will find more information on recording Scope 3 emissions along the value chain here.
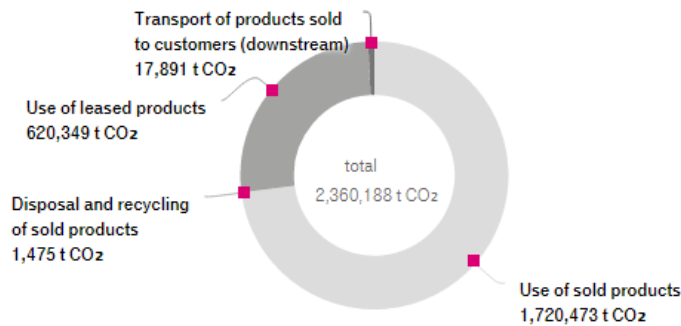
Transport of products sold
to customers (downstream)
17,891 t CO$_2$

Use of leased products
620,349 t CO$_2$

Disposal and recycling
of sold products
1,475 t CO$_2$

total
2,360,188 t CO$_2$

Use of sold products
1,720,473 t CO$_2$

Reporting against standards

By reporting this data, we fully cover the → G4-EN17 (Other indirect GHG emissions) and the E02-01 (Total Scope 1-3 greenhouse gas emissions) EFFAS indicator. This data is also relevant for criteria 11 and 12 (Usage of natural resources) and 13 (GHG emissions) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

MOBILITY

NUMBER OF VEHICLES

The total number of vehicles at our company - in particular the number of gas-powered company cars - decreased year over year by around 3 percent. In particular T-Hrvatski Telekom (Croatia), Magyar Telekom (Hungary), T-Mobile Netherlands, T-Mobile Poland and OTE were able to decrease their numbers of gas-powered company cars considerably. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.

The total number of natural gas-powered vehicles remained unchanged. Insufficient manufacturer offers limited our ability to expand this vehicle category. Regardless of this, we continue to focus on alternative and fuel-efficient engines - which of course must also be financially viable - when purchasing new company cars and service vehicles. You will find more information on Deutsche Telekom's climate friendly fleet management policies here.

	2012	2013	2014	2015
Total number	43,306	41,618	43,662	42,186
Number of vehicles with diesel engines	34,931	33,538	35,352	35,369
Number of vehicles with gas engines	8,234	7,903	8,051	6,551
Number of alternative fuel vehicles	141	177	259	266
Number of company cars	15,287	14,670	13,715	12,504
Number of service vehicles	28,019	26,948	29,947	29,682

Reporting against standards

Logistics and transport are carried out by service providers at Deutsche Telekom. The environmental impacts of transportation are influenced by the contractual arrangements with service providers. The reporting of our vehicle data is relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code.

MILEAGE

Despite fewer vehicles, total mileage remained largely steady.
For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.

in thousand km	2012	2013	2014	2015
Total mileage	1,018,620	959,958	995,422	998,265
Mileage: vehicles with diesel engines	854,930	800,365	842,713	850,183
Mileage: vehicles with gas engines	158,516	154,170	147,277	141,363
Mileage: alternative fuel vehicles	5,174	5,424	5,430	6,719
Mileage: company cars	476,854	447,749	436,261	393,347
Mileage: service vehicles	541,766	512,209	559,160	604,919

Reporting against standards

Logistics and transport are carried out by service providers at Deutsche Telekom. The environmental impacts of transportation are influenced by the contractual arrangements with service providers. The reporting of our vehicle data is relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code.

FUEL CONSUMPTION

Overall fuel consumption of diesel as well as gas-powered company cars decreased by around 6 percent. Particularly DT Group in Germany, T-Hrvatski Telekom (Croatia), Magyar Telekom (Hungary), T-Mobile Netherlands and OTE were able to substantially reduce fuel consumption. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.

in liter	2012	2013	2014	2015	
Fuel consumption (total)	78,562,320	73,580,929	76,426,049	71,620,065	✔
Fuel consumption by diesel-powered vehicles	59,893,066	55,816,139	58,135,612	54,442,921	✔
Fuel consumption by gasoline-powered vehicles	18,161,792	17,373,845	17,904,649	16,603,561	✔
Fuel consumption by vehicles with alternative drives	507,461	390,945	385,788	196,583	✔
Fuel consumption by company cars	33,530,307	31,514,921	31,043,009	25,632,481	✔
Fuel consumption by service vehicles	45,032,013	42,066,008	45,383,039	45,987,584	✔

✔ Data audited by PwC. See "DT Group in Germany," „T-Mobile US", "T-HT Hrvatski Telekom," "OTE," "Cosmote Group Greece" and "Slovak Telekom" for detailed comments.
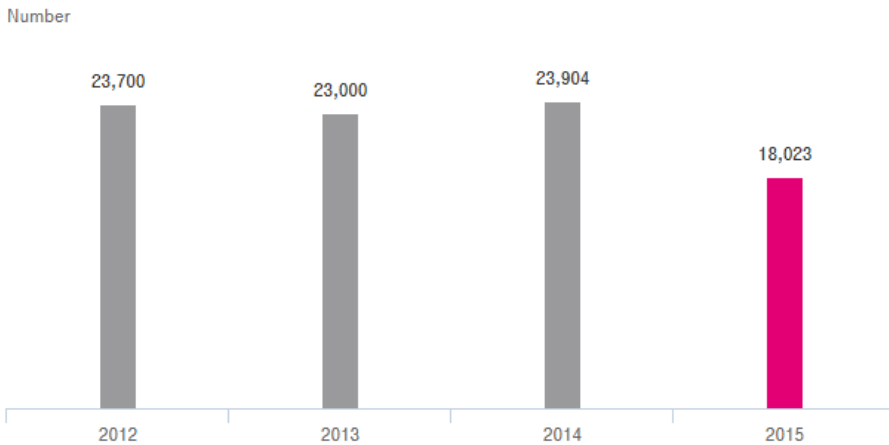
Reporting against standards

Logistics and transport are carried out by service providers at Deutsche Telekom. The environmental impacts of transportation are influenced by the contractual arrangements with service providers. The reporting of our vehicle data is relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code

JOB TICKET

In 2015, 18,023 employees of the Deutsche Telekom Group in Germany used a discount season ticket provided by their employer to commute by public transport. The decrease in these numbers can largely be attributed to the fact that the public transportation authorities increased their prices Prices experienced a particularly steep increase in the Rhine-Main region.

We offer regional discount season tickets (monthly or annually) to our employees at many of our German Deutsche Telekom sites, especially in high-density population areas. The offer encourages our employees to use climate-friendly public transportation and helps them keep their commuting costs down.

Number

2012	2013	2014	2015
23,700	23,000	23,904	18,023

Reporting against standards

By reporting on the use of discount season tickets, we partially cover the V04-13 (Percentage of services to reduce impact on climate) EFFAS indicator. This data is also relevant for criteria 2 (Implementation of the sustainability strategy) and 10 (Innovation and product management) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

USED CELL-PHONE COLLECTION AND WASTE VOLUME

USED CELL PHONE COLLECTION ESG KPI [a)]

We have been reporting the Used Cell-phone Collection ESG KPI for two years based on the reference value "number of devices in circulation." This makes it possible to more precisely illustrate the ratio of the number of cell phones brought to market to the number of used devices collected. When customers use the devices for longer periods of time, the environment benefits from this decision and, as a result, this has a positive impact on the KPI. Around 394,000 mobile devices were collected throughout the Group in 2015, an increase of around 40% in comparison to 2014 (around 288,000). This increase was mostly generated by the national companies in Germany, Greece and the

Netherlands. TMUS is not included in the Group's ESG KPI; around 4 million mobile devices were collected there alone.

The Used Cell-Phone Collection ESG KPI measures the ratio of collected devices (in thousands) to the number of devices in circulation (in millions). The collected devices are recorded in kilograms or in units. When using kilograms, we apply a Group-wide conversion factor of 7.25 units per kilogram unless another conversion factor is typically used in that country. Mobile devices in circulation include smartphones, simple phones, tablets and cordless phones. Units are reported by Procurement for reasons of data quality.

2013	2014	2015
17.7	17.9	28.6
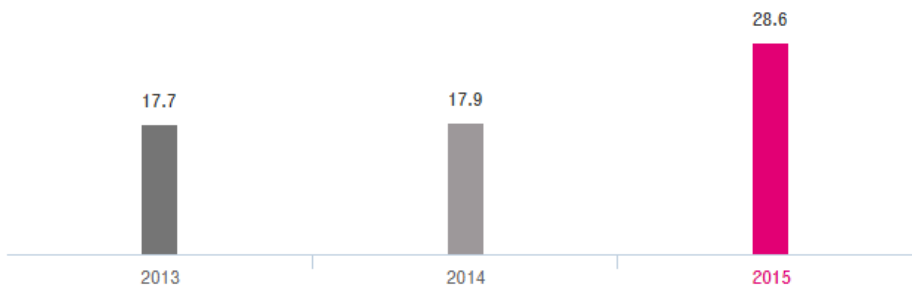
a) The Group value includes companies that have submitted the data necessary to calculate the KPI (currently e.g. without T-Mobile US, Crnogorski Telekom, Maktel and Telekom Albania). T-Systems is not relevant.

Reporting against standards

By reporting the Used Cell-Phone Collection ESG KPI as an indicator of progress achieved in the resource-efficient and environmentally friendly use of products, we fully cover the → G4-EN27 (Initiatives to mitigate environmental impacts) GRI performance indicator. By reporting this data we also partially cover the E14-01 (Recycling ratio) EFFAS indicator. This data is also relevant for criteria 7 (Rules and processes), 10 (Innovation and product management), 11 and 12 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

USED CELL-PHONE COLLECTION ESG KPI (CUSTOMER REFERENCE) DEUTSCHE TELEKOM GROUP IN GERMANY

We continue to report on this KPI img with reference to "number of customers" in order to provide a point of reference for comparison with the previous years.

231 000 used cell phones were collected in Germany in 2015, a strong 50% percent more than in the previous year.

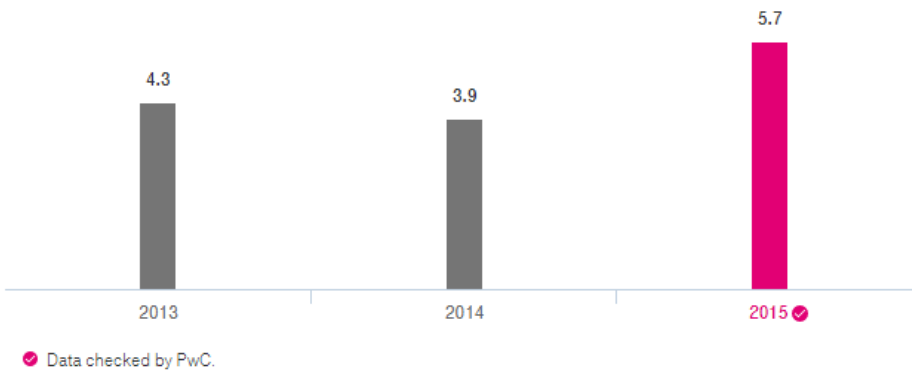| 2013	2014	2015
4.3	3.9	5.7

● Data checked by PwC.

Reporting against standards

By reporting the Used Cell-Phone Collection ESG KPI as an indicator of progress achieved in the resource-efficient and environmentally friendly use of products, we fully cover the → G4-EN27 (Initiatives to mitigate environmental impacts) GRI performance indicator. By reporting this data we also partially cover the E14-01 (Recycling ratio) EFFAS indicator. This data is also relevant for criteria 7 (Rules and processes), 10 (Innovation and product management), 11 and 12 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

WASTE GENERATION

The amount of waste produced throughout the Group was reduced by 2% in comparison with 2014. This decrease can largely be attributed to the reduction in technical waste. The amount of technical waste fluctuates from year to year as the result of projects that are conducted at irregular intervals. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.

Waste generation 2015

Hazardous Waste Technical Waste
Paper Waste Residual Waste
Other waste

Other waste 540 t
Hazardous Waste 6,207 t
Residual Waste 34,085 t
Sum 74,739 t
Technical Waste 26,457 t
Paper Waste 7,450 t
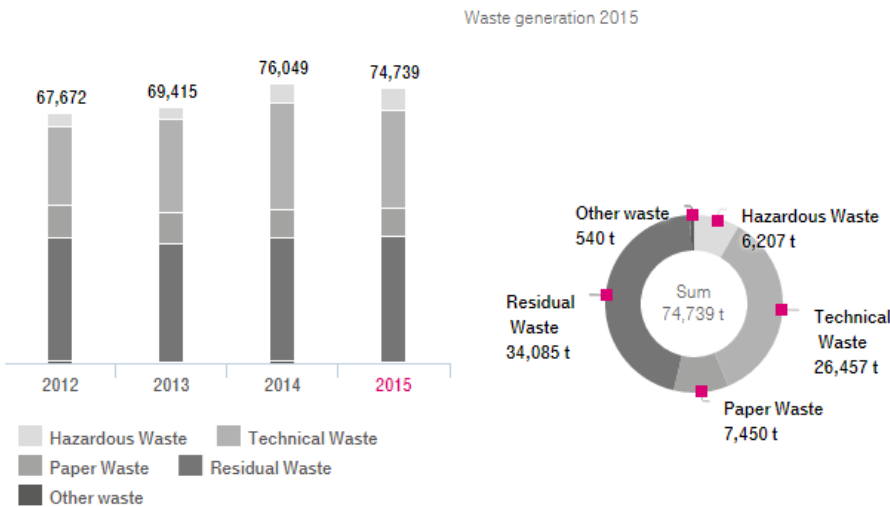
Reporting against standards

By reporting the amount of waste we generate, we partially cover the → | G4-EN23 (Total weight of waste by type and disposal method) GRI indicator and the E04-01 (Total waste in tonnes) EFFAS indicator. This data is also relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

OTHER ENVIRONMENTAL DATA

WATER CONSUMPTION

Water consumption throughout the Group dropped by 4 percent. This reduction can mainly be attributed to a decrease in consumption at the DT Group in Germany. For detailed comments on the figures for each individual company, please refer to the interactive benchmarking tool.

in m³

2012	2013	2014	2015
3,546,382	3,487,910	3,425,153	3,287,473
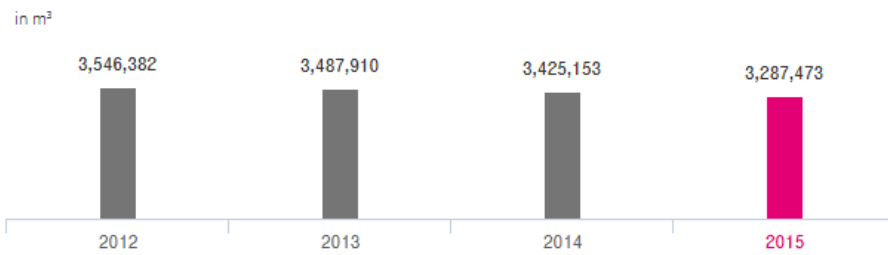
Reporting against standards

By reporting our water consumption we fully cover the E28-01 (Total water consumption) EFFAS indicator. This data is also relevant for criterion 11 (Usage of natural resources) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

ONLINE CUSTOMER BILLS
More than 16 million online bills were sent out in 2015. Similar to previous years, this is the equivalent of considerably more than 50 percent of all bills and credit notes for fixed-line and mobile communications customers.
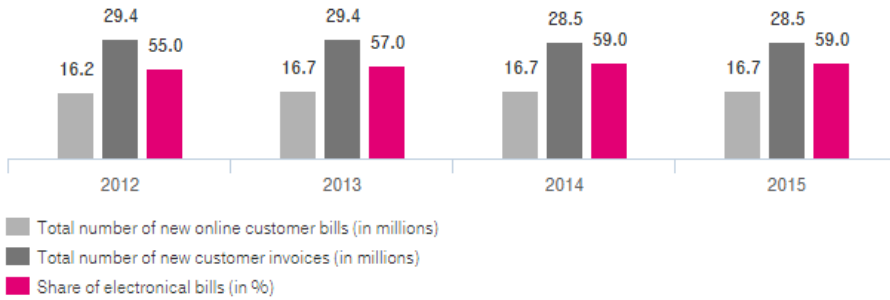
Due to the switch to a new system, the relevant basic data for some business units could not be fully updated, which is why calculations regarding the share of online bills is partially based on extrapolation from previous year's data. A new data recording process will be defined and implemented over the course of 2016.

	2012	2013	2014	2015
Total number of new online customer bills (in millions)	16.2	16.7	16.7	16.7
Total number of new customer invoices (in millions)	29.4	29.4	28.5	28.5
Share of electronical bills (in %)	55.0	57.0	59.0	59.0

Reporting against standards

By reporting data on the number of online customer bills, we fully cover the → G4-EN27 (Initiatives to mitigate environmental impact) GRI indicator and partially cover the V04-13 (Percentage of services or products for increasing eco-efficiency of own products) EFFAS indicator. This data is also relevant for criteria 2 (Implementation of the sustainability strategy) and 10 (Innovation and product management) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

LAND USE

The property used by Deutsche Telekom in Germany covers most of our demands for technology, office and storage space as well as providing space for other needs. Total take-up decreased slightly year-on-year with a total of 8,709 square meters of space being used.

| | 8,960,339 m² | 8,969,320 m² | 8,869,644 m² | 8,709,365 m² |
| 2012 | 2013 | 2014 | 2015 |

■ Storage space ■ Other space ■ Office space ■ Floor space and technical facilities

Floor space and technical facilities
4,105,629 m²
47.1% a)

Office space
1,868,576 m²
21.5% a)

Total:
8,709,365 m²

Storage space
638,165 m²
7.3% a)

Other space
2,096,996 m²
24.1% a)
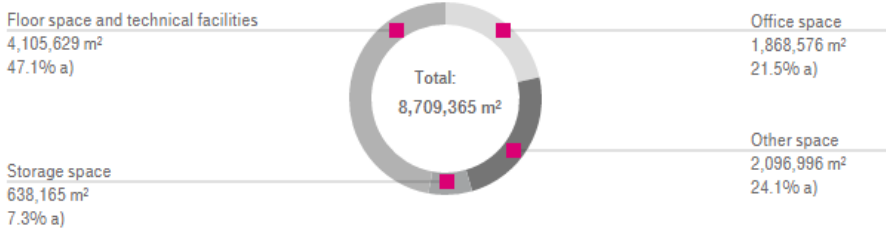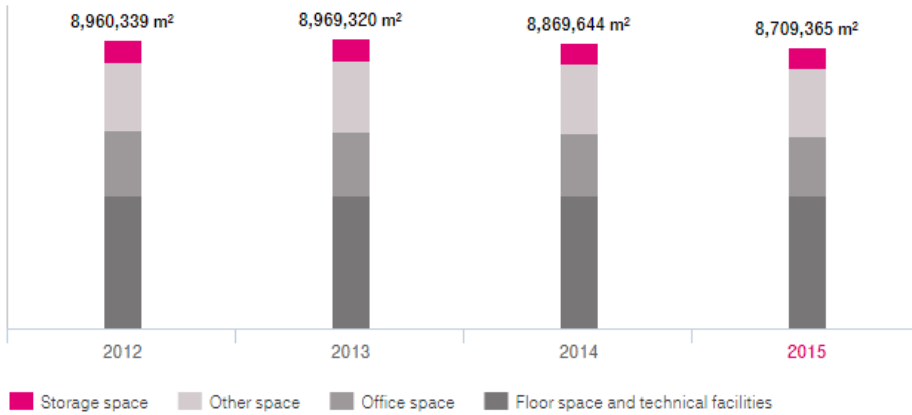
a)git ad Individual figures have been rounded.

Reporting against standards

This data is relevant for criterion 11 (Usage of natural resources). It is also used for reporting on the Global Compact principles 7 (Precautionary approach) and 8 (Promoting environmental responsibility).

SOCIAL INVOLVEMENT

COMMUNITY INVESTMENT, BENEFICIARIES, AND MEDIA LITERACY ESG KPIS

The report comprises a set of three KPIs for calculating the impact of our social commitment. Our activities are based on the methods employed by the London Benchmarking Group (LBG), which incorporate the aspects, "input," "output" and "impact".

The Community Investment ESG KPI illustrates activities in which Deutsche Telekom was involved in the community either financially, through its employees, or through donating materials.

The Beneficiaries ESG KPI reflects the number of people who got involved in community activities and the number of people in the target group that benefited from such activities.

The Media Literacy ESG KPI reflects the share of people we have reached through programs addressing this topic. This KPI establishes a direct correlation between these activities and our core business.

ESG KPI „Community Investment" (Input Split)
55 mil. €

Time spent
Management overhead
Non-cash donations
55 mil. €
Cash contributions
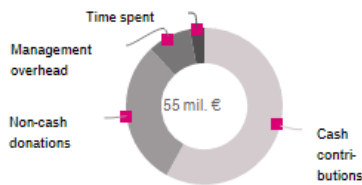
ESG KPI „Beneficiaries"   15 mil. persons
ESG KPI „Media competence" 37%

Share of target group reached by media skills activities
Other

ESG KPI „SOCIAL COMMITMENT" DT GROUP IN GERMANY

As shown below, we measure our performance in society with the Social Commitment ESG KPI img. The trend in the Social Commitment ESG KPI img reflects the German public's growing expectations of our Company's s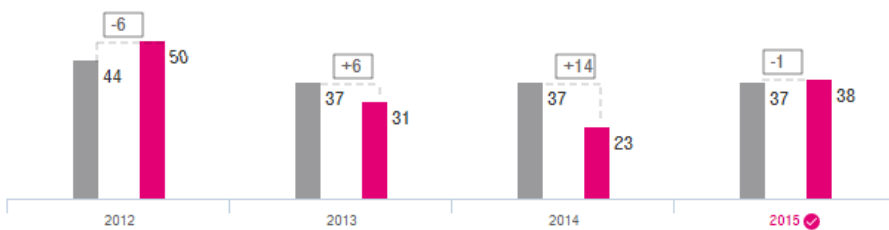ocial commitment, whereas Deutsche Telekom's performance receives the same rating as the previous year. Public expectations of our commitment have increased significantly – influenced primarily by the issue of refugees, which is the subject of heated public discussion at present.

We use an exclusive telephone survey of 2,000 people from the German residential population (customers and non-customers) con-ducted by TNS Infratest to measure our Social Commitment ESG KPI . The following questions were asked to determine the importance of social com-mitment: "How important is it to you that companies are active in the community?" In order to rate the performance of the Deutsche Telekom Group in Germany, TNS Infratest read the names of several companies to those surveyed and asked them to indicate whether those companies were involved in the community by answering "yes" or "no."

	2012	2013	2014	2015
	-6	+6	+14	-1
Activities	44	37	37	37
Importance	50	31	23	38

■ Activities: Percentage of respondents who considered Deutsche Telekom to be commited to social issues (in %)

■ Importance: Percentage of respondents who considered corporate social commitment to be "important" or "very impor

▢ ESG KPI "Social Commitment": Difference between the assessment of the importance of social commitment and Deuts social commitment activities (expressed in percentage points).

● Data verified by PwC. Data is provided by external service providers.

Reporting against standards

This data is relevant for criteria 18 (Community) and 7 (Rules and processes) of the German Sustainability Code.

ENGAGEMENT@TELEKOM

Employees at the national companies show their commitment to society in many different ways. This commitment (corporate volunteering) frequently focuses on helping people who are not yet able to help themselves - children and young people in need. Corporate volunteering img is very popular at almost all of our national companies. Core data is collected within the context of international implementation of engagement@telekom.

Number	2012	2013	2014	2015
Number of volunteering projects	380	219	168	274
Number of volunteers (employees)	14,829	16,847	25,211	31,355
Working hours	83,564	91,096	54,621	49,970

REFUGEE AID IN NUMBERS

Employees at the national companies show their commitment to society in many different ways. This commitment (corporate volunteering) frequently focuses on helping people who are not yet able to help themselves - children and young people in need. Corporate volunteering img is very popular at almost all of our national companies. Core data is collected within the context of international implementation of engagement@telekom

	2015
DT WiFi hotspots at refugee registration centers	68
Buildings provided to the German Federal Office for Migration and Refugees (BAMF)	19
Internships for refugees	77
Number of corporate volunteering refugee aid projects	84

EMPLOYEE SATISFACTION

EMPLOYEE IDENTIFICATION WITH CR COMMITMENT ESG KPI

We use the Employee Identification with CR Commitment ESG KPI to assess how well our employee's identify and how satisfied they are with our CR activities. The calculation is based on an employee survey that is conducted at the national companies every two to three years. This KPI serves as the basis when defining future targets.

The 2015 survey indicated a considerable increase in employee identification and satisfaction with regard to our CR activities.

	2010	2012	2015 ●
Satisfaction	50	67	78
Identification	55	69	78
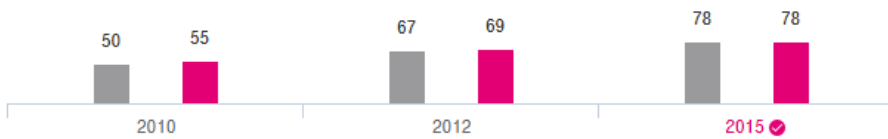
■ Satisfaction of employees with CR commitment (in percent).
■ Identification of employees with CR commitment (in percent).

● Data verified by PwC. Data is provided by external service providers. Values cannot be directly compared to the previous year because the general basis is different as some international subsidiaries participated for the first time.

SATISFACTION AND COMMITMENT INDEX

Satisfaction among management staff has improved continually in recent years and increased yet again for the Group in 2015. In addition, the commitment index lies at a very good 4.5 on a scale of 1 to 5. This is accounted for by a better feedback culture, thanks in part to our Lead to Win model, which applied to all executives at global level for the first time in 2015. The model contains our leadership principles "Collaborate," " Innovate" and "Empower to perform" as well as our Guiding Principles, which are binding for all our executive staff.

|	2012	2013	2014	2015
Germany	85%	86%	86%	87%
International	82%	81%	82%	85%
Group (total)	84%	84%	84%	87%
Engagement-Index (Commitment-Index), scale of 1 to 5[b]	4,4	4,4	4,4 [a]	4,5

[a] from prior year's MAB

[b] Divergences from previous reports are due to the fact that the commitment index referred all employees up to the year 2014."

PULS-CHECK

Deutsche Telekom wants to pursue an open dialog and productive exchange with its employees. New working models and state-of-the-art communication options as well as regular employee surveys help us accomplish this. The main feedback tools which the Group uses to assess employee satisfaction include the employee survey, which is carried out every two years, and the semi-annual pulse survey, containing the 11 questions from the employee survey shown above.
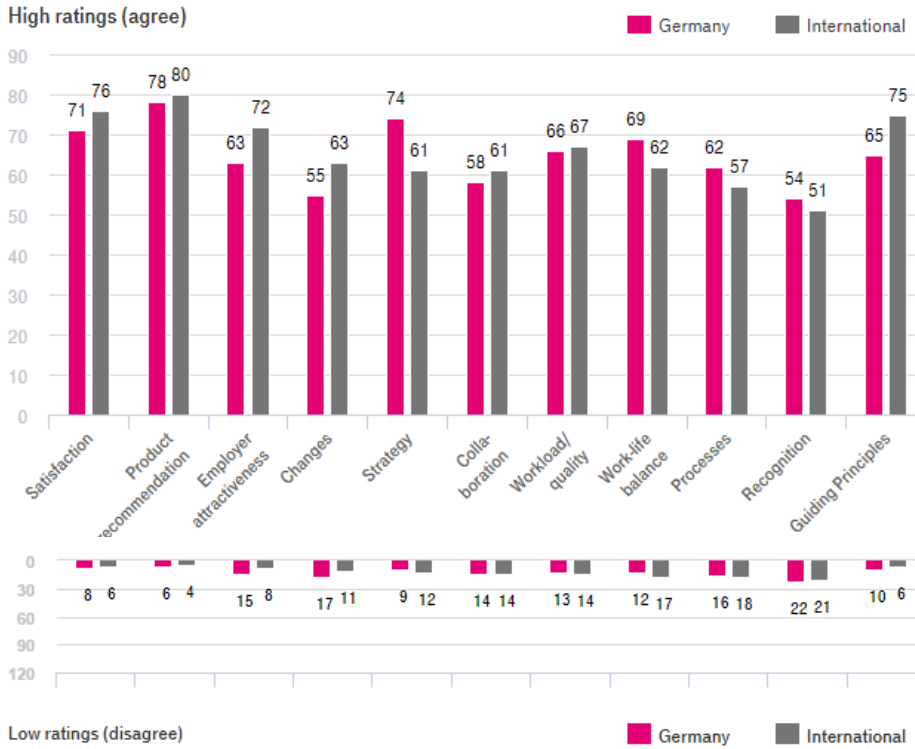
High ratings (agree)

High ratings = Very good, good/agree fully, agree.

Low ratings = Poor, very poor/do not agree, do not agree at all.

"Neither agree nor disagree" ratings are not included.

Explanations of questions asked:

Satisfaction = How do you feel in the company?

Product recommendation = I recommend the products/services of our company to potential customers outside of my work environment.

Employer attractiveness = I would recommend our company as a great place to work.

Changes = I can understand the changes in our company.

Strategy = I can clearly explain to others the strategy of Deutsche Telekom.

Collaboration = In my experience, we all work together as partners at Deutsche Telekom in the interests of the Group's success.

Workload/quality = In my team, the workload and quality requirements are consistent with one another.

Work-life balance = The current working hours allow a good balance between private (family/leisure act.) and job-related interests.

HR development = Our company offers sufficient training opportunities to support my professional development.

Processes = Processes and procedures allow me to effectively meet my (internal and/ or external) customers' needs.

Recognition = Considering all my efforts and achievements, I feel that I have received the appropriate amount of recognition at work.

Guiding Principles = I feel that the Guiding Principles are reflected in my day-to-day work.
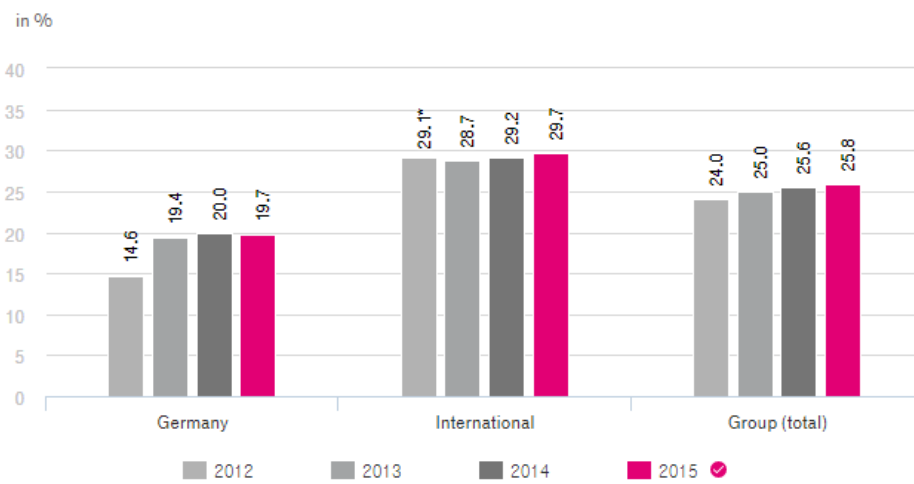
Reporting against standards

This data is relevant for criteria 7 (Rules and processes) and 14 (Employee rights and diversity) of the German Sustainability Code. It is also used for reporting on the Global Compact principles 3 (Freedom of association) and 6 (Elimination of discrimination).

DIVERSITY

WOMEN IN MIDDLE AND UPPER MANAGEMENT

We have reported a positive trend in the percentage of women holding management positions since the launch of the Fair Share initiative in 2010. The initiative systematically supports high-achieving female employees on their career trajectory to a management role or when developing their current managerial position. In the first year of the initiative, the percentage of women in middle and upper management rose markedly from 22.7 to 24.7 percent. In December 2015 the figure was

25.8 percent. The percentage of women on supervisory boards in Germany has risen from 17.7 percent to 30.6 percent since 2010. Deutsche Telekom is one of only a handful of DAX corporations with an established track record of women on its Board of Management. The number of women working in the international management team reporting to the Group Board of Management has also risen. Whereas in February 2010 the figure was only two, it rose to 9 of a total of 58 members in December 2015.

in %

	2012	2013	2014	2015
Germany	14.6	19.4	20.0	19.7
International	29.1*	28.7	29.2	29.7
Group (total)	24.0	25.0	25.6	25.8

* Differences caused by rounding of figures corrected for 2012

⬤ Data checked by PwC.

Reporting against standards

By reporting the percentage of women in middle and upper management, we fully cover the → G4-LA12 (Composition of governance bodies and breakdown of employees) GRI indicator and the S10-02 (Percentage of women in managerial positions) EFFAS indicator and partially cover the S10-01 (Percentage of women in total workforce) EFFAS indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact ⓘ principle 6 (Elimination of discrimination).

WOMEN IN TOTAL WORKFORCE

in %

■ 35.3 Percentage of women in total workforce
■ 64.7 Percentage of men in total workforce
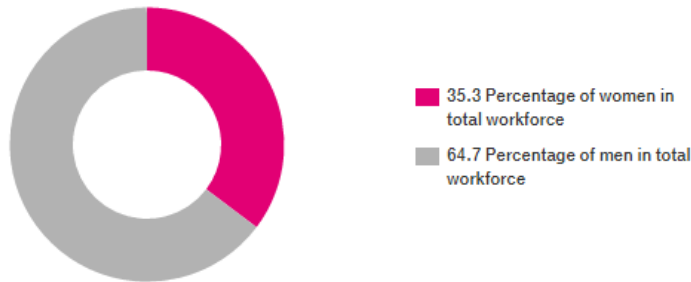
EMPLOYEES WITH DISABILITIES

Deutsche Telekom has already exceeded the prescribed minimum rate of 5 percent of disabled employees for a good many years, so that it heads the list of DAX 30 companies on this count. In 2015 Deutsche Telekom again raised this figure by 0.2 percentage points.

in %	2010	2011	2012	2013	2014	2015
Germany	6.6	6.7	7.1	7.6	7.5	7.6
Europe				2.5	2.8	2.1
Systems Solutions	3.7	3.8	4.1	4.2	4.6	4.8
Group Headquarters and Group Services	7.9	8.1	7.6	5.6	8.7	9.3
Group (total) in Germany	6.2	6.3	6.4	6.4	7.0	7.2

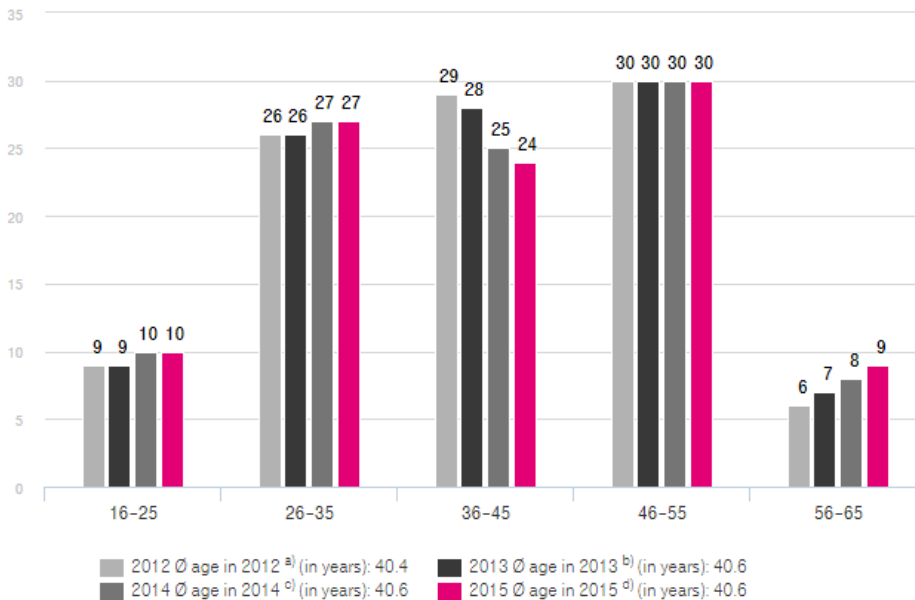## Reporting against standards

By reporting this data, we partially cover the → **G4-LA12** (Composition of governance bodies and breakdown of employees) GRI indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact principle 6 (Elimination of discrimination).

DEMOGRAPHY AND COMPANY PENSION SCHEME

AGE STRUCTURE AT THE DEUTSCHE TELEKOM GROUP

The average age in the Group is still 40.6 years. Since the average age in Germany is rising, this figure is balanced out by the average age at international level (35.8 years).

2012 Ø age in 2012 a) (in years): 40.4   2013 Ø age in 2013 b) (in years): 40.6
2014 Ø age in 2014 c) (in years): 40.6   2015 Ø age in 2015 d) (in years): 40.6

a) No data included for: T-Systems North America, T-Systems Canada and Data Migration Consulting AG.

b) No data included for: T-Systems North America, T-Systems Canada, Data Migration Consulting AG, IT Services Hungary, Szolgáltató Kft., C&B International and Scout International.

c) d) No data included for: Deutsche Telekom North America, T-Systems North America, T-Systems Belgium, T-Systems Japan, T-Systems Canada, T-Systems China, C&B International, Deutsche Telekom International Finance B.V. and ICSS and GTS companies.

d) Enthält keine Daten für: emetriq GmbH, DT Capital Partners Management GmbH, Satellic NV , DT North America, DT International Finance B.V., C&B International Limited, OTE Plc, GTS Central European Holdings B.V., GTS Telekom S.R.L., C&B Services India Private Limited und ICSS-Companies.

Reporting against standards

By reporting on this data, we partially cover the → **G4-LA12** (Composition of governance bodies and breakdown of employees) GRI indicator and fully cover the S03 -01 (Age structure/distribution) EFFAS indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact ⓘ principle 6 (Elimination of discrimination).

AGE STRUCTURE DEUTSCHE TELEKOM GROUP IN GERMANY

As a result of demographic change and low fluctuation, the proportion of employees over 55 years of age has more than doubled in the last five years, from 7 to 15 percent. One advantage of this is that many experienced employees with a wealth of know-how work for Deutsche Telekom.
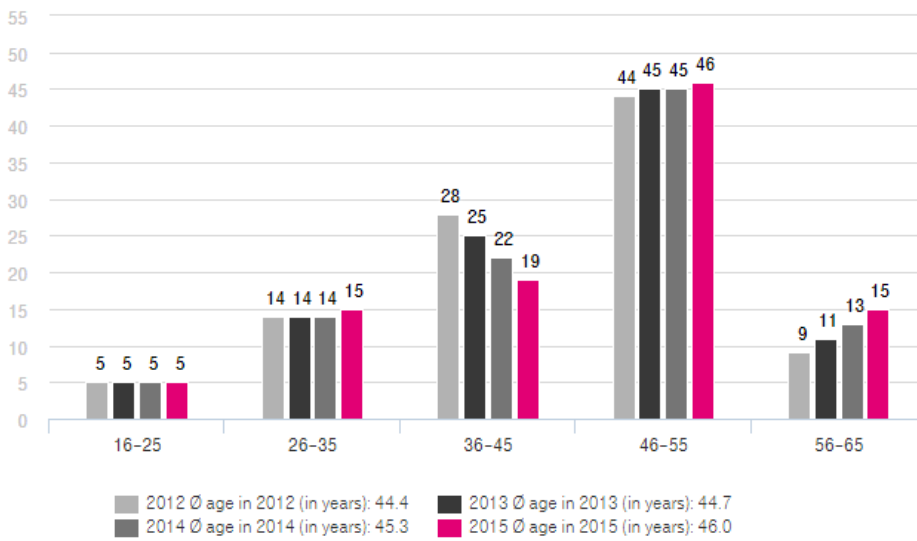
Legend:
- 2012 Ø age in 2012 (in years): 44.4
- 2013 Ø age in 2013 (in years): 44.7
- 2014 Ø age in 2014 (in years): 45.3
- 2015 Ø age in 2015 (in years): 46.0

Reporting against standards

By reporting on this data, we partially cover the → G4-LA12 (Composition of governance bodies and breakdown of employees) GRI indicator and fully cover the S03 -01 (Age structure/distribution) EFFAS indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code. It is also used for reporting on the Global Compact ⓘ principle 6 (Elimination of discrimination).

COMPANY PENSION SCHEMES

The increase in fund assets can be attributed to the payments of the increasing number of plan participants (as was the case in previous years). Because the majority of participants in the 2001 pension plan are still active, i.e., still paying into their retirement plans, this increase will remain steady over the next few years.
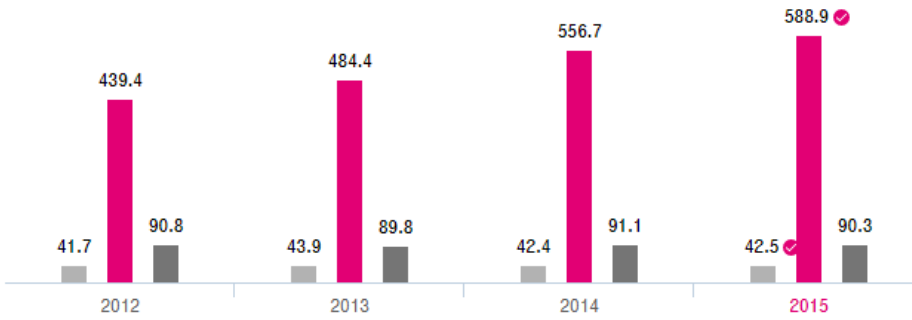
■ Number of participants in Telekom Pension Fund (total) in thousands*
■ Telekom Pension Fund assests (total) in mil. €
■ Capital account obligations (Telekom's employer-financed pension schemes) in thousands

* The volume comprises the assets of the Telekom-Pensionsfonds in the 2001 pension plan.

● Verified by PwC: only number of participants in Telekom Pension Fund and Telekom Pension Fund assets.

Reporting against standards

By reporting this data we fully cover the → | G4-EC3 | (Coverage of the organization's defined benefit plan obligations) GRI indicator.

TRAINING AND DEVELOPMENT

SKILLS DEVELOPMENT AT TELEKOM TRAINING IN GERMANY

Deutsche Telekom offers its employees a range of advanced training measures, which enable them to develop and brush up their skills. Our workforce has invested over 4.5 million hours worldwide in training, some 45 percent of these outside Germany.

- 29% Other (incl. personal skills, processes, sales training)
- 48% IT/technology
- 11% Leadership
- 8% Service quality
- 4% Project management
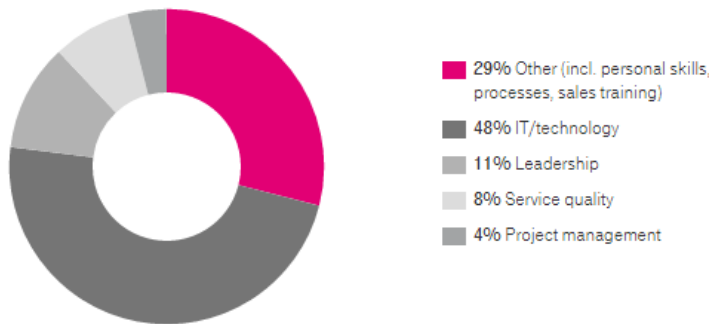
Seminars: 32.792
Participants: 298.043
Participant days: 419.266
Ø number of training days per participant: 1,4; per employee: 3,6
Number of web-based training courses carried out (content usages on internal e-learning platform): 814 232

Reporting against standards

By reporting this data we fully cover the → G4-LA9 (Average hours of training per year per employee) and → G4-LA10 (Skills management and lifelong learning) GRI indicators as well as the S02-02 (Training expenses per employee) EFFAS indicator. This data also covers criterion 16 (Steps taken to promote the general employability of all employees) of the German Sustainability Code.

INTERNATIONAL DEVELOPMENT AND MANAGEMENT PROGRAMS

The object of our international development and leadership programs is for high potentials and high achievers to gain a foothold in the Group, to keep them loyal to the company and to position them in suitable jobs.

These programs focus on development of the upcoming leader generation and on support in coping with the challenges they face now and in the future. Another focus is to enhance their sense of belonging, to increase knowledge exchange and to promote personal responsibility.

		2012	2013	2014	2015
Participants Trainee-Programm Start up![a]	total	30	31	30	31
Participants Trainee-Programm Start up![a]	of which women	43%	35%	36%	45%
Participants Talent Space[b]	total			161	300
Participants Talent Space[b]	of which women			29%	32%
Participants FEP[c]/ LDP[d]	total	409	491	487	473
Participants FEP[c]/ LDP[d]	of which women	43%	37%	39%	40%

[a] The program lasts 15-18 months. The numbers listed are annual new hires.

[b] Group-wide program for top talents. The program lasts 12 months (starts every June). Replaces previous program available since 2010. No comparison possible

[c] National German-language Management Development Program

[d] Leadership Development Program

APPRENTICES AND TRAINING PROGRAMS DEUTSCHE TELEKOM GROUP IN GERMANY

Around 50 young people began vocational training or a cooperative course [12:23:51] Daniel Stefan: of study on a part-time basis again in 2015. For many of them this is the only way to combine training and their first job with the problems of life as a single parent. Part-time training is offered for all vocational training programs at Deutsche

Telekom, and means 25 hours per week either in the company, in school or at the vocational training center. The highlight of this is that, like all apprentices, part-time candidates can cut their training to two and a half years and therefore apply for a job earlier than would have otherwise been possible. A success model all round, since Deutsche Telekom also benefits from the young people's commitment.
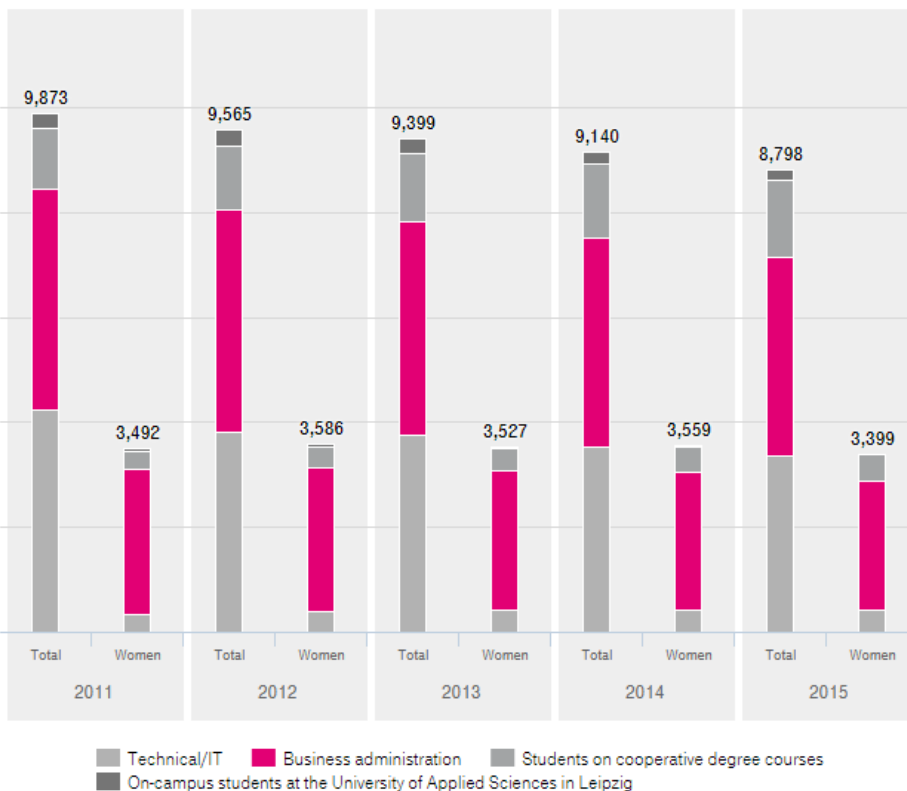
Examples for commercial training programs: office communications administrators, retail sales or dialog marketing assistants, industrial business administrators
Examples for cooperative study programs: Bachelor in Business Administration, Communications and Information Technology, Business Information Systems.

Reporting against standards

By reporting this data we partially cover the → G4-LA9 (Average hours of training per year per employee) GRI performance indicator. This data is also relevant for criterion 15 (Diversity and health) of the German Sustainability Code.

EMPLOYEE HEALTH

HEALTH RATE

The health rate at Deutsche Telekom in Germany remained constant
at a high level over the course of the year at approximately 94 percent.

	2010	2011	2012	2013	2014	2015
Germany	94.2	94.1	94.2	93.9	94.4	94.0
Europe	97.4	97.8	97.7	97.3	96.8	96.7
Systems Solutions	96.4	96.5	96.2	96.3	96.3	96.5
Group Headquarters and Group Services	94.0	94.3	94.4	94.5	94.3	93.3

Reporting against standards

In combination with data on work-related accidents, the health rate data partially
covers the → G4-LA6 (Rates of injury, occupational diseases, lost days, and
absenteeism) GRI performance indicator. This data is also relevant for criterion 15
(Diversity and health) of the German Sustainability Code.

OCCUPATIONAL ACCIDENTS

The number of all accidents at work and on the way to or from work
decreased substantially year-on-year to around 7 per 1,000 employees.
Fortunately, there were no fatal accidents during the reporting period.
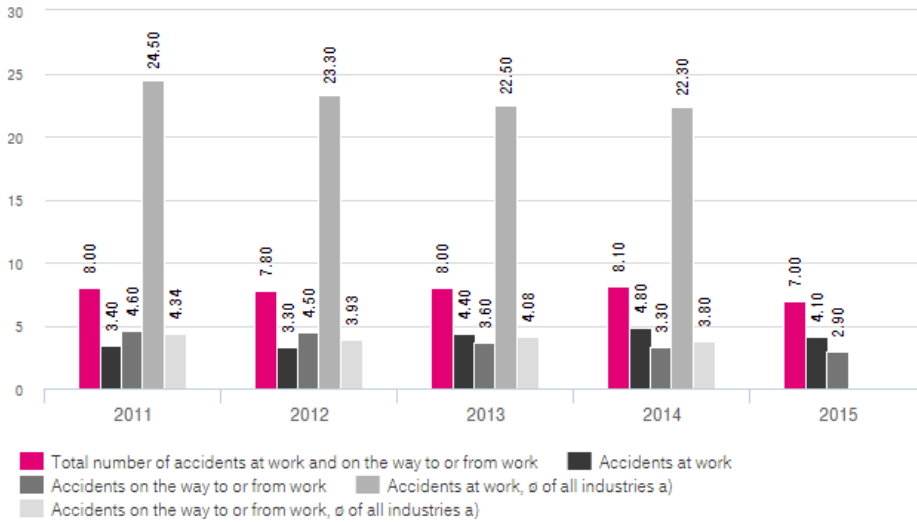
■ Total number of accidents at work and on the way to or from work   ■ Accidents at work
■ Accidents on the way to or from work   ■ Accidents at work, ø of all industries a)
■ Accidents on the way to or from work, ø of all industries a)

a) Accidents from 2015 have not yet been included in the statistics published to date.

HEADCOUNT AND PART-TIME WORK

WORKFORCE DEVELOPMENT WORLDWIDE

The Group's headcount decreased slightly by 1.1 percent compared with the year 2014. Employee figures were down in all segments except the United States. Employees in the U.S. segment rose by 11.5 percent. New staff were recruited for the retail segment as well as for customer service and HR administration. In our Europe and Systems Solutions business, the employee base decreased as a result of efficiency improvements and personnel restructuring measures. Employee numbers in the Group Headquarters & Group Services segment were down 14.7 percent year on year due to personnel restructuring measures, which included employee transfers within the Group, and the sale of the T-Online.de platform and our InteractiveMedia digital marketing company.

	2010[a]	2011[a]	2012	2013	2014	2015
Germany	70 902	69 574	67 497	66 725	68 754	68 638
USA	37 760	32 868	30 288	37 071	39 683	44 229
Europe	63 338	58 794	57 937	53 265	51 982	49 638
Systems Solutions	51 742	52 170	52 106	49 540	47 762	45 990
Group Headquarters and Group Services	23 035	21 726	21 858	21 995	19 631	16 747
Group (total)	246 777	235 132	229 686	228 596	227 811	225 243

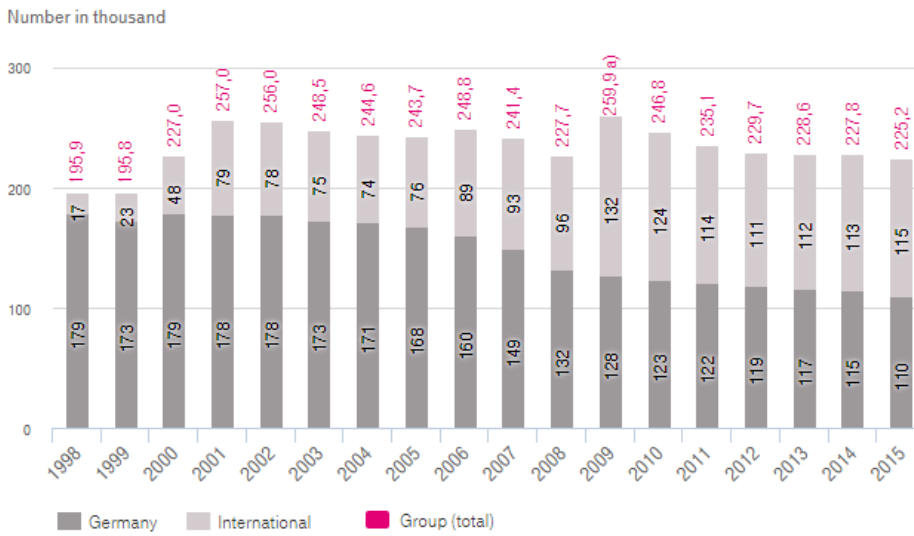[a] Figures deviate from previous reporting due to restatements. These restatements result from organizational changes within the Group.

Reporting against standards

In combination with additional headcount data, the data on the trend in employee numbers worldwide fully covers the → **G4-LA1** (Employee turnover) GRI indicator. It also partially covers the S01-01 (Percentage of FTE leaving p.a.) EFFAS indicator.

DEUTSCHE TELEKOM WORKFORCE 1998-2015

Our strategy to become the leading telecommunications provider in Europe is reflected in the trend in our international employee head-count. The number of employees working at sites outside Germany has risen notably since the turn of the millennium – albeit with fluctuations in some places. Whereas 91.4 percent of company employees were working in Germany in 1998, the rate has leveled at around 50 percent since 2009. The figure for 2015 was 49.0 percent.

Number in thousand

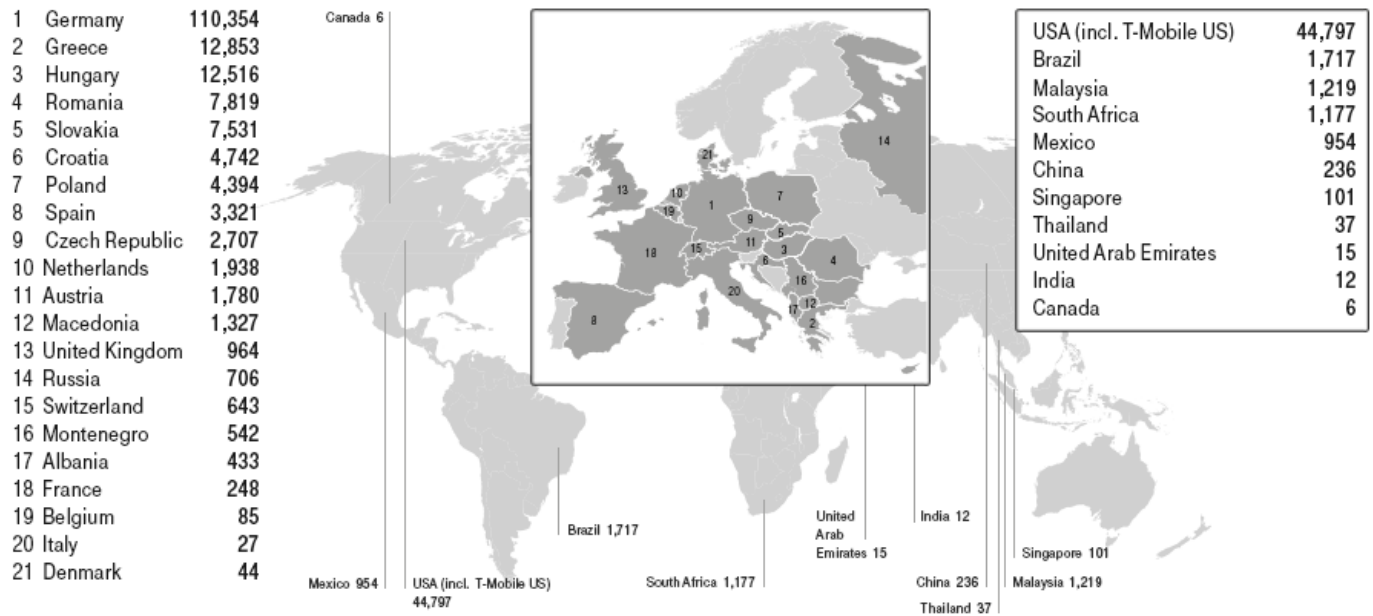|	Germany	International	Group (total)
1998	179	17	195,9
1999	173	23	195,8
2000	179	48	227,0
2001	178	79	257,0
2002	178	78	256,0
2003	173	75	248,5
2004	171	74	244,6
2005	168	76	243,7
2006	160	89	248,8
2007	149	93	241,4
2008	132	96	227,7
2009	128	132	259,9 a)
2010	123	124	246,8
2011	122	114	235,1
2012	119	111	229,7
2013	117	112	228,6
2014	115	113	227,8
2015	110	115	225,2

a) 2009 figures include 32,900 Full-time Equivalent at OTE.

Reporting against standards

This data is relevant for criterion 15 (Diversity and health) of the German Sustainability Code.

NUMBER OF EMPLOYEES BY COUNTRY

#	Country	
1	Germany	110,354
2	Greece	12,853
3	Hungary	12,516
4	Romania	7,819
5	Slovakia	7,531
6	Croatia	4,742
7	Poland	4,394
8	Spain	3,321
9	Czech Republic	2,707
10	Netherlands	1,938
11	Austria	1,780
12	Macedonia	1,327
13	United Kingdom	964
14	Russia	706
15	Switzerland	643
16	Montenegro	542
17	Albania	433
18	France	248
19	Belgium	85
20	Italy	27
21	Denmark	44

Country	
USA (incl. T-Mobile US)	44,797
Brazil	1,717
Malaysia	1,219
South Africa	1,177
Mexico	954
China	236
Singapore	101
Thailand	37
United Arab Emirates	15
India	12
Canada	6

Canada 6
Brazil 1,717
Mexico 954
USA (incl. T-Mobile US) 44,797
South Africa 1,177
United Arab Emirates 15
China 236
Thailand 37
India 12
Singapore 101
Malaysia 1,219

PART-TIME EMPLOYEES DEUTSCHE TELEKOM GROUP

in %

Full-time employees (women) Full-time employees (men) Part-time employees (women)
Part-time employees (men)

a): No data included for Magyar Telekom, OTE International Investments Limited, C&B and Scout24 International2014.

b): No data included for Deutsche Telekom North America, Deutsche Telekom International Finance B.V., C&B International, DeTeFleet, ICSS- and GTS-Companies.
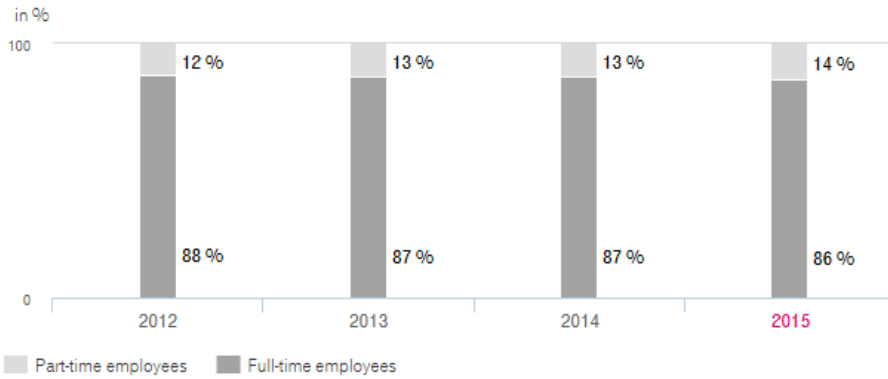
c): No data included for emetriq GmbH, DT Capital Partners Management GmbH, Deutsche Telekom International Finance B.V., OTE Plc., GTS Central European Holdings B.V., GTS Telecom S.R.L.,Satellic NV, C&B International Limited, C&B Services India Private Limited and ICSS-Companies

Reporting against standards

By reporting this data, we partially cover the → G4-10 GRI indicator.

**PART-TIME EMPLOYEES DEUTSCHE TELEKOM GROUP
IN GERMANY**

The percentage of part-time employees came to around 14 percent in
2015, a slight increase year over year.

in %

	2012	2013	2014	2015
Part-time employees	12 %	13 %	13 %	14 %
Full-time employees	88 %	87 %	87 %	86 %

▪ Part-time employees   ▪ Full-time employees

Reporting against standards

By reporting this data, we partially cover the → G4-10 GRI indicator. This data is
also relevant for criteria 14 (Employee rights) and 15 (Diversity and health) of the
German Sustainability Code. It is also used for reporting on the Global Compact
principles 3 (Freedom of association and the right to collective bargaining) and 6
(Elimination of discrimination).

FLUCTUATION AND WORKFLOW MANAGEMENT

FLUCTUATION RATE

The fluctuation rate in Germany has fallen steadily since 2012. In 2015 only 880 employees gave notice to leave the company, 580 took retirement on reaching pension age or due to incapacity for work – around 24 percent fewer than in 2014. In contrast, there was a slight increase in the fluctuation rate at international level, where around 6,700 contracts were terminated by the employer or by emplo-

yees. This figure is around 340 more than in 2014, an increase of 5.3 percent. The number of employees at international level who took retirement on reaching pension age or due to incapacity for work rose from 40 to around 70. Due to a simultaneous reduction in the national workforce, the fluctuation rate across the Group also rose slightly in comparison with the year before.

in %	2013	2014	2015
Germany	1,82	1,42	1,28
International [a]	7,63	8,57	9,25
Group (total)[a]	4,17	4,21	4,39

[a] excluding USA

Reporting against standards

In combination with additional data on the number of employees, the data on the fluctuation rate fully covers the → G4-LA1 (Employee turnover) GRI indicator.

TOTAL WORKFORCE COSTS

In bn. €	2011	2012	2013	2014	2015
TWC[a]	15,6	15,5	15,3	15,4	16,5
of which: Germany	9,6	9,4	9,3	9,2	9,2
IWC[b] (PC[c] adjusted)	8,3	8,3	8,5	8,5	8,5
EWC[d] Leased and temporary workers	0,1	0,1	0,1	0,05	0,05
EWC[d] Freelancers and consultants	1,1	1,0	0,8	0,7	0,7
of which: international	6,1	6	6	6,1	7,2
IWC[b] (PC[c] adjusted)	5,3	5,2	5,2	5,3	6,1
EWC[d] Leased and temporary workers	0,3	0,3	0,2	0,3	0,4
EWC[d] Freelancers and consultants	0,6	0,6	0,6	0,6	0,7

[a] Total workforce cost: external workforce cost + personnel cost adjusted for special factors

[b] Internal workforce cost

[c] Personnel cost

[d] External workforce cost: cost of leased and temporary workers + cost of freelancers and consultants

TOTAL WORKFORCE QUOTE

The holistic perspective in personnel management provided by total workforce management allows for long-term personnel planning in terms of quality and quantity. The total workforce ratio describes the relationship between total personnel expenditure and revenue, i.e.: If the ratio has fallen in comparison with the previous year, either revenue has remained constant while total workforce costs have gone down, or revenue has increased.

in bn. €	PA[a] adjusted 2015	EWC[b] 2015	TWC[c] 2015	Revenue[d] 2015	TWQ[e] adjusted 2015	TWQ[e] adjusted 2014	TWQ[e] adjusted 2013
Germany	8,5	0,7	9,2	25,7	35,85%	35,9%	35,4%
International	6,1	1,1	7,2	43,5	16,64%	16,6%	17,7%
Group (total)	14,6	1,8	16,5	69,2	23,77%	24,6%	25,5%

[a] Personnel cost

[b] External workforce cost: cost of leased and temporary staff + cost of freelancers and consultants

[c] Total workforce cost: external workforce cost + personnel cost adjusted for special factors

[d] As revenue allocation is separated into Germany/international from an HR perspective, this reflects employee location, unlike the financial report, which allocates revenue to the country where it was generated.

[e] Total workforce ratio = TWC/revenue

STAFF RECONSTRUCTING

PROPORTION OF CIVIL SERVANTS IN GROUP WORKFORCE

The proportion of civil servants employed in the company fell once again in 2015. The reasons for this included the fact that Deutsche Telekom has not recruited any new civil servant staff since the company was privatized. In addition, many civil servants took early retirement or were transferred to public authorities. This has led to a continual reduction in the proportion of civil servants in the workforce, from around one third in 2011 to under 29 percent in 2015. Besides this, 400 civil servants were seconded to the Federal Office for Migration and Refugees (BAMF) in the reporting year to provide support for refugee relief work, including the processing of asylum claims. In fact, Deutsche Telekom employees are now working at more than 50 percent of the BAMF offices throughout Germany.

	2010	2011	2012	2013	2014	2015
Active civil servants	25 570	23 516	21 958	20 523	19 881	18 483
Civil servants on temporary leave from civil servant status[a]	1 678	1 537	1 430	1 412	1 340	1 220
Civil servants at affiliated companies	16 729	15 774	14 836	14 179	13 260	12 292
Civil servants (total)	43 977	40 828	38 224	36 114	34 482	31 995
Number of non-civil servants in Germany	79 197	80 736	80 616	80 529	80 267	78 360
Total number of employees in Germany	123 174	121 564	118 840	116 643	114 749	110 354
Percentage of civil servants in Germany (in %)	35,7	33,6	32,2	30,96	30,05	28,99

[a] Civil servants whose status as such is currently suspended. They have temporarily switched to an employee relationship not covered by collective agreements.
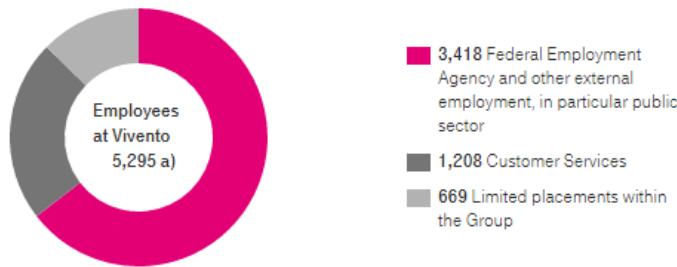
Reporting against standards

In combination with additional headcount data, the data on the percentage of civil servants in the workforce fully covers the → **G4-LA1** (Employee turnover) GRI indicator.

VIVENTO WORKFORCE

Personnel service provider Telekom Placement Services continued to support the Group in its workforce restructuring efforts in the year 2015. Since its foundation, Telekom Placement Services has offered fresh career prospects to almost 47,000 employees – particularly in the public sector, but also within the Group. Once again, numerous internal vacancies were offered to employees in units with surplus staff, in keeping with our HR "Internal over external" initiative. The object of the initiative is to maximize the use of opportunities within the Group and thereby reduce the number of external hirings. In the reporting year alone, around 600 employees were assigned new positions inside the company up to December 31, 2015.

Employees
at Vivento
5,295 a)

■ **3,418** Federal Employment Agency and other external employment, in particular public sector

■ **1,208** Customer Services

■ **669** Limited placements within the Group

Permanent employees and support staff: **499**
Number of employees who found a new job through Vivento: **45**
Staff transfers to Vivento since its foundation: **53,118**
Staff who have left Vivento since its foundation: **46,837**
a) All figures calculated on the basis of precise details. Since figures are rounded, totals may differ.

Reporting against standards

In combination with additional headcount data, the data on the trend in employee numbers at Vivento fully covers the → G4-LA1 (Employee turnover) GRI indicator.

**TOOLS FOR SOCIALLY RESPONSIBLE STAFF RESTRUCTURING
DEUTSCHE TELEKOM GROUP IN GERMANY**

We continued our efforts to engage in socially acceptable staff restruc-
turing in 2015. We use internationally proven tools giving employees
the option to voluntarily leave the company as part of this process.
This is the first year we are reporting Group-wide numbers.

	2011	2012 [a]	2013	2014	2015
Early retirement (civil servants)		2 266	1 618	927	1 235
(davon in Deutschland)	2 564	2 266	1 618	927	1 219
Early retirement (non-civil servants)		253	30	41	29
(in germany)	0	3	27	27	29
Severance payments		2 847	3 618	3 738	4 436
(in germany)	709	955	1 316	826	1 448
Partial retirement (start of passive phase)		1 418	711	332	1 345
(in germany)	959	1 417	711	332	1 345
Other socially responsible tools		1 921	2 490	618	136
(in germany)	163	120	241	471	11
Transfers to public authorities (final)[b]					711
(in germany)					711

[a] Worldwide data collection since 2012

[b] Permanent transfers; civil servants are not entitled to return to the Deutsche Telekom Group – established as a
cluster in 2015.

Reporting against standards

This data is relevant for criteria 6 (Rules and processes) and 14 (Employee rights)
of the German Sustainability Code.

IDEAS MANAGEMENT

GENIAL@TELEKOM. IDEAS MANAGEMENT

Employees have the chance to submit their own ideas and, in doing so, to actively shape their workplaces. Costs that were reduced by 146.5 million euros in 2015 played a key role in keeping Deutsche Telekom competitive. In addition, workforce commitment enables the Group to position itself as a more innovative and more competitive enterprise. As an incentive for the innovators Deutsche Telekom awards attractive bonuses for successful suggestions. The Coppair idea took first place in the "Best employee idea" category of the 2015 Ideas Management Award presented by Deutsches Institut für Ideen- und Innovationsmanagement. The submitters of the idea proposed simultaneous usage of mobile and fixed-line communications, which vastly improves download and, in particular, upload speeds. This makes a high and constant data rate possible before fiber roll-out is complete. A large number of units throughout the Group were involved in its implementation, and their commitment resulted in the product launch of Magenta Hybrid.

|	2011	2012	2013	2014	2015
Ideas submitted	10 831	13 043	12 146	13 231	13 728
Savings in millions of €	116	104	83	107	147

Reporting against standards

Employee involvement is encouraged via the genial@telekom ideas management platform. This data is relevant for criterion 14 (Employee rights) of the German Sustainability Code.

PORTFOLIO OF INTELLECTUAL PROPERTY RIGHTS

279 patents were registered during the reporting period. By the end of 2015, we owned around 8,400 intellectual property rights (IPRs), considerably more than in the previous year. We take a targeted approach to managing these IPRs in consideration of cost-benefit aspects. We regularly take stock of our IPRs and eliminate those that are no longer relevant.

Patents are gaining more and more significance in the telecommunications industry. Market players and their areas of activity are changing, with a knock-on effect on our IPR (intellectual property rights) agenda. On the one hand, our Group's scope for action must be maintained. On the other hand and alongside our own research and development activities, we want to pave the way to open innovation through collaboration projects and partnerships. National and international IPRs are vital for these types of activity. We are strongly dedicated to generating our own property rights. Industrial property rights include inventions, patent applications, patents, utility models and design patents. Thanks to our intense efforts to develop and structure our IPR portfolio, the rights we hold are highly valuable and firmly in line with our Group's strategic objectives. We have put in place a professional patent law management process to keep our IPR assets safe. Additionally, we are represented on various standardization bodies in our industry. We manage our IPRs on the basis of cost/benefit aspects, filing only selected applications and de-registering patents systematically.

	8,400
7,600	7,900
7,500	
2012	2013	2014	2015
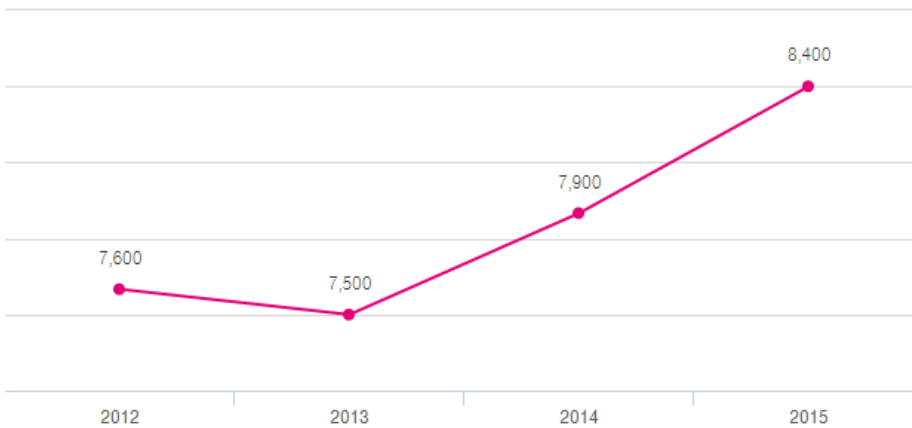
Reporting against standards

This data partially covers the V04-05 (Number of patents registered within last 12 months) and V04-06 (Percentage of patents registered within last 12 months in relation to total number of patents) EFFAS indicators.

IMPRINT

Adress:
Deutsche Telekom AG
Friedrich-Ebert-Allee 140
53113 Bonn, Germany
District Court of Bonn HRB 6794,
Registered Office Bonn
VAT ID No. DE 123475223

E-Mail: impressum [at] telekom.de
Telefon: 0228/ 181-0

Contact:
Please use our contact forms for questions about the company or
products and services provided by our business areas.

Regulatory authority:
Federal Network Agency for Electricity, Gas, Telecommunications,
Post and Railway
Tulpenfeld 4, 53113 Bonn, Germany

Authorized representatives:
Timotheus Höttges
Reinhard Clemens
Niek Jan van Damme
Thomas Dannenfeldt
Dr. Christian P. Illek
Dr. Thomas Kremer
Claudia Nemat

Regulatory authority:
Federal Network Agency for Electricity, Gas, Telecommunications,
Post and Railway
Tulpenfeld 4, 53113 Bonn, Germany

Responsible:
Deutsche Telekom AG
Birgit Klesper
Senior Vice President Group Transformational Change & Corporate Res-
ponsibility
Friedrich-Ebert-Allee 140
53113 Bonn

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http://www.telekom.com/corporate-responsibility/news/123304
and
http://www.annualreport.telekom.com
https://www.telekom.com/static/-/306060/4/report-datasecurity-
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