

HR Factbook 2017

PEOPLE. FACTS. DEVELOPMENTS.



LIFE IS FOR SHARING.

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ABOUT THE HR FACTBOOK 2017



Dear readers,

The Deutsche Telekom Group faces a constant change process. From being a former German monopolist, we have developed into one of the leading European Telecommunication companies and paved the way to the Gigabit-Society. This change requires continuous transformation. What started with classical fixed line technology, has grown into modern IP-networks which enable countless services. Beside classical telco business, we offer not only internet and TV, but groundbreaking technologies in the context of digitalization such as Internet of Things (IoT), Cloud and 5G.

The basis for our innovation capabilities and success are our employees. They always manage to adapt successfully to current challenges of the market, new technologies as well as new business models.

To capture and to develop the contribution of our employees to our company's success in a standardized way, we have created a comprehensive set of KPIs which shows our employee structure as well as our culture systematically and enables the visualization in the form of the HR Factbook. In this, we express the diversity of our workforce, our organizational culture and productivity. At the same time, we highlight the skills and the performance potential of our workforce. Furthermore, we provide a transparent overview of our leadership work, health and safety initiatives, personnel costs, hiring numbers and fluctuation.

The data in this HR Factbook delivers an overview of the successful work and the positive development of our employees. Their work and dedication is what makes successful transformation possible in this company.

For an easy start, we have summarized the most important figures and data of our report in three informative graphics. Deeper insights are given on the following pages.

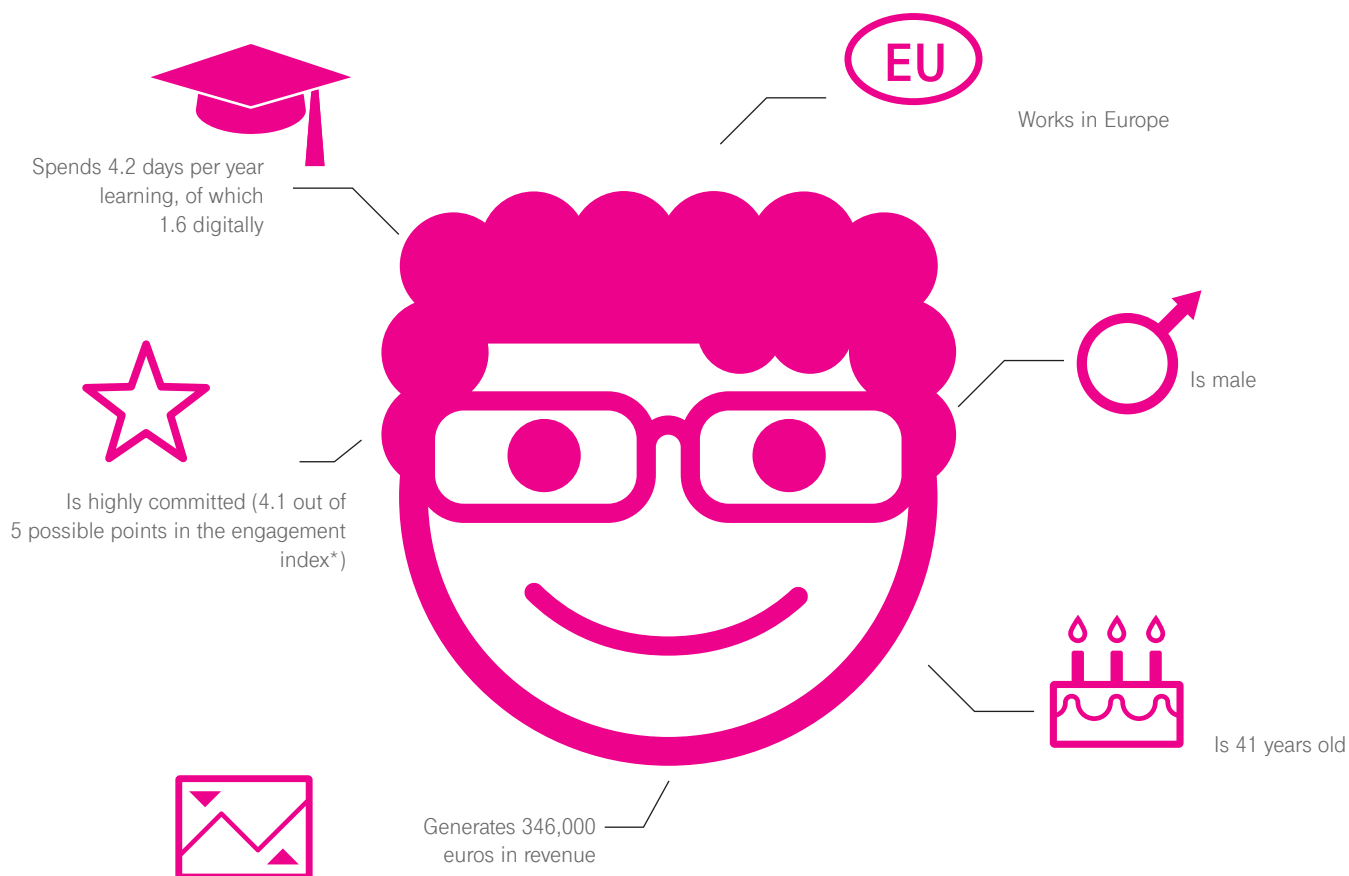
I hope you enjoy reading the HR Factbook!

Sincerely,
 Michael Rubas
 Senior Vice President Human Resources Planning & Operations

Most of the data in the report refer to the 2017 calendar year ending December 31, 2017. Any exceptions are marked accordingly. All figures are based on more precise data. Since some values are rounded, totals may differ slightly. Some of the ratios are based on annual averages. The figures are often divided into the categories "Germany," "International" and "Group". In this case, Germany represents employees based in Germany (irrespective of segment). International refers to all employees based at locations outside Germany while Group refers to the entire workforce. Some of the data is broken down into operating segments, i.e. Germany, United States, Europe, Group Development (since January 1, 2017) and Systems Solutions. Group Headquarters & Group Services (GHS) comprises all Group units that are not directly assigned to one of the operating segments. As of January 1, 2017, the subsegment Technology & Innovation also belongs to GHS, which has also absorbed parts of the Systems Solutions segment.

FTE stands for full time equivalents and is used in the Factbook as the unit of measurement for the size of the workforce. FTE therefore reflects the calculated number of full-time equivalents based on all full- and part-time staff.

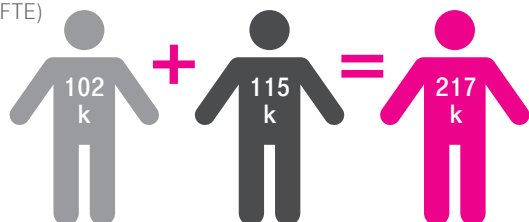
INTRODUCING: A TYPICAL DEUTSCHE TELEKOM EMPLOYEE



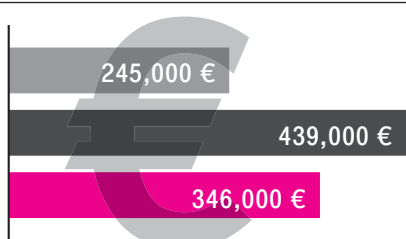
*The engagement index is the mean value of several scores in the employee survey.

DEUTSCHE TELEKOM AT A GLANCE: THE GROUP

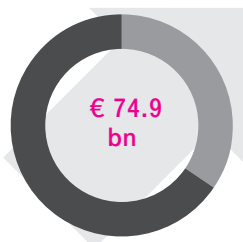
Employees (FTE)



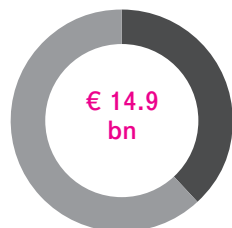
Revenue per employee



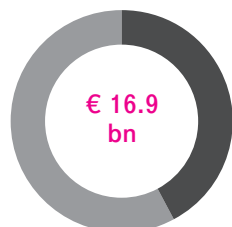
Group revenue



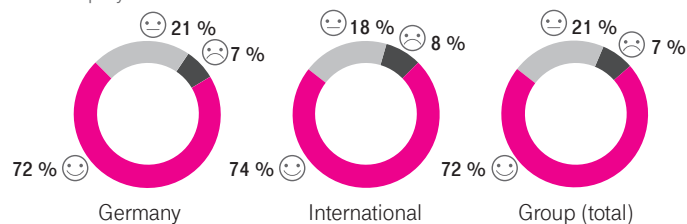
Personnel costs, adjusted



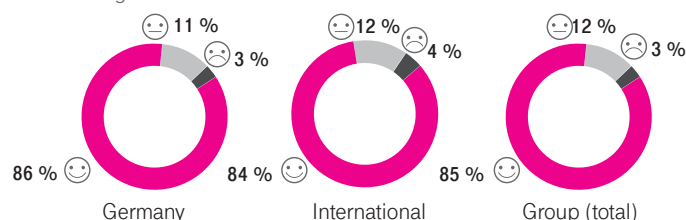
Total workforce costs



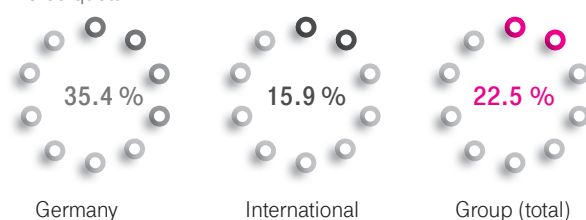
Overall employee satisfaction



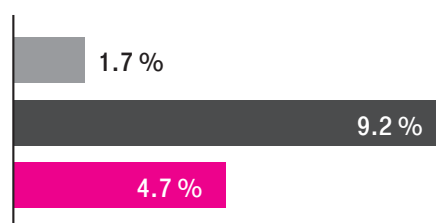
Overall manager satisfaction



Total workforce quota



Natural attrition



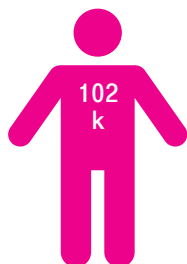
Women in middle and senior management



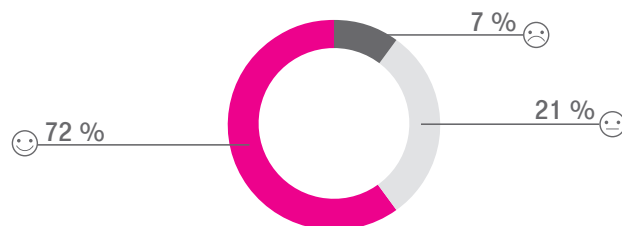
■ Germany ■ International ■ Group (total)

DEUTSCHE TELEKOM AT A GLANCE: GERMANY

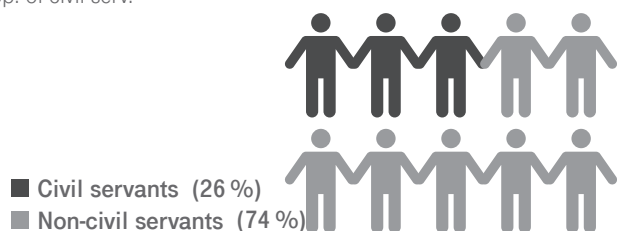
Employees (FTE)



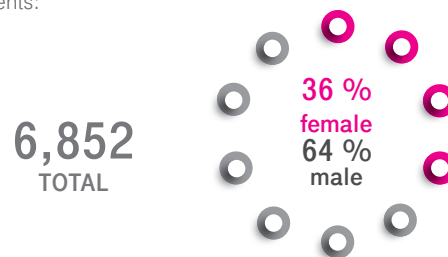
Employee satisfaction



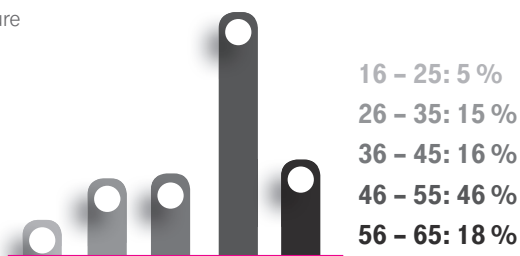
Prop. of civil serv.



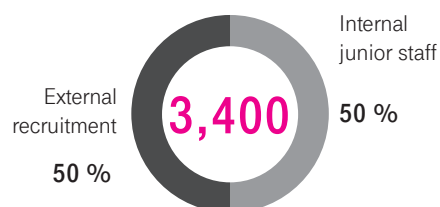
Apprentices & students:
Prop. of women



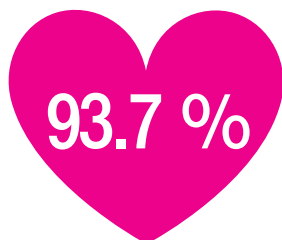
Age structure



Recruitments



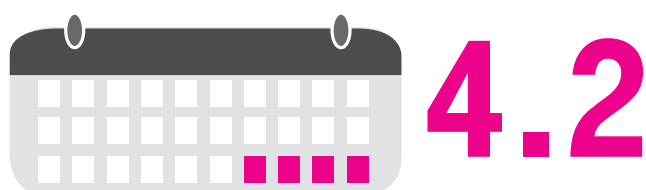
Health rate



Employees with disabilities



Average number of training days per employee

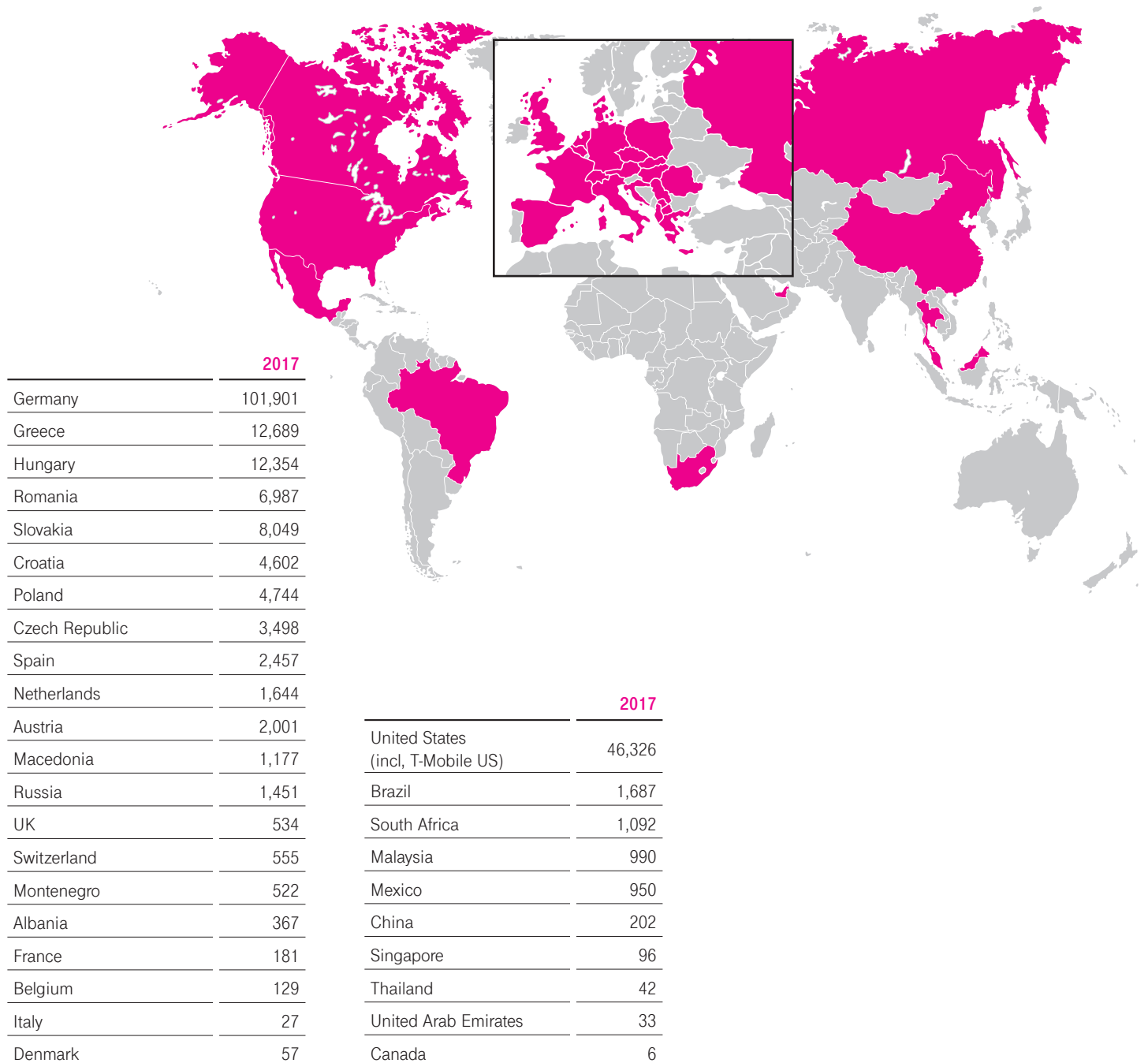


Savings through employee ideas



Employees by country (FTE)

4 CONTINENTS, 31 COUNTRIES: OUR EMPLOYEES



In 2017, the number of employees in Germany declined by 2.6 percent year-on-year, from 104,662 to 101,901. The Group achieved its highest growth in the United States, where the

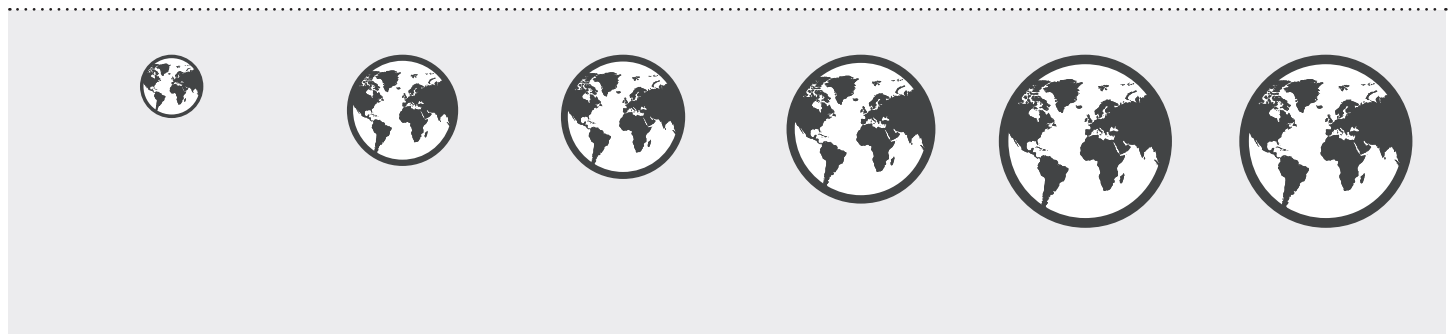
number of employees increased from 45,358 to 46,326, primarily as a result of major growth at T-Mobile US in 2017.

Employees by location (in thousands of FTE as of Dec. 31)

INTERNATIONALIZATION PROGRESSING APACE



| 1999 | 2003 | 2007 | 2011 | 2015 | 2017 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Germany: 88.2 % | Germany: 69.7 % | Germany: 61.7 % | Germany: 51.7 % | Germany: 47.9 % | Germany: 46.9 % |
| International: 11.8 % | International: 30.3 % | International: 38.3 % | International: 48.3 % | International: 52.1 % | International: 53.1 % |



| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Germany | 172.7 | 179.2 | 178.3 | 177.8 | 173.3 | 171.0 | 168.0 | 160.0 | 148.9 | 131.7 | 127.5 | 123.2 | 121.6 | 118.8 | 116.6 | 114.7 | 110.4 | 104.7 | 101.9 |
| Group (overall) | 195.8 | 227.0 | 257.0 | 256.0 | 248.5 | 244.6 | 243.7 | 248.8 | 241.4 | 227.7 | 259.9 | 246.8 | 235.1 | 229.7 | 228.6 | 227.8 | 225.2 | 218.3 | 217.3 |
| International | 23.1 | 47.8 | 78.7 | 78.1 | 75.2 | 73.7 | 75.7 | 88.8 | 92.5 | 96.0 | 132.4 | 123.6 | 113.6 | 110.8 | 112.0 | 113.1 | 114.9 | 113.7 | 115.4 |

The percentage of employees at international locations has increased substantially since the late 1990s. In 1999, 88.2 percent of employees worked

in Germany; since 2015, this figure has stabilized at below 50 percent, and stood at 47 percent at the end of 2017.

Employees by operating segment (FTE)

OPPOSING DEVELOPMENTS IN THE SEGMENTS

| | 2013 | 2014 | 2015 ¹ | 2016 ¹ | 2017 |
|-------------------------------------|---------|---------|-------------------|-------------------|---------|
| Germany | 66,725 | 68,754 | 67,927 | 65,452 | 63,928 |
| U.S. | 37,071 | 39,683 | 44,229 | 44,820 | 45,888 |
| Europe | 53,265 | 53,499 | 48,920 | 46,808 | 47,421 |
| Systems Solutions | 49,540 | 46,244 | 37,850 | 37,472 | 37,924 |
| Group Headquarters & Group Services | 21,995 | 19,631 | 23,548 | 21,216 | 20,222 |
| Group Development | | | 2,768 | 2,572 | 1,967 |
| Group (overall) | 228,596 | 227,811 | 225,243 | 218,341 | 217,349 |

¹Since January 1, 2017, our report has included the Group Development segment and, within the Group Headquarters & Group Services segment, the Technology and Innovation Board of Management department. Comparative figures for prior years have been adjusted retrospectively.

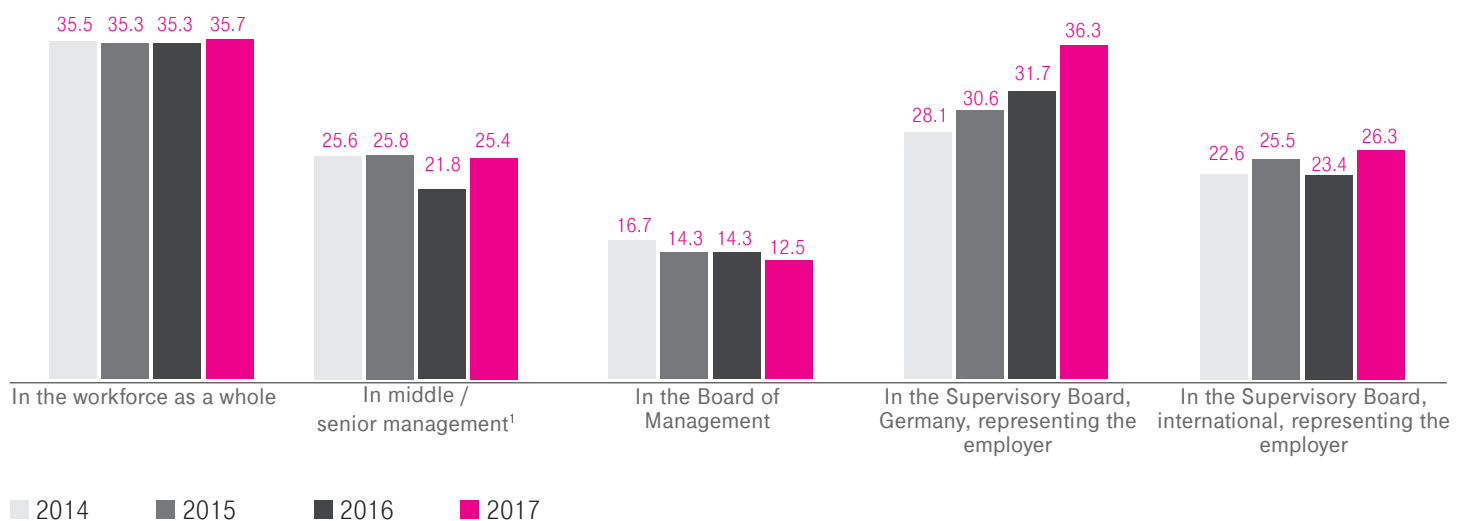
By year end, the Group headcount has decreased slightly by 0.5 percent year-on-year. Within the segments, there were several opposing developments. By the end of 2017, the headcount in the German operating segment had decreased by 2.3 percent as a result of efficiency enhancement measures, fewer hirings in the operating units, and the take-up of socially responsible staff reduction options. As of December 31, 2017, the total number of employees in our United States operating segment was up 2.4 percent year-on-year, due to an increase in the Customer Service and Networks headcounts, which was partially offset by a decrease in Customer Acquisitions. In the Europe operating segment, the headcount was up 1.3 percent year-on-year, partly due to new hirings at our national company in Poland to staff its

new shops. The headcount in our Systems Solutions operating segment was up 1.2 percent compared to the previous year, largely due to the integration of Telekom Security staff. The headcount in the Group Development operating segment was down 23.5 percent, primarily due to the deconsolidation of Strato by March 31, 2017. The headcount in the Group Headquarters & Group Services segment was down 4.7 percent year-on-year, mainly due to the ongoing staff restructuring at Vivento and the Group-wide bundling of the Telekom Security unit under our Systems Solutions operating segment. In the wake of the reorganization, this decrease was offset by an increased headcount in our Board of Management department Technology and Innovation.

Women in management (%)

“FAIR SHARE” INITIATIVE HELPING US TO MEET THE WOMEN’S QUOTA

Proportion of women:



¹ Calculation of the women's quota in middle and senior management: female managers (headcount) in Management Groups 1-3 (MG 1-3 are the levels for senior management) plus middle management per manager total at levels MG1-3 plus middle management x 100. The percentage of women in middle management was not reported in 2016. The figure for 2016 therefore only refers to women in upper management.

35.7 percent of all employees at Deutsche Telekom are female. In 2017, we continued to work toward our target of women holding 30 percent of management positions, supported by the Fair Share initiative.

In Germany, the percentage of women in middle and upper management decreased slightly from 21.2 percent to 21.1 percent. This is due, firstly, to the restructuring of Telekom Deutschland and secondly, to the reorganization of the Europe and Technology & Innovation segments. Group-wide, the level has remained constant at 25.4 percent. Despite the slight decrease in Germany, an increase internationally from 29.5 to 30.2 percent has helped the overall ratio to remain stable.

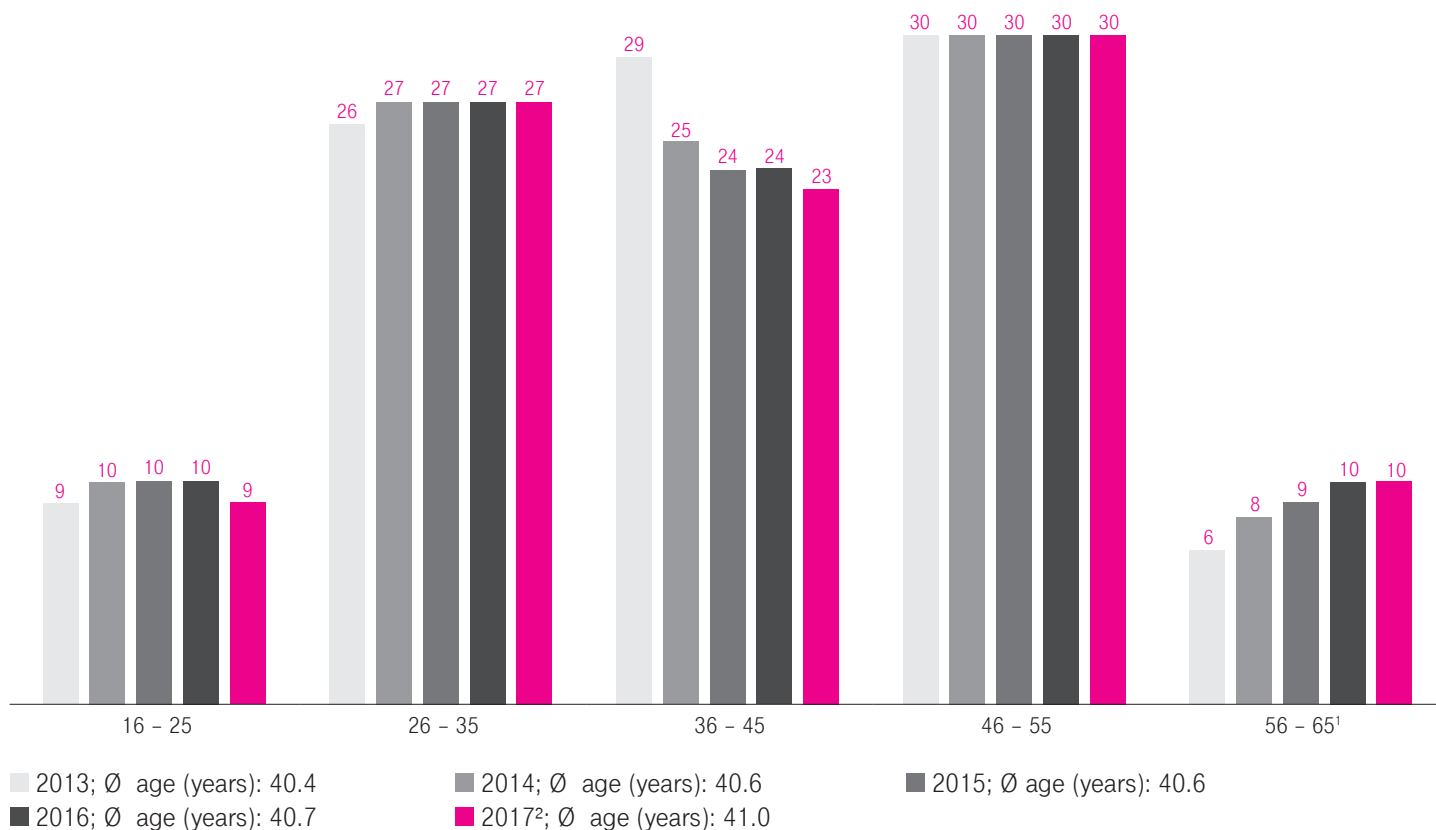
Female employee and employer representatives now make up 37.3 percent of the national Supervisory Boards in Germany.

Deutsche Telekom AG is one of only a handful of DAX corporations with an established track record of women in its Board of Management.

The Business Leader team reporting to the Group's Board of Management is currently comprised of nine women and 49 men. In November 2017, participants in the Supervisory Board Readiness Program were invited to attend a further program exploring the latest developments in corporate governance and the future requirements facing members of supervisory boards. In 2016, Deutsche Telekom became a member of the “Chefsache” initiative, a network of managers from industry, academia, the public sector and the media, advocating equal opportunities for men and women. In 2017, Deutsche Telekom hosted a Chefsache conference at its premises in Berlin, with some 300 invited guests from the worlds of politics, industry and academia.

Age structure in the Group (%)

AVERAGE AGE ACROSS THE GROUP: 41 YEARS



¹ incl. > 65 years

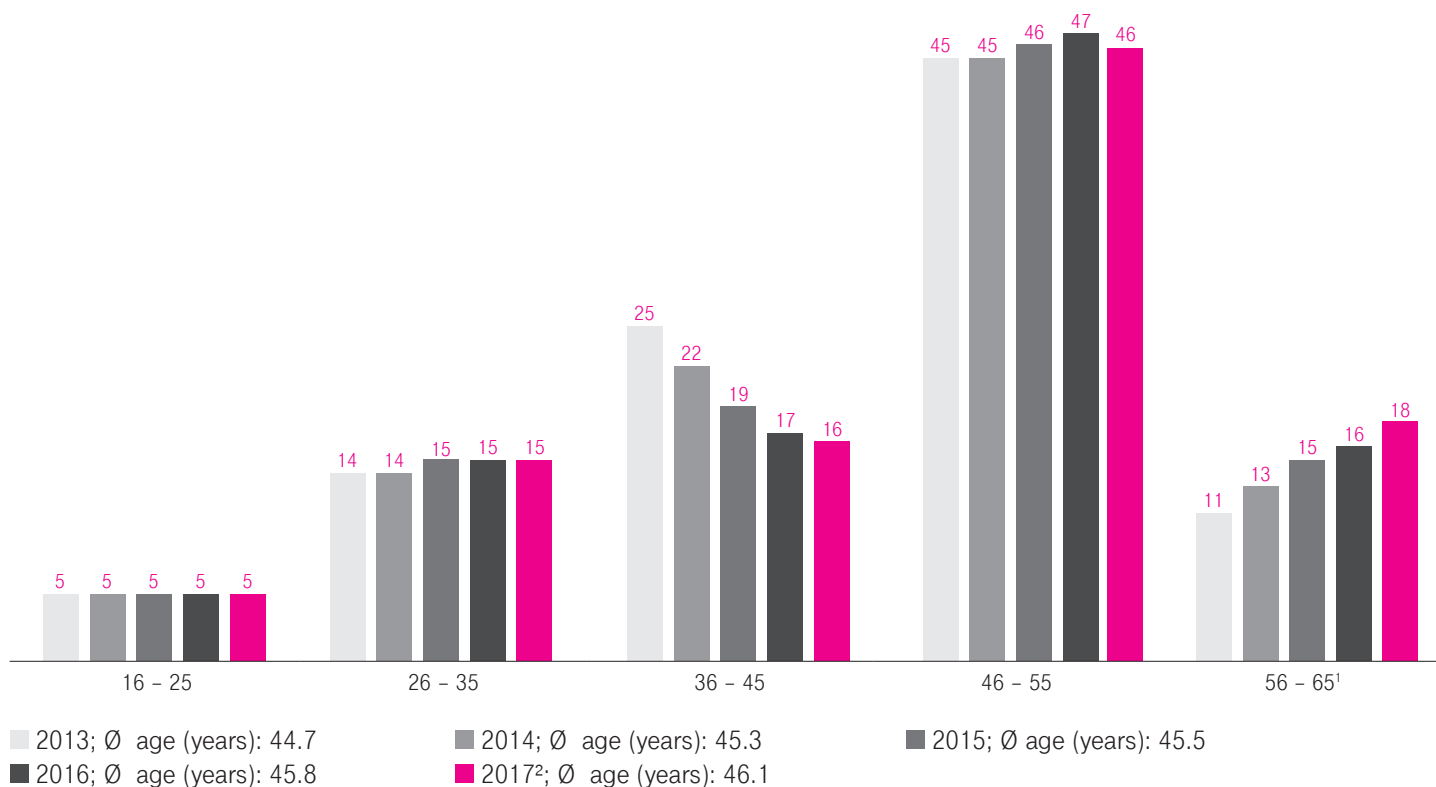
² excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, HÄVG GmbH, operational services GmbH & Co. KG, DT International Finance B.V., OTE Plc, Deutsche Telekom (UK) Limited, and Detecon and ICSS companies

The average employee age in Germany is rising steadily, but this is balanced out by the average age internationally (36.7 years). The average age in the Group as a whole is 41.0 years.

In Germany we place special emphasis on collaboration and exchange of experiences between the generations. The soft skills and technical expertise of our employees over the age of 50 are valuable assets for Deutsche Telekom in the light of current demographic trends.

Age structure in Germany (%)

AVERAGE AGE IN GERMANY RISES TO 46.1 YEARS

¹ incl. > 65 years² Excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG GmbH

Demographic shift and low natural attrition explain why the proportion of employees over the age of 55 has risen from 11 to 18 percent in the past five years. The average age of employees rose slightly to 46.1 years in 2017. One advantage is that this allows Deutsche Telekom to harvest the vast know-how of its many experienced employees. We are responding to the challenges involved in an aging workforce with activities in three areas:

1. Skills development and knowledge: We encourage lifelong learning. For example, in 2017, we launched a new Magenta MOOC (massive open online course) on the subject of digitalization. Participation was free of charge and could be arranged flexibly.

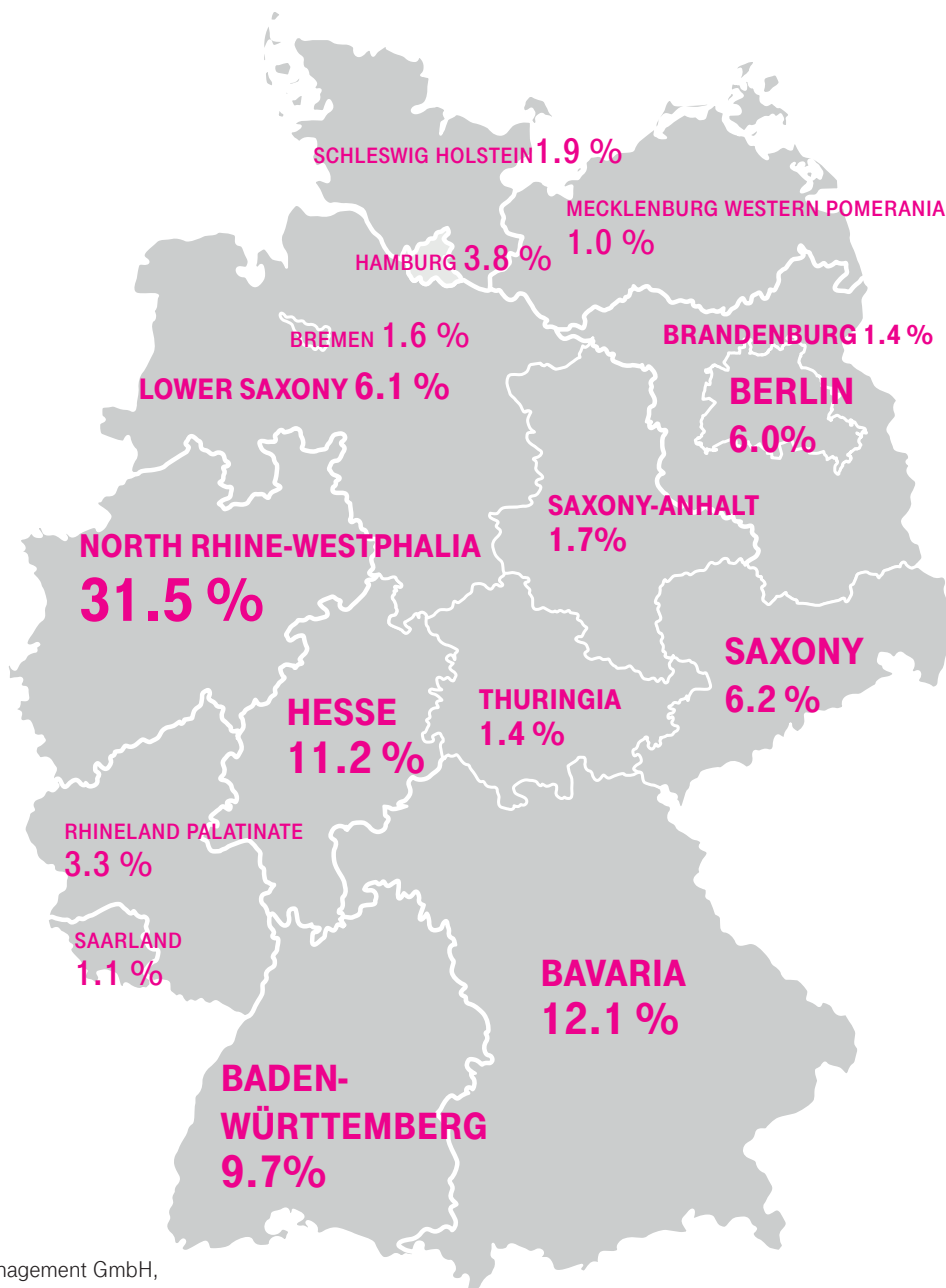
2. Health: We offer programs to protect employees from illness and improve physical and mental fitness. For example, our employees have access to a broad range of sports facilities. Deutsche Telekom also offers its staff attractive membership rates in gyms and clubs.

3. Working environment: We offer our staff flexible working conditions that fit their needs at every stage of their lives. We also guarantee that employees working part-time can return to full-time work.

Employees in Germany by federal state (FTE)

A NATIONWIDE PRESENCE FOR MAXIMUM CUSTOMER SATISFACTION

| | 2017 ¹ |
|-------------------------------------|-------------------|
| North Rhine-Westphalia ¹ | 31,515 |
| Bavaria | 12,115 |
| Hesse | 11,198 |
| Baden-Württemberg | 9,689 |
| Lower Saxony | 6,062 |
| Berlin | 5,999 |
| Saxony | 6,250 |
| Hamburg | 3,838 |
| Rhineland Palatinate | 3,299 |
| Schleswig Holstein | 1,896 |
| Saxony-Anhalt | 1,715 |
| Bremen | 1,568 |
| Brandenburg | 1,445 |
| Thuringia | 1,371 |
| Saarland | 1,108 |
| Mecklenburg Western Pomerania | 1,035 |



¹ Excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG GmbH

North Rhine-Westphalia has the greatest number of Deutsche Telekom employees in Germany, a large proportion of whom work at the Group headquarters in Bonn. Bavaria and Hesse each have well over 10,000 Deutsche Telekom employees. Our nationwide presence is the logical consequence of a key element of our strategy:

delighting customers and delivering the best service. Our nationwide presence enables us to stay close to our customers and precisely meet their individual needs.

Employees by status group in Germany (FTE)

CIVIL SERVANT NUMBERS DOWN AGAIN

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|---------|---------|---------|---------|---------|
| Active civil servants | 20,523 | 19,881 | 18,483 | 15,999 | 15,482 |
| Civil servants on temporary leave from civil servant status ¹ | 1,412 | 1,340 | 1,220 | 889 | 731 |
| Civil servants at affiliated companies ¹ | 14,179 | 13,260 | 12,292 | 10,827 | 10,486 |
| Civil servants (total) | 36,114 | 34,482 | 31,995 | 27,716 | 26,699 |
| Non-civil servants in Germany | 80,529 | 80,267 | 78,360 | 76,946 | 75,202 |
| Total employees in Germany | 116,643 | 114,749 | 110,354 | 104,662 | 101,901 |
| Proportion of non-civil servants in Germany (%) | 69.04 | 69.95 | 71.01 | 73.52 | 73.80 |
| Proportion of civil servants in Germany (%) | 30.96 | 30.05 | 28.99 | 26.48 | 26.20 |

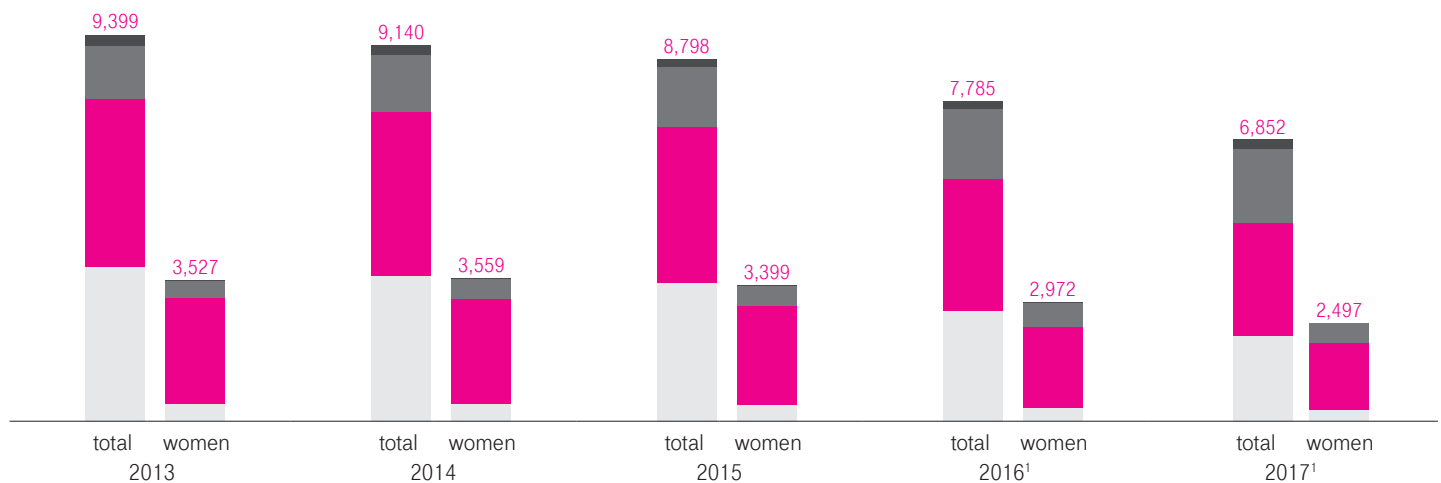
¹ Civil servants whose status as such is currently suspended. They have temporarily switched to a non-civil servant contract.

2017 saw a further decrease in the number of civil servants. Reasons for this are: Deutsche Telekom has not recruited any new civil servants since the company was privatized. In addition to the natural age-related attrition, transfers to public autho-

rities were a contributing factor. This has led to a continual reduction in the proportion of civil servants in the workforce, from around one-third in 2012 to less than 27 percent in 2017.

Apprentices and students in Germany; total and proportion of women (headcount)

SPECIAL SUPPORT PROGRAMS FOR JUNIOR STAFF



¹ Cooperative degree program students in 2016 and 2017, including cooperative Master's degrees

■ IT ■ Commercial ■ Students on coop ■ On-campus students at HfTL University of Applied Sciences in Leipzig

Examples of IT professions: IT systems electronics technician, IT systems business administrator, IT technician specializing in application development/systems integration

Examples of commercial professions: Office management administrator, dialog marketing administrator, retail sales assistant

Examples of cooperative study programs: BA in Business Management, BEng in Communications and Media Technology, BSc in Business Information Systems

Deutsche Telekom responds to the various needs and achievement levels of school-leavers, offering young people from vastly different backgrounds the optimal scenario for integration in the company. We offer equal opportunities and flexible programs to meet the needs of specific target groups of young people, irrespective of gender, ethnicity, social background or physical disability. Places are available for entry-level training schemes, apprenticeships and study programs, all of which are open to refugees.

As an example, Deutsche Telekom has cooperated with the Federal Employment Agency since 2011 to enable young parents to train part-time. 22 young people embarked on vocational training or a cooperative study program on a part-time basis in 2017. For many, this is the only way to combine training and their first job with the challenges of life as a single parent. Part-time training is available in all of our vocational training programs, and it entails that 25 hours per week are spent either in the company, in school, or at the vocational training center. The highlight of this is that, like all trainees, part-time candidates can cut their training on the basis of special achievements to two and a half years and therefore be admitted to the final examination earlier than would usually be the case. A success model all round.

We want to encourage the junior staff in our company to acquire and share know-how, connect with others, and reflect on their own actions. Telekom Vocational Training has embedded these points in a didactic concept which we implement systematically. Our apprentices and students have access to a personal digital learning platform, where they can share job-related content for future use. Exchange with colleagues is also supported by the in-house social network "You and Me". In addition to this, we arrange for our apprentices and students to meet via our WebEx conferencing program and in virtual classrooms, thus linking knowledge transfer with an active exchange.

This knowledge management system benefits our junior employees as soon as they embark on the practical phases of training in the Group, and continues after they have completed their vocational training or degree course. Besides this, they pass on the key competencies they have acquired to other employees in the Group.

Employees with disabilities in Germany (%)

DEUTSCHE TELEKOM COMMITTED TO DRIVE INCLUSION

| | 2013 | 2014 | 2015 | 2016 | 2017 ¹ |
|---------|------|------|------|------|-------------------|
| Germany | 6.4 | 7.0 | 7.2 | 7.5 | 7.5 |

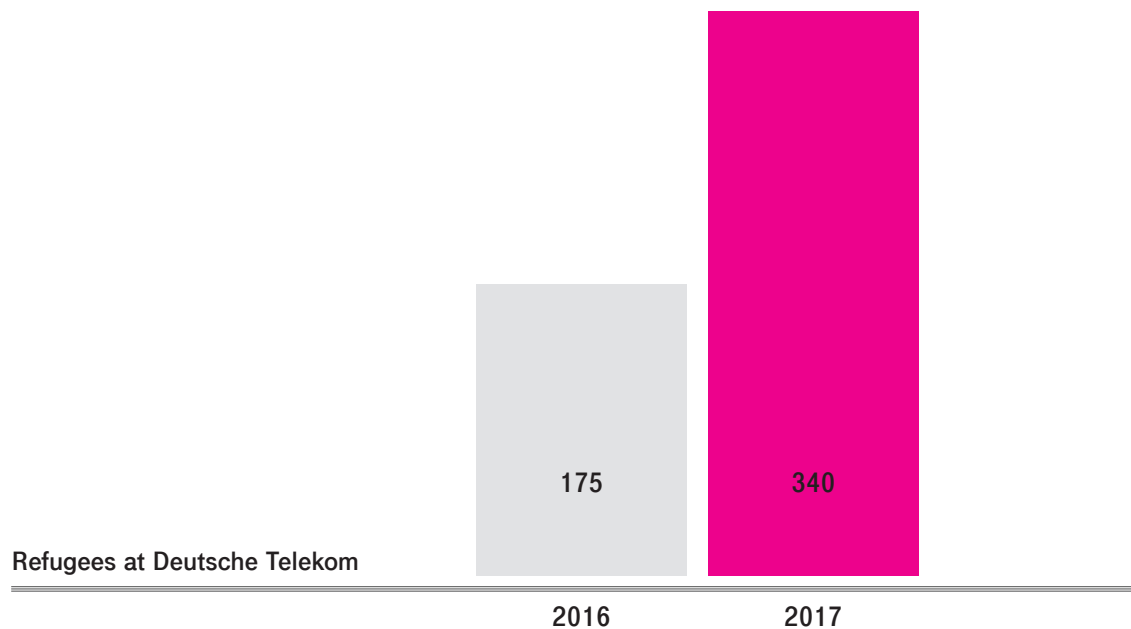
¹ Excluding Deutsche Telekom Capital Partners Management GmbH, Detecon International GmbH, Deutsche Telekom Clinical Solutions GmbH, Orbit GmbH, operational services GmbH & Co. KG, HÄVG

With a broad portfolio of offers to support people with disabilities, Deutsche Telekom helps to create equal opportunities for them and get them involved in the community. In 2016, the company published its “Experience Diversity – Inclusion@Telekom” action plan. It provides valuable suggestions for working together with disabled colleagues and describes some best practices in this context. In Rhineland-Palatinate, Deutsche Telekom was commended as a model employer for its exemplary recruitment of disabled people.

Deutsche Telekom has exceeded the prescribed minimum rate of 5 percent of disabled employees for a good many years, placing it well above the German average (4.1 percent in the last survey). In 2017, the high proportion of disabled employees remained stable at 7.5 percent.

Integration of refugees into the labor market

DEUTSCHE TELEKOM HELPS REFUGEES



Back in 2015, at the initiative of the Board of Management, Deutsche Telekom set up a task force to help refugees. The main focus was on providing rapid assistance to incoming refugees in the form of free WiFi at reception facilities, an internet platform with information about living and working in Germany, the provision of accommodation, and the assignment of staff to the Federal Office for Migration and Refugees, as well as supporting private voluntary work by its own employees.

From providing initial assistance, in 2016, the task force evolved into its current project “Deutsche Telekom helps refugees”, managed by Group Corporate Responsibility. The focus now is on integration into the labor market. There is a concerted effort to eliminate unsuitable, standardized processes, and make things easier all round. This has proven very successful.

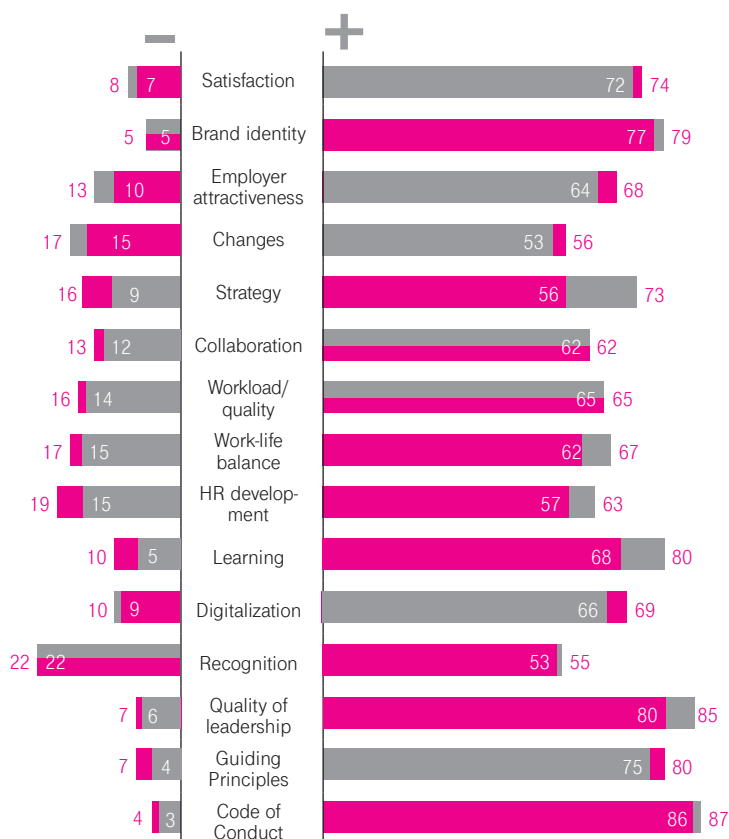
In 2017, the program refocused on integration into the labor market. In 2017 alone, more than 260 refugees joined various parts of the program, while others had already signed up for longer-term schemes in 2016. In total, some 340 refugees were involved in a variety of initiatives at Deutsche Telekom, either on apprenticeships, internships, or other programs such as the “Internship PLUS direct entry” scheme and scholarships at Deutsche Telekom’s own Leipzig University of Applied Sciences (HfTL).

The pilot “Internship PLUS direct entry” initiative is a collaborative project with the Federal Employment Agency, the Deutsche Post DHL Group and Henkel, launched in 2017. A six-month orientation phase is followed by a two-year employment contract. The advantage is that refugees have time to improve their language skills and to gradually find their feet in their new roles while working at the same time. Deutsche Telekom awarded a total of 38 places. Four of the new employees on this scheme are using their Arabic language skills to support customer service as part of the “Telekom hilft!” (Telekom helps!) team. They have been tasked with answering questions through the ArabicTwitter hotline set up for this purpose.

The Internet platform has been improved and relaunched under the name Handbook Germany, and contains information in German and a range of other languages, including English, Arabic and Persian. Deutsche Telekom is continuing to support the portal as part of a technology partnership. At the Cologne Film Festival, it was awarded a prize for the best venture in the “Media and Migration in NRW 2017” category. Deutsche Telekom was also presented with the GLOMO AWARD in the “Outstanding Contribution to the Mobile Industry” category for its outstanding support to Syrian refugees.

Results from the November 2017 pulse survey (%) and commitment index from the employee survey of May 2017¹

EMPLOYEES VERY SATISFIED WITH DEUTSCHE TELEKOM



■ Germany ■ International

„Neither agree nor disagree“ ratings are not included.

Figures are taken from the latest pulse survey results.

The most recent pulse survey was carried out in November.

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------------|------------------|------------------|------|------------------|------|
| Commitment index Scale 1 to 5 | 4.0 ² | 4.0 ² | 4.1 | 4.1 ² | 4.1 |

¹ Figures exclude T-Mobile US

² Figures are taken from the latest pulse and employee survey results. The most recent pulse survey was carried out in November 2017, the last employee survey in spring 2017. The next employee survey is scheduled for 2019. The commitment index is the mean of several values in the employee survey.

Deutsche Telekom promotes a productive exchange with its staff. New working models and state-of-the-art communication channels, as well as regular employee surveys, help us to accomplish this. The main feedback tools which the Group uses to assess employee satisfaction are the employee survey, carried out every two years, and the biannual pulse survey, comprising the 15 Group questions shown above.

The set of questions is regularly adjusted to reflect changes in

working environments and strategic requirements. Since the 2016 pulse survey, the survey now includes topics such as modern learning formats, digitalization, and measurement of leadership quality.

In November 2017, more than 120,000 employees (71 percent) took part in the survey. Overall, the results are comparable with last year's figures. The scores for "Brand identity", "Collaboration", "Learning" and "Digitalization" have continued to improve.

Satisfaction rate and commitment index, all managers

SATISFACTION AND COMMITMENT AMONG MANAGERS REMAIN HIGH

| Satisfaction rate | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------|------|------|------|------|------|
| Germany | 86 % | 86 % | 88 % | 88 % | 86 % |
| International | 81 % | 82 % | 84 % | 86 % | 84 % |
| Group (overall) | 84 % | 84 % | 87 % | 87 % | 85 % |

| Commitment index (scale of 1 to 5) | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|------------------|------------------|------|------------------|------|
| All employees | 4.0 ¹ | 4.0 ¹ | 4.1 | 4.1 ¹ | 4.1 |
| All management staff | 4.4 | 4.4 | 4.5 | 4.5 ¹ | 4.5 |
| Employees excl. managers | 3.9 ¹ | 3.9 ¹ | 4.0 | 4.0 ¹ | 4.0 |

Figures are taken from the latest pulse and employee survey results. The most recent pulse survey was carried out in November 2017, the last employee survey in spring 2017. The next employee survey is scheduled for 2019. The commitment index is the mean of several values in the employee survey.

¹ The figures for 2013, 2014 and 2016 are taken from the previous years' employee surveys.

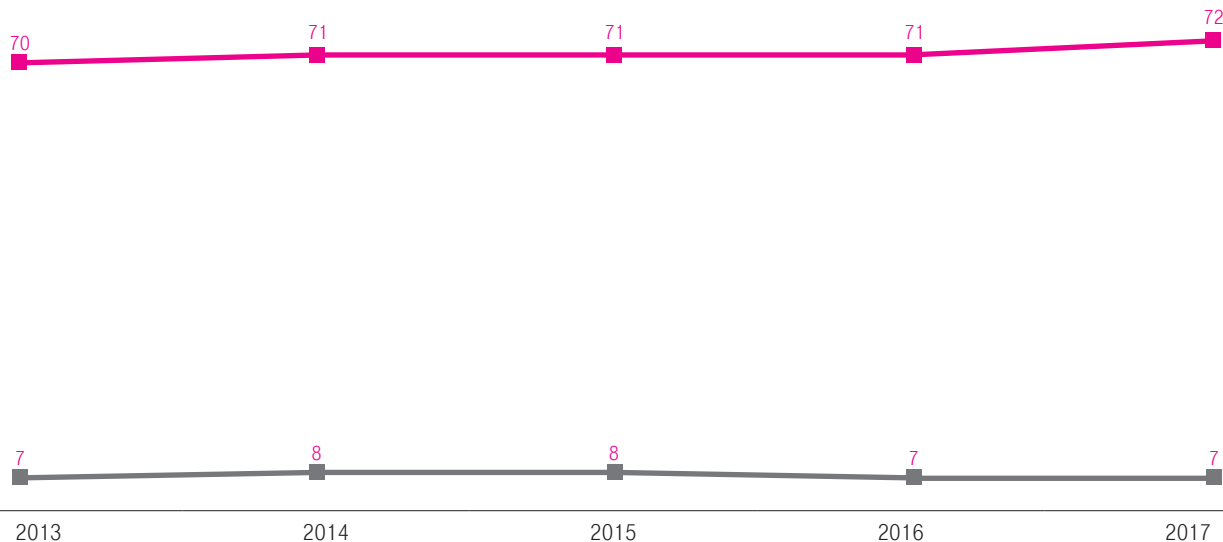
Satisfaction among managers improved continuously until 2016, and then stabilized at a high level throughout the Group, despite a slight dip in 2017. The commitment index for managers lies at a very good 4.5 on a scale of 1 to 5. Managers act in accordance with our binding leadership principles "Collaborate," "Innovate" and "Empower to perform" as well as our Guiding Principles.

Our performance and development process "Lead2Win" applies to all executives globally. Its principal components are an assessment of performance, potential and readiness, based on feedback. We support continuous personal, multi-perspective feedback to enhance individual performance and create transparency for the next career step. Executives set their own priorities and assessment intervals.

We focus on systematic, integrated leadership development at all management levels. In doing so, we offer a range of state-of-the-art management tools. Offers are derived from the Group strategy and empower managers all over the world to face the challenges of the digital age. Management staff can adapt them to their personal development status and integrate them in their day-to-day work whenever needed.

Employee satisfaction in Germany (from pulse and employee surveys, %)

GERMANY: SATISFACTION LEVEL REMAINS VERY HIGH



Pulse and employee surveys 2013–2017: “How do you feel at Deutsche Telekom?”

Figures are taken from the latest pulse and employee survey results. The most recent pulse survey was carried out in November 2017.

■ Positive (%) ■ Negative (%)

Since 2013, employee satisfaction in Germany has stabilized at a consistently good level. This is largely due to sets of measures which guarantee improvements right down to individual teams. The measures are defined in a structured process that follows on after the employee survey. This process analyzes the results from all 90 questions and makes them available to the teams. Responsibility for subsequent steps lies with managers, who use the results to develop and implement specific measures in order, for example, to improve employee commitment and satisfaction.

In this respect, management staff are provided with valuable ideas for collaboration on activities that will make their leadership and the company more successful. The pulse survey offers an annual review of the effectiveness of these measures. Managers can use the results to make any necessary adjustments and ensure the long-term effectiveness of any derived activities.

Working in the Digital Age

GROWING IMPORTANCE OF VIRTUAL COMMUNICATIONS

| WEBEX | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------------|-------------|-------------|-------------|-------------|
| Minutes of online conferences (global) | | 416,608,331 | 533,861,025 | 672,524,751 | 763,733,114 |
| Jabber | | | | | |
| Jabber accounts | | | 15,110 | 27,254 | 37,062 |
| You and Me | | | | | |
| User profiles | 73,787 | 90,734 | 104,297 | 120,325 | 121,876 |

Virtual conferences allow our employees to work from (almost) anywhere in the world and, at the same time, cut travel costs and travelling time. Simple, fast, virtual communication is at the heart of effective international collaboration. 2017 saw a further steady increase in the volume of online conference minutes of 13.6 percent, to more than 763 million minutes.

The number of registered users on the instant messaging system “Jabber” likewise rose to 37,062 in 2017, an increase of around 36 percent.

You and Me, our in-house social media and collaboration platform, grows ever more popular year by year. Despite an exten-

sive data clean-up (to delete unused profiles), the number of user profiles rose to 121,876. In other words, more than half the entire workforce uses it to exchange ideas, experiences and views online. In 2017, our magazine on “Working in the Digital Age”, published on this platform, was viewed a total of 287,983 times; however, the most-viewed article (347,839) was about approving the WhatsApp messenger service. Since August 2017, employees have been allowed to use WhatsApp for their non-sensitive, work-related internal communications. The popularity of this article bears witness to a high level of interest, as well as our critical discussion of the topic of digital communication.

Personnel costs (billions of €) and personnel cost ratio (%)

REVENUE GROWTH REDUCES PERSONNEL COST RATIO

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------|------|------|------|------|
| Personnel costs in the Group, non-adjusted (total) | 15.1 | 14.7 | 15.8 | 16.5 | 15.5 |
| Of which Germany | 9.4 | 9.1 | 9.4 | 9.8 | 8.5 |
| Special factors | 1.4 | 0.9 | 1.2 | 1.5 | 0.6 |
| Personnel costs in the Group (adjusted for special factors) | 13.7 | 13.8 | 14.6 | 14.8 | 14.9 |
| Group revenue | 60.1 | 62.7 | 69.2 | 73.1 | 74.9 |
| Of which Germany ¹ | 26.3 | 25.7 | 25.7 | 25.3 | 25.2 |
| Adjusted personnel cost ratio, Group (total, %) | 22.7 | 22.0 | 21.2 | 20.3 | 19.9 |
| Adjusted personnel cost ratio, Germany (%) | 32.3 | 32.9 | 33.0 | 32.9 | 32.1 |

¹ Since revenue between Germany/ international is allocated from an HR perspective, it reflects the location of employees (FTE), whereas the annual report allocates revenue to the country where it is generated.

Group-wide, the personnel cost ratio has decreased continually from 22.7 percent in 2013 to 19.9 percent end of 2017. The 0.4 percentage point improvement in the Group's adjusted personnel cost ratio compared with 2016 is driven by a slight rise in revenue, coupled with a reduction in personnel costs.

By personnel costs we mean base personnel costs (salaries) plus fringe benefits. This figure is adjusted for special factors in

conjunction with personnel restructuring measures (individual workforce reduction schemes). The personnel cost ratio represents personnel costs in relation to revenue. The trend in this figure serves as a benchmark for the company.

Total workforce costs, adjusted (billions of €)

US BUSINESS SUCCESS EXPLAINS SMALL RISE IN PERSONNEL COSTS

| | 2013 | 2014 | 2015 | 2016 | 2017 | |
|------------------------|--|------|------|------|------|------|
| TWC ¹ | 15.3 | 15.4 | 16.5 | 16.8 | 16.9 | |
| Of which Germany | 9.3 | 9.2 | 9.2 | 9.1 | 8.9 | |
| | IWC ² (adjusted PA ³) | 8.5 | 8.5 | 8.5 | 8.3 | 8.1 |
| | EWC ⁴ Leased and temporary staff | 0.1 | 0.05 | 0.05 | 0.03 | 0.04 |
| | EWC ⁴ Freelancers and consultants | 0.8 | 0.7 | 0.7 | 0.7 | 0.8 |
| Of which international | 6.0 | 6.1 | 7.2 | 7.8 | 7.9 | |
| | IWC ² (adjusted PA ³) | 5.2 | 5.3 | 6.1 | 6.5 | 6.8 |
| | EWC ⁴ Leased and temporary staff | 0.2 | 0.3 | 0.4 | 0.5 | 0.2 |
| | EWC ⁴ Freelancers and consultants | 0.6 | 0.6 | 0.7 | 0.8 | 0.8 |

¹ Total Workforce Costs: External Workforce Costs + personnel costs adjusted for special factors

² Internal Workforce Costs

³ Personnel costs

⁴ External Workforce Costs: cost of leased and temporary workers, freelancers and consultants

Total workforce management (TWM) provides a holistic view of HR management at Deutsche Telekom. Alongside our internal workforce and internal workforce costs, TWM also includes external staff working for Deutsche Telekom. Incorporating the costs of consultants, leased and temporary staff is important for qualitative and quantitative long-term personnel planning. As the personnel cost ratio does not include external personnel costs, the total workforce costs or Total Workforce Ratio is the

principal ratio used to manage personnel costs within the Group.

The Group's total workforce costs rose by 25 million euros between 2016 and 2017. This is largely due to success in our U.S. business and the associated growth in the workforce. In Germany, on the other hand, internal workforce costs were down slightly, while the cost of freelancers, consultants, leased and temporary staff showed a slight increase.

Personnel costs (millions of €), proportion of total operating costs (%)

EMPLOYEES ARE THE BASIS OF OUR BUSINESS SUCCESS

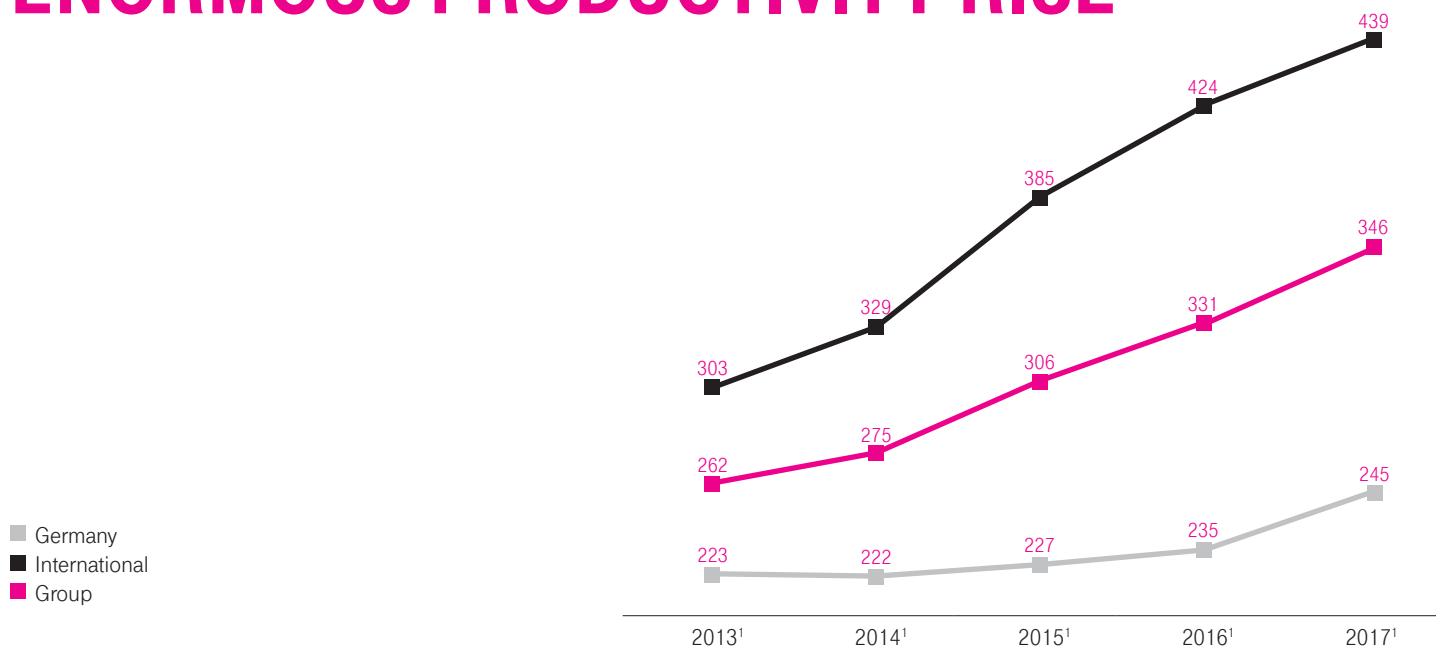
| Breakdown of personnel costs | | 2015 | 2016 | 2017 |
|--|---------------|--------|--------|--------|
| Payroll | DT Group | 11,746 | 11,900 | 12,017 |
| | National | 6,726 | 6,639 | 6,467 |
| | International | 5,020 | 5,262 | 5,550 |
| Social security contributions and company pension scheme | DT Group | 2,899 | 2,924 | 2,928 |
| | National | 1,770 | 1,679 | 1,638 |
| | International | 1,129 | 1,245 | 1,290 |
| Adjusted personnel costs, accumulated | DT Group | 14,646 | 14,824 | 14,945 |
| | National | 8,496 | 8,318 | 8,105 |
| | International | 6,149 | 6,507 | 6,840 |
| Personnel costs as proportion of total operating expenses | | | | |
| Adjusted operating expenses | DT Group | 50,723 | 52,718 | 53,854 |
| | National | 17,854 | 17,484 | 17,221 |
| | International | 32,869 | 35,234 | 36,633 |
| Personnel costs as proportion of total costs | DT Group | 28.9 % | 28.1 % | 27.8 % |
| | National | 47.6 % | 47.6 % | 47.1 % |
| | International | 18.7 % | 18.5 % | 18.7 % |

In 2017, Deutsche Telekom posted adjusted personnel costs totaling 14.9 billion euros, 12 billion of which were for wages and salaries. In addition to this, we paid 2.9 billion euros into the social security and company pension schemes. The company pension scheme enables our employees to top up their statutory pensions.

27.8 percent of Deutsche Telekom's total operating costs of 53.9 billion euros were spent on its personnel base. This is one of the biggest expenditure items, but is also the basis of our success. Our employees are key to the overall success of our company's business.

Revenue and EBITDA per employee (per FTE, yearly average)

US GROWTH DRIVES ENORMOUS PRODUCTIVITY RISE



| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------|---------|---------|---------|---------|
| Revenue, Germany (billions of €) ² | 26.3 | 25.7 | 25.7 | 25.3 | 25.2 |
| Revenue, international (billions of €) ² | 33.9 | 36.9 | 43.5 | 47.8 | 49.7 |
| Revenue, Group (billions of €) | 60.1 | 62.7 | 69.2 | 73.1 | 74.9 |
| International revenue as a percentage of Group revenue ² | 56.3 % | 58.9 % | 62.9 % | 65.4 % | 66.4 % |
| Ø Average number of employees, Germany | 117,995 | 116,067 | 113,277 | 107,793 | 103,174 |
| Ø Average number of employees, international | 111,709 | 112,181 | 113,055 | 112,790 | 113,280 |
| Ø Average number of employees, Group (overall) | 229,704 | 228,248 | 226,332 | 220,583 | 216,454 |

¹ Revenue per FTE, thousands of €

² Since revenue is allocated from an HR perspective when calculating KPIs, it reflects employee location (FTE), whereas the annual report allocates revenue to the country in which it is generated. The figures are calculated on the basis of values rounded to millions.

| | 2015 | 2016 | 2017 |
|---|--------------------|--------|---------|
| EBITDA per FTE (average) in euros, adjusted | DT Group 87,959 | 97,105 | 102,700 |

In 2017, Deutsche Telekom generated Group revenue of 74.9 billion euros, a year-on-year increase of 2.5 percent (1.8 billion euros). The international share of Group revenue rose by about one percentage point to 66.4 percent. Likewise, revenue per employee increased steadily in 2017 to around 346,000 euros, a growth rate of about 4.5 percent.

In Germany, revenue per employee rose by around 10,000 euros. Our international business likewise reported a growth in revenue per employee of 3.5 percent, primarily thanks to our US business. The number of employees in our United States operating segment increased by 2.4 percent, driven partly by new mobile customers from the successful “Un-carrier” initiatives launched by T-Mobile US.

As a result, revenue at the United States segment increased by around 6 percent year-on-year, accounting for the largest share in Group revenue at 47.7 percent. The Group-wide growth in revenue, coupled with a slight decrease in headcount, accounts for the increase in productivity.

The average full-time employee at Deutsche Telekom generated EBITDA (earnings before interest, taxes, depreciation and amortization) of 102,700 euros in 2017, up 5.8 percent from 2016.

Total workforce quota, adjusted (costs and revenue in billions of €)

CONTINUOUS IMPROVEMENT IN THE TOTAL WORKFORCE QUOTA

| | | 2015 | 2016 | 2017 |
|-----------------|-----------------------------|--------|--------|--------|
| Germany | PC ¹ , adjusted | 8.5 | 8.3 | 8.1 |
| | EWC ² | 0.7 | 0.8 | 0.8 |
| | TWC ³ | 9.2 | 9.1 | 8.9 |
| | Revenue ⁴ | 25.7 | 25.3 | 25.2 |
| | TWQ ⁵ , adjusted | 35.9 % | 35.9 % | 35.4 % |
| International | PC ¹ , adjusted | 6.1 | 6.5 | 6.8 |
| | EWC ² | 1.1 | 1.3 | 1.1 |
| | TWC ³ | 7.2 | 7.8 | 7.9 |
| | Revenue ⁴ | 43.5 | 47.8 | 49.7 |
| | TWQ ⁵ , adjusted | 16.6 % | 16.2 % | 15.9 % |
| Group (overall) | PC ¹ , adjusted | 14.6 | 14.8 | 14.9 |
| | EWC ² | 1.8 | 2.0 | 1.9 |
| | TWC ³ | 16.5 | 16.8 | 16.9 |
| | Revenue ⁴ | 69.2 | 73.1 | 74.9 |
| | TWQ ⁵ , adjusted | 23.8 % | 23.0 % | 22.5 % |

¹ Personnel costs

² External workforce costs: costs of leased and temporary workers, freelancers and consultants

³ Total workforce costs: external workforce costs + personnel costs adjusted for special factors

⁴ Since revenue allocation to determine ratios is based on an HR perspective, it reflects employee location (FTE), whereas the annual report allocates revenue to the country in which it is generated.

⁵ Total Workforce Ratio = TWC/revenue

Deutsche Telekom succeeded in reducing its total workforce ratio once again. The adjusted ratio for the Group as a whole improved by 0.5 percentage points year-on-year. While total revenue was up 2.5 percent (1.8 billion euros) in 2017, total workforce costs only increased by around 0.2 percent year-on-year. The total workforce ratio describes the relationship between total personnel expenditure (internal and external) and revenue.

This means that if the ratio is down against the previous year, either total workforce costs have dropped, revenue has increased, or both these effects occurred simultaneously. This ratio is very important to us, as it expresses the productivity of our employees.

genial@Telekom in Germany

EMPLOYEE IDEAS SAVE 99 MILLION EUROS

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|--------|--------|--------|--------|-------|
| Ideas submitted | 12,164 | 13,231 | 13,728 | 10,125 | 6,902 |
| Savings (in millions of €) | 83 | 106.6 | 146.5 | 168.5 | 99 |

In 2017, our employees' ideas once again boosted our competitive standing.

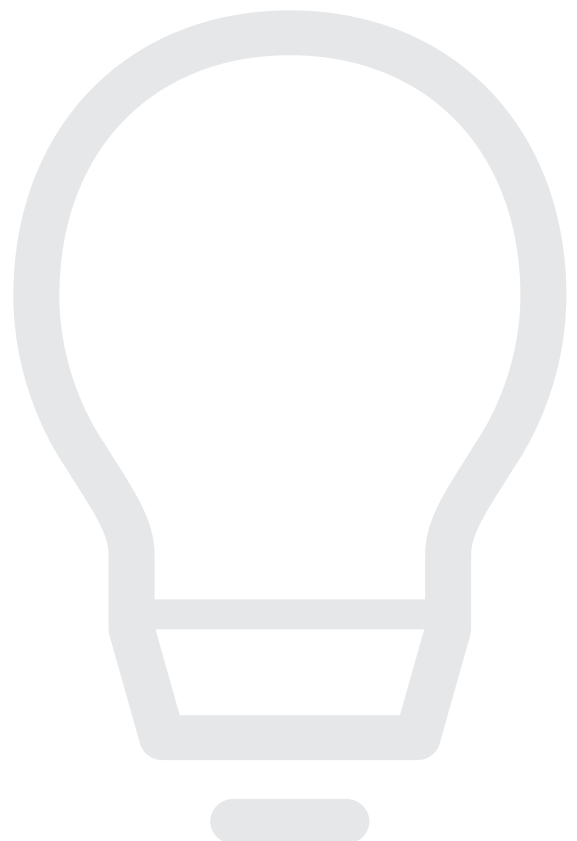
Two of them won the Ideas Management Award 2017 bestowed by the Deutsches Institut für Ideen- und Innovationsmanagement (German Institute for Idea and Innovation Management).

Second place in the "Best idea for production and technology 2017" category went to Bernd Zopf for his idea of laying fiber-optic cables in the ventilation tubes of existing copper main cables, thus making use of the hollow space inside the ventilation tubes. This eliminates the need for costly civil engineering measures and is therefore very valuable for Deutsche Telekom. Nati-

onwide, (almost) all street cabinet sites are now being converted to outdoor sites for the rollout of VDSL vectoring, thanks to this idea.

Third place in the "Best idea for administration 2017" category went to Markus Cremer for his idea of using an additional test tool to reduce the mast replacement rate.

His idea will enable us to reduce the mast replacement rate from 14 percent to 10 percent, thereby helping to significantly conserve resources and cut costs.



Natural attrition

SLIGHT RISE IN ATTRITION WORLDWIDE

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------|--------|--------|--------|--------|-------|
| Germany | 1.82 % | 1.42 % | 1.28 % | 1.37 % | 1.70% |
| International ¹ | 7.63 % | 8.57 % | 9.25 % | 8.14 % | 9.22% |
| Group (overall) ¹ | 4.17 % | 4.21 % | 4.39 % | 4.01 % | 4.68% |

¹ excluding T-Mobile US

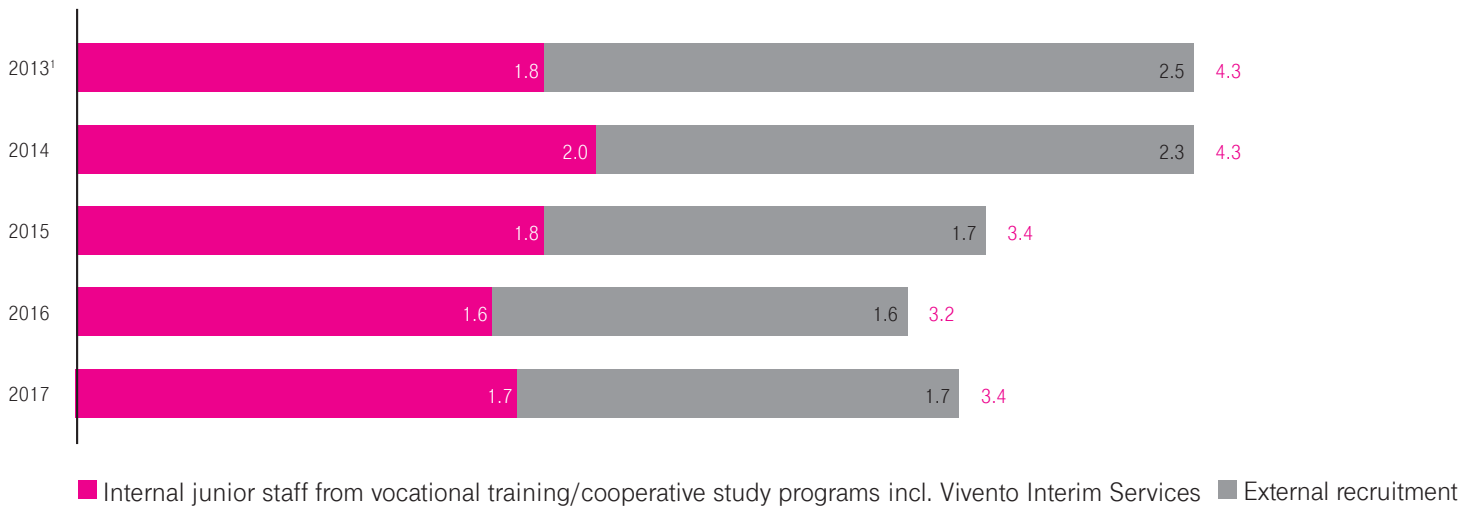
At both international and national level, the natural attrition rate has risen compared with 2016. Internationally, around 6,230 contracts were terminated by the employer or employees, 570 more than in 2016 (an increase of 10 percent). In addition, around 120 employees outside Germany retired upon reaching the statutory pension age or due to incapacity for work, 23 more than in 2016.

In Germany, some 1,210 employees quit their jobs in 2017. 570 of them left the company due to reaching retirement age or because of incapacity for work. The increase in contract terminations led to a rise in the attrition rate for the Group as a whole.

Natural attrition means normal staff reductions that occur without specific cutback measures, for example due to retirement, incapacity for work, contracts terminated by employees, or contracts terminated by the employer for conduct-related or personal reasons. These are presented as a percentage of the total workforce (figure for end of the previous year).

Recruitment in Germany (thousands of FTE)

NEW WAYS OF ATTRACTING EMPLOYEES



¹ Change from a net perspective (excluding fixed-term employment contracts that have ended) to a gross perspective of recruitment

In 2017, Deutsche Telekom hired around 1,700 new employees from the external labor market in Germany. In addition, we offered permanent jobs to around 1,700 internal junior staff on completion of their vocational training or cooperative study courses. A total of 9,860 employees were recruited outside Germany. We look for tech-savvy, creative minds and talented individuals who will help Deutsche Telekom to shape tomorrow's digital world. To further strengthen our employer brand in the growing job markets, we have developed a new global Employer Value Proposition (EVP). Deutsche Telekom maintains a creative presence in the social media for this target group and uses stand-out, targeted campaigns to consistently position itself as an attractive employer.

Against the background of digitalization, we also use new digital channels for our recruiting work. This includes our Global Online Challenge Platform, which we use to reach students, graduates, start-ups and IT professionals worldwide who enjoy mastering virtual business games. Our recruiting robot Roberta is our answer to "living digitalization". Roberta allows colleagues sitting at their desks around the world to virtually attend trade shows, events and trade congresses, ask and respond to questions in person, and even offer live glimpses into Deutsche Telekom's working environment. We are true to our motto "We shape the digital world to bring people closer together". Take the two-week "CMD+O – the Deutsche Telekom open workspace" project at the end of 2017 in Berlin, which created an open workspace for students and young professionals, and provided a straightforward way for us to make contact with our

target group. Interested individuals were able to join workshops and attend presentations. By employing these and other measures, we were able to acquire over 1,000 IT and telecommunications experts in Germany alone in 2017.

We also received multiple awards for our recruiting activities in 2017. Our Find Your Team career website received the HR Excellence Award 2017. The portal is a new approach between the classic career website and the job search, by providing a forum where future colleagues and teams can introduce themselves to one another. This means that every applicant has the opportunity to explore us in depth and get to know the full range of working methods, topics and tasks, as well as the people. We received the "Innovation of the Year" European HR Excellence Award for our recruiting robot Roberta. We were also ranked second overall for our social media activities in Germany by market research institute Potentialpark.

Furthermore, visitors to Europe's largest career trade fair for women, women&work, were so impressed by our trade fair presence that they voted us "most appealing employer" yet again.

Tools for socially responsible staff reduction in Germany, personnel cuts (FTE)

SOCIALLY RESPONSIBLE PERSONNEL CUTBACKS A TOP PRIORITY

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------|------|-------|-------|-------|
| Early retirement, civil servants | 1,618 | 927 | 1,219 | 3,849 | 27 |
| Early retirement, non-civil servants | 27 | 27 | 29 | 47 | 61 |
| Severance payments | 1,316 | 826 | 1,448 | 726 | 1,081 |
| Phased retirement (start of passive phase) | 711 | 332 | 1,345 | 1,393 | 1,687 |
| Transfers to government authorities (final) ¹ | | | 711 | 418 | 417 |
| Other socially responsible staff reduction options ¹ | 241 | 471 | 11 | < 6 | 15 |

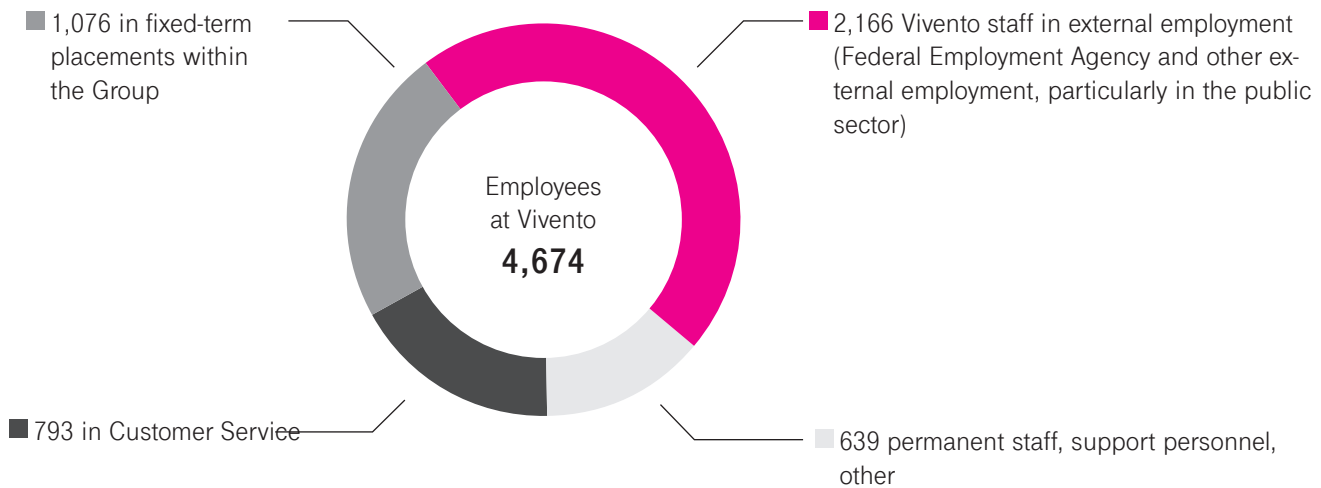
¹ Permanent transfers; civil servants are not entitled to return to the Deutsche Telekom Group – established as a cluster in 2015.

Deutsche Telekom continues to carry out personnel cutbacks in a socially responsible manner. In 2017, the company once again relied on the proven tools of phased retirement and severance payments. Phased retirement is usually based on a block model, in which staff work full time during the first few years of the 'active phase', followed by a 'passive phase' of equal duration, which transitions seamlessly into regular retirement. In 2017, some 1,687 employees in Germany moved from the 'active' to the 'passive phase' of phased retirement. Additionally, 2,950 employees, including 1,081 in Germany, made use of our

severance pay offers. A further 446 civil servants were permanently transferred into public administration roles. The statutory regulations on early retirement for civil servants expired at the end of 2016. The cases reported here for 2017 entered early retirement after December 31, 2016 (i.e. for retirement commencing on January 1, 2017). In 2018, civil servants will again be able to use the option of early retirement.

Vivento employees (FTE)

NEW CAREER PROSPECTS FOR DEUTSCHE TELEKOM EMPLOYEES



| | |
|---|---------------|
| Employees permanently transferred to the public sector via Vivento in 2017: | 417 |
| Staff transferred to Vivento since its foundation: | 54,029 |
| Staff leaving Vivento since its foundation: | 49,355 |

Personnel service provider Vivento continued to support the Group in its workforce restructuring efforts in 2017. Since its foundation, Vivento has created new career prospects for over 49,000 employees – primarily in the public sector. Last year, some 420 civil servants opted for a permanent transfer to federal, regional or local government. As in previous years, this development was encouraged by a growing demand for personnel at various authorities in the wake of reform and moderniza-

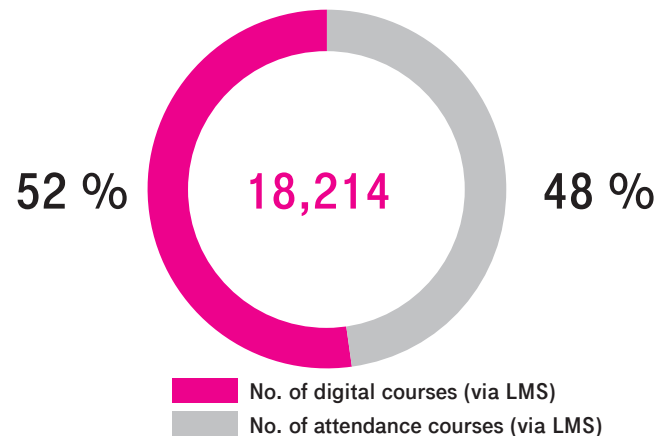
tion projects. In 2017, civil servants transferred mainly to the Federal Employment Agency (BA), branches and field offices of the Federal Office for Migration and Refugees (BAMF) and the Federal Armed Forces. Vivento also helped employees to find positions with federal, state and local administrative authorities.

Training, Group (total)

TRAINING: LEARNING GOES DIGITAL

Our employees around the globe spent 4.36 million hours on training and skills development in 2017. Digital formats accounted for 37 % of all learning, and we expect this figure to rise significantly in the future. Today, a large proportion of our courses can be booked via a global Learning Management System (LMS); in 2017, digital courses already accounted for 48 % of the training available for booking via the LMS.

Deutsche Telekom firmly believes that learning should be integrated into the workplace. Digital learning formats offer outstanding opportunities for fast, flexible learning with identical conditions anywhere in the world. By expanding our digital courses, we want to maximize the support we give to our employees for honing their professional skills, in keeping with our philosophy of lifelong learning. In 2017, digital courses such as “Now you know! Discovering Big Data” and “Digital Evolution/ Revolution”, which prepare our employees for the digitalization of the work environment, proved particularly popular. However, we also offered a range of conventional seminars and digital courses on topics such as design thinking. In 2018, we will even be offering a Massive Open Online Course (MOOC) on design thinking. In 2018, HR Development will focus on continuously adjusting the training portfolio to reflect the employee skills needed. The introduction of a Group-wide skills management system will represent a significant milestone in this context.



Skills development via the global Learning Management System (LMS)

| | |
|---|---------|
| No. of courses (via LMS) | 18,214 |
| No. of digital courses (via LMS) | 8,694 |
| No. of attendance courses (via LMS) | 9,520 |
| No. of training days | 726,331 |
| Ø Ave. training days per employee (in FTE) | 4.2 |
| No. of digital training days | 267,583 |
| Ø Ave. digital training days per employee (in FTE) | 1.6 |
| Digital learning ratio (proportion of digital learning hours in 2017) | 37 % |

Participants in international development programs (per head)

INNOVATIVE PROGRAMS TO IDENTIFY AND FOSTER TALENTS

| | | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------|------|------|------|------|------|
| Start up! trainee program participants ¹ | Total | 31 | 30 | 31 | 18 | 32 |
| Start up! trainee program participants ¹ | Of whom women | 35 % | 36 % | 45 % | 28 % | 50 % |
| Global Talent Pool participants ² | Total | – | 161 | 300 | 253 | 858 |
| Global Talent Pool participants ² | Of whom women | – | 29 % | 32 % | 35 % | 25 % |

¹ The program lasts 15 to 18 months. Annual new hires are shown.

² Group-wide program for top talents. The program lasts approx. 12 months (starting every summer). As of 2017, it replaced the predecessor program "Talent Space". Comparisons are difficult due to the new target group structure (now also includes executives).

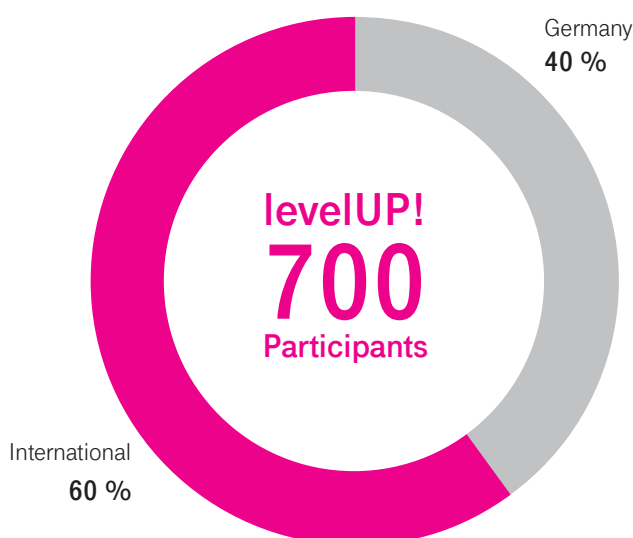
Our Group-wide development programs are designed to help high potentials and top performers to gain a foothold in the Group, to keep them loyal to the company, and to position them in suitable roles. The focus is on developing talented individuals and equipping them to deal with current and future challenges. At the same time, we want to enhance their sense of belonging, increase knowledge exchange and promote personal responsibility.

The international trainee program Start up! is designed for innovative graduates with entrepreneurial mindsets. Over a period of 15 to 18 months, trainees get to know different areas of the company in Germany and abroad with a series of challenging project tasks. The program is complemented by innovative training formats and events such as the recently introduced "Magenta Friday", which gives trainees a forum for regular project collaboration to fulfill their mandate as drivers of culture and innovation within Deutsche Telekom.

The "Global Talent Pool" is the new talent management process for all talented staff throughout Deutsche Telekom who are planning their next career move or wish to gain experience in strategic project assignments. HR and Recruitment personnel across the Group can use the platform to access the talents' profiles and contact them. The platform is a useful tool for finding the right person for a position anywhere in the Group, while also increasing an employee's chance of getting noticed. It also fosters networking by organizing talent conferences, and encourages employees to rotate among different business units, national companies and roles, and thus makes an important contribution to diversity within the Group.

Participants in international leadership development programs (per head)

levelUP! A NEW APPROACH TO LEADERSHIP DEVELOPMENT



| Participants | | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------|---------------|------|------|------|------|------|
| FEP*/ LDP** | tota | 491 | 487 | 473 | 359 | 210 |
| Participants FEP*/ LDP** | Of whom women | 37 % | 39 % | 40 % | 42 % | 39 % |

* German version of Leadership Development

** Leadership Development Program

The portfolio of management development programs at Deutsche Telekom AG was completely redesigned in 2017. The current range of programs is designed to help DT managers to master challenges and assist them with their personal management journey.

levelUP! aims to completely transform the way we handle complexity and ambiguities. 700 managers from all DT units and subsidiaries participated in the first edition of levelUP! in 2017. This ten-month digital learning journey prepares managers for the issues of the future. It addresses the culture of innovation and technology-based leadership with reference to Deutsche Telekom. With a varied mix of digital and attendance formats, the program aims to shake things up and bring a fresh interpretation of personnel management to the Group. It also focuses on collaborating with other pioneers to break down old habits and build new networks. This development program, aimed at executives, is individually and flexibly structured to allow participants to create their own individual learning path using state-of-the-art techniques.

LeadFirst is a completely digital, virtual management transition program aimed at managers who have recently taken on a management role. Its aim is to give managers a clear and comprehensive understanding of their new role and to create a solid management foundation in harmony with the leadership principles at Deutsche Telekom AG. During the program, participants

reflect on their own leadership ideas. This global, digital program not only helps to develop leadership skills at the highest level, but also promotes virtual leadership skills and offers numerous opportunities for networking.

leadFirst in figures

- . 107 participants from 24 countries
- . 5 modules
- . 17 live sessions
- . 36 web-based training courses
- . 41 micro-learning courses

We also offer a wide range of challenging training courses for future leaders in our German-language management development program (Führungskräfte-Entwicklungsprogramm, FEP) and our English-language Leadership Development Program (LDP). Both programs prepare participants for their first or a more challenging management position. Our aim is to achieve a shared vision of leadership within Deutsche Telekom AG.

Health rate in Germany (%)

HEALTH RATE ALMOST CONSTANT

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------|------|------|------|------|------|
| Germany | 93.9 | 94.4 | 94.0 | 93.8 | 93.7 |

Nationally, the health rate for the Deutsche Telekom Group in 2017 decreased by 0.1% year-on-year, and stood at an average of 93.7% (including the long-term sick).

The health rate in the fall and winter months of Q4 remained unchanged against Q3, both overall and in the individual segments. The usual seasonal rise in infectious diseases had not materialized by December.

There were no relevant external influences, such as a flu epidemic, to affect rates.

The principal reasons for illness-related absenteeism at Deutsche Telekom AG are musculoskeletal disorders, respiratory diseases, and mental health problems.

Within Deutsche Telekom, there were significant structural and organizational changes in the Germany segment and in the Group Headquarters and Group Services (GHS) segment which posed a potential risk to employees' health, due to the associated psychosocial stress factors. Against this background, the small deterioration in the health rate of 0.1% can be considered stable.

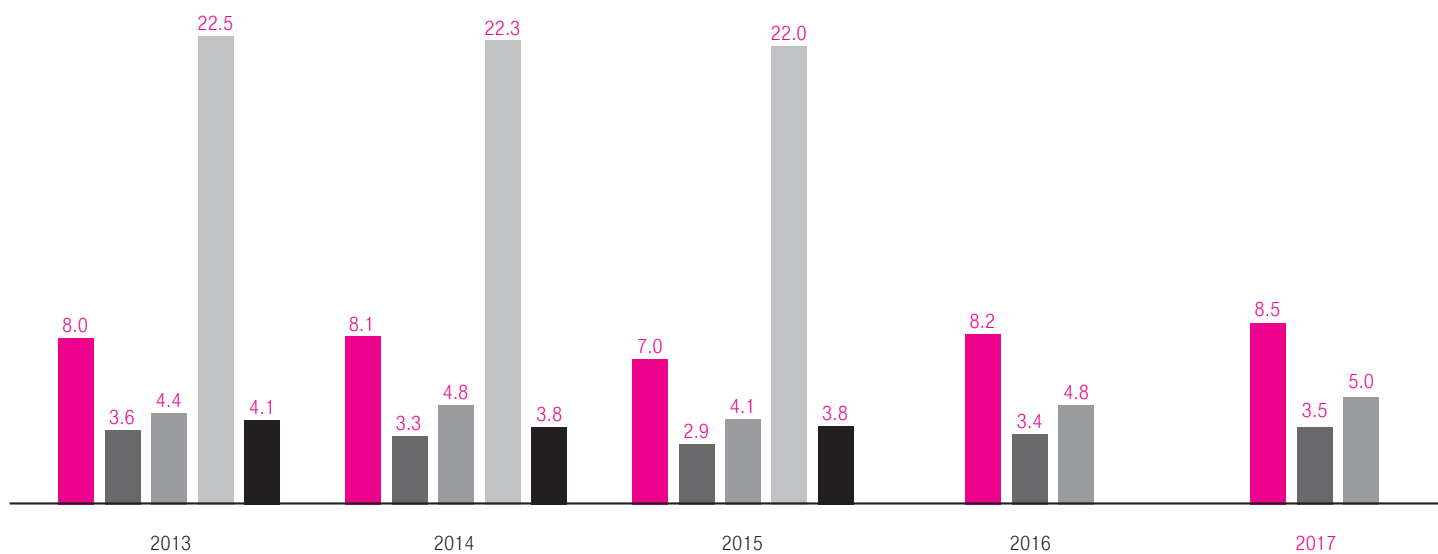
In 2017, our company health management offerings focused increasingly on psychosocial stress factors. The take-up of the Employee and Executive Advisory Service was 4,000 hours more than we had budgeted for. While on the one hand, this is indicative of increased demand, on the other, it may have helped stabilize the health rate.

Additionally, targeted health prevention programs were implemented in the individual companies. The Germany operating segment launched its "End-to-end health management" initiative to establish a healthy company organization, while GHS established the "Ambitious health rate" project with a number of sub-projects to improve the health rate, and T-Systems stepped up its existing manager training and company health improvement measures.



Work-related accidents in Germany (per thousand FTE)

SLIGHT INCREASE IN WORK-RELATED AND COMMUTING ACCIDENTS



■ Total number of work-related and commuting accidents ■ Work-related accidents ■ Commuting accidents
 ■ Work-related accidents, ø all industries¹ ■ Commuting accidents, ø all industries¹

¹ Accidents from 2016 and 2017 have not yet been included in the statistics published to date.

The number of work-related and commuting accidents was up slightly in 2016. We note that many accidents were the result of carelessness, e.g., people stumbling, slipping, falling or twisting their ankle. We therefore joined forces with the employers' liability insurance association to develop a special information format for the future.

The increase in commuting accidents (accidents on the way to and from work) may well be due to longer journeys to work and the increase in traffic on the roads, with a large number of accidents being the fault of third parties. Since commuting accidents provoke lengthier absences than accidents which occur at work itself, we continue to manage and evolve our existing

set of preventive measures. In 2017, Deutsche Telekom again offered its employees safe-driving courses at a discounted rate with provider ADAC. Training is available to users of company and service vehicles as well as private cars. Special driving training is also available for young employees and apprentices. These measures are designed to stabilize or improve the rate of commuting accidents. Deutsche Telekom has a health and safety management system in place to reduce the number of work-related accidents. This certified system makes it possible to map the entire health and safety process and to develop sets of measures to further improve employee safety.

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