

Connected life and work.

Bringing people together. Embracing responsibility. Finding solutions.



The 2008 Corporate Responsibility Report.

Life is for sharing.



About this report.

More than ten years ago, Deutsche Telekom began reporting about its commitment in social activities. Initially, environment issues had been our main concern. With the growing interest of the public and our stakeholders on the subject of sustainability, the scope of our reporting too has been extended. Since 2003, Deutsche Telekom has published its annual combined report on human resources and sustainability. The interim report "Corporate Responsibility (CR) Facts & Figures" from 2007 serves as the transition to the present form of reporting. With "Connected life and work. Bringing people together. Embracing responsibility. Finding solutions." we are pleased to present our first, in-depth CR report. Aim of the report is to give a detailed account to our stakeholders and the general public about



the activities, progress and goals of our company in business, social and environmental issues. The report also serves as an update of Deutsche Telekom's progress in the scope of the United Nations Global Compact.



Our present report is modeled in compliance with the internationally recognized guidelines of the Global Reporting Initiative (GRI) G3 including the Telecommunications Sector Supplement (pilot version 1.0). By awarding the highest Application Level of "A+," the GRI has acknowledged Deutsche Telekom's exacting adherence to the initiative's requirements of open and transparent reporting. While selecting the topics portrayed within the present report, we have also considered, apart from the recommendations issued by the GRI, the results of a materiality workshop conducted in December 2007. Taking into account the perspective of external stakeholders, the key fields of responsibility for Deutsche Telekom, the most material issues, were identified. These issues were subsequently assigned to corresponding CR areas of action, viz. customers, ecology, suppliers, human resources and social commitment, each of which forms one chapter of the present report. As part of these chapters, spotlights focus on particularly challenging issues in the telecommunications sector, as seen from the perspective of important stakeholders, as well as Deutsche Telekom's responses to these topics. Subjects not discussed in the printed CR report are dealt with in the

online report. The symbol and a numeral indicate where additional information is available online. By entering these numerals in the search field of the CR Online Report, the reader is led directly to the Internet page containing the desired information. In addition, our Group portal, www.telekom.com/corporate-responsibility, presents constantly updated reports on our CR activities.

The key indicators section at the end of the report presents an overview of selected consolidated key indicators of Deutsche Telekom. Some of these key indicators have been examined by independent auditors for accuracy, completeness and adequacy. The result is presented in the certification on page 70.

The report is a Group report and incorporates all Group subsidiaries in which Deutsche Telekom holds a majority interest. The reporting period applies to the financial year 2007. However, we have also included relevant information from 2008 available to us by the editorial deadline on February 29, 2008. We may also report beyond the editorial deadline in exceptional cases to reflect the latest developments. The data protection spotlight, for example, was updated in October 2008. "Connected life and work. Bringing people together. Embracing responsibility. Finding solutions." is available in both the English and German language versions. Our next CR report is due to be published in summer 2009.

Legend:

- Further information in the CR Online Report
- Cross reference to related topics in the CR Report or to more detailed information in other Deutsche Telekom Group publications
- Identification of certified data for the financial year 2007



Content.

- 2 Foreword
- 4 A quick glance at the year
- 6 Corporate profile

Suppliers. Cooperation on sustainable procurement.

- 38 Global Procurement Policies
- 41 Ongoing exchange
- 42 Networking at international level
on compliance with human rights
Spotlight: Stakeholder Dialog Day

Strategy and management. Building on previous activities.

- 10 Corporate culture and corporate values
- 11 CR strategy process
- 12 New CR governance within the Group
- 13 Compliance management
- 15 Stakeholder dialogs
- 17 Reporting based on relevance criteria
Spotlight: Regulation and policy-making

Human resources. Bringing about change to tap diverse opportunities.

- 46 Competitive workforce
- 47 Talent agenda
- 48 Service culture
- 51 HR@2009 strategy process
Spotlight: Diversity

Customers. Partner for connected life and work.

- 20 Equal opportunity for all in the digital age
- 23 Protecting children and young people
Spotlight: Data protection

Social commitment. Commitment for a common future.

- 54 Promoting education
- 57 Corporate volunteering
Spotlight: T-City

Ecology. Solutions for customers and the Group.

- 28 Environmental protection in the Group
- 33 Sustainable products and services
Spotlight: Climate protection

Facts and figures.

- 58 CR program 2008
- 60 Key indicators
- 70 Attestation

- 71 GRI index and Global Compact
Communication on Progress

Glossary
Disclaimer
Contact and publishing information



Dear Readers,

Deutsche Telekom's core business is providing our society with all imaginable services and amenities required for a connected life and work. This, no doubt, is a question of doing the job in a responsible manner. After all, our success depends on the trust and confidence of our customers – something which depends on the responsibility we show in our conduct towards society.

Three of the greatest challenges we face are combating severe climate change, providing equal opportunities for all to participate in the IT world as well as enhanced services for connected life and work. To achieve this, we intend to offer new concepts and specific solutions and have focused our corporate responsibility activities to this purpose.

Digitization of business processes and replacing traveling with modern communications media are the essentials for improved energy efficiency in the global economy. According to the latest "Smart 2020" report, it is possible to reduce 7.8 gigatons CO₂ worldwide in the next decade – a quantity higher than the USA's current CO₂ emissions per year – by employing information and communications technologies in a targeted manner. It goes without saying that we intend setting an example here.

Secondly, we are striving to make it possible for all, irrespective of their origin or level of education, to have their just share in the IT world. Owing to the demographics in our country, Germany is also dependent on the potential of its senior citizens, people who have grown up without the amenities of the Internet and mobile communications. We are also concerned about underprivileged children and youth, who are of course exposed to new technologies, but who often cannot learn to use them at school or in their professional life. Another challenge we face is setting up Internet connections in remote areas. In Germany today, we have one of the best networks of high-speed Internet connections worldwide. Future developments in the Internet will, however, pose far greater challenges to network and line capacities. The private sector alone will not be able to finance the investments required to overcome these challenges. The social duty of preventing a regional digital divide in the long term means that new political and regulatory solutions will have to be found.

Finally, the third challenge to be tackled is improving the quality of working and living in modern society with our services. This calls for not only developing and implementing network technologies but also openly facing their consequences, for example, of having a constant "virtual" presence during one's working life.

We are proud to say that Deutsche Telekom's contributions in the fields of sustainability and corporate responsibility receive international acclaim, and have committed ourselves to the principles of the United Nations Global Compact.

It is best to get your own impression of our commitment and services in the field of corporate responsibility. In that regard, we would be grateful to receive your views on our work. We value your opinion and wish you happy reading, hoping that you will find a wealth of information and maybe also be inspired.

Bonn, September 2008

Sincerely,

René Obermann
Chairman of the Board of Management
Deutsche Telekom AG

A quick glance at the year.

Quick recap of the most important events in the period under review.

January 2007

- The WWF report acknowledges Deutsche Telekom as the worldwide leading global corporation best prepared to take on the challenges of climate change.

February 2007

- Friedrichshafen wins T-City competition among 52 contestant cities. Deutsche Telekom to finance T-City's infrastructure upgrade with up to EUR 35 million. Up to EUR 80 million set aside for implementing selected project concepts.
- Deutsche Telekom, together with 15 other companies, signs "European Framework for Safer Mobile Use by Younger Teenagers and Children."

March 2007

- Deutsche Telekom announces its Group strategy "Focus, fix and grow" at the press conference on financial statements.
- Fitting for children's needs, the "Blinde Kuh" search engine integrated into T-Online Kids Portal pages. The search engine is the only one in Germany to have access to over 25,000 sites with appropriate content for kids.
- Collective bargaining to set up three new service companies within Deutsche Telekom Group.

May 2007

- Deutsche Telekom No. 1 in scoris rating agency's DAX-30 sustainability ranking.
- Deutsche Telekom employees launch extensive strikes and walkouts in the context of collective bargaining, adding up to around 500,000 strike days.

June 2007

- Deutsche Telekom organizes socially responsible investment (SRI) roadshow aimed at intensifying dialog with investors keen on sustainable projects.
- Deutsche Telekom and ver.di agree on collective bargaining conditions for around 50,000 employees of the service companies.

July 2007

- Deutsche Telekom, along with 60 other multinationals, signs "Caring for Climate" statement, a voluntary commitment to reduce CO₂ emissions, initiated by UN Global Compact.
- Deutsche Telekom reduces roaming rates for calls abroad well in advance of the effective date set by the EU Commission in June 2007 by way of the EU Roaming Regulation for mobile communications providers.
- T-Mobile UK simplifies its return system for cell phones. Customers can send in their old devices free of charge via mail and can either claim the resale value themselves or credit it to a charity of their choice.

August 2007

- With its cordless Sinus telephones product line, Deutsche Telekom is the first provider at the Internationale Funkausstellung (IFA), the world's largest consumer electronics trade fair, to present a fully environmentally friendly product range which, apart from its low power consumption, guarantees climate-neutral telephoning for over five years.
- Deutsche Telekom introduces E-TASC, the online supply chain information system in whose development the company has played an instrumental role.



September 2007

- Sustainable Procurement Working Group (SPWG) established as central steering committee for sustainable procurement within the company.
- Deutsche Telekom holds its first Corporate Responsibility (CR) Day under the slogan “Corporate success = business plus ethics” with the participation of 300 internal and external stakeholders.
- Carbon Disclosure Project Report 2007 published. Deutsche Telekom rated AAA, thereby positioned as best corporation in climate protection and also as leading company in Germany.

November 2007

- Telefónica Deutschland files a suit at the Federal Network Agency against Deutsche Telekom for malpractice. The competitor accuses the Group of delaying provision of subscriber lines for DSL Internet access intentionally.

December 2007

- Restructuring of Group Security department concluded. On the basis of internal tip-offs, Deutsche Telekom, in summer 2007, investigated an individual case from 2005 concerning the misuse of call data. The findings of this internal investigation led to far-reaching changes in the personnel and organizational structure of the Group Security department.

January 2008

- Deutsche Telekom covers its total energy requirement in Germany via renewable resources.
- Zurich-based rating agency Sustainable Asset Management (SAM) acknowledges Deutsche Telekom’s endeavors in the area of sustainability with the “SAM Gold Class” award.

August

September

October

November

December

January

February

October 2007

- T-Mobile Deutschland together with other mobile communications providers and FSM e.V., the voluntary self-control of multimedia service providers association, announces its voluntary commitment on protecting minors in mobile communications.

- T-Online Shop offers its customers – at no extra charge – DHL’s climate-neutral package delivery service for their online purchases.
- Deutsche Telekom attends UN Climate Conference in Bali and presents its climate protection strategy.
- Magyar Telekom awarded the Business Ethics Award 2007 for developing Internet platform Egálnet aimed at promoting equal opportunity for underprivileged groups in Hungary.

February 2008

- By providing financial backing of around EUR 2 million, Deutsche Telekom Foundation is actively involved in promoting the “Year of Mathematics 2008” initiated by the German Ministry for Education.
- International “Mobile Alliance against Child Sexual Abuse Content” initiative launched by the Global System for Mobile Communications (GSM) Association and leading representatives from the mobile communications sector including all Deutsche Telekom mobile communications subsidiaries in which the Group has a majority interest.

Corporate profile.

Deutsche Telekom is one of the world's leading providers of integrated services in the information and communication technology (ICT) sector. With the three product brands T-Home, T-Mobile and T-Systems, the organization offers its customers state-of-the-art technologies and services from a single source under its "T" brand. Deutsche Telekom's portfolio covers mobile communications, fixed-line telephony, and broadband Internet and ICT solutions for business customers all over the globe.

International market presence.

Ever since its foundation, the company's home market has been in Germany. In the meantime, every third member of Deutsche Telekom's 240,000-strong workforce is employed abroad. Our focus markets lie in Europe, the USA and Asia.

In 2007, Deutsche Telekom pushed ahead with its internationalization activities by making several acquisitions in the international arena. With the acquisition of mobile carrier Orange in the Netherlands and the takeover of SunCom in the USA, we improved our competitive position in Europe and the USA.

Group structure and operating segments.

Diverging from previous presentations of the Group structure that were based on the three strategic business areas known as Mobile Communications, Broadband/Fixed Network, Business Customers and, in addition, Group Headquarters & Shared Services, reporting is based on the following five operating segments for the first time in the year ending December 31, 2007:

Broadband/Fixed Network. The Broadband/Fixed Network segment offers consumers "all they need at home" for telephony and broadband Internet under the T-Home product brand, from state-of-the-art fixed-network infrastructures and high-speed Internet access to innovative multimedia services. In Germany's fiercely competitive market, T-Home leads the field in DSL broadband lines. Outside Germany, the operating segment has a presence in particular in Central and Eastern Europe in Hungary, Croatia, Slovakia, Macedonia, Bulgaria, Romania, and Montenegro.

With more than 119 million customers (as of December 31, 2007), T-Mobile International AG is one of the world's leading mobile carriers. Its activities are spread over two operating segments.

Mobile Communications Europe. The operating segment known as Mobile Communications Europe covers all of T-Mobile International AG's activities in Germany, the United Kingdom, the Netherlands, Austria, Poland and the Czech Republic. Besides these, it also includes the Group's mobile operations in Slovakia, Croatia, Macedonia, Montenegro and Hungary.

Mobile Communications USA. T-Mobile USA covers the segment known as Mobile Communications USA with over 28.7 million customers (as of December 31, 2007).

The portfolio that Deutsche Telekom offers under the T-Mobile product brand in its focus markets in Europe and the USA consists of voice and data services along with mobile broadband services.

Business Customers. Through its 56,000 employees, the Business Customers operating segment delivers integrated ICT solutions to T-Systems customers in more than 20 countries. Its activities are focused on the Western European countries of Germany, France, Spain, Italy, the United Kingdom, Austria, Switzerland, Belgium, and the Netherlands. All in all, the Business Customers segment looks after 60 multinational corporations and public institutions and around 160,000 large, medium and small enterprises.

Group Headquarters & Shared Services. Group Headquarters manages all strategic and cross-segment processes. Operating services that are not directly connected to the company's core business, such as real estate and fleet management, are provided by Shared Services.

New 2007 Group strategy.

In response to future global trends as well as the specific challenges facing Deutsche Telekom, the Group developed its strategy known as "Focus, fix and grow" in 2007. Presentation to the general public followed in March 2007 at the press conference on Deutsche Telekom's financial statements. Actual implementation began in June 2007 with the foundation of the three service companies and introduction of the new brand architecture.

The Group strategy is geared to the following four action fields and finds application in all three of the Group's business areas (Broadband/Fixed Network, Mobile Communications and Business Customers):

1. Improve competitiveness in Germany.
2. Grow abroad with mobile communications.
3. Mobilize the Internet and Web 2.0 trends.
4. Develop ICT business.

Human Resources strategy.

The motivation and know-how of our employees in all departments and at all levels play a vital role in successful implementation of the Group strategy and thus in a sustainable future for Deutsche Telekom. The HR strategy has therefore been developed in close coordination with the Group strategy. Like the Group strategy, it is geared to the four core strategic initiatives "Competitive workforce," "Talent agenda," "Service culture" and "HR@2009."

101

See page 46 ff. and 2007 Human Resources Report.

Business development.

For Deutsche Telekom, the 2007 financial year was again marked by strong competition in the telecommunications industry and by ongoing technological change. Nonetheless, the Group succeeded in achieving a stable level of growth. Total revenues were raised to EUR 62.5 billion in the 2007 financial year. Deutsche Telekom generated more than 50 percent of its revenues outside Germany. Consequently, the share of international revenue rose again, this time by 3.8 percent.

All in all, Deutsche Telekom has made major progress in business development. It has already reached the financial targets that were communicated at the start of 2007:

- It increased Group revenue by 1.9 percent to EUR 62.5 billion.
- The company overfulfilled the forecast figure, achieving EUR 19.3 billion for adjusted EBITDA.
- Free cash flow increased to EUR 6.6 billion. In this respect, it not only topped last year's figure of EUR 6.3 billion (before payments for procurement of licenses totaling EUR 3.3 billion) by 4.4 percent but also our improved forecast of EUR 6.5 billion of November 2007.

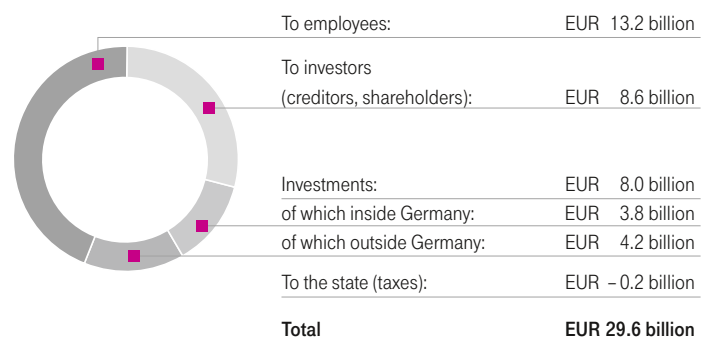
Besides this, the company successfully reduced its net debt in 2007 to EUR 37.2 billion. As a result of the positive development in all key performance indicators, the Board of Management at Deutsche Telekom and the Supervisory Board decided to increase the dividend paid out to shareholders from EUR 0.72 to EUR 0.78 for each individual dividend-bearing no par value share for the 2007 financial year.

Net value added. The stable economic growth at Deutsche Telekom in 2007 again enabled the Group to make a major contribution towards economic and social stability in Germany. This is clearly reflected in the company's net value added, a figure that reveals the form in which enterprise value is distributed among individual stakeholders, for example as wages or taxation.

Deutsche Telekom's net value added is the result of adding sales revenue to cash inflow from the sale of assets less operating costs and other expenditure. In contrast to the statement of income, the net value added only takes account of real payment flows. Thus, for example, deferred tax expenditure and the recognition of provisions have no impact on net value added for the reporting year. Although these costs are deducted from net profit in the statement of income, they are not linked to any current payments to stakeholder groups. Outpayments in this respect are scheduled for the future and will only be accounted for in net value added in future years.

The breakdown of net value added in the 2007 financial year is shown in the table below:

as of Dec. 31, 2007



Socially responsible investment. We see the bundling and profiling process of our corporate responsibility (CR) activities, which was launched in 2007, as an opportunity to make us more attractive for our investors over the long term. Our socially responsible investment (SRI) roadshows held in June 2007 and February 2008 were designed to give investors who are interested in sustainability issues an insight into our activities and to provide a forum for discussion. Our excellent results again in the 2007 SRI ratings provide crucial guidance for investors and helped to ensure that the T-Share is listed in the leading sustainability indices and funds.

See page 60.


Integrated and focused.

With our new CR strategy we are giving Deutsche Telekom a new organizational and operative basis to fulfill its corporate responsibility.



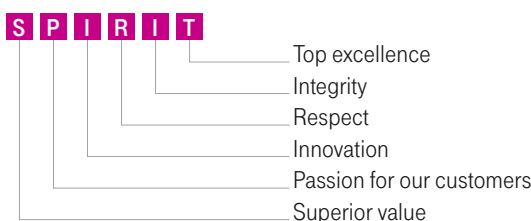


Strategy and management. Building on previous activities.

Responsible conduct secures the Group's future viability and promotes the sustainable development of the economy and society. Based on this insight, Deutsche Telekom has committed itself to the principles of sustainability and incorporates social, environmental and financial goals into its corporate strategy. We communicate and cooperate on a wide basis with internal and external stakeholders and take into account the social expectations demanded from an ICT company in a comprehensive and systematic manner. This focus on stakeholder dialog helps create the prerequisites that enable us to assume full responsibility for the impact of our business activities and to improve our competitiveness. In order to preserve the trust of our customers, we wish to underline our explicit corporate commitment to data protection and also other relevant issues.  Also see section "Customers" on page 22 f.

Corporate culture and corporate values.

Taking on social responsibility has a long tradition at Deutsche Telekom and has been an integral part of our corporate culture for many years. Corporate responsibility is the basis of our vision for making Deutsche Telekom the global leader for connected life and work. How we realize this vision and find the right balance between the expectations of our employees and stakeholders is most aptly expressed by our "T-Spirit" values:



@201

Manifold external obligations. Our commitment to social responsibility is expressed in several domestic and international voluntary agreements through which we have recognized many of the principles and standards drawn up by our stakeholders and voluntarily integrated them into our own corporate culture or adopted them in our management system. On these lines, the Group was one of the first ICT companies to join the UN Global Compact on July 26, 2000 and committed itself to complying with the ten principles of the initiative. We have thus taken on the obligation to respect human rights, maintain suitable labor standards and concentrate our efforts on protecting the environment and fighting corruption. Likewise, the Social Charter, adopted by the Board of Management in 2003, represents our commitment to fundamental social principles, which above all aim to improve human rights and labor and environmental standards. The OECD guidelines for multinational companies, the environmental management systems of ISO and the core labor standards of the International Labor Organization (ILO) are an important basis for our corporate activities. Deutsche Telekom was one of the first companies in Germany, together with Deutsche Bank, BP and Daimler, to sign the charter of diversity in December 2006 in line with its commitment to cultural diversity.

 See page 49 f., 71.

@202 For more information on the Global Compact and the

@203 Diversity Charter, see 2008 CR Online Report.

CR strategy process.

The demands of society on global corporations have grown considerably over the past few years. External stakeholders in particular, backed by investor associations, rating agencies and the media, articulate their various demands more emphatically than before. Along with the increased significance which corporate responsibility has experienced in the public eye, we as an ICT service provider feel a special obligation to help shape a sustainable future.

CR as a management issue. In the fourth quarter of 2007, we began to bundle all activities in connection with sustainability and social commitment in a separate unit under the term Corporate Responsibility (CR). By anchoring this within the Chairman's department, it is now possible to steer and control corporate responsibility centrally within the Group across all its business areas and subsidiaries. Concurrently, we took stock of our strategy process. We reviewed and assessed the CR-relevant documents, guidelines and management processes of Deutsche Telekom that have been in effect up until now. In order to do full justice in future to the internal and external expectations on us as an ICT company, we began creating stakeholder demand profiles in December 2007. To this end, we conducted interviews with internal and external stakeholders, analyzed the performance of major competitors and the results of several rating agencies. The findings were summarized, filtered, evaluated and subsequently used for an internal gap analysis of our CR performance.

New tasks and a new understanding. With our new CR strategy we are giving Deutsche Telekom a new organizational and operative basis to fulfill its corporate responsibility. On September 2, 2008, the Board of Management passed a resolution which defines our new CR understanding, the resulting tasks and the organizational framework. The resolution is based on the following claim:

Deutsche Telekom intends to become a worldwide leader in corporate responsibility. The Group commits itself to a responsible conduct in terms of sustainability and strives to find a lasting balance between the financial, social and ecological impacts of its activities. Furthermore, Deutsche Telekom has committed itself to incorporate every aspect of sustainability into its corporate activities. The company seeks an active and intensive dialog with its stakeholders and conducts such dialogs in an open and transparent manner.

Already, Deutsche Telekom is a trailblazer in numerous areas of action such as climate protection and supply chain management. This fact strengthens our conviction that we can achieve our goal of being a worldwide leader in CR within just a few years.

Consequences and new CR objectives. The new CR strategy has a fundamental impact on Deutsche Telekom's business processes:

- On a mid to long-term basis, CR management will span the entire value chain of the company, striving to enhance its value and sustainability. This includes the creation of CR key performance indicators (KPIs), developing a CR roadmap and monitoring our targets.
- The sustainability aspects will be considered when weighing up business-relevant management decisions.
- Social change processes are to be integrated into product and service development at an early stage. As a result, CR aspects will be better incorporated in future innovation processes.
- Deutsche Telekom fosters an active exchange with its employees and external stakeholders with the aim of incorporating their expectations in company decisions and consolidating their trust in the company.

Sharper profile in strategic fields of activity. The new CR strategy defines three fields of activity which are closely connected to our core business and are considered particularly relevant by the public and our stakeholders:

- Connected life and work,
- Connect the unconnected, and
- Low-carbon society.

Deutsche Telekom assumes the key position of an "enabler" in all three CR fields of activity, by enabling the members of society to attain important achievements. The company opens up new opportunities in both business and private life; it creates opportunities for many people so far cut off from the information and knowledge-based society to be part of it; and helps its customers and employees in achieving significant reductions in CO₂ emissions.

Sustainability in connected life and work. Our contribution to a connected life and work is part of our core business. From a CR point of view, the main question is: How can we support our customers and employees in improving their quality of life and work? We see the major challenges in shaping the developments in connected life and work with model and convincing concepts. Furthermore, we want to provide people with useful services, enabling them to have a better quality of life and full trust in safe ICT services and processes.

Connect the unconnected in the knowledge society. Many people do not enjoy the possibility of using digital media due to cultural, economic or health-related reasons. Our central question in this area of action is: What can we do to enable these people to be part of our information and knowledge society? Deutsche Telekom has done a lot in the past to accomplish this task. Nonetheless, there is a lot to do for promoting equal opportunities and helping people to bridge the so-called digital divide. We continue our unceasing efforts to integrate underprivileged groups and offer new business models, projects and services. Providing broadband and user-friendly technology for all is therefore also a central issue in this area of action.

Ways to becoming a low-carbon society. ICT processes are inevitably linked with energy consumption and CO₂ emissions. At the same time, they can also play a vital role in saving energy and reducing emissions. Our central question in this context is: What can we do to enable us and our customers to effectively contribute towards climate protection? The major challenges in this area of action are upgrading energy efficiency and the use of clean energy. We therefore plan to promote innovations which help us to sever the link between energy consumption and CO₂ emissions. Our goal is to develop new products and services that have the least impact on the environment. This also includes the further development of our highly successful green IT concepts.

Our strategy roadmap. Our CR strategy process also includes the following objectives which we aim to achieve by 2010:

- Further development and implementation of CR targets and CR KPIs
- Creating an extended CR program based on the new targets and KPIs
- Upgrading our Group-wide environment and energy strategy
- Further development and implementation of a Group-wide e-waste strategy
- Implementation of a Group-wide environment management system
- Systematic integration of sustainability aspects in product and service development
- Upgrading the supply chain management
- Developing a new, Group-wide CR communications strategy for enhanced stakeholder involvement

New CR governance within the Group.

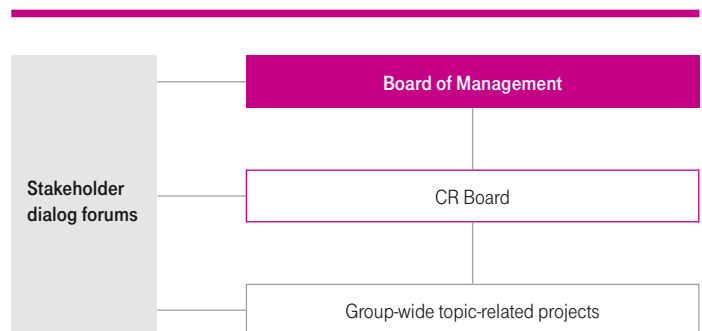
In the fourth quarter of 2007, we began setting up a new, efficient organization structure for the Group-wide CR management of Deutsche Telekom. To this end, we established a central strategic unit and interface at the beginning of 2008.

This new CR unit is organized as a separate unit within Corporate Communications, a department reporting directly to the Board Chairman. For its part, the CR unit reports regularly to the Board of Management, advising the latter on all questions concerning sustainable corporate governance and corporate responsibility. It is the task of this new unit to strategically steer our CR activities throughout the Group by implementing targets and KPIs and to make full use of the extensive CR competence within the Group.

An additional committee will be set up for anchoring and implementing CR within the Group. The heads of relevant central departments convene at least twice a year to hold a CR Board meeting. The CR Board's mandate is to ensure that the CR strategy is embraced throughout the Group and the CR strategy, the Group strategy and the Group's corporate values are closely interlinked. The CR Board recommends important aspects of the Group CR strategy to the Board of Management. It defines the main focus of communication and specifies the stakeholder strategy.

The CR strategy is implemented in the Group's business areas and affiliated companies through topic-related projects incorporating the relevant representatives of the operating segments and our international subsidiaries. This procedure requires the exchange of best-practice and supports our CR cooperation culture.

CR governance.*



* Schematic representation.

To ensure stakeholder involvement, Deutsche Telekom plans to set up suitable dialog forums, whereby it will gain external expertise to advise and support the Board of Management and the Group as a whole in relevant issues. The responsibility for coordinating this will lie with Deutsche Telekom's Board Representative for Sustainability and Climate Protection.

In order to firmly integrate social responsibility into business processes at a Group-wide level, we have adopted a multitude of CR-relevant policies in the past few years. All of the Group's policies are actively communicated and are available to our employees via the policy database. A selection of our policies from different fields is outlined below:

- Environmental policy and climate protection
- Code of Conduct
- Social Charter
- Electromagnetic fields
- Diversity policy
- Sustainable procurement strategy
- Procurement policies
- Sustainability strategy guideline
- Donation policy
- Data and information protection policy
- Group data protection manual
- Group guideline for the continual improvement of data protection and security
- Privacy Code of Conduct
- Radio Frequency Identification (RFID) voluntary agreement
- Code of conduct of mobile operators for the protection of minors from unsuitable mobile content
- Group-internal corporate governance policy
- Anti-fraud policy

Compliance management.

Compliance with laws and provisions is the minimum requirement for good and responsible governance and the foundation of our corporate responsibility. In order to create the prerequisites for complete compliance, we have drawn up a binding Code of Conduct for all our employees and have set up Group-wide organizational structures.

Group-wide compliance organization. As early as 2005, Deutsche Telekom created a central organization for all compliance issues. Its mandate is to support the corporate activities in the area of value and compliance management as well as for specific governance tasks. It draws up Group-wide compliance standards and supervises their translation into processes, for instance, the implementation of the Sarbanes-Oxley Act (S-OX) into our internal control system or the monitoring of the audit services policy. The unit's tasks also include the further development of our whistleblower process and the coordination of our anti-fraud management.

Deutsche Telekom has additionally established a Compliance Committee, which supports the Board of Management in fulfilling its tasks of setting up, maintaining and monitoring the necessary structures for a functioning value and compliance management.

The members of the Compliance Committee are experienced managers from Compliance, Legal Affairs, Corporate Audit, Group Security and Human Resources. The Chief Compliance Officer, appointed by the Board of Management, is the chairman of the Compliance Committee. He reports to the Group's Board of Management and directly to the Audit Committee and the Supervisory Board. A Compliance Officer has been appointed in each of the strategic business areas.

Group Code of Conduct. A Code of Conduct binding for all Deutsche Telekom employees was drawn up in spring 2006. Translated into numerous languages, it addresses all staff, including temporary staff and advisers of Deutsche Telekom. This code is the basis for an open, democratic, and legally sound corporate culture to which we are committed and which we have to practice each and every day. This Code of Conduct means that Deutsche Telekom fulfills the requirements of the stakeholders and socially responsible investment (SRI) ratings for a comprehensible, value-based and legally responsible corporate governance and creates a reliable ethical framework for its business. Moreover, we anticipate that the implementation of our Code of Conduct will provide an additional support for our corporate and service culture and, among our employees, will lead to an increased awareness of inappropriate conduct. Fundamental elements of the Code of Conduct are the observance of minimum social standards, a commitment to sustainable business practices, data protection at a high level, as well as safeguarding the assets and values of the Group. The Code of Conduct also urges the employees to make the most of the opportunities and potential for sustainable value creation within the Group and demands that foreign cultures are respected. It provides guidance on the right behavior in the event of conflicts of interest and prohibits corrupt behavior or money laundering. The donation policy is also clearly regulated by the Code. Fair behavior is demanded when dealing with suppliers, shareholders and competitors. Complementary to this, the Code of Conduct contains several basic principles on promoting the employability of the staff, their personal and cultural diversity, and on interacting with labor representatives. To efficiently track down violations of the Code of Conduct, employees are urged to notify the company of violations or suspected misconduct. Various contacts and portals are available for this purpose. If desired, it is also possible to give anonymous tips. We guarantee that tip-offs will be treated confidentially.

The Group-wide implementation of the Code of Conduct is a process which plays an important role in the integration of our CR activities. The Code of Conduct builds a bridge between the joint set of values of our Group, "T-Spirit," and the numerous statutory and non-statutory standards or guidelines which affect our corporate action and the actions of our employees. All policies and guidelines, including the Code of Conduct, can be viewed by all persons involved in the policy database available on the Group intranet. We support the implementation of the Code of Conduct by using our internal media facilities. The managers of all our majority shareholdings make sure that all teams are familiar with the provisions and recommendations of the Code of Conduct and that they find wide acceptance.

Anti-fraud management. The anti-fraud management is an integral part of our Group-wide compliance management. It serves the systematic prevention of white-collar crime and represents an essential element of our corporate culture. Deutsche Telekom's fraud policy of February 2006 outlines its fundamental principles. In addition, it renders a distinct definition of the term, lists typical cases and, based on several fundamental principles, presents a catalog of measures for fighting white-collar crime. We can achieve a preventive effect through a clear organizational assignment of tasks, intensified training programs and enhanced care above all in delegating responsibilities. We systematically analyze occurring fraud risks and document the cases occurred. In order to be able to intervene quickly when corruption is suspected, we have set up contacts in all organizational units and publicize these in a suitable manner. Tip-offs can be given anonymously. Employees who suspect corruption and do not wish to approach their direct or indirect superiors or contact persons can use our violations portals.

Code of Conduct violations portals. As part of its value and compliance program, Deutsche Telekom set up, on introducing the Code of Conduct on February 19, 2006, a violations portal known as "Ethics Line" as a "channel" for information on Code of Conduct violations. Based on the provisions of the Sarbanes-Oxley Act, two further reporting channels have been made available, the Business Keeper Monitoring System (BKMS) and the portal via the Supervisory Board's office for the whistleblower process. The channels differ according to their degree of anonymity and their legal basis.

The statistical analysis of the information obtained via the "Ethics Line" shows that the regulations of the Code of Conduct are being observed within the Group and the related offers are finding great response.

Transparent corporate governance. Deutsche Telekom meets the strict requirements of the U.S. capital markets, specifically S-OX Section 404. To provide evidence of this, we have implemented a procedure for the systematic assessment of the efficiency of the internal control system for financial reporting. The control system is constantly being optimized. Its functionality was confirmed for the fiscal year 2007 by the external auditors and our Internal Audit unit. Deutsche Telekom has also committed itself to the German Corporate Governance Code. The code summarizes a series of regulations valid in Germany and provides recommendations for more transparency in corporate governance as well as greater autonomy of supervisory boards and external auditors. In the reporting period, the Group complied without exception with all recommendations of the government commission for the German Corporate Governance Code.

In the Group management report, which forms part of its annual report, Deutsche Telekom states that it is involved in several judicial and extrajudicial proceedings with authorities, competitors and other involved parties.

📖 See 2007 Annual Report.

Integrated risk and opportunities management. Deutsche Telekom employs a comprehensive risk and opportunities management system. The system helps us to consistently take advantage of our opportunities after due consideration of the associated risks. The early identification, assessment and management of risks and opportunities are integral components of the Group-wide planning, control and monitoring systems. In the scope of strategy and innovation development, we also assess Deutsche Telekom's opportunities using comprehensive market analyses with regard to specific customer segments and markets.

Reporting on the fundamental risks and opportunities is carried out every quarter – and, in the event of unexpected events, also ad hoc – and presented to the Board of Management who subsequently informs the Supervisory Board. The risk management system and in-depth discussion of the risk report are also an integral part of the meetings of the Audit Committee of the Supervisory Board.

We constantly optimize our risk and opportunities management system with regard to all relevant stakeholder issues and subject our risk management processes to regular internal audits. The efficiency of our early risk identification system is reviewed by the external auditors who audit the annual report. The system complies with the statutory requirements and conforms to the German corporate governance principles.

Stakeholder dialogs.

Holding responsible dialogs with our various stakeholder groups – including our customers, shareholders, suppliers, local residents and employees as well as NGOs, associations and scientific and political institutions – is an important steering instrument within our CR management. It helps us to evaluate corporate risks more efficiently and optimize our CR commitment. These dialogs also show us where we ought to intensify our commitment and how we can further improve our processes and products. We use the insights gained from these dialogs for the continual improvement of our CR strategy. To this end, stakeholder expectations are systematically registered and assessed according to their relevance. In return, we secure the stakeholders' understanding for the business activities of our company and their acceptance for the necessary steps taken. In areas in which we consider Deutsche Telekom to bear a major responsibility, we additionally initiate dialogs and actively ask stakeholders about their expectations.

To coordinate our diverse dialog activities, we have created special competences both centrally at Corporate Communications level and at the level of national companies and have anchored stakeholder dialog in our CR management. This enables us to classify the messages correctly, select the correct channel for the dialog and identify those stakeholders who will push the discussions on specific issues or who can help find solutions for the respective issues. An early warning system helps us to determine changes in the public perception of key issues in good time and allows us to react accordingly by offering dialog where appropriate and initiate CR processes if required.

Constructive exchange. Openness and transparency are of great importance when holding discussions with people from different social and cultural backgrounds. This is our experience from dialogs with local resident groups or when exchanging ideas with UN representatives. It is part of our corporate culture to be open to our discussion partners, showing them respect and trying to see things from their perspective. This way, we can make a major contribution to improving the climate of discussion and communicate measures we hold necessary besides helping to find solutions with our know-how as an ICT company.

Deutsche Telekom holds stakeholder dialogs at completely different levels, including platforms such as the Group Sustainability Day, which we have been staging as the Corporate Responsibility (CR) Day since 2007. At these events, we have discussed current CR issues with up to 350 participants from the fields of science, politics, NGOs, business and culture. At the first CR Day in September 2007, internal and external experts discussed the most important topics and perspectives of corporate responsibility under the slogan "Corporate success = business plus ethics." Board Chairman René Obermann introduced Deutsche Telekom's new CR structure and underlined the significance of a comprehensive strategic CR orientation.

The "Stakeholder Dialog Day," initiated in 2008, is a further Group-wide platform. In the first round of discussions on April 2, over 40 representatives from five stakeholder groups discussed the subject of "Sustainable procurement as a global challenge." Suppliers, analysts and employees, as well as representatives from NGOs and universities, brought forward a number of suggestions. The focus was on energy efficiency, working conditions as well as waste and disposal management. The participants testified to the good performance of Deutsche Telekom, but did point out that there is room for improvement; we are currently following up these valuable suggestions and examining the relevant points in-depth. As a result, a distinct requirements profile is taking shape for a responsible design of the value chain.

📖 See page 39 f.

We have set up various forums in the individual subsidiaries on environment and sustainability, for instance, the "Climate days" at T-Mobile, where we were happy to welcome as our guests the Hesse Society for Ornithology and Nature Protection at the T-Mobile headquarters in Bonn. The main focus of the event, which was held in cooperation with Deutsche Umwelthilfe, was on various programs for wildlife conservation and environmental protection.

At regular intervals, we conduct comprehensive representative employee surveys. In order to understand the current mood of our workforce, we also launched pulse surveys known as "spirit@telekom" on the intranet in 2007. Staff members can submit their opinions on specific issues by filling out brief, precise questionnaires. Based on the huge success of "spirit@telekom" as an internal steering instrument, we will launch the pulse surveys at a Group-wide level in 2008.

👤 204

Embracing responsibility. Deutsche Telekom is a member of several international committees, organizations and initiatives who are engaged in CR relevant issues. As a global player, we consider it our responsibility to have an active part in social initiatives, such as Global Compact, to commit ourselves to the implementation of their principles worldwide and shape the future of these initiatives. Since we recognize major opportunities in the efficient management of CO₂ emissions and are keen on pressing forward, together with other institutions, with the development of global financial instruments for combating climate change, we play an active part in the Carbon Disclosure Project surveys. To take on our responsibility in areas that are beyond the scope of influence of individual companies, we work closely with other companies in the ICT industry. The founding of the "Global e-Sustainability Initiative" (GeSI) in 2001 is a good example of this.

Regulation and policy-making – in dialog with the decision-makers.

The availability of information and communication services and their underlying infrastructures has become an increasingly crucial factor of modern life and financial success. As a result, the rapid development and constant evolution of information and communication technologies (ICT) poses particular challenges for decision-makers in political bodies and regulatory authorities.

In most of the countries where Deutsche Telekom operates, telecommunications networks and services are still governed by a host of special regulations and obligations, which are imposed alongside the general legal requirements applicable to all companies, such as competition law and consumer protection. Particularly in a fast-paced industry like ICT, which is developing at an exceptionally rapid pace, the overall legal framework is not only pivotal to business success in the modern world, but also exerts a significant influence on a company's investments in the infrastructure, technology and services of the future. The political, legal and regulatory decisions that are taken today will govern the availability of future consumer and business products. Politicians, governments and regulatory bodies therefore rely heavily on the information they receive first-hand from consumers and companies. Additionally, ICT companies have the requisite technical expertise and understanding of investment requirements.

Competency, credibility and integrity.

As one of the largest companies in the telecommunications industry, Deutsche Telekom is a preferred point of contact for decision-makers from politics, government and regulatory authorities. The Group also actively pursues every opportunity for in-depth dialog with representatives of such institutions. Such dialog embraces a whole range of issues, from questions directly affecting the Deutsche Telekom at home and abroad, to discussions on the nature of the information and communications business, to general issues surrounding the industrial and sector environment. As well as participating in public hearings and events, Deutsche Telekom also maintains a high profile in the political and parliamentary arena by participating in individual debates and submitting written comments.

Our opinions are firmly based on the facts, and unequivocally represent the company's views. This ensures that they are trusted by recipients and readers, and can be incorporated into the opinion-shaping process by politicians, governments and regulatory authorities. Deutsche Telekom's long-term competency, credibility and integrity, both at home and abroad, is therefore pivotal in this regard, both in terms of the company as a whole, and for each of its individual members. Many of the company's written opinions are published by the authorities, associations and committees that receive them. It is of paramount concern to Deutsche Telekom that its relationships with political decision-makers should be characterized by transparency and trust. This also extends to our refusal to support the work of any political party with donations.

Deutsche Telekom is an active player in the numerous trade associations of which it is a member. In Germany, for example, these include central economic associations and the ICT industry association BITKOM. At European level, the Group plays an active role in sector associations such as the European Telecommunications Network Operators' Association ETNO, and the GSM Association, where political framework conditions and technical standards for the telecommunications sector are discussed, and also in cross-sectoral associations. These include, for instance, the International Chamber of Commerce (ICC), which aims to promote free trade, economic growth and cooperation, as well as the World Economic Forum (WEF), whose goal is to promote global economic growth and social development.

Focus on the common good.

Deutsche Telekom operates in a tough competitive environment, both at national level and in a global context. We have clear-cut ideas about the prevailing legal, political and regulatory framework conditions. However, with more than 150 million customers worldwide, we are also firmly committed to safeguarding the interests of our customer base and promoting the common good. For example, Deutsche Telekom engages in numerous voluntary commitments (self-regulation) worldwide, joining forces with other companies, political groups and, of course, civil organizations. Some of these commitments are examined in greater depth elsewhere in this report, e.g. in the sections outlining our policies on climate protection and child protection. Above and beyond this, many of Deutsche Telekom's wide-ranging political commitments also benefit consumers and small businesses directly. Examples include our initiative to supply broadband to rural regions by providing additional mobile communication frequencies (digital dividend), and a regulatory framework designed to promote investment in high-performance broadband networks (optical fibers). Deutsche Telekom is also politically active in the drive to improve customer service for all consumers. Having been extensively involved in the German Government's IT Summit, in 2007 Deutsche Telekom joined forces with a host of representatives from industry, trade associations, academia and the government to help draft a "Guide to consumer-friendly customer support," and was also one of the first companies to sign this guide.

As a full member and one of the driving forces, we have committed ourselves, among other things, to promoting multi-stakeholder cooperations. The focus of our work is the cross-sector collaboration of companies with governments and NGOs for the development of sustainable solutions in areas of action such as climate change, globalization, supply chain management and electronic waste.

Our membership with econsense, the Forum for Sustainable Development of German Business is an example of our commitment in domestic initiatives. The business network is a dialog platform and think-tank for sustainable development and corporate responsibility. Deutsche Telekom has an active part in project and working groups and is also on the steering committee of econsense.

 **205** A comprehensive list of all further platforms in which Deutsche Telekom is involved is available in our 2008 CR Online Report.

Reporting based on relevance criteria.

In order to determine the fundamental CR topics for the reporting system of Deutsche Telekom, we organized a materiality workshop in December 2007, during which the relevance of the topics was assessed from the viewpoint of our stakeholders and from our company perspective. We have reported on the topics that were considered important or very important for both sides in this printed report. The remaining issues are included in the online report, or, if assessed as being of little relevance, they remain unmentioned for the present. On the stakeholder side, we introduced the criteria of evaluating the dominance of the topics in public discussion and their impact on the environment and society. Also, the proximity of the topics to the corporate activities and to the sustainability performance of the Group as well as compliance with internal standards were included in the assessment. For our part, we investigated the impact of the topics on the economic, ecological or social performance of the company as well as the intensity of the discussions within the Group. Based on these criteria, the managers from different departments and from headquarters submitted their evaluation. The stakeholder side was additionally represented by externally commissioned benchmark and media analyses.



Reliable.

The trust and confidence put in us by our customers are vital for our success. More than anywhere else, this is true in the hard-fought telecommunications market.

Customers. Partner for connected life and work.

For all our three business areas, Mobile Communications, Broadband/Fixed Network and Business Customers, our corporate responsibility is centered around the needs and expectations of our customers. From 2007 on, we have been concentrating our activities increasingly on those areas in which we possess the expertise to effectively support our customers as a strong ICT service provider, specially allowing them more opportunities in shaping their private and working life more successfully.

It is expected from us throughout that our products and services are accessible to all users without exception. The contact with new media brings with it, in children, young people and parents alike, the desire for a more secure online environment. For many years now, there has been a growing challenge on protecting the privacy of our customers and their personal data. Doing justice to all these needs, we have positioned ourselves as a reliable partner enabling connected life and work for our customers. Indeed, providing comprehensive service to our customers is always our main task. After all, the variety and complexity of telecommunications products includes the demand for providing premium service. More information on Deutsche Telekom's service centricity can be found in our detailed 2008 CR Online Report. @301

Equal opportunity for all in the digital age.

As an ICT service provider, Deutsche Telekom considers it its task to provide everyone with a digital connection, giving them the opportunity to overcome the widening gap, the so-called digital divide. One way in which we make this possible is by pressing on with the enhancement of existing networks. @302

However, the digital divide is not always restricted to densely and sparsely populated regions. Social barriers too are a cause for impeding the digital linking of different sections of the population: handicaps which may restrict speech, hearing, or motor activity, also curtail the use of digital media. Owing to the demographic change – which is particularly conspicuous in Germany and which also poses a formidable challenge in other markets outside Germany – the number of senior citizens not able to enjoy the maximum benefit of modern ICT and services without outside help is growing. In the case of migrants, the language barrier frequently obstructs access to ICT. Moreover, insufficient education opportunities and limited financial resources of families could turn out to be an additional barrier that hampers certain sections of the population from participating in significant developments in the digital age.

Deutsche Telekom wants to be a reliable partner for all people, enabling them to keep abreast with the latest developments in ICT – with easy-to-use products, individual training and services that help overcome such barriers.

Connecting people with mobile communications. All over the world, mobile communications technology is regarded a boon when it comes to connecting people even in remote areas. Often, it is the only technology that enables setting up a well functioning and profitable electronic communications network, thereby making its contribution towards being part of the digital society so essential. It is therefore no wonder that in countries with a relatively young telecommunications infrastructure mobile coverage is often greater than the fixed network coverage. In regions where the upgrading of fixed networks proves to be uneconomical or often even impossible, mobile and wireless communications offer the inhabitants affordable access to the information society, thus securing sustainable social and economic progress of the region. This is true, for instance, in several central and Eastern European countries where Deutsche Telekom has a strong presence.

However, mobile communications technology is also a great help in bridging the digital divide in regions with an excellent telecommunications network. A report of the U.S. Department of Education's National Institute on Disability and Rehabilitation Research confirmed in February 2008 that today 85 percent of disabled people in the USA use mobile technologies. Compared to the reports from 2001 to 2006, the figure has risen by 13 percent. The majority of those surveyed classified the cell phone as the most important technological aid in everyday life. No doubt, many of the services introduced on the mass market play a significant role in making life easier for people with disabilities. Compared to standard voice telephony, short message service (SMS), videotelephony or instant messaging (IM) provide communicating possibilities cut out to satisfy the needs of people who are deaf, hard of hearing or speech-impaired, enabling them, at the same time, to remove the barriers between themselves and able-bodied people who are equally well versed with these technologies.

Competent use of media. Media competency signifies the ability to reliably work with the media – especially new media such as the Internet. In the meantime it has become a basic requirement for finding one's way around in the professional world as well as in everyday life. Similar to the discrepancies observed in gaining access to new media, the skill to confidently deal with them is also not uniform among the population. To make senior citizens familiar with the latest technology, our Hungarian subsidiary, Magyar Telekom, for instance, offers Internet courses specially catered to people above 55. One reason being that the Internet in particular can be a vital aid in everyday life for older people. Confident use of the Internet can, for instance, save weary traveling, simplify arduous shopping, ease cumbersome business with the authorities and, most importantly, revive the contact with family members and friends. The program is aimed at introducing senior citizens to digital media and was first launched at four sites in 2006. Responding to its huge popularity, we have extended this offer in 2007. Magyar Telekom has increased the number of courses and has also introduced a further training course for advanced participants.

Improving media competency among teachers, educators and students alike is the goal of the Internet project, "TeachToday," which Deutsche Telekom launched at the beginning of 2008, together with 13 other companies and the European Schoolnet (EUN). The Internet portal www.teachtoday.eu offers material aimed at supporting teachers in initiating a discussion with their students on the risks and opportunities involved in using new media as well as imparting a sense of confident and responsible use of new technologies.

 See page 25.

Products without barriers. To give everyone, irrespective of their age, media competency or disability, the opportunity to use telecommunication technologies without restrictions, Deutsche Telekom has been developing special products and services.

Together with the German Society for the Hearing Impaired (Deutsche Gesellschaft der Hörgeschädigten – Selbsthilfe und Fachverbände e. V.), we have been running the TESS project (www.tess-relay-dienste.de) since June 1, 2007 in Germany to provide barrier-free and independent telephoning for people who are deaf or hard of hearing. TESS includes two relay services aimed at fulfilling the various requirements of people with these disabilities: TeSign communicates in sign language, whereas TeScript works with written language. In the USA, among others, T-Mobile in collaboration with Hitec Group International, Inc. offers telephones which are compatible with hearing aids and in doing so has taken up a pioneering role. For several years, so-called TTY devices are being used by people who are deaf, hard of hearing or speech-impaired in fixed network telephony, allowing them to communicate via a keyboard. This technology is also available for mobile telephony. In addition to these technologies, the first "Design for all" end device is set to be launched in Germany end of 2008. Developed in the T-Laboratories, the device is a fixed network telephone which has been designed in close cooperation with senior citizens for their specific needs.

Apart from the "Design for all" device, we have launched the Sinus 200 cordless telephone on the German market for senior citizens having to cope with constraints due to age. The device is targeted for senior citizens and was specifically designed to meet their needs. For instance, the size of the characters on the display has been fittingly adapted for better legibility.

Service to meet your needs. To become the leading service company in our sector automatically means providing our services for all users without exception. That includes the committed efforts of Deutsche Telekom employees aimed at developing products for people with disabilities. On these lines, for instance, a special internal training program has been initiated in Slovakia. Training includes, among other skills, learning sign language for better customer communication and support. T-Mobile Slovensko has thus established themselves as the only mobile communications provider in Slovakia catering to the needs of people who are deaf or hard of hearing. In Germany, a Deaf hotline for people with hearing disabilities has been a special feature of Deutsche Telekom's service since 2004. Thanks to this service, deaf customers can receive support in sign language via a videophone.

Since as early as 2004, T-Mobile UK has been running a unique and comprehensive concept for people with disabilities. Invoices and customer information are presented in various formats, for instance, in braille or as a recorded message.

The demographic changes in western Europe too are influencing our service offers. In February 2008, three selected Telekom Shops in the German cities of Vechta, Düsseldorf and Gotha presented their new staff concept. The age structure of the staff at these Telekom Shops was brought in line with the age structure predominant at their location.

Protecting data, ensuring data privacy.

Data protection has a major significance in today's information society. Safeguarding customer information must have top priority in any company. Only through this can we build a solid fundament of trust between the customer and the company. In the current year, Deutsche Telekom is facing allegations of data misuse and flaws in the security system. Deutsche Telekom reacted immediately. To guarantee better protection for customer data, Deutsche Telekom initiated a complete restructuring in the area of data protection in fall 2008. By creating a new Board of Management department as well as a comprehensive action package for enhancing data protection and transparency, the Group has set a pioneering example. The experience and know-how from our experts in data protection and security as well as recommendations from external experts have been assimilated in the process.

New organization.

In October 2008, we have created a seventh Board of Management department responsible for data privacy, legal affairs and compliance. The issue of data privacy and security has therefore been anchored at the top management level. This development will bring in its wake a significant increase in financial and human resources as well as a right to veto business decisions related to data privacy. Together with their staff, the new Board department will ensure that all necessary measures for data privacy are harmonized and implemented throughout the Group.

Furthermore, we will set up an independent privacy council comprising leading data privacy experts from universities, the business world and other organizations.

Operational measures.

To guarantee the highest standards in operational data privacy, Deutsche Telekom has launched comprehensive action plans and is pressing on with existing measures. This is a major input in optimizing our security systems for safeguarding our customer information in everyday business – another step in pressing forward with our numerous efforts from the past years.

To increase the awareness of our employees, in particular thousands of executives, we will continue to intensify our firmly established training programs and the annual data audits. In addition, cases of misuse, even minor ones, will be punished internally with greater consistency and in a more resolute manner.

For customer support, we have restricted the scope of various activities, thereby further restricting access to customer data. In addition, we have also introduced a shorter validity period for user IDs so that such IDs expire and must be renewed at shorter intervals. The use of fixed IP addresses is being extended to ensure that employees and sales partners may access the systems from specific computers only. Access for external sales partners and our staff to our systems is restricted, among others, by applications requiring transaction authentication numbers (TAN). In the TAN procedure, the sales staff can only access customer information when they receive a valid transaction number from the customer. The customer gets an automatically generated TAN via text message on their cell phone whenever they wish to carry out any modifications to their contract.

Besides this, together with the Federal Criminal Police Office and the police, we plan to launch a novel concept for safeguarding the data of persons at risk.

Transparent communication.

One of our prime goals is the sustainable optimization of transparency in the area of data privacy. A progress report prepared by the Group privacy officer will be published every year on a voluntary basis and submitted to the Federal Commissioner for Data Protection and the Supervisory Board of Deutsche Telekom. The first data privacy report is scheduled to be published in the first quarter of 2009.

In 2008, we have launched a voluntary data privacy certification of our customer systems. To this end, we have commissioned a recognized monitoring agency, e.g. TÜV-IT. In addition to our own investigations, a certified company will be commissioned with the systematic auditing of our systems in order to detect weak spots. By implementing these two measures, Deutsche Telekom is set to assume a pioneering role in the ICT industry.

In October 2008, we have launched the website www.telekom.com/datenschutz where we provide information on the current status of data privacy at Deutsche Telekom in Germany. The site also informs readers on data privacy incidents that are the subject of criminal investigations. The cases are published in agreement with the competent authorities. This also means that we keep the supervisory bodies informed of these matters. Deutsche Telekom therefore fulfills, on its own initiative, a requirement which is still being debated among politicians as a possible obligation. In addition to the above, the website also presents the current measures which the Group implements for optimizing data privacy. The website will be updated regularly with additional information on possible risks to customers.

For the latest information on data protection go to www.telekom.com/datenschutz.

To enable customers in Germany with little or no knowledge of German access to digital media and provide them with the best possible service, English, Turkish and Russian-speaking staff are ready to serve. At our call centers, callers can express their desire to be connected to a foreign-language staff.

In the USA, around 12 percent of the population is of Hispanic origin. T-Mobile USA therefore has its Internet presence and offers numerous product and information brochures in Spanish.

Rates for the underprivileged. Providing special rates for low-income groups and severely disabled citizens has been a tradition at Deutsche Telekom for decades. In 2007, around 1.2 million of our customers in Germany benefited from our discounted social rates. Our international subsidiaries too offer similar rate plans, for instance, T-Mobile in Slovakia and Hungary with discounted SMS packages. The offer is open to all, although it had originally been developed for people with hearing disabilities, who primarily communicate via SMS.

Protecting children and young people.

As an ICT provider, an essential goal of our corporate responsibility at Deutsche Telekom is enabling children and young people to use digital media and simultaneously protect them from associated risks. Learning to use the Internet with confidence and care – whether from one's mobile set or from the Personal Computer (PC) at home – is an important aspect in the development of young people today and brings them new opportunities in education, acquiring knowledge, and in social life. Routine and inexperienced use of digital media, however, also involves certain dangers. Contents, either illegal or not suitable for one's age group, as well as the abuse of information make the protection of young people an important concern in the Internet society too.

In this connection, Deutsche Telekom has taken up a proactive role and is unceasing in its efforts to create a safe and secure Internet environment for protecting minors in the media. Our subsidiaries in Germany and the UK have assumed a pioneering position in the last few years both within the Group and among our competitors. A series of voluntary commitments within the Group, cooperation programs and successful measures are proof of this Group-wide endeavor to protect young people.

Principles for the protection of young people. Five principles define Deutsche Telekom's commitment to protecting young people, guiding us to a forward-looking, transparent and unceasing performance. Within the company, we have created the basis in all business areas for taking our responsibility towards minor users seriously. A youth protection officer counsels all departments in our Group units in Germany as well as customers and interested parties in relevant issues.

Of course, protecting children and minors in handling new media is not just the task of one party alone. Companies, governments and NGOs as well as parents, teachers, close associates and persons of trust all have to work together. Apart from basic legal provisions, voluntary agreements and taking up a commitment in social and political initiatives as well as with organizations is a vital method to promote the protection of children and minors on the Internet and in the use of modern communications media effectively and efficiently.

Voluntary commitments and exchange with other companies. By employing three initiatives during the reporting period, Deutsche Telekom has been successful in intensifying its commitment to protecting minors. Owing to the rapid developments in mobile Internet communications and the growing use of Internet-compatible cell phones, we decided to focus on mobile communications.


In October 2007, T-Mobile together with other mobile communications providers and FSM e. V., the voluntary self-control multimedia service providers association, presented their voluntary commitment on protecting minors in mobile communications. Based on the Code of Conduct for mobile communications providers, the commitment has been set aside for diverse measures which are to be implemented within the span of one year: setting up a free-of-charge hotline for parents, a central online portal as a first-contact point for parents and teachers, individual online programs for the protection of minors developed by the participating companies, restricting the use of the Internet as well as special information for parents presented at the time of concluding a contract. Several of these measures, for instance, the free-of-charge hotline for parents, were introduced by Deutsche Telekom as early as 2006.

At the European level, Deutsche Telekom, in addition to other mobile communications providers, prepared the "European Framework for Safer Mobile Use by Younger Teenagers and Children" along with the EU Commission in February 2007. The signatories have committed themselves to provide improved access controls for own adult content or that of content partners. Increasing awareness, classifying contents and combating illegal content are also to be implemented to provide enhanced protection to minors in mobile communications.

To fulfill this framework agreement, individual national voluntary commitments were signed by the mobile communications industry at the latest by February 2008 in all of Deutsche Telekom's EU markets. In 2009, these measures are to be implemented in all EU countries.

In February 2008, the worldwide initiative "Mobile Alliance against Child Sexual Abuse Content" was launched by GSMA, the global trade association for mobile communications providers, and leading mobile communications operators. All T-Mobile companies are members of this alliance.

The various initiatives are interconnected effectively and thus contribute to establishing a comprehensive network aimed at covering all relevant aspects for the protection of children and minors.

 **303** A detailed overview on Deutsche Telekom's further initiatives, voluntary agreements and various cooperation programs is presented in our 2008 CR Online Report.

Youth protection in the virtual world. In today's world, the Internet has become a central platform for information, communications and entertainment – both on the PC at home and on the road via mobile devices. Deutsche Telekom acknowledges the independence granted by the Internet and the resulting opportunities for users as a significant part of our everyday lives. However, this unlimited freedom also conceals dangers for children and minors.

Deutsche Telekom has taken up different approaches for the protection of minors in the virtual world. That is because technological changes and the resulting application possibilities call for the constant adaptation of existing instruments. We provide effective mechanisms for protection, classify contents to identify and promote eligible offers on the web, contribute to increasing awareness and combat illegal content on the Internet.

Effective protection through access control. In its abundance of information and offers, the Internet also includes content which ought to be accessed exclusively by adult users so as not to endanger the upbringing and development of children. Even though designing and composing Internet content are not part of our core business as an ICT service provider, Deutsche Telekom nonetheless sees it as its duty to provide aid and guidance in the safe use of media.

Since October 2007, we have allocated an important instrument for protecting minors against content not suitable for their age in our T-Online Kids Portal. The Magic Desktop software of Norwegian software developers EasyBits is the world's first operating system designed specifically for children. The software is exclusively available for downloading in the parents' corner of the Kids Portal. Parents can use Magic Desktop to determine the pages and services on the Internet which their children may visit and those which ought to be restricted. Magic Desktop has proved its worth by bagging first place in the European Commission's "Safer Internet" test.

At the same time in Germany, we have been safeguarding our online offers for adults since 2003 with an age verification system (AVS). The system ensures that only registered users who can furnish valid age verification may have access to restricted content. The German Commission for the Protection of Minors from Unsuitable Media Content (KJM) took on the task of verifying the system's efficiency in accordance with the statutory regulations and judged it to be positive. For 2008, we intend to upgrade our AVS further, even though it currently exceeds the statutory requirements. As the number of Internet-compatible cell phones is on the rise, the AVS is to be standardized throughout Germany for the mobile and fixed networks. One access code will then be valid for both mobile and fixed networks. This way, the system will be rendered more user-friendly and simultaneously maintain the high safety standards.

Raising people's awareness. The most important preventive measure is a dialog of trust with children and young people on media, media content and their influence. We look upon it as our task to support parents, persons of trust as well as teachers to take their responsibility towards young people seriously, under the premise of raising the level of consciousness for opportunities and risks involved in using new media and making the participants aware of offers suitable for a particular age group.

To this effect, Deutsche Telekom and 13 other ICT companies in a joint effort with the European Schoolnet (EUN) launched the www.teachtoday.eu website for teachers and educators in April 2008. According to the EU Commission, nine out of ten students in the age group of 12 to 14 own a cell phone and over 65 percent of the schools in Europe have a high-speed Internet connection. It is therefore essential that a critical discussion on the responsible use of ICTs be integrated in daily school routine more than ever. However, many teachers still do not possess sufficient media competence to discuss issues with their students, such as bullying via the cell phone, publishing photographs on the Web without consent and the unreflective handling of personal data.

For this reason, the www.teachtoday.eu homepage offers, apart from extensive information and material, such as a dictionary of online terms, complete instructional units meant to assist teachers in encouraging a critical and confident interaction with digital media. We are keen on continuing this project with our partners in the coming year too.

In summer 2007, T-Mobile UK integrated a separate section, www.t-mobile.co.uk/adviceforparents, on the company website, presenting extensive information on the subject of protection of children and minors. Visitors are informed about dealing with incidents of bullying via the cell phone, spam and inappropriate content. The contents were developed together with the National Society for the Prevention of Cruelty to Children (NSPCC), Britain's largest non-profit organization committed to protecting children from acts of cruelty, abuse and violence.




Appropriate online content. Apart from protecting children and minors from content deemed harmful for their upbringing and development, it is also essential to present children and young people other online offers as an attractive, entertaining alternative with appropriate content suitable for their age. One such alternative is the above-mentioned T-Online Kids Portal, existent since July 2004, which includes an extensive content for children and young people between 6 and 12.

Since children's websites often have little textual content, it is extremely difficult to find them via conventional search engines. To resolve this, we integrated the "Blinde Kuh" search engine, specifically catering to children's needs on the T-Online Kids Portal. The search engine only shows results appropriate for kids and minors and thus plays its part in ensuring that children only visit suitable sites while surfing. With a special checking system which encompasses editorial research and verification, "Blinde Kuh" is the only search engine in Germany to have bundled access to over 25,000 websites designed specially for children.

As one of the founding members, among other companies, Deutsche Telekom also supports the German government initiative "One Network for Children" which was launched in May 2007, and promotes this joint project of the federal government and industry both financially and by providing expert know-how. The aim of this initiative is to enhance media competence of children. To achieve this, the project adopts two approaches:

- One important pillar of this project is creating a protected surfing zone for children up to 14 years. To this effect, the children's website www.fragFinn.de was launched in November 2007. This platform provides access to approved sites where young Internet users are able to surf freely. A team of media educators lists these sites and updates and inspects them on a regular basis. Using a toolbar in the browser window, parents and teachers can configure the browser such that it only allows children to surf on approved sites. In this manner, children should learn interacting with the Internet without being subject to its dangers and parents can be sure that their little ones are not confronted with inappropriate content and images.
- Financial support for meaningful Internet content for kids constitutes the second pillar of "One Network for Children" through which the project aims at optimizing the number, quality and detectability of good children's sites on the Internet, thereby also expanding the protected surfing zone.

 304

 305 Information on how we guarantee the best service for our customers, press on with upgrading the Internet and offer services in
 306 emergency situations is available in our 2008 CR Online Report.
 307

Solution-oriented.

We want to contribute to an environmentally friendly society through energy and resource-efficient products and processes.

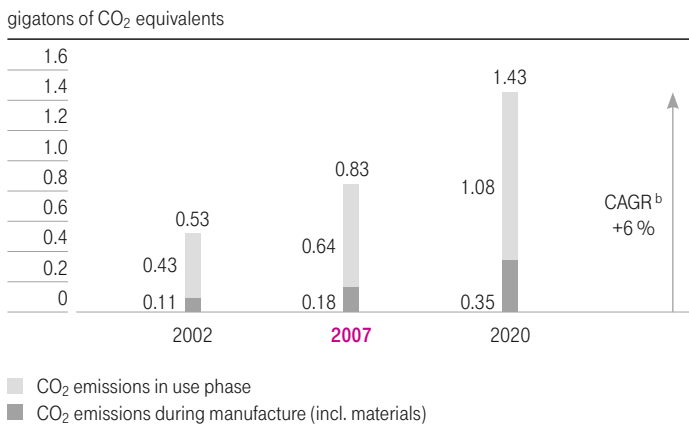


Ecology.

Solutions for customers and the Group.

The impact of the information and communication technology (ICT) industry on the environment and climate can be traced back mainly to the high energy consumption of companies and their products. According to the “Smart 2020” study carried out by the Global e-Sustainability Initiative (GeSI), the ICT industry was responsible for emitting 830 megatons of CO₂ in 2007. This represents around 2 percent of global carbon dioxide emissions. Owing to the increasing demand for more and more new services, experts expect the energy needs of the ICT industry to increase further. It is expected to amount to 1.43 gigatons of CO₂ in 2020. At the same time, digital products and solutions will help ICT users become a lot more energy efficient in future. The challenge facing us is to sever the link between our unavoidable energy consumption and CO₂ emissions and further increase energy efficiency in all our actions.

CO₂ emissions in the ICT industry. ^a



^a Includes PCs, telecoms networks and services and data centres.

^b CAGR, Compounded Annual Growth Rate.

Source: GeSI (2008), “Smart 2020.” Enabling the low-carbon economy in the information age, page 17.

Environmental protection in the Group.

The Intergovernmental Panel on Climate Change (IPCC) Report confirmed in 2007 that the greenhouse effect caused by human activity is on the increase and global warming is under way. The consequences of rising average temperatures worldwide also make themselves felt when it comes to the increasing cooling needs of our data centers. The fact that we have been working towards a reduction in our CO₂ emissions for years now proves to be the right decision. In line with this strategy, we continue to rely on the growing energy efficiency of our products and processes and step up the use of renewable energies.

We have already achieved an important milestone. We are the only large ICT company to obtain a significant chunk of our electricity needs from renewable sources. In Germany we have even achieved 100 percent since January 2008. Thanks to the acquisition of green certificates from the Renewable Energy Certificate System (RECS), our Group subsidiary PASM Power and Air Condition Solution Management GmbH & Co. KG (Power & Air Solutions) ensures that the electricity consumed by Deutsche Telekom in Germany is produced from regenerative energy sources elsewhere and fed into the European power grid. In addition, we have offset further CO₂ emissions in 2007 by purchasing and verifiably annulling or suspending certificates of emission reduction (CERs). Selected products like phone cards and telephones from the Sinus range as well as internal and external events hosted by Deutsche Telekom were made climate-neutral in this way. We used certificates here to offset a total of 53,417 metric tons of CO₂ in 2007.

Group-wide environmental management system. ISO 14001 environmental management systems have been the basis for Deutsche Telekom's environmental protection activities for many years. We are currently dealing with the question of a Group environmental management system owing to increased demand from our customers and internal efficiency requirements. We have been developing a concept since January 2008 that provides first of all for the coordination of the management systems of our Group subsidiaries T-Home, T-Mobile and T-Systems. The three business areas are to be included by the end of 2009 and a central umbrella certificate created. We expect Group-wide integration to provide us with more transparent environmental data. This will help us uncover further potential for optimization and energy reduction and coordinate our environmental protection activities in an even better way.

🌱 401

New technologies for better performance and less energy consumption. Network operation is responsible for the highest proportion of energy consumption at Deutsche Telekom. Even if we now obtain all electrical energy in Germany from regenerative sources and have therefore severed the link between energy consumption and CO₂ emissions, increasing the efficiency of our network technology is a key lever for Deutsche Telekom. The amount of data transferred is increasing because more and increasingly powerful services are being utilized. The higher amount of energy involved can only be offset by using modern technology. That is why we installed innovative, energy-saving systems technology and air-conditioning technology at numerous sites in 2007. In addition, the real estate service provider Deutsche Telekom Immobilien und Service GmbH (DeTe Immobilien) carried out energy checks at 160 buildings belonging to our real estate portfolio in 2007 and initiated steps to improve the thermal energy properties of the buildings. Energy consumption could therefore be reduced by 15,000 MWh in 2007. The focus here is on optimizing the heating systems. Added to that are efficient construction measures, e.g. improvement of thermal insulation. The energetic renovations being carried out on the property portfolio will also be continued in 2008, with reductions in energy consumption expected to be of a similar size to those in 2007.

Innovative systems technology for our mobile communications sites.

By the end of 2007, T-Mobile had implemented comprehensive measures at more than 15,000 German cell sites for renewal of the systems technology in the GSM network (Global System for Mobile Communications). We have therefore created the world's most modern platform for the mobile communications standard EDGE virtually throughout the country. The advantage of modern systems technology is that it enables high-speed transmission of data such as e-mails or images, simultaneously saving approx. 30 percent energy.

🌱 402; 🌱 403

Green IT. Deutsche Telekom has been exclusively using regenerative power to operate its network in Germany since January 2008. As the world's fourth largest provider of data center capacity, this does not relieve us of the

responsibility to make the energy usage of our facilities – also in the interests of our customers – increasingly efficient. With Green IT concepts such as centralized service platforms and virtual servers, we are continually improving the efficiency of our data centers.

Parallel to the introduction of multimedia messaging (MMS), we have also started to amalgamate our service platforms. Today, for instance, the voice-mail services require only two central platforms for the entire T-Mobile group. At the beginning of 2008, we integrated additional services – making sure at all times that quality does not suffer. By the end of 2010, we intend to implement this concept to reduce the energy consumption of our service platforms by 75 percent.

In mid-2007, we launched another initiative to improve utilization of our data centers by initiating server virtualization. By creating an additional level between the system software and underlying hardware, it is possible to sever the link between the service and tangible server at any time without adverse effects. This way, we can run several independent services simultaneously on one server and assign its computer performance to those services that currently need it. In the case of low capacity utilization, the servers also power down into a kind of energy-saving mode. After the positive experiences gained by our project team in a first case study, we are optimistic that we can reduce the number of servers operated from 1,000 to 200 by 2015. Together with intelligent energy management, we will be able to save up to 3,800 MWh a year. With this amount of energy, all T-Mobile company cars could be driven once around the world.

Pilot projects for greater efficiency and renewable energies. To further deepen our know-how of innovative technologies and sustainable energy usage, Deutsche Telekom invests regularly in pilot projects. We support energy production from renewable sources. Against the background of climate change, we see tremendous potential above all in developing alternative cooling systems. Modern and environmentally friendly energy production facilities form the focal point of further tests such as local CHP plants with cogeneration or photo-voltaic systems.

🌱 404

Sustainable air conditioning for data centers. As a pioneer of new technology, we intend to help environmentally friendly fuel cell technology on the road to success. We see numerous areas of application for the use of fuel cells in the Deutsche Telekom Group. The rise in temperature of between 1.5 and 4.5°C expected by the end of the century as a result of climate change places considerable demands on the cooling and ventilation of our systems and data centers. Current restructuring of the ICT network architecture and the introduction of the Next Generation Network (NGN) are accompanied by higher power density in the data centers. The current consolidation and virtualization trend in the IT environment also contributes to this.

A recent pilot project has shown how fuel cells can ensure an environmentally friendly and above all reliable electricity and heat supply. In the summer of 2007, we started operating a high temperature fuel cell system in one of Deutsche Telekom's largest data centers in Munich. With the help of an absorption cooling system to cool the computer rooms, we also use waste heat from the fuel cell to achieve overall system efficiency of approx. 80 percent. In addition, the fuel cells are fed with biogas, which is generated from biomass near to the city and therefore ensures a closed CO₂ cycle. Aside from its ecological benefits, fuel cell technology also contributes to an even more reliable energy supply of our computers, as the biogas used is a second energy source besides the conventional power grid.

Geothermal energy for cooling and heating. Renewable energy sources are to play a significant role in supplying our facilities and buildings with energy in future. Following a promising feasibility study on the use of geothermal energy carried out by Power & Air Solutions together with Freiberg Technical University (TU), we started planning a pilot system in Munich

in 2007. We plan to use geothermal heat here to cool our telecommunications equipment as well as heat the offices. The aim of the project, which will receive scientific support from TU Freiberg until 2010, is to continue to develop concepts for efficient and resource-friendly air-conditioning of Deutsche Telekom's new NGN.

Involving our employees and customers. For climate and environmental protection to be a success, innovative technology always depends on the personal involvement of people. Individual achievements in many different areas add up to considerable savings if everyone participates.

Deutsche Telekom regularly includes many employees in its environmental activities with site-based energy saving initiatives. There was e.g. a two-day information event in the T-Mobile head office in Bonn in November 2007 with the slogan "Climate days – every one of you can make a difference to the climate." The focus of the event was on environmentally responsible behavior at the workplace. The employee motivation campaign "E-Fit," which

Spotlight: Climate protection



Climate protection. Tour de Carbone

Dr. Ignacio Campino, Board Representative for Sustainability and Climate Protection at Deutsche Telekom, met Jos Delbeke in Brussels on May 13, 2008 to discuss the opportunities available to companies and politicians for reducing worldwide CO₂ emissions. Jos Delbeke has been Deputy Director-General for the Environment at the European Commission since January 2008, and is widely regarded as the driving force behind the Commission's climate protection package.

Jos Delbeke

was launched in 2005, was continued in 2007, with T-Home relaunching it under the name "E-Fit-Reloaded" throughout Germany. Environmental officers from T-Home as well as trainees toured offices and gave employees at our branch offices tips on how to save energy at work as well as at home.

@405 Further information on customer involvement can be found in the 2008 CR Online Report.

Climate-neutral package delivery and paperless online bill. Since December 2007, our T-Online Shop offers our customers – at no extra charge – DHL's climate-neutral package delivery service for their online purchases. CO₂ emissions arising from the transportation of an expected volume of over 100,000 standard-size parcels are offset by an afforestation program in Costa Rica in accordance with a controlled and certified procedure.

@406 Information on paperless online billing can be found in the 2008 CR Online Report.

On the road toward environmentally responsible mobility.

DeTeFleetServices, Deutsche Telekom's provider of mobility services, is also geared to climate protection with its fleet management services and therefore contributes at the same time to greater cost efficiency in our fleet. We operate one of the largest fleets that run on natural gas in Germany with around 800 such vehicles. Almost half of our diesel vehicles were already fitted with soot filters as of December 31, 2007.

Our vehicle procurement is based on a specially developed ecological key indicator system whose requirement clearly exceeds current environmental standards. By monitoring fuel consumption and road performance, we provide our deployment locations and vehicle users with an insight into consumption data and therefore give them reasons to choose the most efficient means of transport each time. In addition, we introduced the "Eco Car" category for company cars in November 2007. The energy savings initiatives of our fleet management are rounded off by an ecological driver's training on a broad scale. In 2007 alone, more than 1,900 T-Home employees were trained in ecological driving and almost 190,000 liters of diesel or almost 500 metric tons of CO₂ have thus been saved.

@407

with the Commission expert.

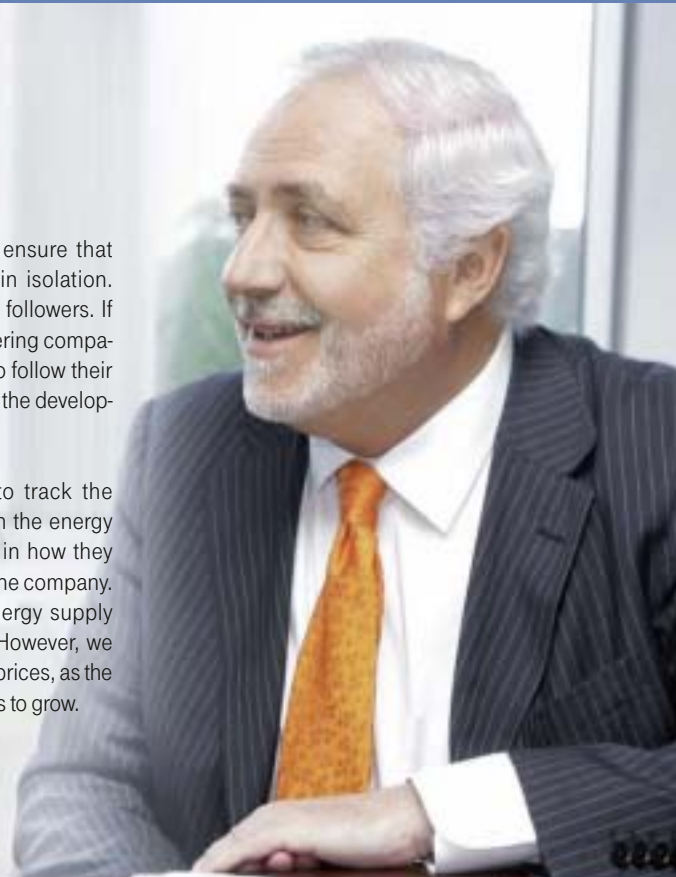
Ignacio Campino: According to a recently published McKinsey study commissioned by the Global e-Sustainability Initiative (GeSI), CO₂ emissions in the ICT sector are set to rise to 1.43 gigatons by 2020, which would represent a tripling in volume since 2002. By the same token, however, ICT solutions have the potential to reduce CO₂ emissions by 7.8 gigatons. But unless we take action, emissions will continue to rise and this reduction potential will remain untapped. As a company, we have already taken steps to reduce our CO₂ emissions. Our aim is to emit 20 percent less CO₂ over the period 1990 to 2020.

Jos Delbeke: I think we need a two-pronged approach: companies that are willing to take the lead and set themselves reduction targets, as well

as specific statutory provisions to ensure that these trend-setters are not acting in isolation. We need leaders, but we also need followers. If governments can support the pioneering companies, they can also motivate others to follow their lead. The main challenge facing us is the development of high-tech solutions.

Ignacio Campino: We are keen to track the development of new technologies in the energy market, because we are interested in how they could be applied to certain areas of the company. We believe that a decentralized energy supply will gain significance in the future. However, we also need to tackle the rising energy prices, as the cost pressure on companies continues to grow.

Ignacio Campino



Mobile communications and health. Controversial discussions in public on the effects of electromagnetic fields (EMF) emitted by IT devices have raged for years. Deutsche Telekom does not only assign top priority to the safety and environmental sustainability of its products and technologies, but is also very much committed in the long term to informing the public and promoting research.

Deutsche Telekom is convinced that by complying with the prevailing security standards and tolerance limits mobile communications is a safe and sure technology. This conviction is based on current findings made by independent national and international experts from the World Health Organization (WHO) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP), which evaluate all relevant studies on a continual basis and investigate security standards. Deutsche Telekom also opts for open and transparent information when it comes to the SAR levels of devices. The WHO stipulates 2 watts per kilogram of body weight here. All cell phones sold by T-Mobile comply with this limit, and most are clearly below. Wishing to provide the customer with this information prior

to any purchase, T-Mobile was the first network operator in Germany in 2004 to print the manufacturers' details on SAR levels on the T-Mobile packaging.

In many national companies, we support initiatives and institutions in order to promote the social acceptance of mobile communications – for example the Mobile Operators Association (MOA) in Great Britain, the Forum Mobilfunkkommunikation (FMK) in Austria and the Informationszentrum Mobilfunk (IZMF) in Germany. These institutions provide different information and dialog forums on various aspects of mobile communications.

408

Spotlight: Climate protection



Jos Delbeke: A powerful market-based incentive provides engineers and inventors with a good starting position for new developments. We must seize this opportunity with both hands, by promoting incentives and rewarding good ideas, rather than dictating everything. This is the objective behind the ETS, the Emission Trading Scheme, which we would like to extend to the entire OECD territory from 2013. If we can achieve a global CO₂ market among industrialized countries by 2013 and succeed in fully engaging major developing countries after 2020, this would offer very usable prospects for our work.

Ignacio Campino: What is your message to us, both as an industry and as a company?

Jos Delbeke: The technological development I have in mind extends far beyond your industry. Your company is an important energy saver, thanks to this technology. More than that, however, Deutsche Telekom's products also offer

society an opportunity to reduce its CO₂ emissions at a level far beyond that which you yourselves incur. The message here should be that high-tech pays off, especially in your technology-intensive industry. As far as your company is concerned, Deutsche Telekom has proven itself to be an innovator.

Ignacio Campino: Do you believe that our strategy for severing the link between CO₂ emissions and energy consumption is on the right track?

Jos Delbeke: Yes I do. This strategy is still very much in its infancy, and we need to await further developments. It takes time to invent new concepts and translate these innovations into usable products and services. However, one or two decades offer enormous potential for change. Looking back at the cars, houses, computers and services in 1980, it was a completely different world back then.

Sustainable products and services.

Sustainable product responsibility is a complex task in the ICT sector. Developing energy efficient products, services and solutions for our customers is very much to the fore here, which should make connected work and life easier for customers in future and help them to assume responsibility towards the environment and climate. The "Smart 2020" study predicts that the savings potential of 7.3 gigatons associated with the use of innovative ICT products will be five times higher than the CO₂ emissions of the entire ICT industry in 2020. Digitization actually provides diverse opportunities to reduce CO₂ emissions. It helps e.g. avoid travel and transportation, cut down on printing paper and optimize energy consumption. By developing sustainable products and services, Deutsche Telekom also gets the chance to tap into new customer segments and make itself stand out from competitors.

Increased R&D therefore constitutes a key part of our corporate responsibility (CR) strategy. With the realignment of our strategy, we set ourselves the goal of strengthening the low-carbon society in the long term in 2007 (see page 11 f.). A far-sighted ecological and social assessment of the impact of ICT technologies and their CO₂ emissions is therefore of great importance to us. This must include both the considerable savings potential and a possible increase in energy consumption. A potential increase in energy requirements cannot be excluded during the transition phase to the next generation network (NGN) since more energy will be needed to cope with rising amounts of data and to run parallel network infrastructures.

Ignacio Campino: Our task is to harmonize our short-term entrepreneurial objectives with the global challenges facing us. Sometimes we fail. It sometimes seems to me that we are borrowing against the future.

Jos Delbeke: That's true. We must consider what will happen if the entire Chinese population sets out to attain the same level of economic development we currently enjoy in Europe. Our CO₂ footprint is pretty big and will remain so. Even if we succeed in gradually reducing our emissions year by year, we will still continue to consume large quantities of products and services at a level which is simply unsustainable for the world as a whole. Call me pessimistic, but in my eyes there is only one solution: We need to crank our technological growth up another gear. If we want to sustain our current level of development, we are reliant upon outstanding performance in terms of CO₂ efficiency. In your capacity as representative of an industrial company, may I ask you something?

Ignacio Campino: Of course.

Jos Delbeke: What do you think industry needs? We have negotiated a raft of measures for the Copenhagen agreement: Innovation, technology and market incentives. From your point of view as a representative of a leading company, is there anything specific you would like to propose and implement in Copenhagen in 2009?

Ignacio Campino: For us, of course, CO₂ reduction targets are top of the agenda. We cannot give powerful developing economies a blank check when it comes to emissions. Another issue close to our hearts is finding ways of encouraging innovation and investment. We know that the financial markets have a keen interest in this sector, but they need clear, stable conditions in order to encourage investments in projects and technologies aimed at reducing CO₂ emissions. A third point is: we need emissions trading. How can we, as an ICT company, participate? We are not the largest emitters, and I am aware that we



Mobile communications network and mobile services. Expansion of our mobile communications network provides the subscribers of an increasingly mobile society with significant social and ecological benefits. Mobile Internet services create more freedom for people to organize their lives and their work in a flexible and self-determined manner. Up-to-the-minute traffic information and specific, location-based cell-phone services make it easier for drivers to bypass traffic jams and find their way in unfamiliar surroundings while helping save on fuel and CO₂ emissions. More environmentally sound forms of travel, e.g. by train, become a lot more attractive for our customers with the possibility of almost unlimited access to the global knowledge and information society.

Products for digitizing processes. Deutsche Telekom plans to focus on developing product solutions that help our customers conserve the environment and resources via systematic digitization. Digitization enables them to replace processes that use lots of energy and materials and therefore opens up considerable potential for savings and growth. As part of our sustainable product responsibility, we need to utilize this potential and secure it in the

long term. Tapping the savings potential of teleworking, videoconferences, route optimization, electronic workflow or the digitization of records usually means higher energy consumption owing to the increased use of electronic devices. Finding ways to abate this forms another focal point of our development work. There are already lots of good examples of how mobile information transfer can be used to make savings on physical transportation and consumption. By using e-mail, mobile Internet, Short and Instant Messaging or wireless sensors, actual movements of goods, persons or papers become superfluous for the most part. In some cases, the efficiency increase can be supported by figures: For example, T-Systems was able to help a German automobile manufacturer save 150 metric tons of paper, 800,000 transport kilometers and 168,000 liters of photo developing chemicals a year by setting up electronic workflows and an archive for incoming invoices. Digitizing files and records for a German pension fund agency reduced the volume of traffic needed to transport files by 90 percent.

€ 409

Spotlight: Climate protection

have already achieved a great deal in terms of climate protection. However, we feel that a certain level of political pressure is important for resolving the occasional conflict between short-term and long-term targets. I would also like to explore the most favorable conditions for transferring our services and potential into other sectors. For example, take the possibility of substituting energy-intensive processes with ICT solutions. Suitable political framework conditions are vital if we are to make any headway here. There is still a lack of insight regarding the potential offered by substitution, e.g. for business travel. The technical capabilities and opportunities are excellent, but someone needs to create the necessary pressure to ensure that these are actually utilized.

Jos Delbeke: We firmly believe that we can create incentives for substitution via market pressure. If you take a look at our sector approach, you will be amazed. Take transport, for example. We need more rail transport instead of air or road transport. This type of substitution is capable of achieving a great deal.

Ignacio Campino: And if a car is unavoidable, preference should be given to gas-powered vehicles.

Jos Delbeke: Exactly, or electric vehicles.

Ignacio Campino: I think we have spoken enough about pressure and incentives. For too long, the debate has been conducted along the lines of, "Do this, do that!"

Jos Delbeke: The general public and market players must be given the freedom to decide for themselves about their level of CO₂ emissions. However, we do need to set a clear signal. One man's pressure is another man's opportunity. That's how an economy works.

Ignacio Campino: Thank you very much for talking to me. Your words will encourage further advancement, both inside and outside the company.

€ 410



Since 1995, Ignacio Campino has held various management positions in the sustainability area at Deutsche Telekom. Born in Chile, he came to Germany in 1973 to do a PhD. After qualifying as a university professor, he began his professional career at GTZ before moving to TÜV Hessen.

The 52-year old Belgian economist Jos Delbeke, PhD, has been a member of the European Commission since 1986. Before that, he was Professor of Macroeconomics at the Flemish Business School VLEKHO in Brussels. He then went on to work at the International Monetary Fund for a year.

Telephone, data and videoconferences. Digital conferences make it easier to communicate beyond the bounds of countries and continents. They help save time, money and not least CO₂ emissions. Telephone conferences are now part of everyday life in many offices. Thanks to data conference technology, presentations can also be discussed and worked on over the Internet. In addition, videoconferences offer participants the chance to communicate face to face via a screen. These technologies house tremendous potential for climate protection. If 30 percent of all business trips worldwide were replaced by videoconferences, this would yield savings of 80 million tons of CO₂ a year according to the "Smart 2020" study. The increased demand among customers in this area illustrates the need for ecologically sensible solutions. Between 2006 and 2007, the number of telephone and data conferences requested by Deutsche Telekom customers increased by around 50 percent.

Since December 2007 T-Systems has been using Telepresence, a brand-new videoconference solution developed by Cisco Systems. With real-time images and sound, up to twelve participants from different parts of the world can videoconference with each other face to face in a virtual meeting. High-definition cameras, realistic depiction on 65" plasma monitors and a 4-channel sound system provide high-definition video (HD) and HiFi quality speech reproduction. As a Cisco premium partner, T-Systems is responsible for selling and distributing this new solution in Germany. We expect that the product will lend new impetus to the market for videoconferences, above all because it is extremely easy to use.



Climate-neutral fixed-network phones. With its cordless Sinus telephones product line, Deutsche Telekom has been the first provider of a complete environmentally friendly product range on the terminal device market since fall 2007. A feature of all products from the Sinus range is extremely low energy consumption. The switched-mode power supply alone accounts for a 30 to 60 percent power saving compared with conventional transformer units. Besides, the transmission power of the base unit and the handset has been reduced and adapted to modern needs. Another special feature of the joint project involving our Sustainable Design unit and the Customer Premises Equipment Center is that users of the new Sinus phone can now make climate-neutral calls. Deutsche Telekom has offset the emissions arising from energy consumption over the phone's average useful life of five years by purchasing emission reduction certificates for 53,100 metric tons of CO₂. In turn, it supports climate-friendly projects from the CO₂ emissions trade project "Hesse-Tender," among them innovative energy production plants with a measurable CO₂ savings effect. We sold around 400,000 Sinus telephones between October 2007 and March 2008. Healthy sales of this new series bearing the "climate-neutral" label attest to this product concept.

Taking back and recycling cell phones. Over the entire life cycle of our products, services and solutions, we attach considerable importance to following sustainable criteria; this also includes taking back used telephones and cell phones as well as reusing, recycling or disposing of them. Of course, reuse comes first, with disposal the last option.

All national companies of the T-Mobile group offer to take back and recycle the valuable materials of cell phones. There is considerable potential for the reuse of cell phones. Network coverage would make it possible for around 80 percent of the world's population to make mobile calls, yet only 20 percent – in Africa it's even less than 5 percent – actually use mobile communications. Reintroducing used, but functioning cell phones to the market via our business partners in e.g. south-east Asia or Africa extends their lifespan and aids economic development. Thus we are able to ensure reuse of around 60 percent of the cell phones returned. The other devices are recycled professionally. Automobile suppliers for example use plastic cases to manufacture interior trims for vehicles. Valuable components like precious metals are extracted and reused; the harmful substances that remain are disposed of in a sustainable way.

Taking back used cell phones for free has been one of T-Mobile's voluntary services since the year 2003. Our system goes beyond what is required by law with this voluntary commitment. There are special postage bags available in all Telekom Shops and at T-Mobile partners as well as on the Internet at www.t-mobile.de/unternehmen/umwelt which you can use to post old cell phones, batteries and chargers free of charge to our recycling partners. We took back more than 100,000 cell phones in Germany for the first time in 2007. A large part of this was the result of several effective campaigns in which we were able to spur numerous customers and interested parties to join in.

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 412 Information on how Deutsche Telekom deals with biodiversity
 413 and global climate protection can be found in the 2008 CR Online Report.

Supply Chain. Overview.



Fair.

We systematically manage the specific opportunities and risks inherent in our broad supplier and sub-supplier network on the basis of a sustainable Group-wide supply chain management system.



Suppliers.

Cooperation on sustainable procurement.

In 2007, Deutsche Telekom's procurement volume was EUR 19.7 billion. We purchased goods and services from 77 supplier countries all over the globe. Many of our suppliers own manufacturing facilities in emerging and developing countries, predominantly in south-east Asia, or procure goods from this source.

Global procurement offers Deutsche Telekom vast business opportunities but does so at the risk that our suppliers may not be observing minimum social and ecological standards. This goes hand in hand with the risk of losing reputation and business. On the other hand, Deutsche Telekom's substantial procurement volume gives it major influence over the manufacturing conditions in the facilities run by its suppliers and sub-suppliers. We intend to assume a world-leading role in the area of corporate responsibility (CR) and are taking this opportunity to make our impact. For us, this also means demonstrating our responsibility along the entire value chain – and thus also for our supplier firms. We are committed to achieving fair conditions of work and high quality standards in our suppliers' facilities in our efforts to ensure that our customers are satisfied over the long term. We systematically manage the specific opportunities and risks inherent in the broad supplier and sub-supplier network by deploying a sustainable supply chain management system throughout the Group.

Global Procurement Policies.

In May 2007, Corporate Procurement adopted a Group strategy on sustainable procurement and integrated it in its procurement policies and processes. Ensuring compliance with minimum social and ecological standards along the entire value chain is therefore now one of Deutsche Telekom's strategic corporate goals. Observing international standards, national legislation, fair conditions of work, regular employee training and consistent product end-of-life management are just some of the criteria that are binding for all suppliers and that play a role during Deutsche Telekom's buying decisions. The Deutsche Telekom Code of Conduct and our fraud policy for fighting corruption are also applied throughout our procurement activities.

One vital element of our sustainable procurement strategy is to obligate our suppliers to guarantee compliance with the standards of the Social Charter adopted in 2003, which lays down binding Group rules on human rights, equal opportunities, occupational health and safety as well as the right to set up and join a trade union. The Social Charter is based on the

values of the Global Compact as well as on the conventions of the International Labor Organization (ILO) and the Organization for Economic Cooperation and Development (OECD). In addition to this, we oblige our suppliers to ensure that their suppliers, in turn, also operate according to these rules. In 2007 Deutsche Telekom informed all its suppliers that compliance with social and ecological standards is now a compulsory element of its contractual relationships.

Group-wide steering committee. With the establishment of the Sustainable Procurement Working Group (SPWG) in September 2007, we set up a central steering committee for sustainable procurement in our company. Members of SPWG come from CR, which coordinates environmental protection and sustainability issues throughout the Group, from Group Procurement and from the procurement departments in the Group units at T-Home, T-Systems and T-Mobile. This committee of experts works on developing effective and market-compatible solutions for Group-wide procurement that satisfy sustainability criteria. In doing so, they also consult external experts and stakeholders. SPWG bears responsibility for publicizing the defined social and ecological criteria among Procurement staff and

Stakeholder Dialog Day for sustainable procurement.

Deutsche Telekom's Stakeholder Day on sustainable procurement had its premiere on April 2, 2008. Over 40 representatives from five stakeholder groups followed our invitation to attend the meeting at Deutsche Telekom Headquarters in Bonn.

Listen, discuss and understand – the first Stakeholder Day in this form was designed to support open and transparent communication with all stakeholders. In future, the event will offer changing content and provide the platform for doing so on an annual basis. The subject of this first dialog session was sustainable procurement as a global challenge, an area in which we rely on the support and cooperation of our stakeholders, and in particular of our suppliers. It is, of course, also an area in which concerted efforts offer major potential for a positive influence in the interests of a sustainable society.

Just how diverse the sustainable procurement issue actually is was reflected in the broad range of different suggestions that were put forward in the course of the day: suppliers, analysts and employees as well as representatives from NGOs and universities took the opportunity to present their visions of a responsible value chain and to critically examine the sustainable procurement strategy we presented for Deutsche Telekom.

“Deutsche Telekom's Stakeholder Day was a first impressive step toward addressing climate-relevant issues in the value chain. We would welcome it if Deutsche Telekom would extend its collaboration with its suppliers and join the CDP Supply Chain Program so that it can share its best-practice know-how with other companies across the entire ICT industry.”

Frances Way, Supply Chain Program Manager, Carbon Disclosure Project (CDP)

During the one-day event, a broad range of different positions were communicated and explained to all participants as well as to smaller working groups. In the morning, for example, discussions focused on general sustainable procurement issues at Deutsche Telekom. Where are the core issues and where the limitations of responsibility for the value chain? What topics will Deutsche Telekom need to give top priority in the future?

Many arguments were exchanged until finally a clear requirements profile emerged. Deutsche Telekom needs to spotlight three topic areas in its work towards a responsible value chain: energy efficiency, conditions of work and waste/disposal management. Unity also reigned on another concern: how far Deutsche Telekom's responsibility for this value chain goes is not restricted to the company's own sphere of influence. Public discussion on environmental standards and conditions of work all over the globe is another

“Innovation and new technologies have a major impact on the environment and its future positive development. Most importantly, we see cooperation with our customers on the further development and implementation of new technologies, like for example with Deutsche Telekom, as offering major potential for strengthening our joint positive contribution towards sustainability.”

Dirk Wettig, Account Manager, Cisco Systems, Inc.





factor that commits Deutsche Telekom to extending its responsibilities to encompass all its suppliers and sub-suppliers.

The working groups met again for the afternoon session. This time, they submitted their concrete expectations of what the company should do. The suppliers held the view that costs and benefit should be distributed fairly across all the parties involved in the development and sale of sustainable products. The NGOs called on Deutsche Telekom and its suppliers to share their best-practice know-how. In addition, they emphasized that suppliers could also profit from compliance with Deutsche Telekom's sustainability standards, since these would make them more competitive. Their view was that Deutsche Telekom's voluntary commitment, although praiseworthy, does not go far enough. In "sensitive" supplier countries, where environmental and social standards remain at a low level, the company should insist more strongly on the introduction of state regulations to raise these standards.

At the end of the first Stakeholder Day, participants reviewed the day's discussions. In doing so, the attending stakeholder groups sent a clear signal to Deutsche Telekom. In their view, the goal has to be to play a pioneering role in this sector of industry. Seen overall, Deutsche Telekom should

“Cooperation with Deutsche Telekom has proved to be highly beneficial for our company and the ICT industry overall, since it focuses on joint needs. This makes it possible for us to develop solutions that address the most urgent needs of our industry and society as a whole, by joining to work on improving the environmental and social aspects within a common sustainable development framework.”

Peter H. Hellmonds, Corporate Affairs, Nokia Siemens Networks

therefore apply itself to swift and purposeful further development of its sustainable procurement strategy. At the same time, they agreed that, with its measures and strategies for sustainable procurement, Deutsche Telekom is already in a very good position. However, discussions also touched on current improvement potential in product innovation, external communication and stronger integration of all business partners. This is desirable first and foremost because Deutsche Telekom's products and services give the company the chance to influence other sectors of industry so that these, in turn, make their own businesses more sustainable.

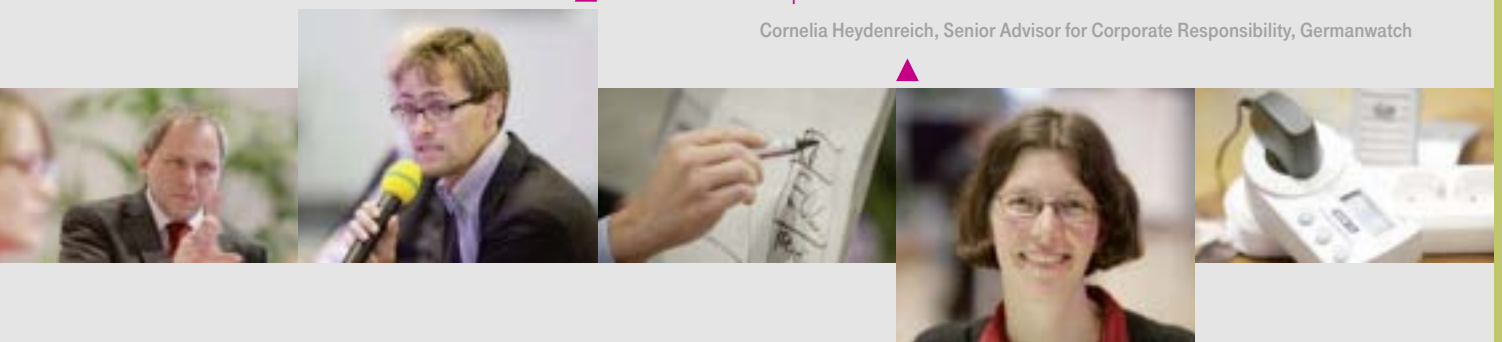
Deutsche Telekom will be reviewing the results of the event in detail in order to design the steps it needs to take if it is to largely fulfill the expectations of its stakeholders for the sustainable procurement process.

“Deutsche Telekom is one of the companies that do not keep their eyes closed to these problems but are already demonstrating commitment in various ways, also at international level. Even so, Deutsche Telekom can still do a lot more than its previous, scattered activities if it is to become a new industry leader in this area. It goes without saying, though, that voluntary measures in the direction of sustainability are no substitute for strict compliance with current legislation but simply an addition to them.”

Andreas Manhart, Consultant, Öko-Institut e.V.

“Deutsche Telekom's responsibility also embraces its suppliers, for example those who manufacture cell phones. These phones contain raw materials that are often mined under problematic conditions in developing countries. Deutsche Telekom should join forces with its direct suppliers to establish better social and ecological conditions throughout the supply chain, right through to extraction of raw materials. Joint initiatives like the ones in GeSI can be a vital step in this direction.”

Cornelia Heydenreich, Senior Advisor for Corporate Responsibility, Germanwatch



for their implementation; additionally, it checks for process compliancy on an ongoing basis. However, the responsibility for collaboration with suppliers remains with the Procurement department. SPWG is also the central point of contact for all issues and problems relating to sustainable procurement.

Another of SPWG's key tasks is to convey a deeper understanding of the importance of sustainable purchasing decisions to Procurement staff. To support these efforts, an online training tool on entrepreneurial responsibility and sustainability has been developed for Procurement, and went into service in May 2008.

In order to measure the progress of implementation of the sustainable procurement strategy throughout the Group, SPWG has developed its own key performance indicators (KPIs). The areas focused on by the working group include feedback from dialog sessions with relevant stakeholders and the current requirements for universal sustainability rankings.

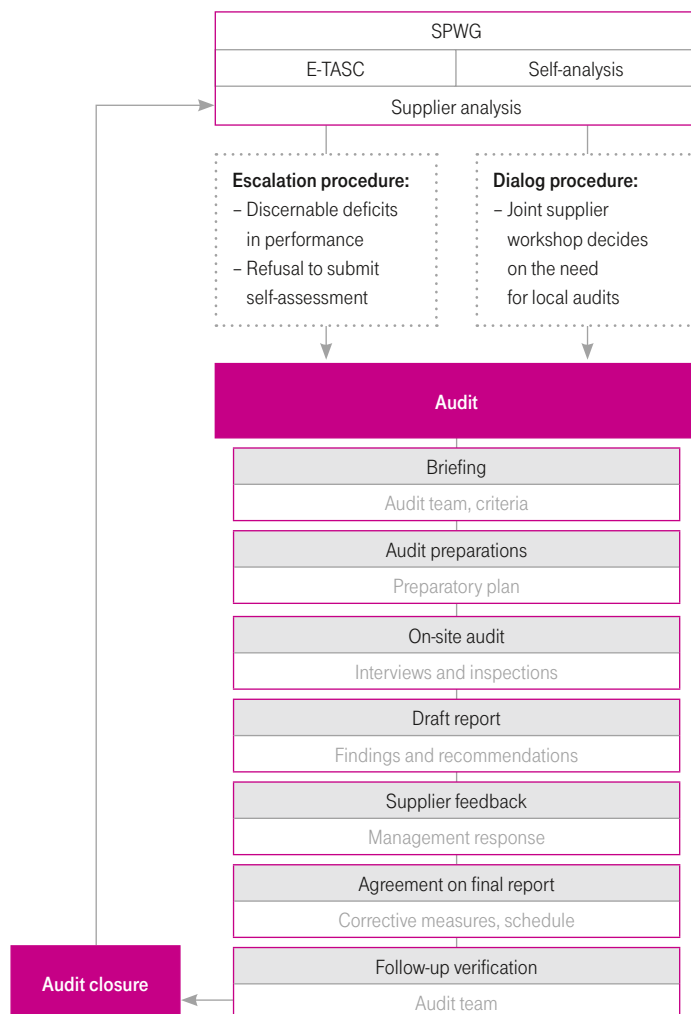
Ongoing exchange.

One part of Deutsche Telekom's sustainable procurement strategy consists of a continual standardized check on compliance with the social and ecological standards defined within our supply chain management system. We call this process, which comprises risk analysis for our suppliers and regular on-site audits, the "Social Audit"; this, again, is the responsibility of SPWG. In our Social Audit we opt for cooperation and an ongoing constructive dialog, which is characterized by respect and mutual trust.

Before Deutsche Telekom contracts strategically relevant suppliers, SPWG subjects them to an upfront review and systematically rates the risks involved in cooperating with them. In a second step, selected suppliers are asked to state their social and ecological conditions in a detailed questionnaire. We record the facts they disclose in a special online information system, the Electronics-Tool for Accountable Supply Chain (E-TASC). The system has been available to the Group since August 2007 and will help us to assess the sustainability performance of our suppliers quickly and uniformly in future, and to identify any risk potential at an early stage. Deutsche Telekom developed the tool in collaboration with other members of the information and communication technology industry association (ICT) within the framework of the Global e-Sustainability Initiative (GeSI). By establishing joint standards, we are making our contribution towards sustainable procurement throughout our branch of industry.

Deutsche Telekom launches the dialog whenever major infringements of minimum social and ecological standards are identified during risk assessment. The objective is to cooperate on finding solutions. A standardized escalation process is initiated for suppliers who refuse to submit a self-assessment or to launch an effective improvement process. If agreement cannot be reached, the cooperation may have to be terminated immediately. However, up to the end of 2007 no such action had been taken. One of the key reasons for this is that Deutsche Telekom takes a proactive stance on suppliers with an elevated risk profile and joins with them in personal discussions and audits to draw up action plans that will improve their ecological and social standards.

The Social Audit process at Deutsche Telekom.



Consistent implementation of audit processes. By the end of 2007, Deutsche Telekom had already requested self-assessments from 40 of its key suppliers via E-TASC, and our Hungarian subsidiary Magyar Telekom had sent another 20 requests out to its TOP suppliers. In this way, we were able to cover around 55 percent of our total procurement volume. By the end of 2008, we plan to have interviewed all our TOP 100 suppliers and thus have reviewed around 62 percent of our total procurement volume. Following introduction of the E-TASC system to all processes within sustainable procurement, we will be adding a performance indicator to the facts and figures of our 2009 CR Report that shows how many of our suppliers have actually had their performance in the areas of ecology and social standards checked.

We make a point of performing several proactive supplier audits each year. In 2007, we evaluated a total of three key suppliers in China and their suppliers in audits that lasted several days. With the support of SPWG, the sustainability experts at Deutsche Telekom interviewed company managers, specialist departments and employees on the work and environmental conditions in the company and performed extensive inspections of their entire premises. Despite the satisfactory overall impression made by the production facilities, the audit revealed several serious deficiencies in the areas of environmental protection and industrial safety. For example, employees had not been suitably informed on their right to set up and join a trade union, the volume of work was excessively high and pay not suitable for the work they were doing. Environmental training was only held at irregular intervals and the living standards in the accommodation provided for them needed improvement. Deutsche Telekom also provided major support during the suppliers' subsequent development process. For example, the inspectors drew up an individual catalog of measures for each of the companies audited and set a deadline by which they had to be implemented. In this way, most of the deficiencies had been successfully eliminated and given a positive rating by the end of 2007. In one supplier company, for example, the pay was increased and living conditions in the accommodation provided for them subjected to major improvements. In others, emergency exits were labeled clearly and regular training programs launched on environmental protection, industrial safety and accident prevention. All audit reports were forwarded by SPWG to Procurement for information purposes.

501

The table on page 43 gives a simplified view of weak points that were identified among our suppliers during the 2007 audits.

See page 43.

Supplier workshops. Within the framework of supplier development activities, SPWG also organizes regular workshops with the top strategic suppliers. In 2007, Deutsche Telekom held two workshops with suppliers from the field of mobile communications and computers. Here, the different aspects and criteria for our sustainable procurement strategy were presented and compared with the standards of our suppliers; finally, joint standards for future collaboration were developed. It was also arranged that joint audits would be held in the future.

502

Networking at international level on compliance with human rights.

Deutsche Telekom takes an active part in numerous national and international initiatives in order to further promote compliance with human rights and social and environmental standards in emerging and developing countries. As a member and pioneer of GeSI, Deutsche Telekom cooperates with partners from the industry as well as with representatives from non-governmental organizations (NGOs) to support the development of sustainable technologies in the communications industry. This overall branch strategy enables us to achieve maximum impact when solving industry-specific problems.

In recent years, the boom in the electronics industry has triggered a vast increase in the demand for such metals as copper, iron, gold, aluminum, palladium and cobalt. A study published in 2007 by the "makeITfair" campaign reports that many of these metals are mined under extremely problematic conditions in developing countries or conflict zones.

The problems involved in obtaining raw materials are assuming an important role in GeSI activities. In order to exert influence on manufacturing conditions, it is vital to take a cross-industry approach. This is understandable, since brand manufacturers do not come into direct contact with the raw material traders, most of whom supply to Asian markets. To investigate these issues more closely, GeSI cooperated with the Electronic Industry Citizenship Coalition (EICC) to commission a comprehensive study, which is due for publication in mid 2008. It analyzes the mining conditions and the impact these have on people and the environment, and includes the roles played by the electronics industry and local governments. In January 2008, Deutsche Telekom joined with other business organizations and NGOs to discuss the possibilities of a joint approach at an international roundtable meeting held in Brussels. Following this, the initiators of the "makeITfair" campaign drew up a list of principles that must be observed when handling raw materials. In the future, Deutsche Telekom will require its strategically important suppliers to sign a voluntary commitment to these principles. Greater efforts will subsequently be made to check on their compliance, above all on the criteria that correspond to the key values of our Social Charter.

503

Most significant findings and improvements from audits performed in 2007.

Action area	Deutsche Telekom findings	Deutsche Telekom recommendations	Implementation
Management system	Lack of understanding for work ethics, environmental and health protection measures and conditions	Evaluation of the appreciation for measures and requirements in the areas of work ethics, the environment, health and safety at work	Introduction of training programs on the subjects of work and company ethics, the environment, health and safety at work
Labor law/ conditions of work			
a) Working hours	Excessive working hours that did not comply with national legislation or international standards	Introduction of a transparent system to record hours worked; Transparent remuneration for overtime hours	Introduction of an electronic system to record hours worked
b) Employment	Inappropriate terms of employment for people employed via personnel service agencies	Align contracts with labor & ethics standards; Avoid inappropriate contracts from personnel service agencies	Review contracts with personnel service agencies
Environment, occupational health and safety			
a) Waste disposal	Inadequate separation of waste due to incorrect instruction and lack of labeling on waste containers Lack of suitable storage facilities for hazardous materials and waste products	Label waste containers for correct separation and disposal of waste Introduction of separate collection points for waste products with appropriate, clearly labeled waste containers	Labeling is being monitored Fully implemented
b) Emergency facilities	Lack of appropriate instructions for emergency situations in the production facilities Emergency exits in dormitories blocked Lack of fire extinguishers in dormitories	Visible labeling for emergency exits Create clear lines of escape in dormitories Install fire extinguishers in dormitories	Provide instructions to be followed in emergencies Free emergency exits Fully implemented
c) Health and safety at work	Lack of safety boots for potentially dangerous work Not enough attention paid to ergonomic workplaces; deficient work equipment	Use safety boots in relevant departments Improve equipment to increase security at the workplace	Obligatory use of protective footwear controlled by supervisors and heads of department Replace unsuitable working equipment
Living conditions			
Overnight facilities for workers	Totally unacceptable living conditions for workers	Improve the situation for workers in dormitories	Create a management team to control dormitories at regular intervals; appoint a contact responsible for employee satisfaction who will be available in future when urgent issues arise
Communication			
Health and safety at work	Inadequate instruction on: – what to do if an accident occurs – how to use the fire extinguishers – the existence of the safety committee and the information meeting	Monitor communications to ensure that employees receive information; Introduce regular training programs	Fully implemented

Fit for the future.

Deutsche Telekom has the advantage of a highly efficient human resources unit, which not only faces up to market challenges but also fulfills its responsibility to society.





Human resources.

Bringing about change to tap diverse opportunities.

Like the entire ICT industry, Deutsche Telekom is undergoing a massive transformation process, mainly driven by changing and escalating customer expectations, global competition, state regulation, still a major feature above all in Germany's domestic market, and technical innovation. A transformation is also imminent within society itself.

With its four strategic thrusts "Competitive workforce," "Talent agenda," "Service culture" and "HR@2009," the HR strategy is geared to Group strategy (see page 6) and thus has an important role to play in keeping the Group competitive. At the same time, its aim is to offer the company's workforce of over 240,000 employees worldwide an attractive working environment with diverse opportunities for advanced training and development, and also to reinforce the service culture among its employees.

In a world that is heading for internationalization, encouraging personal and cultural diversity in our workforce is one of our concerns.

Competitive workforce.

At national as well as international level, Deutsche Telekom is gearing its human resources structure to the dynamic change and strong competitive pressure in the telecommunications industry. In order to create sustainable jobs and competitive employment structures, Deutsche Telekom faces the dilemma of how to reconcile the need to reduce personnel costs and improve the quality of its customer centricity with its responsibility for all our employees.

Sustainable agreement at Telekom Service. The new collective agreements reached on June 29, 2007 after lengthy bargaining are valid for around 50,000 Deutsche Telekom employees. They govern the transfer of employees from call centers, Technical Customer Service and Network Infrastructure Production and Operation to three new service companies. The settlements are also based on terms that are more in line with those in the market as a whole. Negotiations with the trade unions were accompanied by warning strikes. Following a ballot, members later voted for a series of strikes and walkouts beginning on May 11, 2007. The number of working days lost as a result of these strikes totaled some 500,000.

The well balanced agreements provide a scenario that enables Deutsche Telekom to reduce its costs and, at the same time, significantly improve its customer service as well as productivity and its competitive standing. It offers a series of protective measures for employees, including compensation and installment payments, an extended promise to refrain from compulsory dismissals until the end of 2012, and spin-off protection up until the end of 2010. The collective agreement, including a related pay freeze at Deutsche Telekom until the end of 2008, saved the Group more than EUR 160 million in the year 2007. From 2010 onwards, Deutsche Telekom anticipates achieving annual savings in excess of EUR 700 million.

As well as protecting existing jobs, Deutsche Telekom's new employment conditions and entry-level salaries that are more in line with the market will allow the company to commit to taking on around 4,000 internally trained junior staff by 2009. We also recruited another 1,500 new employees in 2007, a figure we were able to match again in the first quarter of 2008. The new recruits will reinforce the service workforce and help to secure future-oriented skills, qualifications and know-how for the Group. Most of them are graduates in a variety of technical and scientific subjects, as well as internally trained, sales-oriented junior staff.

 601

See 2007 Human Resources Report.

Adjustments at home and abroad. In 2007, a total of around 14,400 people left Deutsche Telekom employment in Germany. This was achieved via a raft of measures such as severance pay offers, part-time work for employees approaching retirement age, and early retirement schemes such as the “55 model” introduced in July 2007, together with natural fluctuation and deconsolidation. There have also been headcount changes in Deutsche Telekom’s international units.

📖 See 2007 Annual Report.

New employment prospects through Vivento. Vivento, our human resources service provider and Germany’s most successful transfer agency, made an invaluable contribution to vital Group personnel restructuring in 2007, in the form of long-term placement management and continuing optimization and deconsolidation of business models.

In addition to its deconsolidation of business models in 2007, Vivento also concentrated on creating external job opportunities for Deutsche Telekom employees. This focused on employment prospects in the public sector, which are primarily offered to civil servants in the Deutsche Telekom Group. In total, Vivento acquired some 4,900 public service positions in 2007 and posted them on Deutsche Telekom’s job exchange. In total, some 5,000 employees left Vivento in 2007 to explore new prospects. Parallel to this, around 1,700 employees joined Vivento from the Group.

Total workforce management. One of the aims of the HR mission “Your Partner in Business” is to optimize the deployment of in-house and external personnel resources, minimize personnel cost, and control demographic structures and skills. To this end, we are implementing a total workforce management (TWM) system within the Group. The dimensions of TWM range from Group-wide cost transparency based on systematic data collation to the quantitative and qualitative control of all labor costs and skills in line with business development, and through to coordination with the employee representatives and communication with the workforce.

Vivento also plays a key role in total workforce management. Based on the experiences of our personnel service provider, a capacity management scheme is currently under development in Germany to facilitate workforce restructuring. This scheme is dedicated to the development of new employment models and the acquisition of suitable public service positions. Vivento supports the business areas through every phase of the restructuring process, beginning with the planning stage.

Fit for the future. By setting up universal standards and guidelines on occupational health and safety throughout the Group, we embedded this key topic even more firmly in our company and management structures in 2007. Our main objectives are to guarantee full compliance with current legislation, statutes and standards, and to optimize our deployment of resources. At the same time, we intend to improve health and accident figures, and reduce the number of sick days. In 2007 we succeeded in making initial progress with the Group’s health rate.

📊 602

Talent agenda.

The availability of highly qualified personnel is the fundamental prerequisite for development of customer-centric products, solutions and services and thus for Deutsche Telekom’s business success, today and in the future. In view of the growing shortage of expert staff and the global race for talent, a central challenge facing the Group’s Human Resources Development unit is how to secure a sustainable skills base. In concrete terms, this means backing talented junior staff and offering suitable job prospects to experienced expert and executive staff. In its efforts on this score, Deutsche Telekom has opted to install a comprehensive talent and performance management system. Its backing for international exchanges and global best-practice sharing is another step that helps to make the Group fit to face the requirements of a globalized market.

Advancement at all levels. In order to win, develop and retain vital expertise for the company, we are driving the development of our skills base in two ways: by systematically building up skills and competencies throughout the company and by backing career and development prospects for outstanding experts and executive staff. Based on harmonized, performance-related tools and processes, our HR development programs ensure that we can identify internal talents early on and guide them toward new responsibilities.

Since 2006 we have supported executive staff throughout the Group and have given them individual backing through our "STEP up!" program (Systematic & Transparent Executive Development Program). We use it to make new appointments and appoint successors to management positions at international level. Our universal assessment scheme, the "Performance und Potential Review," gives us a precise picture across borders of where our executives stand and what prospects they have for development within the Group. In 2007, 95 percent of management staff underwent this review, well up on 91-percent participation in 2006. "STEP up!" can thus be considered firmly established throughout the entire Group in 2008, the second year since its introduction.

At their end, our management staff is responsible for providing colleagues with unambiguous feedback on their performance and potential, and for developing their abilities with specific targets in mind.

With "Go Ahead!", Deutsche Telekom additionally systematizes and supports the development of experts at national as well as international level. Development focuses on the skills and competencies required to handle expert tasks. A best-practice approach is based on the "CAMPUS" programs already in place at T-Systems. "Go Ahead!" offers high-performing and high-potential employees with outstanding expertise an alternative to a management career. The aim is to develop the know-how that is crucial to success inside the company and to keep it there over the long term.

603

See 2007 Human Resources Report.

Sustainable training. With trainees numbering around 12,000, Deutsche Telekom has been Germany's biggest training provider for many years. Our training ratio of 8 percent is far above the industry average, a level that we plan to maintain in the future. In 2007, we reached an agreement with the services industry trade union ver.di that covered another 4,000 trainee places for the year and an above-average rate during the period 2008 to 2010. This annual rate is 2.9 percent of the headcount for permanent employees in Germany. Deutsche Telekom also has an important role to play in many other countries as a training provider.

However, our enterprise is not only best-in-class when it comes to quantity. Each year, our trainees achieve a top-quality performance with excellent exam results, producing Chamber of Commerce prize winners at regional level and some of the nation's top achievers. One way in which we secure top quality is through deployment of an EFQM-compliant (European Foundation for Quality Management) quality management system, tailored to Group needs.

Service culture.

Fostering enhanced service awareness and top service competency are integral components of our initial and advanced training courses. Deutsche Telekom also backs the implementation of a service culture in its team development, organizational structures and pay policy, gearing business skills and processes to the wishes and needs of our customers. In the same way that DNA determines the basic makeup of living cells, clear service orientation – which we call "Service DNA" – will be the underlying factor that motivates employees throughout the Deutsche Telekom Group and provides them with concrete guidance in their day-to-day work.

Paving the way to service competency. Even our training offers concentrate on the areas of service, sales and IT. With this emphasis, our training activities reflect the Deutsche Telekom Group's focus on service centricity and on close relationships with our customers.

Backing for a service culture also has a major impact in other areas of Deutsche Telekom's personnel work. For example, as defined in the collective agreement of summer 2007, staff in the three service companies are entitled to three days of training each year – irrespective of their individual functions and weekly working hours. In this context, emphasis is placed on refining customer and service centricity, conveying product and service know-how, and training staff to take down departmental barriers in their thoughts and actions. Over and beyond the opportunities for employee further development, high performers are offered new development and career openings ("service careers").

Service culture projects. We are supporting the establishment of a service culture throughout the Group in a broad range of projects. One central project was the founding of Deutsche Telekom's Service Academy at the end of 2007. Here, our managers obtain an even better insight into what customers really want and into the conditions for staff involved in customer-facing activities. Attendance at Service Academy workshops, team events and practical phases with direct customer contact is obligatory for all the company's 2,500 senior executives in Germany. This can be compared at international level with the Retail Certification Program currently being implemented by our subsidiaries T-Mobile UK, T-Mobile Croatia and T-Mobile CZ. Other companies will soon follow suit.

Diversity.

Living diversity – Naturally different.

As an international corporate group, Deutsche Telekom unites different company cultures under one roof. Its numerous different sites, markets and customer interests mean more challenges that face the company. To face up to these and to tap the full potential that is generated from diversity in the Group in the interests of business success, Deutsche Telekom has made the subject of Diversity a top management issue.

What does diversity mean for Deutsche Telekom?

Thomas Sattelberger: Our top priority is the satisfaction of our customers. A healthy diversity culture is a strong competitive factor. First, because we can only supply top-class service to our customers if all employees pull their weight and deploy all their different abilities to reach this goal. To do this, they must be sure that differences will not be ignored or even opposed but that they are highly valued. They must be able to take for granted that we want diversity in our company. Second: in the mid term, diversity will be a critical factor in successful talent recruiting. We want to get the best – and we must find them in all parts of the population and inspire them to work for us. Third, a workforce that is just as diverse as our customers are helps us to tailor our products and services better to customer needs and to drive innovation. Ideally, all our employees are aware of the economic importance of diversity and act accordingly – we still have a long way to go on this score.

Apart from this, respect for diversity is a human right and an ethical attitude that applies beyond the bounds of business management.

Maud Pagel: For Deutsche Telekom diversity means accepting and promoting individuality and pluralism among our workforce – and to do so irrespective of gender, age, disability, ethnic origin, religious beliefs and sexual orientation. We also want to do more to support our employees' work-life balance so that they can live their lives as they see fit. Since 2004 we have had our own diversity policy, which applies as a binding basis in all the national companies throughout the Group. The Group Diversity Management team oversees implementation in the Group units, with international units naturally taking their country's legal and cultural scenarios into account. Outside the company, we are committed to work in networks and initiatives on the subject of diversity. Our own diversity reporting, a homepage on the intranet and our Annual Diversity Report document this work for our employees.



Thomas Sattelberger

Maud Pagel



Thomas Sattelberger, Chief Human Resources Officer (CHRO) and Labor Director at Deutsche Telekom since May 2007, has set himself the goal of driving efforts to establish a diversity culture throughout the Group.

What scenario must Deutsche Telekom establish for diversity to play a role in the Group's success?

Thomas Sattelberger: In order to benefit from diversity as a success factor, we must approach the issue systematically at national as well as international level. We must therefore gear our activities even more closely to internal processes and to the needs and conditions in the individual business areas. For me, this means on the one hand that we must achieve a much closer mesh between staff development processes and diversity. Second, diversity must be conveyed as a business case to and acknowledged by all management staff. At the end of the day, it is vital to acknowledge the right conduct and, at the same time, to address bad behavior and sanction it accordingly. Only when we implement these three principles will we be able to tap more of the potential that diversity has to offer.

Maud Pagel: The primary goal in my view is to create a corporate culture throughout the Group that is characterized by mutual respect and esteem. This corporate culture is already in place in many units but there is still a lot to do before it is accepted as a matter of course throughout the Group. This is an important task for our management staff, since they are the motivators for employee and customer satisfaction.

Where can we see diversity management in the company's day-to-day business?

Maud Pagel: Let me illustrate this with some examples. We have various different projects running in our national companies and I will only mention a few of them here: T-Systems and T-Mobile Austria offer an exemplary, broad-based child-care service with 100 day-care places at their joint headquarters in Vienna. T-Systems South Africa focuses on supporting people who are historically disadvantaged: with its CIDA-ICT

Academy, the company makes it possible for poor students – around 50 percent of them women – to get a high-quality education and, in doing so, works to counter South Africa's imminent shortage of ICT experts. In Germany, we raise our employees' awareness for diversity even at the training stage. As an example, 116 trainees attended the "Values day" in Dortmund in 2007 and gained an insight into the different cultures of their trainee colleagues. We also support staff efforts to harmonize the lifestyles they choose with their work. It is an ambitious aim – we are only too aware of this. As well as flexible work-time models, our offers in this field include child care, an area in which the Group invested over EUR 1.5 million in Germany in 2007. Some of the money was channeled into day-care facilities for children at the company's big sites in Bonn, Darmstadt and Munich and will soon also be going to a new facility in Stuttgart. We also provide assistance when employees have family members who require care or have problems with children approaching adolescence. 8 percent of our employees suffer from a severe disability. We configure barrier-free workplaces for them in line with their individual needs.

Thomas Sattelberger: Our activities show clearly that diversity can become an integral part of corporate culture. Our internal and external awards also help to fix its importance even more firmly in the minds of our employees. We confer an internal diversity award on a two-yearly basis as a tribute to outstanding commitment to cultural and personal diversity. In 2007, our subsidiary Magyar Telekom won first prize for an entire diversity project package. Submissions from Hungary, South Africa, Slovakia, Austria and Germany reflect the growing internationalization of our diversity competition.

In February 2008, a Deutsche Telekom employee won Germany's "Top father of the year" award. He and his partner have benefited from flexible work-time models to achieve an optimal balance between their management positions and family life with care of their children. Germany's Minister for Family Affairs, Ursula von der Leyen, congratulated the prizewinner in person. These prizes go to show that diversity can be practiced in day-to-day company activities and also that it pays. They are therefore a vital signal for all employees and executive staff to take active steps to follow the prizewinners' examples.

What will the focus areas of your work be in future?

Maud Pagel: In the future, we will need to work more specifically with facilitators to spread the word about work at Diversity inside and outside the company. To do this, we plan to launch a broadly based communication campaign. Comprehensive diversity management gives us a vital opportunity to position ourselves as an attractive employer, for instance for trained expert staff with an immigrant background.

In 2008, we will be focusing – initially in Germany – on the subject of work-life balance, which includes how we reconcile work with family life. Our employees must perform excellently in a tough competitive arena and also have the chance to live their private lives as they wish. It is up to the Group to give suitable help and to find new ways of making this possible.

Thomas Sattelberger: There are another three focus areas which we must tackle or press ahead with activities in 2008. First of all, we need to optimize the way we approach our customers and bring our staffing and services into line with social reality. At the start of 2008, two pilot projects were launched within T-Punkt Vertriebsgesellschaft in Germany. We expect to have the first results and empirical data this summer.

The second will be to intensify international exchanges, first and foremost among our expert and executive staff. In our service units, we have already imported best-practices from the international units. Practical deployments in the international arena will heighten our intercultural competency, which is a vital prerequisite for a strong diversity culture.

Thirdly, we must do more to support equal opportunities for women.

One focus is on special mentoring programs that back top women performers and therefore put more women in management positions. If we are to succeed in this, we will need to mesh our diversity programs effectively with our human resources development processes. Diversity must not simply be an esoteric factor that is far removed from our standard processes. If it were, it would never achieve a positive impact.

Thank you for talking to us.

604



Maud Pagel, head of Group Diversity Management, and her team are the ones who develop effective measures to implement the Group's diversity policy.

Since July 2007, we have conducted an anonymous two-monthly online employee survey on strategic topics under the title "spirit@telekom." The survey gives our staff the chance to express ad-hoc opinions on our strategic initiatives, their satisfaction and the quality of change as they see it, and thus to play an active role in the Group's opinion-building process. "spirit@telekom" equips management to gauge the ongoing change processes as well as providing an opportunity to make necessary adjustments.

605

HR@2009 strategy process.

The HR@2009 project is a vital cornerstone of our HR strategy, which is completely realigning human resources work at Deutsche Telekom and equipping it to meet future needs. We are using HR@2009 to establish strategy-based, intelligent structures in Human Resources, and to optimize processes and competencies throughout the organization. This will give a major boost to the unit's efficiency. HR@2009 is one of the twelve strategic projects in the HR mission and plays a direct role in improving customer and service centricity as well as in Save for Service, the company's cost-efficiency program. It is therefore pivotal to the success of Deutsche Telekom's business.

606

See 2007 Human Resources Report.

607 Also see our 2008 CR Online Report for information on

608 Co-determination and the internationalization of our human resources work.

Rich in opportunities.

It has long been our tradition to promote the development of media competencies of school students and underprivileged groups. To maintain the viability of our company and our society in future, well educated young people are absolutely essential.



Social commitment.

Commitment for a common future.

An exhaustive and reliable access to modern information and communication technology (ICT) which is available to people from all walks of life forms the basis of any knowledge society. At the same time, today's ICT products and services are also considered a significant factor for the affluence and economic progress of a nation. Being one of the world's leading companies in this sector, we play a decisive role in this development. This is also reflected in our social commitment in which we strive to bring the benefits of modern ICT to the maximum number of people from all walks of life. It has long been our tradition to promote the development of media competencies of school students and underprivileged groups. To maintain the viability of our company and our society in future, well educated young people are absolutely essential.

Promoting education.

Education, research, technology and innovation are indispensable for a society which is to remain viable in the future, especially one, such as Germany, that is not rich in natural resources. Particularly, the level of education in subjects like mathematics, information technology, natural sciences and technology (MINT) is an important indicator for the innovative capacity of a nation. There is still a tremendous demand on German schools to catch up in the fields of natural sciences and technology, as has been verified once more in the third PISA report in November 2007. With the backing of Deutsche Telekom Foundation, our goal is to raise the level of education and teaching concepts in the MINT subjects to the top level on the international stage.

Deutsche Telekom Foundation. Deutsche Telekom Foundation, a non-profit organization, focuses its work along the entire education chain – from day care through schools up to the universities – to achieve an improvement in the education system, especially for the MINT subjects. Established in 2003, the Foundation is striving to promote a broad basis and at the same time cultivate excellence, working at a conceptual and operative level and chiefly realizing its own projects in close cooperation with its partners from science and education.

“Research holidays” and didactic support for elementary schools.

The foundations for vital intellectual and emotional competence, which are required throughout one's education, are laid in day care centers and elementary schools. Deutsche Telekom Foundation supports government-run and private educational institutions in designing programs for imparting the necessary skills required to make children of pre-school and school age proficient in mathematics, science and technology. The “Early education” programs provide teachers with ideas and materials for modern teaching practice and offer them further education schemes to boost their diagnostic and didactic skills in the MINT subjects.

Through its course “Research holidays,” the Foundation also demonstrates how motivating researching and experimenting can be for little children. This project, intended for elementary school children coming from an educationally disadvantaged background, was conducted for the second time by the Foundation in 2007. In a two-week course held during the school holidays, 80 boys and girls from Bochum and Kiel could learn how to interact and deal with the natural sciences. They discovered, for instance, how bats are able to have the right orientation in the dark. In another case, they had a close look at the constituents of baking ingredients and their reaction with one another. The knowledge gained by the children in the holidays is currently being intensified at the respective schools in weekly study groups.

Innovative learning concepts for secondary schools. As part of the secondary school programs, the Foundation works closely with schools as well as with partners from extra-curricular education, the goal being to effectively combine learning within and outside of school. A successful example highlighting this is the “ExperimentierKüche,” a students' laboratory which was set up at Bonn's Deutsches Museum in 2007. Under the supervision of students from Bonn university, school students can experiment with everyday chemicals; for instance, they can manufacture gummi bears or get to learn the difference between shampoo and liquid soap. Up to the beginning of 2008, 69 school classes with 1,900 students as well as 29 children's groups had visited this facility.

Making Germany strong as a center of science and technology. With our university-level programs we strive to contribute to making Germany a strong center of excellence in education and science. The Foundation aids selected universities in upgrading their efficiency in the MINT subjects and supports the development of training programs for the teaching faculty. In all, three new projects were started in 2007 for the training of new and experienced math teachers, including the advanced training project "Mathematik Anders Machen" or, in English, "doing math differently." Regional advanced training programs are announced nationwide on the Internet platform www.mathematik-anders-machen.de. Courses can be booked for free online. In addition to that, new courses can be posted or requested. At the start of the project, Deutsche Telekom Foundation presented the results of a survey on advanced training requirements for math teachers conducted by the Foundation itself. According to this report, there is a major requirement for advanced training of the teaching faculty across all disciplines, from basic education to research and experimenting in classes, diagnosing mathematical performance right up to the emotional and motivational aspects of learning. By the end of January 2008, more than 800 math teachers attended the programs across Germany and learned how to "do math differently."

In 2008, Deutsche Telekom Foundation is one of the four sponsors of the "Year of Mathematics" in Germany. Thus, for the first time, a private sponsor is involved in a year of the sciences. The Foundation contributes several own projects, simultaneously also supporting special events and exhibitions with a total sponsorship volume of around EUR 2 million. The aim is to create greater awareness among the public for mathematics and above all to capture the interest of children and the youth for this fascinating subject. In today's world, a sound knowledge of mathematics is the basic requirement for many professions, among which we already observe a lack of qualified staff.

Career guidance for young women. In view of the demographic changes in industrialized nations and the constantly rising need for highly qualified personnel, companies are going to find it increasingly hard to find the right staff. Deutsche Telekom is therefore strongly committed to training young people and, with the help of innovative strategies, tapping potential that has remained unused to date. Our new program helps pave the way for young women to take up a technical profession and simultaneously contributes to equal opportunities.

Following a successful development and pilot phase, Deutsche Telekom reached a decision in 2007 to continue the "JUMP in MINT" project. The German acronym JUMP stands for youth mentoring program and MINT, as described earlier, stands for mathematics, information technology, natural sciences and technology. The project was developed and piloted from 2005 to 2007 as part of the EU initiative "EQUAL." Its aim is to help young girls with their career choice, particularly encouraging them to take up technical professions and giving the necessary support to embark on a career with a focus on one of the MINT disciplines. At information get-togethers held

once every month, women from technical professions present their personal background. Female employees from companies like Deutsche Telekom accompany female school students along their journey to careers so far dominated by males. A special Internet portal invites girls and young women to participate in a virtual exchange and provides detailed information on various professions. In the scope of this project, Deutsche Telekom invites 300 school students and their teachers, once every two years, to Berlin to show them and elaborate on the career opportunities in the MINT disciplines.

Infrastructure projects at schools. Traditionally, equipping schools with a charge-free Internet connection is at the heart of our commitment. Deutsche Telekom's major goal is to give children the opportunity to learn to use digital media purposefully at school itself and without any help from home. For this, we have already invested hundreds of millions from 1996 to date. The personal commitment of our employees plays a key role in all these projects.

With its "Telekom@School" initiative, Deutsche Telekom provides Internet access free of charge to all 34,000 general education and vocational schools throughout Germany. Out of these, 28,000 schools are already connected to the broadband network via T-DSL, thereby enabling them to freely use data-intensive study material such as audio and video files or animated graphics. More than 3,500 Deutsche Telekom employees have imparted their know-how – mainly in their free time and without charging a fee – and, by the end of 2007, trained around 46,000 teachers in the use of the Internet and set up more than 20,000 personal computers.

Our subsidiary Slovak Telekom too has been working in close cooperation with the Slovak government since 2002 for promoting digital education at school. Throughout Slovakia, we have equipped all elementary and secondary schools with a PC classroom and broadband Internet connection. In addition to that, we also acknowledge unusual and novel ideas for the use of computers at school by awarding the "Slovak Telekom Award."

In close cooperation with our T-Systems national company in South Africa, our subsidiary T-Systems Austria has been providing support to Masibambane College, the Viennese School in Johannesburg, since 2007. This school makes it possible for children who live in utmost poverty to get a high-quality primary education. The school was started in 1997 with initially 47 students. In the meantime, the school boasts more than 660 children who are taught from kindergarten to grade six. In 2007, T-Systems Austria initially invested EUR 10,000 in the school's IT infrastructure. Our goal, of course, is to build up a long-term partnership.

T-City – Solutions for a viable society.

Modern ICT has revolutionized communications all over the world. Not just that; connecting our society at work and in private life is increasing at a rapid pace with growing technological advances. Today, intelligent monitoring and control systems are applied in almost all sectors of the industry. For example, ICT is the engine for more than 80 percent of Germany's innovations in the automotive, medical technology and logistics sectors. The public sector too is growingly relying on ICT. Under the slogan "e-Government," several German states and municipalities have already begun reshaping their public administration services to make them more efficient and transparent and bring them closer to citizens.

T-City – future lab for better quality of living and enhanced community amenities. Through T-City, Deutsche Telekom together with the city of Friedrichshafen is showing inhabitants, the business community and other organizations the added value introduced by innovative ICT and the potential and opportunities that lie undiscovered in these technologies. Enhancement in the world of communications, streamlining through innovative technology, as well as saving of time, money and resources can be demonstrated clearly even to the skeptics. In addition, there is potential for synergies and advantages for the city thanks to networked innovations.

In February 2007, Friedrichshafen was a step ahead of 52 competitors when it was declared the winner of the T-City competition. Implementation of the latest and most innovative network infrastructure in the fixed and mobile communications network was launched shortly thereafter. Based on these networks, a series of projects was commenced to demonstrate their benefits to the first user groups in T-City. The projects, for instance, provide digital solutions for municipal administration, a learning platform for local school students, and also convenient applications in home entertainment and tourism.

Remote patient care – telemedicine in T-City.

The first health project in T-City got underway on November 1, 2007 at the Friedrichshafen clinic. Patients suffering from cardiac insufficiency are attended to with the aid of the latest ICT via the Motiva telemedicine system. After being discharged from the clinic, the patients can have their vital data monitored even from home.

Special instruments regularly record the patient's weight, blood pressure and pulse. The data is transferred automatically via Bluetooth to a set-top box via which it is relayed over a secure network – specifically developed by T-Systems for health care services – to a certified computing center. Over a broadband line, doctors at the Friedrichshafen Clinic can access the stored data. They can thus constantly monitor the condition of their patients, provide feedback, as well as inform and train them accordingly. If a serious risk becomes conspicuous, for instance, in the case of severe weight gain, the doctor intervenes immediately. The patient's television set also serves as an interactive interface for additional exchange of information. For instance, doctors can send text messages to patients; the patient can answer questions, or watch a transmission with health tips on video.

Thanks to Motiva, the patients of the Friedrichshafen Clinic can continue living in their trusted environment and simultaneously have the reassuring feeling of being in good hands.

@701



Corporate volunteering.


In the global race for young talents, corporate commitment will increasingly become a critical factor for success. Companies which act responsibly and integrate their employees in social projects will enjoy greater confidence over others. By demonstrating personal commitment, new avenues will open for employees, and their social and communication skills as well as motivation will get a boost. Deutsche Telekom supports the social commitment of their employees at and outside of work. In the course of the strategic restructuring of our corporate responsibility (CR) activities, we will further expand our corporate volunteering projects within the context of long-term partnerships.


The “Huddle up” campaign in the USA. In 2005, our subsidiary, T-Mobile USA, started the “Huddle up” campaign for giving a facelift to recreation areas for children and youth in regions with a lack of infrastructure and economic drive. Throughout the country, all employees have been called on to participate and have been excused from work by T-Mobile USA for their voluntary commitment. The resonance for this project has been extraordinarily positive. In 2007 itself, more than 2,100 T-Mobile USA employees, which makes up 5.4 percent of the total workforce, were involved in one of the 13 projects throughout the country. In all, around 17,000 work hours and substantial sums of money were donated, the equivalent of which was in all USD 1.7 million.

Promoting projects selected by employees. T-Mobile UK too has found an effective way to encourage their employees to volunteer in projects with their “Give a little ... change a lot” campaign. In principle, T-Mobile UK backs every kind of support to recognized non-profit organizations in Britain. T-Mobile exempts each employee from his/her workplace to volunteer up to 15 hours per year in non-profit organization projects; besides, the company doubles all donations of up to £1,000, and donations by teams of up to £5,000, and offers to transfer a portion of the salary before tax to a selected organization. Via a website and a company hotline, T-Mobile UK also assists its employees in finding suitable projects.

In 2005, T-Mobile UK was one of the founding members of the Russell Commission, whose main goal is to increase youth volunteering and civic service. In connection with this, T-Mobile UK supports both TimeBank, which provides more than 10,000 activities, and the Youth Action Network which trains volunteers and provides financial assistance for project ideas. Both of the organizations follow the common goal of winning over at least one million youth in the age group 16 to 25 for volunteer work.

Volunteer commitment in Hungary. Our Hungarian subsidiary Magyar Telekom too backs their employees' commitment to participate in volunteer programs. Employees, for instance, are engaged in a Hungarian national park or train the inhabitants of remote regions as part of the Digital Bridge project's “Egálnet” program. “Egálnet” is a free-of-charge Internet platform set up by Magyar Telekom in 2007 specially for underprivileged sections of the population. Thus, new doors for social and individual networking are opened, for instance, for migrants, youths and the physically challenged. The platform is open to all registered users who can use it for exchanging information and creating their own websites. News and event tips round up the offer. Since the inception of “Egálnet,” 159 organizations have registered to date. Owing to its tremendous popularity, Deutsche Telekom plans to implement the program at other locations too.

 **702** Also see our 2008 CR Online Report for further detailed information on the promotion of social projects, for instance, support of counseling lines, sponsorship activities and our commitment at our various locations.

 **703**

CR program 2008.

This report provides detailed information about the strategic realignment of Deutsche Telekom's CR Management (see page 10 ff.). This realignment also affects our CR targets. We are therefore replacing the roadmap in the 2006 Human Resources and Sustainability Report with a selection of our new CR targets in the form of a CR program, together with the measures with which we intend to achieve these targets. The development and implementation of our CR targets and the expansion of the CR program based on these is one of the main focuses of our CR strategy process up to 2010.

The "Deadline" column of the program sets targets for their implementation and the "Status 2007" column provides information on how we have progressed in the period under review. As such, our shareholders can use the program as a comparative basis for evaluating our CR performance when the next CR report is published in 2009.

Like the present report, our CR program is structured according to areas of action – customers, ecology, suppliers, human resources, and social commitment. We intend to measurably improve our performance in these areas by the time the next CR report is published in 2009.

	Group target	Sub-targets/measures	Deadline	Status 2007
Customers	Most highly-regarded service	Meet service expectations: Significantly enhance quality of service in Germany across all customer touchpoints (availability 80%; deadline compliance 85%; first contact resolution rate 75%; IT stability of 120 hours)	2008	Implementation underway.
		250,000 customers benefit from our "top!Service" program	2008	Implementation underway.
	Access anywhere with the best broadband networks – increasingly mobile	Increase DSL coverage throughout Germany to 96%	2008	Implementation underway; DSL coverage in Germany was 94% in 2007.
		Equip 23 additional cities with VDSL and provide ADSL2+ in around 1,000 cities in total	2008	Implementation underway; 27 cities were equipped with VDSL in 2007. ADSL2+ is available in 750 cities.
Ecology	Develop and improve environmentally friendly products and services	Magyar Telekom's "Digital Inclusion" project reached its 100 th village in remote areas	2007	Target could not be achieved in 2007 and was therefore postponed to 2008.
		Reduction in stand-by energy: All terminal equipment sold by the Broadband/Fixed Network business area in Germany has a switched-mode power supply	2008	Implementation underway.
		At least two projects implemented in line with the GeSI study	2009	Implementation underway.
	Minimize CO ₂ emissions emitted by the Group	Support for the international "Green Mobile Devices and Accessories" initiative of the Open Mobile Terminal Platform (OMTP)	2009	Implementation underway.
		50% of the Group's electrical energy in Germany obtained from renewable energy sources	2008	Target achieved early: Since the start of 2008, 100% of the Group's electrical energy in Germany is obtained from renewable energy sources.
		Implementation of a CO ₂ audit project in the company	2009	Implementation underway.
		Further reduction in energy consumption in the mobile communications network by modernizing UMTS wireless technology	2010	Implementation underway.
		Improvement in CO ₂ footprint from business trips by reviewing the option of replacing business trips with virtual meetings	2008	Implementation underway.
		Recycling of 17,500 metric tons of copper cable in Germany as part of switch to our Next Generation Network (NGN)	2008	Implementation underway.
		Development of a Group-wide e-Waste strategy	2009	Implementation underway.
Boost resource efficiency and encourage the more widespread use of ecologically beneficial products in internal processes				

	Group target	Sub-targets/asures	Deadline	Status 2007
Suppliers	Group-wide implementation of a sustainable procurement strategy	Establishment of the Sustainable Procurement Working Group (SPWG)	2007	Target achieved.
		Development, approval and implementation of a Group-wide sustainable procurement strategy	2007	Target achieved.
	Anchor sustainability in supplier relationship management	Group-wide implementation of E-TASC	2008	Target achieved.
		Training for all procurement managers on sustainability-related topics using an online training tool	2008	Implementation underway.
	Program to assess suppliers' sustainability performance	Increase in percentage of procurement volume that is reviewed and rated according to sustainability criteria to at least 62 %	2008	Implementation underway; by the end of 2007, around 55 % of total procurement volume covered.
	Perform audits on suppliers that are considered risky in terms of working conditions, the environment, ethics and occupational health & safety	Increase in number of audits to 2 p. a. to check compliance	2007	Target achieved.
Repeat of audits within three months for all suppliers for which potential risks or need for improvement were identified		2007	Target achieved.	
Human resources *	Competitive workforce	Around 4,000 new recruitments depending on economic development in Germany, majority of which are junior staff	2008	Implementation underway; around 1,500 new recruitments in 2007, of which 1,300 junior staff employed on a permanent basis.
		Staff adjustments in Germany: Implement 32,000 program	2006 – 2008	Implementation underway; 26,500 employees left the Group in Germany without compulsory redundancies by the end of 2007.
		Clear improvement in the health rate and reduction in the number of accidents	2008 – 2010	Implementation underway; health rate was 94.5 % in the Group in Germany as of Dec. 31, 2007. This meant that the health rate was already improved in 2007.
	Talent agenda (optimal know-how, human resources development and leadership)	Establishment of a Group-wide succession management system for executive staff	2008	Implementation underway; top HR project "Optimized career development through STEP up!" was launched in 2007, including the establishment of a Group-wide succession management system for executive staff.
		2.9% of permanent jobs in Germany made available each year as training places	2008 – 2010	Implementation underway; as of Sep. 1, 2007, 4,000 young people were given the opportunity of a qualified entry into working life with a traineeship at Deutsche Telekom or sandwich course.
	Service culture (service excellence measures)	Service Academy: All senior executives of the Group in Germany attend the Service Academy	2008	Implementation underway; Service Academy launched at end of 2007.
	HR@2009	Realignment of human resources work at Deutsche Telekom to improve internal customer orientation and enhance efficiency	2009	Implementation underway; restructuring started in 2007.
Social commitment	Improve education in MINT subjects (mathematics, information technology, natural sciences and technology) in Germany through Deutsche Telekom Foundation	One of the four sponsors supporting "Year of Mathematics 2008"	2008	Implementation underway.
	Increase the number of girls and young women pursuing MINT professions	Cooperation with Fraunhofer Gesellschaft on setup of junior engineer academies with a girls' share of at least 50 %	2009	Implementation underway.

* Contribution of the Group HR strategy for achieving Group targets.

Key indicators.

Key indicators relating to finance, ecology and social issues give Deutsche Telekom and the public a compact and transparent instrument for tracing the Group's progress and performance as well as comparing individual figures. The data used for each of the consolidated indicators is identified. The data presented for Deutsche Telekom refers to the Group as a whole. Figures given for the Deutsche Telekom Group refer to all units in Germany, together with the principal majority-owned international subsidiaries. Data provided for the Deutsche Telekom Group in Germany refers to all sites of the Group units in Germany. Deutsche Telekom AG only refers to the T-Home operating segments and Group Headquarters & Shared Services.

✔ Identification of certified data for the financial year 2007.

Sustainability indicators.

To provide a transparent and comparable view of our sustainability performance, we introduced two "Sustainability Excellence Key Performance Indicators" (SE KPIs) in 2006. These two SE KPIs are based on independent

external evaluations by customers and non-customers as well as on assessments by experts and document the development and achievements of our sustainability activities.

SE KPI 1: "Customer perception of corporate responsibility."

	✔ 2007	2006	2005
Customer perception on a scale from 2 to 10, with 10 being the best rating	6.35	6.8	6.4

The first indicator is based on customer perception of Deutsche Telekom's responsibility toward society. The figure is ascertained by an external market research institute on the basis of a representative survey of 1,000 consumers and 600 business customers of the Group in Germany.

The second SE KPI is based on evaluable results from sustainability ratings issued by external rating agencies. The results underscore how well-received our sustainability activities are among experts.

SE KPI 2: "Assessment of Deutsche Telekom's sustainability performance in sustainability ratings."

Rater	Ratings	Deutsche Telekom's 2007 Rating ✔	Deutsche Telekom's 2006 Rating	Deutsche Telekom's 2005 Rating	Rating focus
oekom	A+ to D-, where A+ is the best rating	2005 result still valid	2005 result still valid	Grade B	Socio-cultural performance and environmental protection
SAM	%	79% "SAM Gold Class"	73%	72%	All aspects of sustainability
Sarasin	%	52%	2005 result still valid	61%	Creation of environmental and social profile on the basis of an overall business analysis
Carbon Disclosure Project	%	1 st place in telecommunications industry, 95% (AAA)	100%	100%	Evaluation of risks and opportunities in the industry as well as company policies and strategies
imug (EIRIS)	Scale from 1 to 5, where 5 is the best rating	Listing in FTSE4Good Index and EIRIS Portfolio Manager	Listing in FTSE4Good and others	Listing in FTSE4Good and others	Corporate governance, social aspects (including human rights) and environment
Innovest	Details undisclosed	Not listed in the Global 100 index	Listed in the Global 100 index, 2 nd place in industry ranking	Listed in the Global 100 index	Stakeholder capital, strategic governance, human capital, environment
INRate	2 rating areas with 3 grades each	No new rating, 2006 rating still valid	approx. 93%	No rating	Companies rated in terms of ecological and social performance
Vigeo	Points system, 100 is top score	No new rating, 2006 rating still valid	49 points	No rating in 2005	Social commitment, corporate governance, customer and supplier relationships, health, safety and environment, HR and international labor law
Dax 30 study/scoris	%	77.6% (1 st position) ^a	77% (1 st position) ^b	74.2% (4 th position) ^a	Corporate governance, ecology, social aspects
KLD Research & Analytics	Details undisclosed	Listed in various KLD indices	No information	No rating	Listing based on activities to reduce CO ₂ emissions

^a Published by scoris, research by scoris. ^b Published by Euro Magazin, research by scoris.

Financial indicators.

Net revenue, EBITDA/EBITDA margin (adjusted for special factors), and net profit at Deutsche Telekom.

billions of €	1 st half of 2008	2007	2006
Net revenue	30.1	62.5	61.3
Adjusted EBITDA *	9.5	19.3	19.4
Adjusted EBITDA margin * (%)	31.7	30.9	31.7
Net profit	1.3	0.6	3.2

* Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses.

For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to the "Development of business" section in the Group management report of the 2007 Annual Report, page 63 ff.

A detailed explanation of these financial indicators can be found at www.telekom.com/investorrelations.

Ecological indicators.

Energy consumption of the Deutsche Telekom Group.

MWh	Power consumption			Heating consumption		
	2007	2006	2005	2007	2006	2005
Germany	2,992,382	2,927,002	2,956,769	731,437	758,708	717,143
Great Britain	273,635	233,474	242,843	7,529	10,644	8,609
Netherlands	65,534	51,536	46,287	n.a.	n.a.	2,670
Austria	111,993 ^a	65,780 ^a	9,002	3,981	4,539	4,618
Slovakia	88,888	103,249	100,515	42,487 ^c	57,012 ^c	77,973
Czech Republic	87,558	84,782	88,827	5,817	7,092	n.a.
Hungary	205,042	296,205	233,115	81,641	120,964	112,026
Croatia	97,711	96,411	101,928	31,603	36,134	42,500
Montenegro	8,400	10,942 ^b	n.a.	1,015	3,810 ^b	n.a.
Macedonia	26,747	36,839 ^a	3,626	13,786	14,532 ^a	50
Poland	151,685 ^a	12,322 ^b	n.a.	n.a.	123 ^b	n.a.
USA	1,266,276	1,174,379 ^a	748,856	27,119	44,301 ^a	75,423
Total excl. Germany	2,383,470	2,165,919	1,575,000	214,977	299,153	323,870
Total	5,375,851	5,092,921	4,531,769	946,414	1,057,861	1,041,012

n.a. = not available

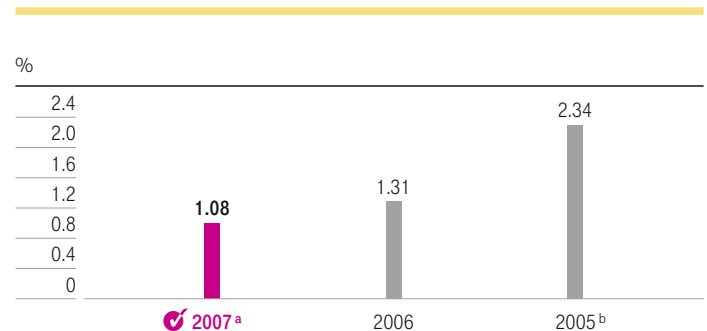
Individual amounts published have been rounded. When added, they may therefore vary slightly from the published totals.

^a Not comparable with the previous year's figures, since the individual data entry systems were still being set up.

^b There are no comparable figures from previous years, since the subsidiary involved in each case was not a Deutsche Telekom majority holding at the time and therefore not subject to reporting requirements.

^c The marked, continual reduction in heating energy consumption is the result of sustained, extensive staff adjustments at Slovak Telekom.

Stock held by sustainable investors in Europe.



^a Data as of May 2008.

^b The conservative SBI estimate of 1.5% on the deadline for the 2006 Human Resources and Sustainability Report was updated on the basis of the 2.34% calculated by SBI and Eurosif for 2005.

The stock held by sustainable investors in Europe was ascertained in 2007 as in previous years by the Sustainable Business Institute (SBI).

Deutsche Telekom's power consumption rose worldwide between 2006 and 2007 in line with the industry trend. The general rise in consumption is the result of technology developments (DSL), increasing transmission volumes and network expansion. Other reasons for the increase in power consumption outside Germany are marked expansion of the infrastructure and activities in several countries. The rise in power consumption in Austria is accounted for by the fact that the figure now includes the data for all technical systems and shops.

In Germany, the measures that were launched to save energy and increase efficiency offset a major part of this growth. Energy consumption was also greatly reduced in a number of our international subsidiaries. Telecom Croatia achieved a significant drop in heating energy consumption. Slovak Telekom cut its consumption of electrical power in 2007 by 14 percent compared with the previous year. Magyar Telekom in Hungary was also very active and successfully reduced its energy consumption and emissions. The measures it installed include the use of renewable energies, an increase in energy efficiency and raising awareness within the workforce.

Emissions of the Deutsche Telekom Group.

metric tons CO ₂ equivalents	from power consumption			from heating consumption		
	2007	2006	2005	2007	2006	2005
Germany	922,260	1,198,230	1,896,162	184,160	199,646	179,228
Great Britain	79,585	130,668	134,663	1,846	2,699	2,202
Netherlands	6,300	7,073 ^c	5,769	n.a.	n.a.	677
Austria	23,643 ^a	15,581 ^a	2,181	839	1,000	934
Slovakia	27,322	38,745	88,423	11,039	13,601	20,767
Czech Republic	72,598	78,476	78,141	1,318	1,776	n.a.
Hungary	120,807	194,844	205,070	23,365	31,933	32,012
Croatia	33,267	37,522	89,666	9,206	9,540	12,317
Montenegro	2,860	4,259 ^b	n.a.	378	1,222 ^b	n.a.
Macedonia	9,106	14,337 ^a	3,190	4,906	4,536 ^a	19
Poland	146,908 ^a	12,572 ^b	n.a.	n.a.	53 ^b	n.a.
USA	862,435	849,557 ^a	555,244	6,596	12,174 ^a	19,127
Total excl. Germany	1,384,832	1,383,635^c	1,162,344	59,493	78,532	88,055
Total	2,307,092	2,581,865^c	3,058,506	243,654	278,178	267,283

n.a. = not available

Individual amounts published have been rounded. When added, they may therefore vary slightly from the published totals.

^a Not comparable with the previous year's figures, since the individual data entry systems were still being set up.

^b There are no comparable figures from previous years, since the subsidiary involved in each case was not a Deutsche Telekom majority holding at the time and therefore not subject to reporting requirements.

^c These figures have been corrected since CR Facts & Figures 2007.

Emissions are calculated on the basis of consumption of electrical power, district heating and fossil fuels. This was executed in line with the Global Emission Model for Integrated Systems (GEMIS, www.oeko.de/service/gemis/de/) and includes emissions that occur in the stages preceding energy generation (total lifecycle but excluding waste disposal). This raises the specific emission rates and the emissions calculated from them to about one-third above what they would be if the International Energy Agency (IEA) or Greenhouse Gas (GHG) protocol data had been applied. The marked divergence in emissions compared to the underlying energy consumption in some countries is accounted for by the new specific emission rates (update to GEMIS 4.42).

By executing various measures, Deutsche Telekom was again able to lower the indirect CO₂ emissions resulting from power consumption in Germany in the year 2007. It lowered CO₂ pollution significantly, thanks above all to the purchase of 1.606 TWh of renewable energy certificates (RECS – Renewable Energy Certificate System). This meant that we procured almost 68 percent of our electrical energy in Germany from renewable energy sources in 2007 (share of the German power mix and RECS certificates). In 2008 we raised this figure to 100 percent.

T-Mobile UK launched various measures aimed at reducing energy consumption and changing to a low-emission energy source, thereby cutting its power-related emissions by just under 40 percent.

Specific emissions of the Deutsche Telekom Group.

g CO ₂ equivalents/kWh	from power consumption			from heating consumption		
	2007	2006	2005	2007	2006	2005
Germany	✓ 308	409	641	✓ 252	263	250
Total excl. Germany	581	639	738	277	263	272
Total	429	507	675	257	263	257

The specific emissions are a measure of the emissions intensity of the energy sources used. They provide, in particular, information about the results of our efforts to reduce CO₂ emissions produced by power consumption. This is shown in the chart below.

Severing the link between power consumption and CO₂ emissions of the Deutsche Telekom Group in Germany.



— Power consumption in Germany
- - - CO₂ equivalents emissions

- 1** Increased purchasing of cogenerated power
- 2** Rise in energy consumption for technical reasons
- 3** Power utilities no longer provide data on share of energy obtained from cogeneration
- 4** Power utilities no longer provide data on their power mix
-> calculation based on power mix for Germany
- 5** Purchasing of electrical power from renewable energy sources ¹
- 6** Purchasing larger shares of electrical power from renewable energy sources ¹ and measures to increase energy efficiency

With its extensive package of measures, Deutsche Telekom works continually on severing the link between its business operations and CO₂ emissions. From 2008 the company's electricity needs in Germany will be covered completely from renewable energy sources (share of the German power mix and RECS certificates).²

As a result, we will far outreach our original objective, namely to halve the CO₂ emissions that resulted from power consumption in Germany in 1995 by 2010.

¹ Renewable energies from Germany mix plus RECS certificates.

² Slight residual emissions remain since the GEMIS model that is used to calculate emissions includes the phases leading up to energy generation.

Fleet services, consumption and mobility at the Deutsche Telekom Group in Germany.

as of Dec. 31	2007	2006	2005
Vehicles (total number)	42,591	42,260	41,978
Service vehicles ^a	28,460	29,424	31,148
Company cars ^b	14,124	12,836	10,830
Mileage (million km)	922.0*	905.9	803.1
Service vehicles ^a	416.0*	446.0	425.4
Company cars ^b	506.0*	459.9	377.7
Fuel consumption (million liters)	68.8	68.9	62.0
Service vehicles ^a	30.8	33.2	31.6
Company cars ^b	38.0	35.7	30.4

* Data calculated on the basis of unchanged average fuel consumption in the second half of the year.

Deutsche Telekom's mobility needs have increased steadily in Germany over the past few years. The strategic realignment of the Group and the resulting organizational changes have led to heavier vehicle use in the last few years. The slight rise in vehicle numbers has resulted in a minimal increase in mileage.

Average annual mileage of the Deutsche Telekom Group in Germany.

km per year	2007	2006	2005
Service vehicles ^a	14,617	15,158	13,657
Company cars ^b	35,826	35,829	34,873
Total	21,648	21,436	19,131

Following a continual rise in average mileage in previous years, the figure has stabilized at last year's level.

Average annual fleet consumption of the Deutsche Telekom Group in Germany.

liters per 100 km	2007	2006	2005
Service vehicles ^a	7.40	7.44	7.44
Company cars ^b	7.51	7.76	8.04
Total	7.46	7.61	7.72

The company successfully reduced its average fuel consumption per vehicle last year. A further reduction continues to be one of DeTeFleetServices' declared goals. This will be achieved by buying low-consumption new-technology vehicles and using alternative fuels and drive systems.

CO₂ emissions of the Deutsche Telekom Group fleet in Germany.

metric tons	2007	2006	2005
Service vehicles ^a	80,728	86,904	82,100
Company cars ^b	99,332	92,607	77,400
Total	180,060	179,511	159,500

The rise in CO₂ emissions is a direct consequence of the increased mobility needs of recent years. The aim is to further reduce CO₂ emissions per kilometer in the coming years by basing buying decisions on indicators for consumption and harmful emissions.

^a Including pool vehicles.

^b Including service vehicles with private use permitted.

Vehicles and mileage of the Deutsche Telekom Group.

2007 reporting period	Vehicles	Service vehicles	Company cars	Gasoline engine %	Diesel engine ^a %	Annual mileage million km	Fuel consumption	
							Gasoline thousand liters	Diesel thousand liters
Great Britain	532	182	350	14.7	84.6	12.4	n.a.	n.a.
Croatia	1,760	523	1,237	6.4	93.6	34.0	134.8	2,104.9
Macedonia	494	340	154	18.0	82.0	8.1	732.0 ^b	
Netherlands	297	40	257	36.0	64.0	28.1	248.1	3,098.7
Austria	264	13	251	0.8	99.2	8.2	14.5	601.8
Slovakia ^c	1,600	1,354	246	85.0	15.0	28.5	1,762.6	662.4
Czech Republic	642	485	157	67.8	31.8	18.6	782.6	557.4
Hungary	2,899	2,222	677	36.7	62.2	51.0	2,126.0	2,111.0
USA	1,697	1,697	0	0.4	99.6	62.6	9,061.6	3.7
Montenegro	135	103	32	9.0	91.0	1.5	13.0	103.3
Poland	1,183	n.a.	n.a.	5.8	94.2	n.a.	156.5	1,874.9

n.a. = not available

^a Since some companies also use hybrid and natural gas vehicles, the figures for gasoline and diesel engines do not total 100%.^b Gasoline and diesel.^c Slovak Telekom excluding T-Mobile Slovensko.

Above all at our locations in Eastern Europe, increased mobility needs in 2007 led to increased mileage compared with the previous year. However, the average fuel consumption for the Group's vehicle fleets fell during the same period. The reduction in fuel consumption despite increased mileage is largely accounted for by continual modernization of the vehicle fleet with lower consumption engines. In Hungary alone, 18 hybrid vehicles have been in use since 2007.

Water consumption is not linked to provision of services to customers and mainly arises from the use of sanitary installations and watering the company gardens. This is the reason why little effort is made to record water consumption figures.

Water consumption data is ascertained in Germany on the basis of costs. In the foreign subsidiaries, some data is collected by projecting billing figures, metering data and making estimates. The cost data is based on bills issued by facility management companies that include public utility accounts. Due to varying billing periods, the figures may be subject to time differences for entering, billing and reporting consumption.

Water consumption of the Deutsche Telekom Group.

m ³	2007	2006	2005
Germany	3,580,000	3,780,000	3,703,466
Great Britain ^a	138,456	500,000	484,243
Croatia	180,870	171,367	179,030
Macedonia	209,000	17,000	18,000
Netherlands ^b	30,000	40,299	30,632
Austria	11,315	10,240	11,036
Slovakia	167,291	251,629	261,240
Czech Republic	44,535	31,299	n.a.
Hungary ^c	244,000	672,200	668,000
USA ^d	1,280,156	n.a.	812,032
Montenegro	27,338	19,000	n.a.
Total excl. Germany	2,332,961	1,713,034	2,464,213
Total	5,912,961	5,493,034	6,167,679

n.a. = not available

^a Data for 2007 based on T-Mobile UK only.^b Includes estimated figures.^c Macedonia and Montenegro report separately for 2007.^d Water consumption data for 2006 cannot be presented, since a change in the accounting system led to incomplete calculation of consumption figures.

Waste volume generated by the Deutsche Telekom Group.

metric tons	Total waste			Technical waste			Hazardous waste		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Germany	57,727	53,596	52,891	21,116	10,948	11,841	3,290	895	1,191
Great Britain	1,466	2,000	1,699	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Croatia ^a	870	1,297	3,403	381	649	2,973	133	320	9
Macedonia	261	2,688	142	211	317	29	n.a.	n.a.	n.a.
Netherlands ^b	551	277	272	22	92	n.a.	4	1	n.a.
Austria	181	634	135	n.a.	n.a.	42	n.a.	n.a.	1
Slovakia	3,651	3,905	7,951	1,478	1,419	4,650	334	316	746
Czech Republic ^c	705	586	424	59	231	76	11	11	35
Hungary ^d	6,086	8,247	7,802	1,385	1,892	2,098	1,598	541	649
Montenegro	387	see Hungary	see Hungary	n.a.	see Hungary	see Hungary	75	see Hungary	see Hungary
USA	25,371	12,572	9,857	12,073	12,572	9,126	n.a.	n.a.	n.a.
Poland	493	225	1,996	36	25	17	n.a.	n.a.	n.a.
Total excl. Germany	40,022	32,431	33,681	15,645	17,197	19,011	2,155	1,189	1,440
Total	97,749	86,027	86,572	36,761	28,145	30,852	5,445	2,084	2,631

n.a. = not available

^a Technical waste is recorded with waste totals in a waste register.

^b Data is ascertained with estimates based on supplier documents.

^c Waste data largely refers to administrative buildings. Shop data was projected by averaging the available data.

^d Magyar Telekom only measures hazardous waste (volume and waste type). It estimates all other technical waste on the basis of data supplied by Procurement. The volume data for 2005 and 2006 also includes Montenegro.

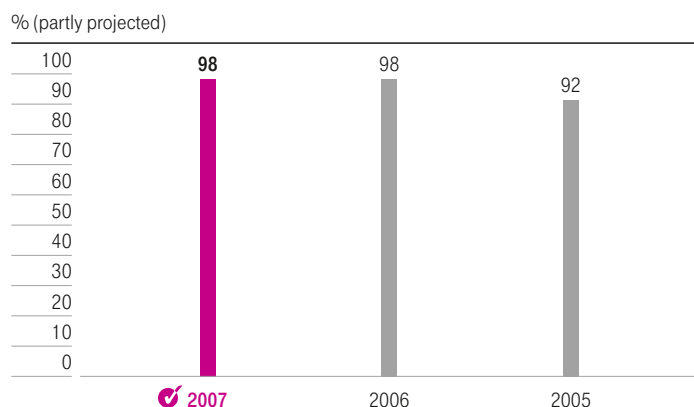
In 2007, a T-Home cable retrieval project produced a far higher volume of cable and plastic waste than in previous years (sleeves included). In the course of the cable retrieval project in the second half of 2007, abandoned underground cable laid in Deutsche Telekom's conduit systems was retrieved from the ground and sent for copper and lead recycling prior to disposal. With this special project alone, 21,405 metric tons of cable were retrieved and disposed of in 2007. The cable retrieval project will continue in 2008. In standard disposal activities, the volume of cable waste has dropped slightly.

The waste data reported by our subsidiaries in 2007 shows reduced volumes in some instances. The reasons for this have not yet been analyzed.

Waste data in our international subsidiaries is chiefly ascertained from service provider billing data or projected on the basis of information from suppliers. Concrete data is normally documented for hazardous waste.

Volumes of municipal waste and waste paper for Germany are calculated on the basis of cross-company figures. To do this, the waste figures are converted by density into volume and weight and projected as annual totals on the basis of employee figures.

Annual waste recycling rate of the Deutsche Telekom Group in Germany.



The waste recycling rate applies to all Group units headquartered in Germany and lies at a constant level of almost 100 percent. Standard disposal is handled by certified disposal companies and through thermal utilization.

802 Further ecological indicators are presented in our 2008 CR Online Report.

Human Resources indicators.

Health rate at the Deutsche Telekom Group in Germany.

%	2007	2006	2005
Broadband/Fixed Network	93.8	93.5	94.4
Mobile Communications	95.1	95.2	94.8
Business Customers	96.2	96.5	96.7
Group Headquarters & Shared Services	93.6	92.2	91.2
Total	94.5	94.3	94.7

Increased activities in company health management have led to a slight improvement in the company health rate as of December 31, 2007.

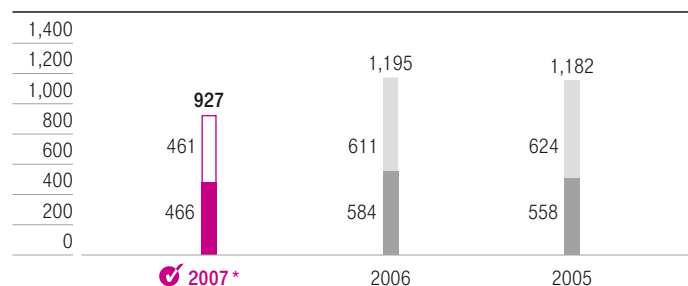
Company pension schemes at the Deutsche Telekom Group in Germany.

	2007	2006	2005
Telekom Pension Fund contracts (figures rounded)	39,365	39,400	33,600
Telekom Pension Fund assets (millions of €)	213.04	158.2	120.1
Capital account obligations (Deutsche Telekom's employer-financed pension scheme)	108,509	115,690	126,143

Deutsche Telekom introduced its own company pension fund as long ago as 2002 in order to provide its employees with financial security at the end of their working lives. The number of employees participating in the Telekom Pension Fund (TPF) dropped slightly in the period under review. The total number of contracts as of December 31, 2007 was 39,365. At the same time, the fund developed positively on the financial side. Due to declining headcount in Germany, the number of capital account obligations for the employer-financed company pension scheme fell in 2007, totaling 108,509 on December 31, 2007.

Accident rate at Deutsche Telekom AG.

Accidents



- Accidents on the journey to and from work subject to reporting obligations
- Accidents at work subject to reporting obligations

* As in the previous year, no fatal accidents occurred on the way to and from or at work in 2007.

In 2007, restructuring measures and changes in processes and reporting led to a significant decline in accidents that occurred on the way to and from or at work and that are subject to reporting obligations at Deutsche Telekom AG compared with the previous year. A modified monitoring system will be launched in Germany and across the Deutsche Telekom Group in 2008.

Ideas management in the Deutsche Telekom Group in Germany.

	2007	2006	2005
Suggestions for improvement	8,841	8,600	7,821
Savings (millions of €)	99	74	98
Patent applications	542	557	412

Our employees submitted a total of 8,841 ideas in the year 2007, 1,200 of them as part of the Ideas for Service competition. This raised the number of submissions slightly on 2006. The improvement measures based on suggestions from our employees generated savings of EUR 99 million for the Group. Moreover, 542 new patents were applied for in 2007.

In order to exploit the potential offered by our employees even better, we want to raise the number and quality of ideas in the future, and to improve our ideas management processes. In 2007, the relevant structures and processes were checked. The findings will be used in 2008 to realign the Group's ideas management system as part of the HR@2009 project.

Workforce development in the Deutsche Telekom Group.

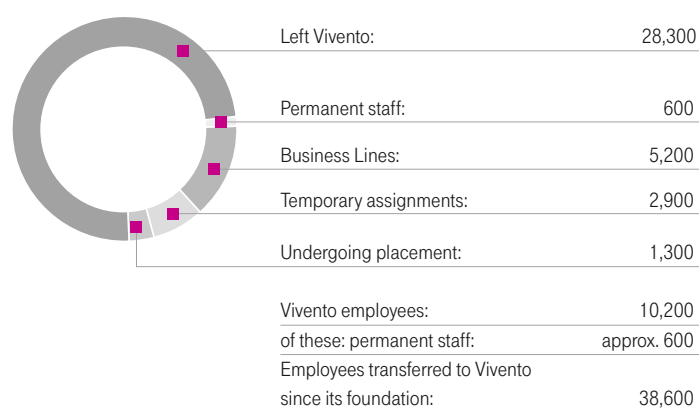
Employees in the Group, as of Dec. 31	2007	2006	2005
Total	241,426	248,800	243,695
of these: Deutsche Telekom AG	51,863	92,575	106,604
Mobile Communications Europe	32,304	29,937	23,910
Mobile Communications USA	33,750	30,492	27,500
Mobile Communications, total	66,054	60,429	51,410
Broadband/Fixed Network *	93,486	101,594	109,256
Business Customers *	56,516	57,538	52,827
Group Headquarters & Shared Services *	25,370	29,239	30,202
Geographical distribution			
Germany	148,938	159,992	168,015
International	92,488	88,808	75,680
of these: rest of EU	45,709	45,144	37,273
of these: Europe, excl. EU	8,179	9,014	9,169
of these: North America	34,297	31,049	27,851
of these: rest of world	4,303	3,601	1,387
Group revenue per employee			
Productivity trend (thousands of €)	257	247	245

* Since January 1, 2007 reporting of Magyar Telekom has included a further breakdown of results into the segments Business Customers and Group Headquarters & Shared Services. In previous periods, these results were reported under Broadband/Fixed Networks. Prior-year figures have been adjusted accordingly.

Technological development, high competitive pressure and regulatory policy in Germany, aimed at distributing Deutsche Telekom's market share among competitors, are forcing Deutsche Telekom to make regular adjustments to its workforce in order to bring it into line with customer and business volumes. These personnel restructuring activities go hand in hand with staff rightsizing first and foremost in the Fixed Network segment. This is being executed above all in Group units in Germany and Eastern Europe. However, in strong growth markets such as the mobile communications market in the USA we were able to recruit additional staff in 2007.

Vivento workforce.

as of Dec. 31, 2007



Vivento is the internal service provider that handles staff surplus and placement management at Deutsche Telekom. Since its foundation in 2002, around 38,600 employees from the Group have been transferred to Vivento. With effect from December 31, 2007, 3,600 employees left Vivento, reducing the total workforce to 10,200. Of these 600 were permanent staff, 5,200 employees in the Vivento Business Lines and around 4,200 transfer employees. Around 2,900 of the transfer employees had temporary assignments at the time. A total of 28,300 people have left Vivento since it came into existence.

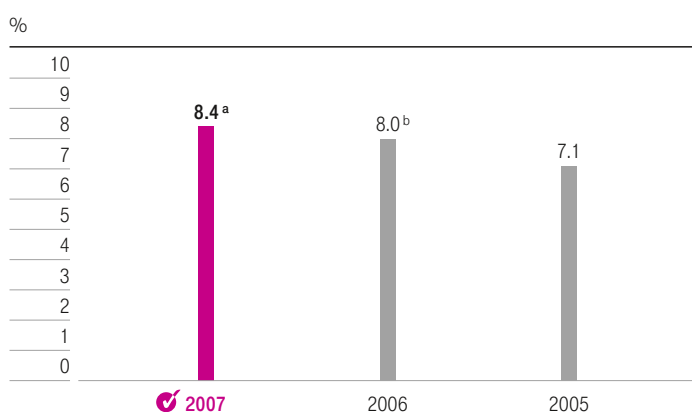
Training and development in the Deutsche Telekom Group in Germany.

	✔ 2007	2006	2005
Seminars	17,071	16,061	12,826
Participants	108,943	150,533	122,379
Participant days	459,124	393,962	403,178
Global Teach accesses *	432,900	707,743	555,696

* Global Teach is an internal e-learning platform.

Training and development programs aimed at strategic human resources development are implemented by Telekom Training within the Deutsche Telekom Group. The company coordinates and designs training courses for experts and executive staff on the internal and external markets in Germany. One example is the service training seminars that play a key role in positioning the Group as a service company. A total of 17,071 seminars were held in the year 2007. During this period, 108,943 employees participated in a total of 459,124 training days.

Trainee ratio at the Deutsche Telekom Group in Germany.



^a Rounded figures, see 2007 Annual Report, page 90.

^b Rounded figures, see 2006 Annual Report, page 100.

Deutsche Telekom and ver.di agreed on an above-average trainee ratio for 2007 at around 8.4 percent of the Group's national workforce (excl. Vivento). The trainee ratio will be maintained at this high level in the years 2008 to 2010. It lies at an annual ratio of 2.9 percent of the permanent workforce in Germany.

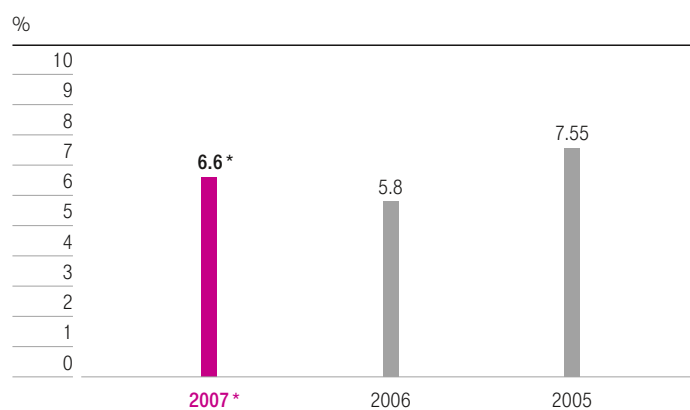
Percentage of women employed in the Deutsche Telekom Group in Germany.

	2007	2006	2005
%, as of Dec. 31 *			
Percentage of overall workforce	31	31	31
Percentage of senior management	12	10	11

* All figures are rounded and diverge from the figures published in CR Facts & Figures 2007 since these are valid for Deutsche Telekom on June 30 of each year.

In 2007, the percentage of women employed in the Group lay, as in previous years, at a good third. The number of female staff in senior management positions at Deutsche Telekom has risen slightly by two percentage points.

Percentage of severely disabled persons employed in the Deutsche Telekom Group in Germany.



* Average figure.

As in previous years, Deutsche Telekom did more than simply fulfill the legal requirement of providing 5 percent of its jobs for severely disabled persons in 2007. Under Germany's statutory provisions, private and public employers with a minimum of 20 workplaces are obliged to comply with this ratio. For many years, Deutsche Telekom has demonstrated its commitment to its responsibility for people with disabilities and continues to set up barrier-free workplaces to meet individual needs.

📄 803 Further HR indicators are presented in our 2008 CR Online Report.

Attestation.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft has been engaged to perform a limited assurance engagement on selected data of the Corporate Responsibility Report in German language and issued an independent assurance report in German language, which has been translated as follows:

Independent Assurance Report

To Deutsche Telekom AG, Bonn

We have been engaged to perform a limited assurance engagement on selected data of the report "Connected life and work – Corporate Responsibility Report 2008" (the "Corporate Responsibility Report") prepared by Deutsche Telekom AG, Bonn.

Management's Responsibility. Deutsche Telekom AG's Board of Managing Directors is responsible for the preparation of the Corporate Responsibility Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the Global Reporting Initiative (GRI): Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Clarity, Accuracy, Timeliness, Comparability and Reliability. This responsibility includes the selection and application of appropriate methods to prepare the Corporate Responsibility Report and the use of assumptions and estimates for individual disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Corporate Responsibility Report.

Practitioner's Responsibility. Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the data of the Corporate Responsibility Report marked with a check symbol (✔) has not been prepared in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to express our conclusion with limited assurance. In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgment. This includes the assessment of the risk of material incompliance of the data marked with a check symbol (✔) with the above mentioned criteria. Within the scope of our work we performed amongst others the following procedures:

- Inspection of the processes for gathering, analysing and aggregating the selected data marked with a check symbol (✔) on the level of the headquarter and on the level of operations.
- Inquiries of the central unit responsible for preparing the Corporate Responsibility Report about the process to prepare the report and the internal control system aligned with this process.
- Comparison of selected data with corresponding data in the financial report 2007.
- Inquiries of employees of the central units of CR Strategy/Controlling, Idea management, Human Resources, Social Responsibility/Communication, and Sustainable Development/Environment.
- Examination of the system of determining CO₂ emissions regarding the process and responsibilities, limitations of the system and emissions factors as well as use of the audit results regarding 2007 data of the TÜV assurance report for electricity usage of Deutsche Telekom in Germany.
- Obtaining evidence for the accuracy of the data marked with a check symbol (✔), e.g. by inspecting notifications to public authorities and contracts and by analysing data based on IT-system reports.

Conclusion. Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the data of the Corporate Responsibility Report marked with a check symbol (✔) has not been prepared, in all material respects, in accordance with the criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the GRI.

Frankfurt (Main), August 15, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

signed Michael Werner

signed ppa. Dieter W. Horst

GRI index and Global Compact Communication on Progress.

Deutsche Telekom's 2008 Corporate Responsibility (CR) Report fully meets the current guidelines (G3) from the Global Reporting Initiative (GRI), including the pilot version of the Telecommunications Sector Supplement of 2003. GRI has checked and confirmed this with an "A+," the highest application level.

The following GRI index indicates to what extent we take the GRI indicators into account. At the same time, it shows where in the report the indicators are dealt with. For some indicators, we also refer to the 2008 CR Online Report and other publications of the Deutsche Telekom Group. Additional indicators, whose fulfillment is not compulsory for level A, are printed in gray.

A detailed GRI index is published in the 2008 CR Online Report. There you can find additional information for the individual indicators, and an explanation why Deutsche Telekom does not make reference to certain indicators. In some cases, this is due to the materiality process, which preceded the report process.

📄 See page 17.

COP. This CR Report also serves as a COP (Communication on Progress) report for Deutsche Telekom in line with the United Nations Global Compact. The following table shows where in this CR Report or in the 2008 CR Online Report Deutsche Telekom's fulfillment of the ten Global Compact principles is dealt with.

Indicator	Reference	Status
1. Strategy and Analysis		
1.1 Statement from the most senior decision-maker	📄 p. 2 f.	●
1.2 Key impacts, risks and opportunities	📄 p. 14; AR 2007 p. 25, 92 ff.	●
2. Organizational Profile		
2.1 Name of the organization	📄 p. 6 f., Contact and publishing information	●
2.2 Brands, products and/or services	📄 p. 6	●
2.3 Operational structure	📄 p. 6 f.; AR 2007 p. 52 ff.	●
2.4 Headquarter location	📄 p. 6, 39; AR 2007 p. 4, 16 ff., 54	●
2.5 Countries in operation	📄 p. 6 f.; AR 2007 p. 51 f.	●
2.6 Nature of ownership	📄 p. 6 f.; AR 2007 p. 53 ff.	●
2.7 Markets served	📄 p. 6; AR 2007 p. 32 ff., 52 f., 60 f.	●
2.8 Scale of the organization	📄 p. 6; AR 2007 p. 30 f., 50 ff., 63 ff., 86 f.	●
2.9 Significant changes regarding size, structure, or ownership	📄 p. 46 ff.; AR 2007 p. 52 ff.; HRR 2007 p. 2 f., 18 ff.	●
2.10 Awards received	📄 p. 4 f. 🔗 901; 🔗 902	●
3. Report Parameters		
3.1 Reporting period	📄 About this report	●
3.2 Date of most recent previous report	📄 About this report	●
3.3 Reporting cycle	📄 About this report	●
3.4 Contact point for questions	📄 Contact and publishing information	●

Indicator	Reference	Status
3.5 Process for defining report content	📄 About this report, p. 17	●
3.6 Boundary of the report	📄 About this report	●
3.7 Limitations on the scope or boundary of the report	📄 About this report	●
3.8 Joint Ventures, subsidiaries, and outsourced operations	📄 AR 2007 p. 53 ff.	●
3.9 Data measurement techniques	📄 About this report, p. 60 ff., 70	●
3.10 Effects of re-statement of information provided in earlier reports	📄 p. 6, 58 f.	●
3.11 Significant changes in the scope, boundary, or measurement methods	📄 About this report	●
3.12 GRI Content Index	Covered	●
3.13 External assurance	📄 About this report, p. 70	●
4. Governance, Commitments, and Engagement		
4.1 Governance structure	📄 AR 2007 p. 8 f., 23 f.	●
4.2 Indication whether chairperson is also executive officer	📄 AR 2007 p. 8	●
4.3 Independent members at the board	📄 AR 2007 p. 8 ff.	●
4.4 Mechanisms for shareholders and employees to provide recommendations to the board	📄 p. 12 f.; AR 2007 p. 10 ff., 23 f., 29 f.; HRR 2007 p. 17 🔗 903	●
4.5 Linkage between executive compensation and organization's performance	📄 AR 2007 p. 24 ff.	●
4.6 Processes to avoid conflicts of interest at the board	📄 AR 2007 p. 24 f.	●
4.7 Expertise of board members on sustainability topics	📄 p. 12 f., 30, 34; CR Facts & Figures p. 3 🔗 904	●
4.8 Statements of mission, codes of conduct, and principles	📄 p. 10 f., 13, 20 ff., 30 ff. 🔗 905	●
4.9 Procedures for board governance on management of sustainability performance	📄 p. 12 f., 58 f. 🔗 906	●
4.10 Processes for evaluation of the board's sustainability performance	📄 p. 12 f., 60; AR 2007 p. 10, 26	●
4.11 Precautionary approach	📄 p. 14 f.; AR 2007 p. 23 f.	●
4.12 External charters, principles, or other initiatives	📄 p. 4 f., 10 f., 15, 20 ff., 30 🔗 907	●
4.13 Memberships in associations	📄 p. 4 f., 10 f., 20 ff., 42, 57	●
4.14 Stakeholder groups	📄 p. 15, 39 f. 🔗 908	●
4.15 Stakeholder identification and selection	📄 p. 15, 39 f. 🔗 909	●
4.16 Approaches to stakeholder engagement	📄 p. 15, 17, 30 f., 39 f. 🔗 910	●
4.17 Topics and concerns raised by stakeholders	📄 p. 4 f., 15, 17, 32, 39 f. 🔗 911	●
Economic Performance Indicators		
Disclosure on management approach	📄 p. 6 f.; AR 2007 p. 57 f.	●
EC1 Direct economic value generated and distributed	📄 p. 7, 61	●
EC2 Financial implications due to climate change	📄 p. 28 ff.; AR 2007 p. 98 🔗 912	●
EC3 Coverage of the organization's defined benefit plan	📄 p. 7, 67 f.; AR 2007 p. 62 f., 159 ff.; HR&SR 2006 p. 59	●
EC4 Financial government assistance	📄 p. 7; AR 2007 p. 104 f., 162 ff. 🔗 913	●
EC5 Entry level wage compared to local minimum wage	📄 AR 2007 p. 86 f.; HRR 2007 p. 5, 9 f.; CR Facts & Figures p. 7	●
EC6 Locally-based suppliers	📄 p. 38 ff.; HR&SR 2006 p. 38 ff., 46 🔗 914	●
EC7 Local hiring	📄 HRR 2007 p. 15, 19 f., 24 f. 🔗 915	●
EC8 Infrastructure investment and services for public benefit	📄 p. 55 f. 🔗 916; 🔗 917	●
EC9 Indirect economic impacts	📄 p. 7 🔗 918	●

Indicator	Reference	Status
Environmental Performance Indicators		
Disclosure on management approach	<ul style="list-style-type: none"> ☰ p. 28 ff.; AR 2007 p. 91 ff., 162 🔗 919; 🔗 920 	●
EN1 Volume of materials used		◆
EN2 Recycled materials	<ul style="list-style-type: none"> ☰ p. 35 🔗 921 	●
EN3 Direct primary energy consumption	<ul style="list-style-type: none"> ☰ p. 61 🔗 922 	●
EN4 Indirect primary energy consumption	<ul style="list-style-type: none"> ☰ p. 61 ff. 🔗 923 	●
EN5 Energy conservation	☰ p. 28 ff., 61 ff.	●
EN6 Initiatives for energy-efficiency and renewable energy	<ul style="list-style-type: none"> ☰ p. 28 ff. 🔗 924; 🔗 925 	●
EN7 Initiatives for reducing indirect energy consumption	<ul style="list-style-type: none"> ☰ p. 29 ff. 🔗 926; 🔗 927 	●
EN8 Total water withdrawal	☰ p. 65	●
EN9 Effect of water withdrawal		◆
EN10 Water recycled and reused		◆
EN11 Land assets in or adjacent to protected areas		◆
EN12 Impacts on biodiversity	🔗 928	●
EN13 Habitats protected or restored		◆
EN14 Strategies for biodiversity	🔗 929	●
EN15 Endangered species	<ul style="list-style-type: none"> ☰ p. 30 ff. 🔗 930 	●
EN16 Greenhouse gas emissions	☰ p. 28 ff., 61 ff.	●
EN17 Other greenhouse gas emissions		●
EN18 Initiatives to reduce greenhouse gas emissions	<ul style="list-style-type: none"> ☰ p. 28 ff., 61 ff. 🔗 931; 🔗 932; 🔗 933 	●
EN19 Emissions of ozone-depleting substances		●
EN20 NO _x , SO _x , and other air emissions	🔗 934	●
EN21 Water discharge		◆
EN22 Waste by type and disposal method	☰ p. 66	●
EN23 Significant spills		◆
EN24 Waste deemed hazardous under the terms of the Basel Convention		◆
EN25 Impacts of discharges and runoff on biodiversity		◆
EN26 Initiatives to mitigate environmental impacts	<ul style="list-style-type: none"> ☰ p. 28 ff. 🔗 935; 🔗 936; 🔗 937 	●
EN27 Packaging materials		○
EN28 Sanctions for noncompliance with environmental regulations	☰ AR 2007 p. 96 f.	●
EN29 Environmental impacts of transport	<ul style="list-style-type: none"> ☰ p. 31 🔗 938 	●
EN30 Environmental protection expenditures		○
Social Performance Indicators: Labor Practices and Decent Work		
Disclosure on management approach	<ul style="list-style-type: none"> ☰ p. 46 ff.; HRR 2007 p. 4 ff., 18 f. 🔗 939 	●
LA1 Workforce by employment type and region	<ul style="list-style-type: none"> ☰ p. 47, 68; HRR 2007 p. 2 	●
LA2 Employee turnover	<ul style="list-style-type: none"> ☰ p. 68; HRR 2007 p. 2 	●
LA3 Benefits to full-time employees	<ul style="list-style-type: none"> ☰ HR&SR 2006 p. 59 www.t-mobile.de> Über T-Mobile>Job & Karriere> Was wir Ihnen bieten (German) 	○
LA4 Employees with collective bargaining agreements	<ul style="list-style-type: none"> ☰ p. 46 f.; HRR 2007 p. 6 f., 10 f. 	●
LA5 Minimum notice period(s) regarding operational changes	<ul style="list-style-type: none"> ☰ p. 46 ff.; HRR 2007 p. 6 ff. 	●
LA6 Workforce represented in joint health and safety committees	<ul style="list-style-type: none"> www.telekom.com>Karriere> Arbeitgeber Telekom> Work/Life-Balance (German) 	●
LA7 Occupational diseases, lost days, and number of fatalities	<ul style="list-style-type: none"> ☰ p. 47, 67; HRR 2007 p. 13 	●
LA8 Training on serious diseases	<ul style="list-style-type: none"> ☰ HRR 2007 p. 13 🔗 940 	●
LA9 Trade union agreements on health and safety	☰ HRR 2007 p. 16	○

Indicator	Reference	Status
LA10 Training per employee	<ul style="list-style-type: none"> ☰ p. 47 f., 69; HRR 2007 p. 10 f., 13, 16 f. 🔗 941; 🔗 942 	●
LA11 Programs for lifelong learning	<ul style="list-style-type: none"> ☰ p. 47 f.; HRR 2007 p. 10 f., 13, 16 f. 🔗 943 	○
LA12 Regular performance and career development reviews	<ul style="list-style-type: none"> ☰ p. 47; HRR 2007 p. 10 ff., 18 f. 🔗 944; 🔗 945 	○
LA13 Composition of governance bodies	<ul style="list-style-type: none"> ☰ p. 49 ff., 69; AR 2007 p. 18 ff.; HRR 2007 p. 20 	●
LA14 Gender pay disparity	<ul style="list-style-type: none"> ☰ p. 49 ff. 🔗 946 	●
Social Performance Indicators: Human Rights		
Disclosure on management approach	<ul style="list-style-type: none"> ☰ p. 38 ff. www.telekom.com>company> corporate profile>code of conduct>law and ethics 	●
HR1 Investment agreements	☰ p. 10, 38 ff.	●
HR2 Supplier screening on human rights	☰ p. 38 ff.	●
HR3 Training on human rights	☰ p. 41 ff.	●
HR4 Incidents of discrimination	<ul style="list-style-type: none"> ☰ p. 13 f.; HR&SR 2006 p. 11, 37 	●
HR5 Freedom of association and collective bargaining	<ul style="list-style-type: none"> ☰ p. 13 f., 38 f., 46; HR&SR 2006 p. 11, 37 www.telekom.com>company> corporate profile>code of conduct>law and ethics 🔗 947 	●
HR6 Child labor	☰ p. 10, 13 f., 41 f.	●
HR7 Forced labor	☰ p. 10, 13 f., 41 f.	●
HR8 Training for security personnel	☰ p. 10, 13, 38	●
HR9 Violations of rights of indigenous people		◆
Social Performance Indicators: Society		
Disclosure on management approach	<ul style="list-style-type: none"> ☰ p. 10 ff., 54 ff. 	●
SO1 Impacts on communities	<ul style="list-style-type: none"> ☰ p. 20 ff., 55 f.; AR 2007 p. 92 f. 🔗 948; 🔗 949; 🔗 950 	●
SO2 Corruption risks	<ul style="list-style-type: none"> ☰ p. 10, 13 f., 38 f.; AR 2007 p. 23 ff. 	●
SO3 Anti-corruption training	<ul style="list-style-type: none"> ☰ p. 12 f.; AR 2007 p. 89 	●
SO4 Actions taken in response to incidents of corruption	<ul style="list-style-type: none"> ☰ p. 14 🔗 951 	●
SO5 Lobbying	<ul style="list-style-type: none"> ☰ p. 16 f. 🔗 952; 🔗 953 	●
SO6 Donations to political parties and politicians		○
SO7 Legal actions for anticompetitive behavior	<ul style="list-style-type: none"> ☰ p. 4 f.; AR 2007 p. 96 f. 	●
SO8 Sanctions for noncompliance with laws and regulations	☰ AR 2007 p. 96 f.	●
Social Performance Indicators: Product Responsibility		
Disclosure on management approach	<ul style="list-style-type: none"> ☰ p. 20 ff., 33 ff. 🔗 954; 🔗 955 	●
PR1 Health and safety impacts along product life cycle	<ul style="list-style-type: none"> ☰ p. 32, 38 ff. 🔗 956 	●
PR2 Non-compliance with health and safety standards	☰ AR 2007 p. 96 f.	●
PR3 Product information	<ul style="list-style-type: none"> ☰ p. 32 ff. 🔗 957 	●
PR4 Non-compliance with product information standards	☰ AR 2007 p. 96 f.	●
PR5 Customer satisfaction	☰ p. 32 ff.	○
PR6 Marketing communication standards	☰ p. 23 ff.	●
PR7 Non-compliance with marketing communication standards	☰ AR 2007 p. 96 f.	●
PR8 Complaints regarding customer privacy	<ul style="list-style-type: none"> ☰ p. 22 f. www.telekom.com/datenschutz (German) 🔗 959 	●
PR9 Sanctions for noncompliance with product and service related regulations	☰ AR 2007 p. 96 f.	●

GRI Telecommunications Sector Supplement (Pilot Version 1.0).

Indicator	Reference	Status
Internal Operations		
Investment		
IO1	Capital investment in infrastructure broken down by region p. 20 ff. 📄 960; 📄 961	●
IO2	Costs for extending non-profitable services to remote areas and low-income groups; description of statutory provisions	◆
Health and Safety		
IO3	Practices to ensure health and safety of personnel involved in infrastructure installation	●
IO4	Compliance with ICNIRP standards on handset radiation p. 32 www.t-mobile.de>Über T-Mobile>Umwelt & Sicherheit>Mobilfunk & Gesundheit>Sicherheit (German) 📄 962	●
IO5	Compliance with ICNIRP standards on base station radiation p. 32 www.t-mobile.de>Über T-Mobile>Umwelt & Sicherheit>Mobilfunk & Gesundheit>Sicherheit (German) 📄 963	●
IO6	Practices with respect to SAR levels of handsets p. 32 www.t-mobile.de>Über T-Mobile>Umwelt & Sicherheit>Mobilfunk & Gesundheit>Sicherheit (German) 📄 964	●
Infrastructure		
IO7	Practices with respect to the siting of transmission masts 📄 965	●
IO8	Number of stand-alone sites and shared transmission masts 📄 966	●
Providing Access		
Access to Telecommunications Products and Services: Bridging the Digital Divide		
PA1	Policies and practices in low population density areas p. 20 ff., 55 ff.	●
PA2	Policies and practices to overcome barriers for access and use p. 20 ff.	●
PA3	Policies and practices to ensure availability and reliability of products and services p. 20 ff.	●
PA4	Coverage areas and market shares of products and services p. 20 📄 967	●
PA5	Number and types of products and services provided to low and no-income sectors of the population p. 20 ff., 57 📄 968	●
PA6	Programs and practices to provide and maintain services in emergency situations 📄 969	●
Access to Content		
PA7	Policies and practices to manage human rights issues relating to access to and use of telecommunications products and services p. 10, 15 f., 20 f., 38 ff., 42 📄 970	●
Customer Relations		
PA8	Policies and practices to publicly communicate on EMF-related issues p. 32; AR 2007 p. 95 📄 971	●
PA9	Total amount invested in electromagnetic field research p. 32 📄 972	●
PA10	Initiatives to ensure clarity of charges and rates p. 4	●
PA11	Initiatives to inform customers about how to use products in a responsible, efficient, and environmentally-friendly manner p. 30, 33 ff. 📄 973	●

Indicator	Reference	Status
Technology Applications		
Resource Efficiency		
TA1	Examples of the resource efficiency of telecommunications products and services p. 33 f. 📄 974	●
TA2	Examples of telecommunications products suited to replace physical objects p. 34 f. 📄 975	●
TA3	Changes in customer behavior due to the use of the products and services listed above p. 33 ff. 📄 976	●
TA4	Consequences of customer use of the products and services listed above, and lessons learned for future development p. 33 ff. 📄 977	●
TA5	Practices relating to intellectual property rights www.t-venture.com	●

Global Compact – Communication on Progress (COP).

Principle	Reference	Status
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights p. 10 ff., 38 ff., 67 ff.; HR&SR 2006 p. 11, 37	●
Principle 2	Businesses should make sure that they are not complicit in human rights abuses p. 10 ff., 38 ff.,	●
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining p. 10 ff., 38 ff., 46; HR&SR 2006 p. 11, 37; HRR 2007 p. 6 f., 10 f. www.telekom.com>company>corporate profile>code of conduct>law and ethics	●
Principle 4	Elimination of all forms of forced and compulsory labor p. 10 ff., 38 ff.	●
Principle 5	Effective abolition of child labor p. 10 ff., 38 ff.	●
Principle 6	Elimination of discrimination in respect of employment and occupation p. 10 ff., 38 ff., 48 ff., 68 f.; AR 2007 p. 18 ff.; HRR 2007 p. 20; HR&SR 2006 p. 11, 37 www.telekom.com>Karriere>Arbeitgeber Telekom>Diversity (German)	●
Principle 7	Businesses should support a precautionary approach to environmental challenges p. 11 f., 28 ff., 61 ff.; AR 2007 p. 23 ff., 89 📄 978; 📄 979	●
Principle 8	Undertake initiatives to promote greater environmental responsibility p. 15 f., 28 ff., 58 f. 📄 980	●
Principle 9	Encourage the development and diffusion of environmentally friendly technologies p. 15, 28 ff., 61 ff. 📄 981; 📄 982	●
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery p. 10 ff., 38 f.; AR 2007 p. 23 ff., p. 89	●

References

- 📄 Print version of the CR Report 2008
- AR 2007 (Annual Report 2007)
- HRR 2007 (Human Resources Report 2007)
- CR Facts & Figures 2007
- HR&SR 2006 (Human Resources and Sustainability Report 2006)
- 📄 CR Online Report 2008

Status

- completely covered
- partially covered
- not covered
- ◆ not material

Glossary.

Digital divide. The term digital divide refers to a situation in which people do not have the same degree of access to modern digital information and communication technologies (ICT) and, for this reason, do not have the same opportunities for social and economic development. As a leading ICT enterprise, Deutsche Telekom sees itself responsible for giving people within its sphere of influence broad access to ICT and, in this way, for preventing inequality.

EMF – Electromagnetic fields. Electromagnetic fields are a combination of electric and magnetic fields. They are produced when electric current and charges change. This forms an electromagnetic wave, which transfers energy. Some EMFs occur in nature – daylight, for example – while others are generated by technical apparatus.

E-TASC – Electronics-Tool for Accountable Supply Chain. The electronics industry's information tool – E-TASC – is an innovative instrument that helps us to establish transparency with regard to the social and ecological aspects of our supply chain.

GeSI – Global e-Sustainability Initiative. GeSI is a joint initiative established by the world's leading ICT organizations with the objective of improving sustainability in the ICT sector. Deutsche Telekom is a member of GeSI, as are many other leading enterprises.

Global Compact. Global Compact, the initiative founded in 2000 by the then UN Secretary-General Kofi Annan for a "global pact," aims to support and strengthen cooperation between the United Nations, industry and other social groups. It sets out ten principles relating to the protection of human rights, employment, social and environmental standards, and the fight against corruption, and calls on companies to incorporate these into their corporate policies. Deutsche Telekom originally declared its commitment to the principles of the United Nations Global Compact in the year 2000.

ICT. Information and Communication Technology.

ISO 14001. The international environmental management standard ISO 14001 defines requirements that are accepted worldwide for environmental management systems. They focus on a continual improvement process in the implementation of green goals in business enterprises and other institutions. These can have their environmental management systems certified to the ISO 14001 standard by independent environmental auditors.

KPI – Key Performance Indicator. In business administration, key performance indicators are figures that are used to measure the progress that an organization has made in the implementation of its main objectives.

Low-carbon society. The term "low-carbon society" refers to a scenario for future development of the world economy in which greenhouse gas emissions, above all CO₂ emissions, are greatly reduced in order to slow down the ongoing climate change. Increased efficiency based on the use of innovative information and communication technologies can play a vital role in this field.

RECS – Renewable Energy Certificates System. RECS was introduced in 2002 in order to promote the development of renewable energies at international level. The system now operates in 24 countries in Europe as well as in Canada, the USA and South Africa. The standard certificate awarded by RECS guarantees that identifiable amounts of electrical energy are supplied from specific regenerative sources, thus making regenerative, CO₂-neutral energy freely tradable. Procurement of these certificates when buying energy means that the quantities purchased can be allocated to the certificate acquirer. Deutsche Telekom relies on this system to obtain all the energy it needs in Germany from regenerative sources.

SAR – Specific Absorption Rate. The SAR is measured in watts per kilogram of body weight. It is a measure of the rate at which electromagnetic energy is absorbed and converted to body heat. The SAR levels of all mobile phones sold by T-Mobile comply with the limits set out in international guidelines, and generally fall well below them.

Social Audit. In order to embrace the Deutsche Telekom values throughout our procurement processes, we hold special assessment procedures, known as Social Audits, on a regular basis. The key components of these Social Audits are:

- Risk assessment
- Supplier self-assessment
- Internal supplier assessment
- Personal contact and constructive dialog with suppliers and business partners
- Audit report including audit evaluation.

SPWG – Sustainable Procurement Working Group. To ensure a sustainable, universal procurement strategy is implemented, Deutsche Telekom sets up a cross-Group body in 2007: the Sustainable Procurement Working Group (SPWG). The Working Group is the central point of contact for all issues and problems relating to sustainable procurement. The SPWG's primary aims include clearly mapping out a suitable procurement profile, devising exacting social and environmental standards as well as monitoring the procurement process in accordance with these standards.

T-Laboratories. The T-Laboratories are a research and development institute that Deutsche Telekom opened in Berlin in 2005. The institute is an associate of Technische Universität Berlin and gives top scientists from all over the world the chance to work in an attractive research environment. The institute's work focuses on the development of innovative services and solutions for Deutsche Telekom customers.

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This Report contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. They are generally identified by the words "expect," "anticipate," "believe," "intend," "estimate," "aim," "goal," "plan," "will," "seek," "outlook" or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA or other performance measures. Forward-looking statements are based on current plans, estimates, and projections, and should therefore be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control, including those described in the sections "Forward-Looking Statements" and "Risk Factors" of the Company's Form 20-F report filed with the U.S. Securities and Exchange Commission. Among the relevant factors are the progress of Deutsche Telekom's workforce reduction initiative and the impact of other significant strategic or business initiatives, including acquisitions, dispositions and business combinations. In addition, regulatory rulings, stronger than expected competition, technological change, litigation and regulatory developments, among other factors, may have a material adverse effect on costs and revenue development. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom's actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom can offer no assurance that its expectations or targets will be achieved. Without prejudice to existing obligations under capital market law, Deutsche Telekom does not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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