

Corporate Responsibility 2010/2011.
We take responsibility.



Life is for sharing.



We take responsibility.

Companies leave diverse footprints on the environment, culture and society, whether they use raw materials or consume energy, develop innovative products or are involved in educational initiatives and sponsor clubs. What is important in this respect is that these footprints are pointing in the right direction. For Deutsche Telekom this means going in the direction of more sustainability and more quality of life and work for today's and future generations. We interlink economic, social and ecological commitment and set ourselves binding targets which go beyond short and medium-term objectives. In doing so, Telekom takes concrete responsibility for its business conduct and along the entire value chain. And we often enter uncharted waters, for example, with ambitious CO₂ reduction goals and sustainability campaigns in which we involve our customers. We take responsibility and consciously tread new ground. We want to leave behind footprints which are worth following.

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Foreword by the Chairman of the Board of Management.



Ladies and gentlemen,

The images of the tsunami disaster in Japan and its consequences have moved us all deeply. But these events have also led to a rethinking of energy supply strategies. The expansion of renewable energies is being discussed in many countries.

Irrespective of concrete schedules, it is clear that the energy turnaround can only function with an intelligent power grid. Many small local power stations such as solar panels or large offshore wind parks must be integrated into the network. Such an endeavor entails a host of new challenges in terms of balancing out supply and demand in the energy market. State-of-the-art information and communications technology (ICT) plays an important role in this process. Deutsche Telekom can also do its part in helping the energy turnaround to succeed.

In recent years we initiated the implementation of new intelligent electricity meters called “smart meters” in many pilot projects, such as at our T-City Friedrichshafen. And we launched cooperative ventures with energy suppliers focusing on intelligent power station management. As far back as the spring of 2010, we designated ICT solutions in the energy sector as a vital growth segment in our corporate strategy. In coming years we will contribute our expertise and our technology to developing the power grid of the future. Our products are already contributing to energy savings and energy efficiency in many sectors, such as facility management, logistics and industrial automation.

Of course, we are also aware that modern ICT services have resulted in a significant increase in energy consumption in recent years, for example for the operation of our infrastructure. This is why we are massively intensifying our efforts to reduce our own CO₂ emissions. In 2010 we adopted our new climate protection strategy, initially for Germany. Our goal is an ambitious one: by 2020 we plan to emit up to 40 percent less CO₂ compared to 1995.

But energy efficiency and climate protection are only one part of our corporate responsibility. The following pages contain many additional details about our CR activities. Here is a small example: Our “Yes, I can!” initiative was launched in 2009 to promote children and adolescents from socially disadvantaged areas. We give them an opportunity to learn new skills, thereby opening up new perspectives to them. It always pleases me greatly to see the enthusiasm with which these kids are involved in the various projects. This initiative recently received the Politics Award 2010 in the category “Corporate Social Responsibility.”

But even more important than such distinctions is maintaining open dialog with our customers, our shareholders, our suppliers and, of course, our employees. We utilize their feedback to refine our sustainability strategy. And we are involved in numerous organizations in order to bring even more attention to the topic of sustainability, for example in the context of the Global Compact. Since its founding in 2000, we have been championing the principles of this United Nations initiative, such as human rights, climate protection and combating corruption. Since January 2011, we have been the only German company in the Lead Steering Committee of the UN Global Compact.

All of this is helping us to reach our goal of assuming a pioneering role in the ICT industry by 2015 when it comes to taking societal and ecological responsibility. I am confident that we will succeed in this ambition, because for us corporate responsibility is a fixed and indispensable component of our corporate values and our corporate strategy.

I hope you will find this report both entertaining and informative.

Bonn, June 2011

Sincerely,

René Obermann
Chairman of the Board of Management of Deutsche Telekom AG

Leading the way with successful and responsible business conduct.



Marcus Bilgeri

**“If we all pull together,
we can make things happen.”**

“Corporate responsibility, CR, is becoming a business factor for us, a distinguishing feature for customers,” says Marcus Bilgeri. The expert for brand communication is a project manager of Telekom’s successful sustainability campaign “Big changes start small.”

“We want to set trends in sustainability – and we are embarking on new paths with our customers in order to align sustainability and consumption.” Telekom seeks dialog, in particular with critical stakeholders. These stakeholders include the users of Utopia, the biggest online platform for sustainable consumption in the German-speaking realm. “We participate in online discussions and conduct live chats on CR-relevant topics and we are actively involved in Utopia’s annual congress.”

The Group was the first DAX-listed company to sign the Change-maker Manifesto. In this document, Telekom committed itself to comply with and report on specific objectives and measures in ten categories such as waste prevention, climate protection and social responsibility. Marcus Bilgeri is sure about one thing: “This openness will help us boost our image by adding sustainability to our brand values of competence, innovation, and simplicity.”

The Change-maker
Manifesto was signed on
April 22, 2010.



Deutsche Telekom's strategic goal is to become a global leader in connected life and work. For us this also means thinking and acting from an overall social perspective. Our ambitious goal is to be at the forefront of our industry by 2015 when it comes to taking social and ecological responsibility. We have made significant progress on the way to achieving this goal in the past year with our successful worldwide implementation of efficient corporate structures and a comprehensive sustainability strategy which is closely linked to the Group strategy.

Fix – Transform – Innovate, Telekom's new Group strategy. Deutsche Telekom presented a new Group strategy in March 2010, which will point the way to sustainable business success for the Group in the next few years. Telekom is striving to stabilize the classic line business in the fixed network and in mobile communications on the one hand and tap into and expand new growth areas. Five strategic action areas systematically address the challenges and opportunities in the market through which we plan to "fix – transform – innovate":

- **Fix:** Firstly, we are optimizing our performance in mobile communications, for example through faster networks and wider coverage. In the UK we have successfully concluded a joint venture in this regard.
- **Transform:** Secondly, we are increasing our edge in integrated markets, offering specific bundles of fixed and mobile communications services. Thirdly, we are investing billions of euros in the future network infrastructure and continue to improve our customer service.
- **Innovate:** In our fourth area of action, connected work, and in the fifth, connected life, our innovative services, devices and solutions ensure that our customers get a top-quality "life is for sharing" experience, namely with seamless communications, information and entertainment, now and in the future.

“Socially Responsible Investment.”

In 2009, 11 percent of all Deutsche Telekom shares were already held by investors that manage their funds primarily according to social and ecological aspects or that at least take sustainability criteria into account to some extent (SRI, socially responsible investment).

One Company – integrated structures for integrated services and products. One core element of the new strategy is the consolidation of the fixed network and mobile communications, which we started within the scope of the One Company project. With One Company we are laying the foundation of offering our customers attractive, integrated fixed network and mobile communications products and services. To this end, we merged the two independent business units T-Home (fixed network) and T-Mobile (mobile communications) into Telekom Deutschland GmbH on 1 April, 2010 in Germany. We were also able to implement the One Company approach in Slovakia.

A comprehensive and binding sustainability strategy, developed with the input of our stakeholders. Fix – Transform – Innovate, Deutsche Telekom’s business strategy, forms the basis of our CR strategy. CR stands for corporate responsibility, a company’s commitment to promote sustainable development. In our opinion this includes ecological and social as well as economic objectives.

When formulating and implementing our sustainability strategy we always seek out dialog with social groups and critical users. In order to gain an optimal understanding of the concerns and needs of important stakeholder groups, we systematically manage our stakeholder relationships. By including the views and interests of all stakeholder groups in the decision-making processes of our company, we make an important contribution to strengthening customers’ and society’s trust in our company, thereby helping achieve the Group’s strategic goals.

In line with our CR commitment “We take responsibility,” Telekom developed a CR vision in March 2010. It expresses an image of our company that goes beyond short-term and medium-term objectives. However, this is in no way a mere declaration of intent. The Group has committed itself to incorporating every aspect of sustainability into its corporate activities. Sustainable and responsible action is being embedded within the organization and implemented across the Group using binding regulations.

Our CR vision: Deutsche Telekom is a driving force internationally for sustainable action, it sets the standard for connected life and work, sets an example for integrating people into the information and knowledge society and it is a leader on the way to an environmentally friendly society.

CR strategy focusing on three CR categories. We want to utilize the potential of state-of-the-art information and communication technology in order to pursue the sustainable development of environment, society and business. Telekom’s strategy is based on three CR categories that are directly connected to our core business:

We take responsibility ...

... for connected life and work. We are helping to shape the change in the increasingly digitalized work and living environment in a positive way. Deutsche Telekom supports cultural change with innovative products and solutions toward greater self-determination and quality of life both in our professional and personal lives. Our goal is to be a driving force for sustainable life and work.

... for active, equal-opportunity participation in the information society. Independent of their social or economic opportunities, we try to involve as many people as possible in social development. With this goal in mind, we promote numerous social initiatives and support projects for media competence development.

... for a climate-friendly society. One of the biggest challenges for humanity is global warming and its consequences. We are sustainably reducing our own emissions with comprehensive initiatives. At the same time we are also empowering our customers and partners to make their contribution to climate protection with our solutions.

Under discussion



Sustainability as a way to success.

In a conversation with Prof. Dr. Klaus M. Leisinger (right), President and Managing Director of the Novartis Foundation for Sustainable Development, Luis Neves (left), head of Corporate Responsibility at Deutsche Telekom, explains the measurable contribution that a sustainability strategy makes to decreasing risks for the Group. The entire conversation is available as a video in the online CR Report.

Prof. Dr. Klaus M. Leisinger: "Corporate responsibility is about being successful in its core competence with integrity. It has nothing to do with a superficial public relations strategy. Companies do not look good, if they do not act responsible."

Luis Neves: "Corporate responsibility is fundamental for the success of today's corporations. For Deutsche Telekom corporate responsibility has three dimensions: Economy, social and environment. In these three dimensions they have to go together hand in hand. We have to take them into account in order to make our company successful and also in order to reward our shareholders."

The "Leading the way" project – milestones on the way to becoming a CR pioneer. We want to assume a pioneering role in the ICT industry in taking social and ecological responsibility by 2015 – according to exact, transparent specifications and criteria. To this end, we are currently using our CR key performance indicators (CR KPIs). We plan to use the CR KPIs to measure our CR activities within the international ICT industry in a comparable and transparent manner. In addition, the "Leading the way" project was initiated in 2010. The goal is to develop additional measurable and transparent criteria. All CR KPIs as well as all additional criteria are based on concrete measures that contribute toward the achievement of our objectives and are continuously measured.

The corresponding ranking and rating results as well as inclusion in sustainable stock indexes are important indicators for determining our progress in attaining the role of a CR pioneer. For example, this applies to the listing of our stock in indices such as the Dow Jones Sustainability Index. Another important gauge is the number of shares owned by investors within the scope of Socially Responsible Investment (SRI) who are interested in responsible management based on ecological as well as social criteria. We are striving to increase this percentage, which amounted to 11 percent in 2009, on a continuous basis.

Internationalization of the CR strategy. The Group-wide implementation and design of the CR strategy is another key for Telekom for becoming a leader in CR. The international subsidiaries made notable progress last year, particularly in terms of incorporating CR into their internal processes and structures. The new shared focus topics in international cooperation are internationalization of the new climate protection strategy and cell phone recycling programs.

📍 You can find more information about the individual topics of the section at www.cr-report.telekom.com (GRI A+) under the Strategic Approach menu item.

On the way to the gigabit society for all – today and tomorrow.



Birgit Klesper

“Enabling young people to live an independent life.”

“**Yes, I can!** is a beacon project for our CR activities in the social realm,” explains Birgit Klesper, Vice President Corporate Responsibility & Communications Germany. “In addition to technology, every person needs certain skills in order to participate in our knowledge and information society.” The “Yes, I can!” initiative comes into play for acquisition of the necessary personal competencies. “Media competence, i.e. learning how to use technology, is one aspect of our initiative,” says Birgit Klesper.

“**Telekom goes one step further.** We want to help make children and young people so strong that they can fully deploy and use their skills in our society.” The “Yes, I can!” initiative primarily supports organizations for children and young people in socially disadvantaged areas. Its aim is to increase the young people’s self-confidence by successes, to teach them how to deal with conflicts and to promote their social skills and the ability to concentrate. To date, this initiative has reached **over 30,000 young people in 140 projects.** The offer is as diverse as the young people themselves and includes soccer and cooking classes, music workshops as well as shipbuilding and radio projects. In 2010, our sponsorship activities focused on teaching young people how to manage their money responsibly.

“Yes, I can!” – a powerful initiative.



“For active, equal-opportunity participation in the information and knowledge society.” We want to help enable people to participate in the information and knowledge society regardless of their place of residence, age, education level and physical condition. In order to prevent a digital divide of society, we are expanding mobile broadband networks and are connecting rural regions to the fast Internet. Deutsche Telekom’s strong presence in society is also reflected in the extensive social commitment of both the company and its employees as well as in our sponsoring activities.

Network expansion for more participation.

Bridging the digital divide. Nowadays, comprehensive broadband coverage is a prerequisite for participating in social life. However, many people and companies still have no or only insufficient access to modern communications technology. A digital gap divides society. That is why we are systematically promoting the connection of so far unconnected regions to our broadband network under our CR category “For active, equal-opportunity participation in the information and knowledge society.”

We are pushing the development and expansion of fast networks in all the markets where we are active. In line with the EU Commission’s and the German government’s political objectives, we plan to provide high-speed Internet access to **around 90 percent of all households** by 2016 in the mostly rural areas of Germany that are not yet covered. In doing so, we are employing a technology mix based on the new mobile communications standard Long Term Evolution (LTE) as well as fixed network standards such as ADSL, ADSL2+ and VDSL.

“Social Commitment.”

There is often a great disparity between the importance that people attach to social commitment and the perceived performance of companies in this area. According to a representative survey in Germany, this disparity **decreased from 12 percent to 8 percent** for Telekom between 2009 and 2010.

Broadband expansion in Germany. In 2010, Telekom was able to connect more than 1,000 towns in Germany that previously had no high-speed Internet service to the broadband network. About half of the connections are based on LTE radio technology, with the remainder using other radio or fixed network technologies such as UMTS or DSL. Telekom will connect an additional 1,000 towns to LTE in 2011.

In many rural municipalities broadband expansion would result in financial loss due to low customer potential and high costs. In these cases, Telekom supports partnership-based solutions. The company informs the municipalities about the costs and offers them various collaborative options. One example is civil construction work performed by the municipality. In 2010 the number of completed expansion projects rose to 800 compared to 720 in 2009. In connection with capacity expansion and progressing general expansion, **around 360,000 additional households** were given the chance to use high-speed Internet connections. An additional 700 to 800 projects are being planned for 2011. In cooperation with the local authorities, we are also planning microwave radio system solutions for DSL connection of rural areas as a cost-effective alternative to the expansion of the fiber-optic network.

Broadband network expansion in Hungary and Croatia. The international subsidiaries are also working hard to overcome the digital divide:

- The Hungarian Telekom subsidiary has been involved in a pilot project for broadband expansion since January 2011 as part of a national investment incentive project initiated by the Hungarian Development Agency: Nine municipalities with a total of more than 2,000 residents will receive broadband Internet access, including television and telephony.
- The Croatian subsidiary T-Hrvatski Telekom achieved the exemplary coverage range of **98 percent of households** by the end of 2010 during its broadband expansion project.

Telekom@School: Long-term commitment for German schools.

Telekom is equipping **around 34,000 general education and vocational schools** with free Internet access within the framework of the Telekom@School infrastructure project. The company has already equipped some 30,000 of these educational institutions with broadband DSL connections since 2000. Schoolchildren and teachers thus have the opportunity to use new forms of communication and media during classes. In the spring of 2011 Telekom increased the speed of the Telekom@School connections from 6 to 16 Mbit/s. Schools located in areas hooked up to VDSL can get a VDSL connection for a low additional monthly fee.

Long-term involvement in Croatia, Montenegro and Macedonia. Other international subsidiaries have been supporting schools and other educational institutions in their countries for years. For 10 years now, T-Hrvatski Telekom, for example, has been providing free access to the high-speed Internet to **over 2,600 elementary and secondary schools** in Croatia as part of the Net in School project. The Croatian Ministry of Science, Education and Sports is the project's partner. Telekom Montenegro has been providing schools in Montenegro with free high-speed Internet access for four years now. Around 150 elementary and secondary schools have benefited from the initiative so far. In a joint project with the Republic of Macedonia, Makedonski Telekom is working toward making high-speed Internet available free of charge to children and young people throughout the country. As part of the project, the subsidiary equipped all student residences in the Republic of Macedonia with the required network access in 2010. What is more, today around 1,950 classrooms in over 90 schools have high-speed Internet access.



Around 34,000
general education and
vocational schools equipped
with free Internet access.

The solution connects different technical systems like sensors, blood pressure monitors and emergency equipment. For example, the solution can be used to send vital patient data directly to their doctor or to the responsible care service automatically.

T-Cities

Experiencing tomorrow's world today. The goal of Telekom's T-City concept is to turn the world of tomorrow into reality. In the meantime, we have done so at two locations: in Friedrichshafen on Lake Constance and in Szolnok in central Hungary. At these "future labs," we have been implementing our ideas for connected life and work in collaboration with local authorities, academia and business. As part of these projects, we have been working with local initiatives, associations and residents to develop and advance sustainable and innovative applications for key areas of life. The T-City "Future Store" project was launched in Szolnok in June 2010 and allows Szolnok residents to visit a model supermarket to test how daily shopping tasks can be accomplished faster and more conveniently using state-of-the-art ICT.

Integration of disadvantaged people. In addition to providing the technical foundation, we want to help as many people as possible to fully exhaust the potential of new technologies. Telekom's "Yes, I can!" beacon project in Germany has been making a pioneering contribution in this respect since 2009.  See also introduction of section.

In the future, the older generation will make up the majority of the population in many countries. This development is a major challenge even today: There is a need for solutions allowing older people to lead an independent life in modern society for as long as possible. In Germany for example, this is the goal pursued by the SmartSenior – intelligent services for senior citizens initiative. As one of 28 project partners, Deutsche Telekom is promoting this research project, which is being conducted by the German Federal Ministry of Education and Research. Deutsche Telekom Laboratories is developing a central communications component for the domestic area.

E-Health

Forging new paths in healthcare. We are involved in numerous pilot projects for setting up a state-of-the-art ICT infrastructure in the healthcare sector. The aim is to connect doctors, hospitals, patients and health insurance companies using technology which will speed up and simplify the exchange of information while simultaneously complying with the highest security requirements. In doing so, we are contributing to improved medical care and providing valuable support to older and chronically ill people, in particular. In view of increasing expenses in the healthcare sector, innovative ICT solutions are also an important tool for reducing costs. Our focus is on mobile communications-based solutions. These could particularly help patients with physical limitations manage their everyday lives and guarantee seamless medical care.

Focus on mobile communications and health.

The EMF Policy as a clear commitment to secure mobile communications use. Again and again the use of innovative mobile communications technologies triggers off uncertainty about possible health risks among the population. It is against this background that we have defined our principles for responsibly handling the topic of mobile communications and health in Telekom's EMF Policy (EMF stands for electromagnetic fields, the physical base for mobile communications). In this policy we

Telekom calls upon others to donate and support – and it makes donations and lends support itself.

are committing ourselves to more transparency, information, participation and financial support of independent research – far beyond that which is stipulated by legal requirements. Nine international subsidiaries have already adopted the EMF Policy. Our goal for this policy is to be effectively deployed at all the subsidiaries and contribute to a constructive social discourse on mobile communications and health as well as to effective risk management in the respective market.

Promotion of science and research. Telekom continues to support independent research on the impact of mobile communications. The reasons for this can be found in the continued further development of mobile communications technology as well as scientific methods and possibilities. To promote research and knowledge transfer in Germany, Telekom supported the 2010 founding of the EMF Scientific Forum at the Karlsruhe Institute for Technology (KIT). The forum's main task is to promote scientific dialog about current topics of EMF research. It helps identify the various perspectives of EMF risk assessment.

Encouraging employee activities through engagement@telekom.

A responsible company where employees take responsibility. In line with our self-image as a responsible company, we are committed to integrating corporate responsibility at our company, and thus in our employees' everyday work. By doing so, we live up to our responsibility to society and the responsibility for our employees at the same time. Our employees' personal commitment is especially reflected in an active participation in our donation campaigns and in volunteering activities.

Corporate giving. Telekom calls upon others to donate and support – and it makes donations and lends support itself. The Together for Others campaign initiated by the Polish subsidiary PTC is one example of active

employee participation. Employees can have their donations to projects and organizations of their choice directly deducted from their paychecks. The donated amounts are doubled by the company and forwarded to the campaign partner.

Support

Telekom as a “good corporate citizen.” Deutsche Telekom has been a partner of the “**Nummer gegen Kummer**” youth counseling line since 1991 and supports the organization both financially and with technical expertise. The youth counseling line has been providing advice to children and young people in difficult life situations for 30 years now. Numerous Telekom employees in Germany, who received an intensive training beforehand, volunteered at the hotline and spent time talking to young callers.

Telekom has also been supporting the **TelefonSeelsorge**, helplines run by the Protestant and Catholic churches in Germany, since 1997 by providing toll-free numbers and special services. This helpline is available to callers who are in a crisis situation. More than 7,000 extensively trained volunteer advisors, including numerous Telekom employees, make sure that the helpline is available 24 hours a day.

Volunteering activities. We help our employees combine their charitable activities with their job. As an example, in 2010 more than 600 employees of T-Mobile Czech Republic participated in the One Day For People In Need volunteer day. This event gave employees the chance to get involved in the NGO of their choice while still getting paid. Volunteering activities also included environmental projects such as a reforestation campaign by employees of the Greek subsidiary Cosmote Greece.



Under discussion



Bridging the digital divide.

Niek Jan van Damme, member of the Deutsche Telekom Board of Management and Managing Director of Telekom Deutschland, describes how the Group's network upgrade is helping to overcome the digital divide in society. You can find a video on the subject in the online CR Report.

Question: Mr. van Damme, is Telekom promoting the digital divide of society? On the one hand you are turning Cologne into an LTE city with speeds of up to 100 Mbit/s, and on the other hand many customers still have to make do with going online at 384 kbit/s.

Niek Jan van Damme: "We are leading Germany into a new digital age – both in cities and rural areas – and in this way we will bridge the digital divide. No other company is investing as much into network expansion as we are. We want to enable broadband connections for many rural municipalities, which is why we are increasingly employing a mix of technologies. In areas where expanding the fixed network is too expensive, Deutsche Telekom considers mobile communications and radio relay solutions in order to offer people fast Internet access. It is through this mix that Telekom was able to supply around 95 percent of households with broadband lines of at least one megabit per second by the end of 2010. LTE enables efficient broadband coverage and plays an important role for broadband expansion in rural areas."

Sponsoring is more than a good tradition. Culture and sport create a feeling of community, encourage communication across borders and inspire people. We have been involved in the world of sport and promoting the cultural landscape in Germany for almost twenty years. The international subsidiaries are also active in promoting culture and sport.


Our cultural sponsorship activities are focused on promoting music and fine arts. We support established artists and people with artistic talent. Team spirit is at the center of our sport sponsoring. We support not only top athletes but also mass sport as well as sport activities at schools and for the disabled.

Foundation

The Deutsche Telekom Foundation. The non-profit Deutsche Telekom Foundation has been working to improve education in the STEM subjects science, technology engineering and mathematics since 2003. With a trust capital of EUR 150 million in 2010, the foundation is one of the largest corporate foundations in Germany. The foundation's sponsorship activities include:

- Early education
- Secondary schools
- Universities
- Innovation

In 2010 a total of around EUR 9.1 million was invested in project work.

 You can find more information about the individual topics of the section at www.cr-report.telekom.com (GRI A+) under the Society menu item.

Shaping the future together with customers.



Stephan Fath and Cornelia Szyszkowitz

“We want to get our customers on board.”

“Thanks to our sustainability campaign, customers in Germany returned almost 250,000 old cell phones for recycling in 2010,” reports Cornelia Szyszkowitz. She and her colleague Stephan Fath are responsible for various sustainability activities initiated by Telekom Germany. The cell phone recycling program is particularly important.

“The cell phone is a real raw materials warehouse,” explains Stephan Fath. “There were up to 72 million unused cell phones in German households alone.” These old phones contain, for example, some 2,000 tons of copper, as heavy as a 500-meter freight train.

“Our campaign website – @ www.telekom.com/nachhaltig-handeln – contains information about how to donate an old cell phone or, depending on its condition, exchange it for a voucher which can be redeemed in a Telekom Shop,” says Cornelia Szyszkowitz. Stephan Fath adds: “The more people participate, the more valuable raw materials can be reused – and the greater the effect on the environment and our joint success in sustainability matters.”





Enabling sustainable consumption is one of the main future requirements to be met by Telekom and the entire industry. We are already putting forth numerous incentives for sustainable consumer behavior and are providing concrete suggestions as to how each individual can make small – but in sum important – contributions to sustainable development. In 2010 the focus of our sustainability activities was on aspects such as cell phone recycling as well as protection of children and young people. And we are committed to barrier-free access to new information technologies and intensive dialog with our customers.

Motivating customers by involving them in sustainability campaigns.

Telekom proactively involves its customers in its sustainability campaigns. In line with our slogan “Big changes start small,” we make suggestions and give tips for a climate-friendly lifestyle. Our multimedia campaign offers numerous ways how people can contribute to protecting the environment and valuable resources. The main information platform in Germany is the website www.telekom.com/nachhaltig-handeln. Many international subsidiaries are also involved in customer-oriented sustainability campaigns, for example, the “hello tomorrow!” campaign in Hungary. Magyar Telekom launched a comprehensive media campaign on December 27, 2010.

Sustainable products and services. The systematic creation and expansion of our climate-friendly product and service offerings is a decisive step toward achieving our goal to become a CR leader by 2015. In the “Sustainable product portfolio” project, experts from various departments are working together to increase the sustainability of our products and services.

In order to decrease CO₂ emissions throughout the entire network infrastructure, we want to reduce greenhouse gases during router production. We are also working to make the operation of routers more energy-efficient and reduce their CO₂ emissions. To this end, we are developing a flexible operation mode that will ensure that energy is used at our customers only when the router is in operation.

“Take Back Mobile Devices.”

The number of returned cell phones **more than quadrupled to around 250,000 used devices** in 2010 compared with 2009. This gave a calculated return rate of 7.17 devices for every 1,000 customers.

Multimedia conferences instead of business trips. For several years, Telekom has enabled its business customers to reduce CO₂ emissions and costs by using telephone, web and video conferencing technology. In September 2010 we launched our new TelePresence service in Germany. This service offers the highest video and audio quality, thereby creating an even higher incentive for saving CO₂ emissions.

Smart metering, cloud computing and Green IT. Forward-looking services offered by Telekom such as smart metering and cloud computing are energy-efficient and therefore help to save costs and reduce CO₂ emissions. Smart metering means making energy consumption transparent so that it can be managed by users based on their needs. This way energy consumption and costs can be reduced in a targeted manner. With cloud computing we relocate computing power, memory, applications, databases, management and services to the web. This saves resources which would be necessary for procurement, operation and energy supply of an in-house infrastructure. Green IT or Green ICT is both our own standard in terms of energy saving and energy efficiency and the embodiment of a trend-setting product portfolio for our customers.

Online billing

Saving resources. More than 14 million Telekom customers in Germany already have their monthly bills sent to them via e-mail at no extra charge. Alternatively, they can also access their data on the customer portal. That saves a lot of paper as well as water, energy and other resources that are needed to produce a paper bill. In addition, no transportation is necessary, which significantly reduces CO₂ emissions. T-Mobile Austria, for example, saves about 180 metric tons of paper per year thanks to online billing.

Barrier-free access. We strive to enable as many people as possible to use the wide range of opportunities offered by the new media. Responsibility for active, equal-opportunity participation in the information and knowledge society is therefore a fixed component of our CR strategy. With barrier-free access Telekom is offering its customers increased quality of life and the opportunity to participate in society. For example, we offer special rates to low-income customers in order to provide as many people as possible with access to the new media.

In addition, we develop products and services which make it easier for people with age-related and physical disabilities to use new media and which meet their needs. A large display, large buttons and an especially loud ring tone make cell phones from the Emporia series particularly practical for older people.

Our products and services for the hearing and sight impaired also contribute to barrier-free communication. For example, Slovak Telekom has been supporting the deaf and hearing impaired with lower rates, special data, SMS and MMS services as well as e-mail services for eight years now. It developed these offers in a long-term partnership with the Slovakian association for the deaf. Slovak Telekom was presented with the Via Bona Award 2009 in the category of Award for Socially Responsible Market Operations for its special rates in 2010.

Protection of children and young people in the new media. The diverse possibilities of the Internet are associated with different risks. Children and young people, for example, may disclose too much personal information about themselves or visit unsuitable websites. Telekom also considers its responsibility to care for the next generation. We address the protection of minors in numerous initiatives and projects throughout the Group. In Germany, free child protection software facilitates age-appropriate use of the Internet. In accordance with the “Be responsible” principle, we have made sure that criteria to protect minors have been taken into account right from the product development phase since the end of 2009. We are also rigorously fighting against child pornography.

Under discussion



Sensitive handling of customer data.

Ellen Mayer (left), Senior Analyst at oekom research AG, a sustainability rating agency, talks to Dr. Claus-Dieter Ulmer (right), Group Privacy Officer at Deutsche Telekom, about the type, scope and effectiveness of the Group's current data protection measures. The entire conversation is available as a video in the online CR Report.

Ellen Mayer: "Data protection is a central topic in the telecommunications industry because telecommunications companies are in a position to collect a lot of data on their customers due to their business segment. That is why data economy is also important in addition to data protection. This means that companies only collect the data that is truly necessary for them to conduct their business."

Dr. Claus-Dieter Ulmer: "For me, data privacy is one of the key elements of business models in the digital world. I am convinced that companies that do not win the customers' trust will not enjoy long-term success."

We delete such content without exception whenever we have direct access to it. We have also been working closely together with international law enforcement authorities for quite some time.

eEtiquette

Appropriate communication. Chatting, e-mailing, blogging, twittering – the new forms of communication require their own rules. The digital eEtiquette guide provides some assistance here. Developed by Deutsche Telekom in consultation with a number of external stakeholders, it was designed to raise awareness for how to use new communication media. The document uses catchy, humorous guidelines to do this. <http://eetiquette.de/>

Intensive interaction with customers and external experts. Intensive interaction with customers and external experts. We want to offer our customers a variety of ways to get in touch with us, so that we can discuss with them our sustainable products and services. To this end, we are available to our customers on various Internet platforms. We have established an open and personal dialog with them on both Facebook and Twitter. Our sites on these networks attract more and more fans and followers each day.

In addition to our customers, we naturally also involve external experts in our dialog about solutions for the future. In the Developer Garden online community platform, for example, dedicated developers can give full reign to their creativity and exchange ideas with Group experts. They can use the programming tools supplied to incorporate Deutsche Telekom services quickly and easily in their own websites and applications, and thus successfully build completely new business models.

[@](http://www.cr-report.telekom.com) You can find more information about the individual topics of the section at www.cr-report.telekom.com (GRI A+) under the Customers menu item.

Being an attractive employer.



Felix Wittig and Melanie Kowal

**“We have triggered
a whole new momentum.”**

“Telekom’s cultural change gained significant momentum with the women’s quota. We are assuming a clear pioneering role.” Melanie Kowal and Felix Wittig from Group Diversity Management at Telekom are convinced that diversity is necessary in management teams – despite, or perhaps because of, the controversial discussions. “Diversity is on everyone’s mind at the Group,” says Melanie Kowal.

“Now we need to use this stimulus as a tailwind for the implemented measures.” Developing job advertisements which don’t scare off women from the outset is just as important as the targeted approach of talented people. Promoting more flexible working hours and methods is also of the essence, both for managers and employees.

“We want to become an even more attractive employer,” says Felix Wittig. “That is why we as a company are in favor of more managers making use of flexible working models – as role models for their teams.”

Women’s quota –
initiating a cultural change.



Deutsche Telekom believes in efficient HR structures and processes and a multifaceted, lively culture which enable and advocate new ideas. With the right people in the right place and an excellent service and product portfolio we are strengthening the global competitiveness of our company, its customer focus and its flexibility. This is how we can create jobs and secure them for the long term.

On the way to the top as an attractive employer.

Sought-after employer. Once again, we were the most sought-after employer in the telecommunications industry in Germany in 2010. Several of our worldwide subsidiaries and shareholdings also won awards in 2009 and 2010, for example, Slovak Telekom, Croatia's Hrvatski Telekom and Hungary's Magyar Telekom. Under the theme "The great experience," we are currently communicating unique selling propositions which unmistakably emphasize the qualities of our company as an employer – both for potential recruits worldwide as well as for our employees.

Top training provider with Bologna@Telekom as a talent breeding ground. Telekom is one of the largest vocational training providers in Germany. During the 2010/2011 training year, **the number of apprentices and students on cooperative degree programs was around 10,000.**

As a staunch advocate of the Bologna process, Telekom is bundling all higher education activities in its initiative Bologna@Telekom. As part of this initiative, we are also strongly promoting the academic education of experienced employees in part-time study programs.

EQJ

Programs for disadvantaged young people. Initial experiences with our entry-level training scheme for young people known as EQJ have been very promising: of the 61 young people who took part, 50 managed to get training positions. In 2010 we offered another 66 young people, mostly from poor educational backgrounds, the opportunity to get a foot on the career ladder.

“Employee Satisfaction CR.”

According to the employee survey, **55 percent of employees** from all international subsidiaries identify with Deutsche Telekom’s social and ecological commitment.

Continuing education and human resources development. We help to build intercultural skills, business know-how and a common One Company mentality by launching support measures across national boundaries. In addition to our cross-functional initiative Talent Spaces, which enables us to seek out talented people throughout the Group, these include:

- **Skills development through comprehensive advanced training offers.** Around 775,000 training days in 2010 in Germany alone.
- **STEP up!** Group-wide, diverse development programs for managers, including the Leadership Excellence Programs (LEP).
- **Go Ahead!** Alternative to a classic management career. Framework for expert and project manager development.
- **Telekom X-change.** Program for young top performers including international assignments of three to six months.
- **Professional Programs (PP).** State-of-the-art academic education in cooperation with renowned international business schools. Obtaining a Master’s degree is possible.
- **Master classes.** Development program for the best of our worldwide experts including four master classes in 2010.

Germany: New hires, transfers, junior staff. Promoting our own talented employees and attracting outstanding experts from outside the company is the mix that will make our company fit for the future. This is why more than half of new hires in Germany come from the ranks of our internally trained young people. In total, we hired about 4,000 new employees in Germany in 2010, around 2,000 of whom were external university graduates and experts with professional experience.

In Europe and worldwide: Acquisitions and take-overs by T-Systems. We continue to gain new staff with market-based know-how at European and global level. Currently, T-Systems is bidding on 13 additional projects involving personnel transfers. If it succeeds in closing the deals, almost 3,000 employees will transfer to T-Systems and bring fresh know-how to the company.

Moderate personnel restructuring and downsizing. In 2010, we continued our efforts to implement our personnel restructuring processes in a socially acceptable way while creating future-oriented jobs with a high skills profile. In parallel to our extensive skills development programs for teams, we applied targeted tools that enable staff to leave the company voluntarily in order to fulfill our responsibility to our employees as well as to the company.

Culture of openness.

Diversity management. Diversity is a key driver for change in our corporate culture – and at the same time our contribution to active openness and respect in society. We create flexible working conditions for women and men alike so that our employees can achieve a good work-life balance.

Women’s quota

Starting off with a bang. One year after the women’s quota was introduced we have already achieved our first successes, including the following:

- The women’s quota in management positions rose worldwide from 19 percent to 22.7 percent.
- The proportion of women among newly hired high-potential staff increased from 33 percent to 51 percent.
- The percentage of women in management development programs rose from about 19 percent in 2009 to 34.6 percent in 2010.

work-life@telekom – encouraging new worlds of work. With our work-life@telekom program, we have been placing particular emphasis on a healthy work-life balance since 2009. The main focuses of the program are

Under discussion



The challenge of demographics.

Prof. Heike Bruch, Director of the Institute for Leadership and Human Resource Management and full professor at the University of St. Gallen, and Mechthilde Maier, head of Group Diversity Management at Deutsche Telekom, discuss the question of how the Group includes demographic developments in its HR planning. The entire conversation is available as a video in the online CR Report.



Prof. Heike Bruch: "In my opinion, the companies that transform themselves will be the ones that successfully master demographic shifts. Instead of one-dimensional management and leadership, we must employ a generational approach in HR management and promote a culture of diversity. This will allow us to maintain organizational energy, thereby helping the company to remain both competitive and an appealing employer."

Mechthilde Maier: "Properly preparing a company for demographic change means not just focusing on those of the employees who are older, but choosing an integrated generational management approach. That is why our measures range from attracting young, talented people to the company and providing career options adjusted to different phases of life to generation-spanning reverse mentoring."



working hours and location, family and social life as well as health and fitness in the context of a work-life balance. We have introduced three trend-setting voluntary commitments in the interest of employees and managers.

- **Use of mobile devices.** Our voluntary commitment emphasizes that there is no obligation to answer work-related e-mails or calls outside of working hours.
- **Flexible working hours.** As corporate role models, managers should themselves make more use of flexible working hours. We want part-time work to become a natural element of our leadership culture.
- **Standardized parental leave process.** With its parental leave process "Stay in contactT," Telekom plans to encourage its employees even more systematically to stay in contact with the company.

Promoting an active health culture.

Timely detection of health risks. The debate on issues such as work structuring, stress levels and coping with change processes calls for commitment not only from the health and HR experts but also from all management and employee representatives. This applies in particular where work structure and leadership deficiencies are revealed.

Employee survey 2010. In order to review this aspect, our first step – as the first DAX-quoted company to do so – was to put comprehensive questions on work-related mental stress and health in the employee survey, which was held from October 25 and November 14, 2010. We hope that the survey will help us identify risks resulting from the work situation and launch measures to counter them at an early stage. Around 138,000 employees from 27 countries participated in the three-week survey, representing a record response rate of 72 percent.

📍 You can find more information about the individual topics of the section at www.cr-report.telekom.com (GRI A+) under the Employees menu item.

Implementing sustainability in the supply chain.



Steffen Röttger

“Our goal: sustainability as part of everyday business.”

“In order to implement the sustainability strategy in procurement, we have to answer two important questions,” explains Steffen Röttger from the Corporate Procurement Strategy area at Telekom: “What is the direction in which we want to develop this strategy? How will we get there?” An important component of this strategy is the so-called Joint Audit Cooperation (JAC) with Orange/France Télécom and Telecom Italia.

“Thanks to JAC we are able to audit large, strategic or risky suppliers much more efficiently in terms of sustainability,” explains Steffen Röttger. This has advantages for both sides: The suppliers are only audited once instead of three times, which results in significantly fewer disruptions in the production process. The telecommunications companies share their results with each other, saving on expensive auditing costs. Last but not least, they all pull together in order to entrench sustainability aspects into their supply chain.

“There are other companies in our industry which want to join the cooperation,” says Steffen Röttger. Participating in the Joint Audit Cooperation has already paid off for Deutsche Telekom. The share of audited purchasing volume rose from 2 percent to 18 percent. “Sustainability is increasingly becoming day-to-day business.”

Clear standards
for the supply chain.



Suppliers worldwide.

Social Standards

Ecological Standards

Ethical Standards

We want to live up to our social and ecological responsibility across the entire value chain. For this reason, we directly and closely involve our suppliers in our sustainability strategy. Among other things, we obligate them to maintain minimum social standards, respect human rights, fight corruption and use natural resources in a responsible manner. We emphasize trust and dialog as well as controls in our supplier relationships. This allows us to expand our social auditing activities at our suppliers.

Strategy for implementing sustainability in procurement. Within the scope of its CR strategy Telekom, as a reliable partner, is working toward becoming the industry leader in the area of procurement and supplier management. The fact that we were once again at the top this year in renowned sustainability rankings is proof that we are on our way to successfully achieving this goal. Compared to our competitors, we hold a leading position when it comes to managing our supply chain. We intend to solidify this position and expand it further. The foundation for this is entrenching the topic of sustainability into our procurement strategy. In 2010 and 2011 the focus of our work was on the further development of measurement tools and on the expansion of social audit activities with the help of external auditing firms.

Positioning within the organization. The Corporate Procurement Strategy department has been responsible for developing concepts and methods for achieving sustainability in our procurement practices since 2010. The Sustainable Procurement Working Group also provides advice when it comes to implementing sustainability in our procurement activities throughout the Group. Experts from the CR area work together with representatives from all Telekom procurement areas on this international committee.

Creating sustainable supply processes. Telekom places importance on more than just financial aspects when it comes to procurement. Ecological and social criteria must also be taken into account in the supply chain. This has been laid down in our Group-wide Sustainable Procurement Strategy designed to implement sustainability in our procurement activities, which was approved in 2007 and revised in 2010. All guidelines and processes dealing with improving sustainability in our supply processes are based on this strategy in which procurement also commits itself to social responsibility. This applies in particular to fair payment, prohibition of child labor, observance of human rights and combating corruption.

“Sustainable Procurement.”

In 2010, Deutsche Telekom **increased** the proportion of its procurement volume checked for sustainability **to 55 percent**. In 2009, the proportion was just 36 percent.

Social Charter

Observance of minimum standards. We adopted our Social Charter in 2003. The Charter is based on the values of the United Nations Global Compact, the guidelines of the International Labour Organization (ILO) and the Organization for Economic Cooperation and Development (OECD). It contains Group-wide guidelines on

- Human rights and working conditions
- Prohibition of child labor
- Environmental protection
- Equal opportunities
- Occupational safety and health
- The right to set up and join a trade union

The principles described in the charter apply to all Telekom business units worldwide. Our General Purchasing Terms and Conditions state that all suppliers are also required to comply with these minimum standards.

Use of raw materials. Numerous metals are used in phones and cell phones, computers and other ICT products. These valuable raw materials are often extracted in emerging and developing countries under problematic conditions. We do not directly purchase this raw material or the metal that is extracted from it. Nevertheless, we consider it our duty to minimize the harm caused to people and the environment in connection with extracting these substances and to completely put a stop to these consequences in the long term. We work closely with our suppliers in the context of our efforts to make improvements in this area.

Statement on metal and ore extraction. The extraction of valuable metals and ores such as coltan, tin, gold and platinum has a serious impact on the environment and people in a number of developing countries. We adopted a Statement on Extractives in 2009 as an update of and supplement to our Coltan Statement, which was passed in 2005. The Statement stipulates compliance with the minimum standards of the Social Charter for the entire supply chain. By doing this, we hope to guarantee that both our direct suppliers as well as their sub-suppliers minimize the risks associated with extracting raw materials.

Supplier selection. Suppliers and sub-suppliers who are interested in entering into a business partnership with Telekom are subject to a thorough examination, the so-called prequalification. With the help of an online questionnaire suppliers provide information about legal compliance and observance of sustainability criteria which we take into account during the subsequent selection process. Strategic suppliers and suppliers from high-risk industries need to provide further, more extensive information regarding sustainability. In 2009, we developed criteria for evaluating proposals in terms of environmental and social requirements. In 2010, we began reviewing these criteria within the scope of different pilot projects and were able to identify initial improvement potential.

Supplier management with intensified social audits. Processes and tools for supplier evaluation are important components of our supply chain management. These primarily serve to identify improvement potential and manage progress made by suppliers in the social and ecological arena. By systematically managing its suppliers, Telekom is able to identify and respond to risks in the supply chain early on. On-site social audits conducted on the suppliers' premises is an important tool for this.

Under discussion



Raw materials, but not at all costs.

In a conversation with Klaus Milke (right), Chairman of the Board of Germanwatch e.V., Dr. Volker Pyrttek (left), Chief Procurement Officer at Deutsche Telekom, explains how the Group ensures sustainability in its procurement management processes.


Klaus Milke: "Germanwatch is a German non-governmental organization that was founded 20 years ago to advance the issues of sustainable development, global fairness and safeguarding our livelihoods. We find it very important for companies, especially very large companies such as Deutsche Telekom, to properly manifest their corporate responsibility. To this end, we created the MakeITfair campaign, which helped to considerably intensify the dialog with Deutsche Telekom in recent years."

Dr. Volker Pyrttek: "Sustainability has been an important topic for Deutsche Telekom for a long time where we occupy a leading position at the international and national levels. As Chief Procurement Officer, I want to ensure that we justify this top position when it comes to procurement and integrate sustainability into the supply chain. From a personal viewpoint, sustainability is important to me because 20 or 30 years from now I want my five children to live in an environment which is just as livable as it is today."

We significantly expanded our social audits in 2010. Last year the Group in Germany conducted a total of 26 social audits with the assistance of external auditors. In the past, internal experts were only able to audit an average of four to six suppliers each year. Thanks to the considerable increase we improved our scores in important sustainability ratings in the supply chain category. We address any problems identified in an audit in an action plan and work together with the supplier to remedy these within a pre-defined period of time. The international subsidiaries also increased their social audit activities.

Stakeholder Dialog

Dialog with suppliers on Sustainable Procurement Stakeholder Dialogue Day. We also rely on dialog in cooperation with our suppliers when it comes to sustainability. The third Sustainable Procurement Stakeholder Dialogue Day took place in June 2010. The main focus of this year's open stakeholder discussions was Telekom procurement topics for daily business practices. Over 60 participants, from suppliers to representatives of universities and NGOs, took part in the event.

 You can find more information about the individual topics of the section at www.cr-report.telekom.com (GRI A+) under the Suppliers menu item.

Minimizing consumption of energy and resources.



Dörte Winkler and Dr. Ignacio Campino

“We take climate protection seriously.”

“The use of energy and resources involved in their telecommunications devices and systems is usually invisible for our customers. This is why we are setting an example,” explains Dr. Ignacio Campino, Board Representative for Sustainability and Climate Protection at Deutsche Telekom.

“With our new climate protection strategy we plan to reduce Telekom’s CO₂ emissions by 40 percent by 2020 compared to 1995.” Dörte Winkler, member of the financial planning team for Telekom’s Technology area in Germany, adds: “We are putting everything to the test, not only our products but also our networks and our entire transmission technology used by our customers to make calls, send e-mails, browse the web or watch TV.”

Sustainability is thus becoming everyday business for Telekom:

It will enable customers to enjoy an improved quality of life and work and at the same time pave the way to a more climate-friendly society, the low carbon society. Conversion of the networks to the more energy-efficient Internet Protocol (All-IP) will considerably reduce Telekom’s CO₂ emissions. Currently, the networks in Germany make up half of Telekom’s energy requirements. Dr. Campino concludes unequivocally: “Sustainable business practices also means being financially efficient – which directly contributes to business success.”





Our goal:
a 40 percent reduction in
CO₂ emissions by 2020.

In light of the demand for energy, which is increasing globally, the ICT industry is assuming a key role when it comes to containing the negative consequences of climate change. Telekom therefore intends to contribute to a low carbon society to the greatest degree possible. To this end, we develop innovative ICT solutions that enable environmentally friendly consumption. At the same time, we are pushing the expansion of an environmentally and climate-friendly network infrastructure and plan to reduce our CO₂ emissions even more efficiently with the help of a new climate protection strategy. We provide incentives within our industry for making worldwide communications processes energy-efficient.

New climate protection strategy for 40 percent less CO₂. Within the scope of our previous climate protection strategy, which was laid out in 2005, our Group in Germany planned to reduce its CO₂ emissions by 20 percent by the year 2020 compared with the values from 1995. We revised and intensified this objective in 2010. By the year 2020, we are aiming to reduce our CO₂ emissions by 40 percent compared to the values from 1995. In addition to switching the network to the Internet Protocol (All-IP), the new Green Car Policy and savings in the facility management area will also make a significant contribution. The achieved savings are measured using our CO₂ Emissions CR key performance indicator. Internationalization of the climate protection strategy is planned for 2011.

Climate protection activities. Fighting global warming will be one of the main issues in our future. Close collaboration between the worlds of business, politics and society is very important in developing effective solution approaches to climate protection. That is why Telekom is involved in numerous initiatives to protect the climate and the environment, including:

- **Caring for Climate of the UN Global Compact:** As a founding member and member of the steering committee, Telekom is promoting transparency in the global implementation of climate protection objectives.

We focus on saving resources in information and telecommunications technology.

- **EU Corporate Leaders Group on Climate Change (EU CLG):** As a founding member of the EU CLG, Telekom dedicated itself to an ambitious, fair agreement on the global reduction of CO₂ emissions.
- **2° – German Entrepreneurs for Climate Protection.** The goal of the “2° – German Entrepreneurs for Climate Protection” initiative is to limit global warming in the long term to a maximum of two degrees Celsius compared to the preindustrial level.
- **Global e-Sustainability Initiative:** Telekom has been involved in the Global e-Sustainability Initiative (GeSI) since 2001 as a founding member. This industry initiative is dedicated above all to fully exploiting the global CO₂ reduction potential that state-of-the-art information technology offers society.

Energy management. In order to achieve our ambitious climate protection objectives, we are not only relying on resource-friendly ICT for the products and services we offer to our customers, we also work to consistently optimize our internal processes and our infrastructure in terms of climate protection.

Germany: Use of regenerative energies. Telekom in Germany has been getting 100 percent of its electricity from regenerative energy sources from RECS-certified (Renewable Energy Certificates System) water and wind power plants in Scandinavia since January 2008. And we continue to work on expanding the use of green technologies. In 2010, we became even more involved in the use of energy from renewable sources through our subsidiary PASM (Power and Air Condition Solution Management GmbH). Our energy service provider is currently investigating the possibility of using green electricity as well as generating its own power in combined heating and power plants.

The Netherlands: Green electricity only. T-Mobile Netherlands is setting the standard when it comes to using environmentally friendly energy sources. The subsidiary has been getting 100 percent of its electricity from various renewable resources since 2010.

Hungary: Environmentally friendly energy use. Our Hungarian subsidiary also reduced its CO₂ emissions by using renewable energy. Magyar Telekom currently gets 15 percent of its energy from renewable sources. The company plans to expand this figure in the coming years.

Climate protection ...

... concerns us all. Comprehensive contribution in cooperation with stakeholders. It is not only Telekom and ICT companies that can help reduce CO₂ emissions. Intelligent use of new information technology can also lead to significant reductions in other industries. This applies in particular to facility management (smart buildings), logistics (smart logistics), the electricity industry (smart grid), industrial automation (smart motors) and dematerialization (for example: downloading music from the Internet instead of buying a CD). These were the findings of two studies that were supported by Telekom over the last few years: the global SMART 2020 study by the Global e-Sustainability Initiative (GeSI) and the SMART 2020 Germany Addendum.



30 000 MWh

saving effect of electricity.

Energy-efficient facility management. Energy-optimized facility management is a key component in Telekom's efforts to achieve its ambitious climate protection goals. That is why we conduct an energy-related inspection of heating and ventilation systems as part of all facility renovation work and are constantly working to make our facility management practices even more energy efficient. We have successfully completed an LED pilot project in office buildings in Leipzig, among other places. Based on the results, Telekom is planning to install energy-saving LED lighting at ten administration sites in Germany over the course of 2011.

Environmentally friendly network infrastructure and data centers.

Today, equipment and services from the ICT industry are responsible for more than 8 percent of energy consumption and around 4 percent of CO₂ emissions in the EU alone. These figures could double by 2020. This makes it even more important to make the infrastructure – that is, networks and data centers – not only more powerful but also more energy-efficient for the benefit of the climate.

Optimizing existing networks. Energy efficiency is also an important goal of Telekom when it comes to optimizing existing networks. Modernizing elements of its mobile network in Germany in 2009 and 2010 enabled Telekom to reduce its CO₂ emissions by around 12,000 metric tons per year. As of 2011, this will enable us to save around 30,000 MWh of electricity.

Electricity consumption reduced in Austria and the Czech Republic.

Nationwide coverage for the fast mobile Internet in Austria also has an intended, climate-friendly side effect: The new technology reduces energy consumption by 40 percent and CO₂ emissions by an **estimated 2,500 metric tons per year**. T-Mobile Czech Republic has achieved comparable electricity savings through the use of energy-efficient base stations. These compensate for the increasing energy needs that went hand in hand with mobile network expansion, which the company tackled at the same time.

Environmentally friendly data centers. Telekom is pursuing an integrated, end-to-end approach for efficiency increases in its network infrastructure, from cooling to energy provision to optimized utilization of hardware capacities. T-Systems is trying out new solutions in its DataCenter 2020 test environment. The goal is to develop pioneering business models and research cost-effective new ICT solutions for users and customers. T-Systems is also testing solutions to enhance efficiency in its current computer operations. The international subsidiaries, including Slovak Telekom and T-Mobile USA, are also working on optimizing their data centers, partly in cooperation with other ICT companies.

CO₂ compensation

Investment in climate protection to compensate for CO₂ emissions. We do our best to keep our business activities as energy efficient as possible. Nonetheless, it is impossible to avoid generating a certain amount of CO₂. To compensate for this, we are investing more and more in climate protection projects, particularly in a Brazilian biomass energy project. With these investments, we are able to compensate for emissions generated by a number of products and services as well as for those generated by events and business trips. This includes our online portals Gamesload, Musicload, Softwareload and Videoload, parcel shipping as well as our shareholders' meeting. In 2010 we were able to compensate for greenhouse gas emissions totaling 3,718 metric tons of CO₂ to guarantee that events were climate-neutral.

“Green Car Policy.”

With one of the largest company vehicle fleets in Germany, Deutsche Telekom introduced its Green Car Policy to reach its objective of decreasing the standard emission values of new passenger cars to an average of **110 g/km** by 2015. At this rate we will beat the climate protection targets set forth by the European Union for 2015 by 120 g/km.

Environmental management. Our aim is to create a Group-wide, standardized health, safety and environment (HSE) management system in accordance with the OHSAS 18001 and ISO 14001 standards in order to control and minimize the impact of our business activities on the environment and our employees. Systematic, standardized HSE management is the key to successful implementation of our CR strategy. In 2010 we laid the foundation for a Group-wide HSE management system firmly anchoring resource efficiency in our business processes and in the conduct of our employees.

Telekom has been working with an environment management system since 1998. As a result, some 60 percent of all Group locations now have a certified environment management system.

Resource efficiency – getting employees involved in environmental protection. All companies throughout the Group support the responsible handling of natural resources. T-Systems Austria conducted information campaigns to raise employee awareness of environmental protection issues. The first Green Day, which the company organized in March 2010 together with T-Mobile Austria at company headquarters in Vienna, was the prelude to a range of internal measures for active environmental protection.

High priority for recycling throughout the Group. The recycling rate of all Group units in Germany has been at almost **100 percent** since 2006. The international subsidiaries also continue to push ahead with recycling, as can be seen in the example of Cosmote Romania. The company actively participates in conserving resources and recycling with its Green Office program. In 2010, the company was able to add 4 metric tons of paper and 1.2 metric tons of plastic to its recycling volume. The Romanian subsidiary has already received several awards for its program.

Award

Germany’s most environmentally friendly office. Telekom in Germany received an award for the most environmentally friendly office in the Germany-wide “Büro und Umwelt” (office and environment) competition in 2010. The environmental organization Bundesdeutscher Arbeitskreis für Umweltbewusstes Management (B.A.U.M.) e.V. has been holding the competition every year since 2008. We went from third place in 2009 to first place in the category for companies with more than 500 employees. The jury focused on employee conduct that conserved resources in their daily work, the procurement of environmentally friendly office materials and an environmentally friendly office set up.

Climate-friendly mobility: Green Car policy introduced for 32,000 registered cars and service vehicles. The fleet’s CO₂ emissions correspond to about 60 percent of our direct emissions in Germany. On April 1, 2010, Telekom introduced its new Green Car Policy for company cars in Germany and revised its previous car procurement strategy to include environmental aspects. This also includes selecting more fuel-efficient service vehicles. The goal of this policy is to decrease the standard emission values of new passenger vehicles of the entire vehicle fleet to an average of **110 g/km** by 2015. This fuel consumption rate will put us well within the EU climate protection target limits of 120 g/km for new cars applicable from 2015. The CO₂ emissions of newly-ordered vehicles were reduced from 155 g/km in 2009 to 136 g/km in 2010. The vehicles used by the Board of Management have also been exchanged for more fuelefficient models, beginning in 2010 and continuing in 2011. At the present time, five of the six vehicles used by Board of Management members have CO₂ emissions of less than 190 g/km.



Season tickets

Cheaper to work with public transport. Use of public transport instead of passenger cars contributes considerably to reducing CO₂ emissions. In 2010, around 21,500 employees in Germany used a season ticket, a reduced-price monthly ticket for traveling to and from work. That means just as many employees took advantage of the offer in 2010 as in 2009.

Driving courses. The success of a climate-friendly mobility strategy depends decisively on the behavior of every employee. In 2010, the eco-driving program, a combined driver and safety training program, was established as a fixed part of our skills development offer for our service staff in Germany.

Fuel cells – long-term real-life test completed. Between 2004 and 2010 Deutsche Telekom deployed three passenger cars with a fuel cell drive as part of the CEP (Clean Energy Partnership) hydrogen project. Subsequently, DeTeFleetServices decided to abandon the F-Cell project because expansion of the gas station infrastructure for hydrogen was not in step with the requirements in actual practice. In the coming years, DeTeFleetServices will focus on practical testing or the possible regular use of electric vehicles, as evidenced by its current participation in projects such as e-Mobility Berlin, one of the largest field tests worldwide regarding the use of electric cars.

@ You can find more information about the individual topics of the section at www.cr-report.telekom.com (GRI A+) under the Climate and Environment menu item.

Under discussion

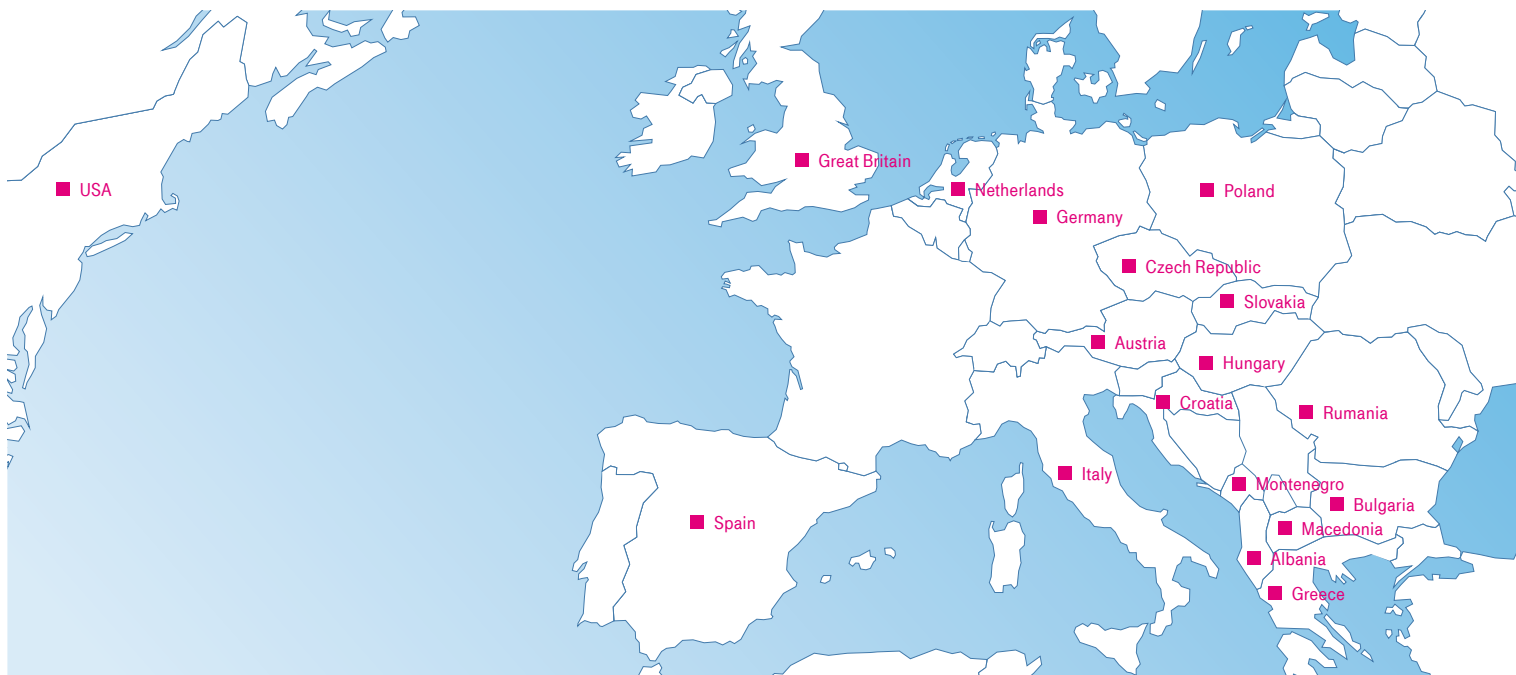


Less CO₂ with ICT.

Dennis Pamlin (left), Director of the Low Carbon Leaders project of the UN Global Compact, talks with Dr. Ignacio Campino (right), Board Representative for Sustainability and Climate Protection at Deutsche Telekom, about which concrete contribution Telekom can make to a low carbon society. The entire conversation is available as a video in the online CR Report.

Dennis Pamlin: "Climate protection for me is one of the most fun things you can work with. It's about creating a better day for everyone, and it's about praising new solutions that everyone on this planet can use. And in that area ICT is probably the most important area to look at."

Dr. Ignacio Campino: "Climate protection is probably the biggest challenge we have today. As a telecommunication company we have the opportunity to deliver good services for reducing CO₂ emissions and for making so a contribution for giving lot of people – millions of people – a better opportunity for the future."



Internationalization.

Doing business in 34 countries. The Group-wide implementation and design of the CR strategy is an important key for Telekom for becoming a leader in CR.

Our focus on the three strategic CR categories is an important step toward internationalization, [see page 6](#). Numerous subsidiaries have already incorporated these into their local strategy. The companies have made particularly important progress in recent years in regard to entrenching CR in internal processes and structures.

CR roadshows – intensifying Group-wide collaboration. Joining forces to succeed. In order to increase international collaboration in sustainability issues, the central CR department continued its roadshow series at the international subsidiaries in 2010 and 2011. The objective of the events is to increase CR awareness among the top executives of the subsidiaries and promote local implementation of CR. To date, CR roadshows have taken place at T-Mobile Czech Republic, in Greece at OTE and Cosmote, at T-Mobile USA, the Polish PTC and Makedonski Telekom.

@ You can find more information about the CR-Engagement of the subsidiaries at www.cr-report.telekom.com (GRI A+).

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