

GROUP POLICY ON EMPLOYEE RELATIONS

Deutsche Telekom AG, Group Corporate Responsibility

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Deutsche Telekom AG
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Friedrich-Ebert-Allee 140, 53113 Bonn

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Author	Released by	Contact
Melanie Kubin-Hardewig, <i>Vice President Group Sustainability Management</i> Yvonne Hommes, <i>Senior Expert Human Rights</i> Bonn, 15.12.2020	Birgit Klesper, Senior Vice President Group Corporate Responsibility Bonn, 15.12.2020	Yvonne Hommes +49 228 18170151 Yvonne.Hommes@telekom.de

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Brief summary

This policy specifies the key elements of employee relations within Deutsche Telekom. It describes what we stand for in our relationship with employees all over the globe. Every key element is explained, the responsibilities of crafting the employee relations are described as well as how to deal with cases of misconduct. Furthermore, this Group Policy refers to our Code of Human Rights & Social Principles and explains supplementary processes in this regard.

Amendment history

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Please note:

A printout of this (national) Group policy may already be outdated. Please always check the Deutsche Telekom`s policies data base (<http://policies.telekom.de>) to determine whether this is the current version of the (national) Group policy.

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1. Introduction

We, Deutsche Telekom, believe in the compatibility of economic, social and ecological aspects and are committed to acting responsibly along our entire value chain.

As an employer, we make an important contribution to sustainable business success. The focus here is on our employees*, today and in the future. As an employer, we offer a variety of opportunities, support learning and development, and create identification across team and national boundaries. Our globally valid values build the framework that enables every employee* to strengthen business development, individually contribute to business goals and increase the value of the company.

What do we understand by the Group Policy on Employee Relations and why is it necessary?

The Group's Policy on Employee Relations covers all aspects of work life that are relevant to industrial relations. In this context, it is also necessary to consider sustainability aspects. We therefore understand Labor Relations as the relationships between management and employees and the democratically elected and/or legally legitimated employee representatives on national and international level. Industrial relations refer to relations between management and trade unions and/or trade union federations at national and international level.

The Opening up of markets, digitalization and globalization have led to an increasingly knowledge-based working world. Work-sharing processes have been established on a global scale and workforces have been internationalized. New forms of networking are changing communication, public impact, reputation and compliance challenges and other key elements of company management. This all has an inevitable effect on our corporate culture and the way we deal with employees on a global compliance basis. There is a need to define our global understanding about what should characterize our interaction towards our employees and vice versa to ensure a consistent working experience for every employee. It is also about the way in which we can attract new employees* and retain them for the long term.

Naturally, there are differences between every country, and sometimes even between the companies operating within a country. These differences result from local laws as well as from cultural individualities and values. With this Group policy on employee relations, we are aiming to build a global cultural umbrella for our diverse and international workforce. It specifies the key elements of Deutsche Telekom's human resources policy. It describes what we stand for in our relationships with employees all over the globe. These relationships are characterized by our shared values and derive from set of values as well as from other Group policies. Together they represent the basis for building employee relationships within the Deutsche Telekom Group.

Target group and scope of this Group Policy

The Group Policy on Employee Relations is applicable worldwide to all employees and leaders at the Deutsche Telekom Group to the extent that the competent executive body (management board) has approved the validity of this policy. Employee relations are independently and individually crafted by national management based on the key elements described in this Group policy. A country's specific laws, cultural practices and local legislation shall always be complied with. Should anything in this policy, due to unexpected local developments, enter in conflict with local legislation, the latter will prevail.

2. Key elements for designing employee relations

2.1. Set of Values

The key element of Employee Relations is our set of values. Our values form the basis for the future world of work and must be constantly exemplified and further developed. Our guidelines are filled with life. In particular, the changes brought through digitalization require openness, trust and responsible thinking and action from all those who are involved. Our globally binding guidelines play an important role in our employee relations. They are the foundation of our relationships with our employees*.

Respect for human rights forms the basis of all business activities of Deutsche Telekom AG and all its subsidiaries. We support the UN Guiding Principles for Business and Human Rights, which respect and recognize the principles of internationally recognized human rights.

In addition, our Code of Conduct defines the business conduct of all our employees towards our customers, business partners, shareholders and the general public in a manner that is honest, legal and in compliance with the law. It lays down the basic behavioral requirements for all employees and, if necessary, is specified by internal guidelines and regulations.

2.2. Recruitment and development

Our business is changing. As a Group, we are moving forward with digitization, opening up new business areas with new focus topics. Recruiting faces the challenge of attracting experts with the skills we need today and in the future. The competition for experts is enormous and the talent market knows no boundaries. The "War for Talents" refers to many countries. Consequently, we are breaking new ground internationally in recruiting as "a strong new employer". With our global employer branding strategy, our campaigns and the range of personnel marketing activities, we address our target groups in a focused way.

We offer an environment that promotes our employees with exciting and diverse tasks and projects, with plenty of room for responsibility and creativity, and a broad portfolio of opportunities for lifelong learning.

When selecting new employees, it is important to us that our values are also taken into account here. It is important that future employees* also fill our values with life. In addition to the requirements of a job and the minimum qualifications, we check if the motivation of an applicant matches our corporate culture.

We are convinced that competent employees are vital to our long-term success. The diversity of our people and cultures enables employees to gain great experience. For this reason, we also promote lifelong learning in all phases of employment and strengthen digital competences. We support our employees* with specific further education and training offers. We are significantly expanding our digital learning offerings. We promote the talents of our workforce by offering all employees fair opportunities for learning and development. We strive to fill vacancies first and foremost with our own employees. This enables us to retain talented employees for the long term.

2.3. Responsible management of organizational changes

In today's rapidly changing business environments, we may need to adjust to the increasing external demands by taking steps to restructure, upsize and downsize our organization. It is the only way to guarantee sustainable business practices that serve the interests of our employees and those of future generations. It means changing not only our structures and processes, but also our culture and technology.

We do not have sole control over what needs to be changed – but we alone decide how we shape changes and how we implement them into our organization. In the acknowledgement of the impact changes may have on our employees and their family lives, we act responsibly in our business decisions and the resulting change processes. We always consider the legitimate interests of our employees. We strive to avoid the need for restructuring by carefully considering a range of alternative solutions. We focus to recognize the business, legal, professional and ethical considerations in handling such situations. When a restructuring project is unavoidable, we deploy reasonable efforts to reduce, as much as possible, the negative social impact of such a situation by applying our full change expertise when change affects units, teams and individuals in our company. Furthermore, when taking over employees in the frame of our outsourcing

2.4. Health, safety and sustainability

We accept social responsibility for protecting our workforce and the environment. We act responsibly and gear our thoughts and actions to sustainable business practices in the interests of future generations and we build social trust by promoting the welfare of people. We consider health, safety and sustainability to be vital prerequisites for company success; they play an important role towards employee satisfaction, well-being, quality of work, corporate culture, but also cost-efficiency. Protecting the lives and physical safety of our employees has priority over economic considerations. We therefore think ahead and consider the relevant national legal provisions and standards as minimum requirements that we frequently exceed. We aim at not only protecting our employee's health but also at promoting their psychological well-being. We work to improve health, safety and sustainability continuously at all our Group units and include our employees actively in our health and safety measures. In addition, we strive to minimize or avoid the impact of our actions on the environment. We have our own climate strategy, promote recycling management and strive for more sustainable products and solutions for our customers.

2.5. Remuneration and rewarding

Application of remuneration systems for our employees that are both motivating and geared to local market conditions is a major success factor for our company.

We offer our employees fair, competitive remuneration, which is based on their respective national employment markets. We observe statutory regulations and collective agreements wherever applicable. We actively use our compensation and benefits practices to become a fair and competitive employer in the labor markets in which we operate and seek to create a high-performance culture.

It is of particular importance that we acknowledge, reward and recognize people for outstanding performance. For executives at Deutsche Telekom, the Global Compensation Guideline is a globally valid framework. For all other employees, the local markets and their cultural aspects shape the rewarding and recognition system besides the company needs.

2.6. Work-Life

Our work-life strategy and our offerings stand for the current cultural change in our company: We want to move away from a culture of presence towards a culture of results. We consider the compatibility of work and private life to be a decisive competitive factor. This compatibility explicitly demands more freedom, more personal responsibility and more flexibility. And which, thanks to the digitalization of society and Deutsche Telekom's products and solutions, are easier to realize than ever before. Today, we can work with our mobile devices in many areas from anywhere. Our work-life offerings also prevent the boundaries between private and professional life from blurring.

We offer a diverse portfolio of work-life measures. We know: Life is not always the same, we are particularly challenged in some phases - professionally and privately. We also take this into account with our offers. Ever faster changes require

increasing flexibility of employees. We respect individual life plans and support high flexibility with innovative forms of reward, flexible employment contracts (both fixed-term and as well as indefinite) and modern working conditions.

2.7. Virtual working

We support digitization and drive efficiency and innovation in the same way. With new forms and methods of collaboration in agile teams (e.g. Tribes, Squads) as well as flexible working environments and new working methods, we live a new culture of cooperation. In many areas, we are increasingly moving away from a culture of presence and establishing a culture of results.

Digital collaboration tools have become our constant companions and important helpers in everyday life. We will therefore intensify our company-wide investments in needs-based IT tools and IT equipment for the purpose of digital collaboration and provide even greater support for the effective use of these tools. It is the declared intention to jointly optimize and accelerate the processes for the introduction of these IT tools. Appropriate training and other measures to raise awareness among managers, in particular on leadership and cooperation with digital tools, are offered. The employees are provided with offers and opportunities for further training. The necessary qualification measures for this purpose, in particular with regard to new digital tools, are taking place.

We develop and communicate the new working methods such as design thinking in the company also via networks, communities and multipliers. We foster the courage to try things out and are open to the use of innovative techniques that facilitate virtual and efficient collaboration while keeping an eye on our customers and their needs in focus. Our managers demonstrate this courage, support and coach employees in the process.

With an awareness of the challenges facing society, we conduct dialogue and the exchange of experience beyond the boundaries of the company.

2.8. Leadership

Leaders are challenged to be role models in the sense of our values, to act in this sense and to make it possible for their team to experience them.

Our leadership understanding is based on trust and transparency. Virtual leadership presents us with new challenges. It is even more important that our leaders formulate clear goals, give feedback and measure results. Our leaders are requested to actively shape the design of the new ways of working for their areas of responsibility and place more decision-making responsibility in the teams. Employees become active, committed and convinced contributors to the world of work. To this end, employees are encouraged to become independently involved in improving processes and procedures and to point out obstacles and resistance.

We expect our leaders to set challenging and realistic goals and motivate their teams to achieve them. Motivating teams is fundamental, because performance and success in a team is more than the sum of its parts. International orientation, group-wide networking, greater delegation of responsibility and new forms of work such as agile management Implementation of the "One Company" concept are important requirements for our leaders. Speed, agility and flexibility in decision-making are becoming increasingly important. As a result, hierarchies are becoming less important. Responsibility and decision-making are placed on a broader basis.

With the support of a broad training portfolio, we expect our leaders to reflect and further advance their leadership skills on a high level.

2.9. Diversity

A wide range of skills and personalities reinforce our technological innovation capacity and, hence, our business success. Our human resources, talent policy and practices appreciate the potential and experience of all individuals. A mindset and way of thinking across national and cultural borders is essential.

Given these dimensions, the company undertakes every effort to create equal opportunities for all current and potential employees regardless of gender, age, origin, disability, sexual orientation, religion, union memberships and political orientation, etc.

We take the rule for non-discrimination based on gender seriously and introduced - as a pioneer amongst large global companies - a women's quota in 2010. Targets have been set for middle and senior management and we are working with various measures to achieve the quota. In addition to broadening our talent pool, we are also expecting to add value to the company in the long term with greater diversity among our employees and among our executives.

2.10. Prohibition on discrimination and harassment

We require all our employees and management staff to show mutual respect, acknowledgement and appreciation in their dealings with each other. We do not tolerate any form of discrimination, harassment or mobbing. To prevent exclusion and assault of any kind, we implement effective measures. We are expressly committed to promoting equal opportunities and diversity in the workforce, taking the cultural and legal particularities of individual countries into account.

2.11. Engagement and Communication

As a leading communications and information technology company, we are constantly working on our mission to bring people together. This results in a special responsibility for our management and employees*. We shape the digital world not only through our networks. Our way of communicating in the digital environment is also a contribution to living together. At Telekom, we stand for values such as tolerance, openness to the world and intercultural cooperation and take a stand against all forms of discrimination and populism. Both inside and outside the company, we want to ensure respectful and appreciative cooperation and a communication culture that reflects this. Employee engagement also encompasses communication. We aim to establish and sustain a working environment in the Deutsche Telekom Group, which is characterized by an open communication and feedback culture, with management staff and employees acting on equal terms. To communicate means to us more than just to inform. It means also to listen and to engage in dialogue. We believe that our best solutions result from great teamwork. We therefore encourage our employees to communicate openly through various channels, such as employee meetings and dialog, town hall meetings and different surveys, as key components of our feedback culture. We value the freedom of expression of our employees, taking into account the behavioral requirements arising in particular from human dignity, personal rights, the prohibition of discrimination, labor law and our Code of Conduct.

With various initiatives for a transparent corporate culture, we have investigated how ethically our employees behave. With the insights gained and the measures derived from them, we are now strengthening our value-based corporate culture. On this basis we aim to achieve a climate that promotes enjoyment at work and enables our employees to voice their opinions openly and objectively, without fear of reprisal or intimidation.

2.12. Labor and industrial relations

National management and its functions are responsible for shaping labor and industrial relations within the framework of our shared values taking into account national laws and customs.

As a corporate group operating in the international market, we respect democratically and/or legally authorized forms of cooperation with employees and employee representatives in the countries in which our affiliates operate. We are expressly committed to trustful cooperation based on mutual respect.

We respect and acknowledge the right to freedom of association and collective action within the scope of national regulations, customs and existing agreements. We will not prevent or restrict our employees from exercising these rights. The threat of reprisals to employees, who have the right to self-organization is neither accepted nor tolerated.

3. Shared responsibilities

Each employee has a responsibility in dealing with employee relations, be it as a leader or as a team member. All employees act in accordance with this Group policy in order to keep work relationships as productive as possible and to establish a dynamic working environment.

All employees, but especially our leaders, actively shape our corporate culture and the experience of being part of Deutsche Telekom. Therefore, we expect them to promote the key elements defined in this Group policy and to ensure that employees are aware and have a clear understanding of it. Furthermore, our leaders are expected to actively lead and act in a manner that respects and embraces our shared values. Their goal is to create a dynamic work environment that fosters open and direct communication and enables employees to voice their concerns without fear of reprisal.

Our leaders and the national HR teams have a leading role in crafting employee relations on the basis of our shared values. Within this continuous process the local HR unit provides professional support in handling employee relations matters and optimizing the quality of these relationships.

If statements in this policy enter in conflict with local legislation or practices, HR functions shall provide notification of the conflict and the necessary deviations taken from the policy to comply with the local statutory laws or regulations.

4. Handling uncertainty and cases of misconduct

In conducting routine business, situations may arise in which employees have questions on relevant policies or are uncertain about what they should do. There are also many other situations that may give the appearance of laws and/or company policies having been violated. In such cases, which also include a breach or suspected breach of this Group policy, employees should initially contact their immediate manager. Should this approach be out of the question, cases of misconduct can also be reported using the portal local whistleblower portal. Tips can also be sent using "Tell me!" portal. If you are concerned about revealing your identity, there is the possibility of an anonymous dialogue. As long as you do not enter any data that allow conclusions to be drawn about you, the system protects your anonymity technically.

The Deutsche Telekom Group effectively disciplines individuals guilty of intentional and accusable misconduct as well as violations within the framework of legal provisions and does so irrespective of an employee's rank or position within the company.

Compliance with this Group policy is monitored by a group-wide monitoring system. If the evaluation reveals indications that our voluntary commitments are being inadequately implemented, we follow up on these indications and take remedial action.

5. Effective date of this Group Policy

This Group Policy enters into force by resolution of the Board of Management on 15.12.2020 and shall replace the Group Policy Employee Relations dated February 15, 2011. In subsidiaries this policy becomes effective in accordance with the resolution by the competent executive body (management board).