WEBINAR: DT FOR SOCIALLY RESPONSIBLE INVESTORS

16th of October 2014
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.
HOST

Stephan Eger
Senior Vice President Investor Relations

EXPERT

Birgit Klesper
Senior Vice President Corporate Responsibility and Group Transformational Change
DEUTSCHE TELEKOM’S MISSION

“We, Deutsche Telekom, are more than just another company that provides society with infrastructure. We are a trusted companion, whatever the circumstances, always and everywhere. We take our responsibility to society and the environment very seriously. We live corporate responsibility. Every day. We intend to play a leading role, both in terms of climate protection and in the field of sustainable supply chain management, while also ensuring equality of participation in the information and knowledge society. Making life easier for people and enriching it for the long term is the very essence of what we do.”

(Timotheus Höttges, CEO)
### Corporate Governance
- Corporate values
- Code of Conduct
- Social Charter
- Data privacy
- Compliance
- Risk management
- Diversity policy
- CR Policy

### Customers
- Customer satisfaction
- Service level
- Consumer protection
- Data security
- Needs-based products and services

### Suppliers
- Sustainable supply chain management
- Observing human rights
- Social and environmental standards
- Supplier diversity

### Environment/Climate
- Waste management
- Recycling
- Vehicle fleet
- CO2–Reduction
- ICT as enabler
- Electro-magnetic Fields

### Employees
- Generation Management
- Training & skills
- Employee satisfaction
- Diversity
- Health care
- Work-life balance

### Society
- Digital inclusion
- Broadband expansion
- Social Engagement
- Corporate Volunteering

### Financial market
- Sustainable investments
- Rating Agencies Assessments

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**WE TAKE RESPONSIBILITY**

**OUR CORPORATE RESPONSIBILITY ENGAGEMENT IS MULTI-FACETTED**
PRESENTATION FOCUS TOPICS

- Governance
  - Data privacy: one of DT’s core competencies
  - Compliance: well established at DT

- Suppliers
  - Sustainable supply chain management

- Climate
  - DT: New CO2 reduction target
  - DT’s customers: ICT as an enabler

- Employees
  - Adressing the challenge of demographic change

- Society
  - How to bridge the digital divide
GOVERNANCE

ESTABLISHMENT OF DRC: DATA PRIVACY, LEGAL AFFAIRS & COMPLIANCE

Loss of Customer Trust arising from Incidents:
- Data Abuse
- External access to Customer Data

Prompt Actions taken
- Immediate Threat stopped
- Establishment of DRC board seat
- Transparency Measures taken
- Increase of (technical) Control Mechanisms Group wide
- Systematic and sustainable Prevention

Our trustworthy Company
- DT as most trustworthy company*
- Market Reputation
- High Level of Privacy guaranteed by Group wide governance and dedicated Experts.
- Group wide Trainings and Audits
- Best Practices Privacy, Security, Legal and Compliance
- Annual Reports on Privacy and Security

Our Strategy

Defense:
Safeguard and protect Telekom Group and its Data

T-Brand
Safeguard Security and Privacy in Services and Solutions for Customers

Market
Growth through dedicated Privacy and Security Services and Solutions

*According to Security Report INSTITUT FÜR DEMOSSKOPIE ALLENSBACH, June 2013, Deutsche Telekom is by far the most trustworthy company in Germany

LIFE IS FOR SHARING.
### GOVERNANCE
### STRATEGY INITIATIVE DATA PRIVACY AND DATA SECURITY

#### Three layers of privacy and security within the group

<table>
<thead>
<tr>
<th><strong>DEFENSE</strong></th>
<th><strong>BRAND</strong></th>
<th><strong>MARKET</strong></th>
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<tbody>
<tr>
<td><strong>Behaviour und Technique</strong></td>
<td><strong>T-Brand Market Leader Privacy and Security</strong></td>
<td><strong>Growth through dedicated Privacy and Security Services and Solutions</strong></td>
</tr>
<tr>
<td>Safeguard and protect Telekom Group and its Data</td>
<td>Safeguard Security and Privacy in Services and Solutions for Customers</td>
<td>Growth through dedicated Privacy and Security Services and Solutions</td>
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| Cyber Defense Center | Security Testing | Awareness Campaigns for Management & Staff |
| Certifications Privacy & Security | Transparency Report on lawful Interception | Marketing Campaign Security |
| Mobile Privacy | Big Data Solutions | Digital Sovereignty |
## GOVERNANCE

**WELL ESTABLISHED COMPLIANCE @DT**

Clear group wide governance established – requirements of relevant regulations (e.g. UK Bribery Act) are met

<table>
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<tr>
<th><strong>Positioned on Top-level</strong></th>
<th>Deutsche Telekom: Dedicated board member for Data Privacy, Legal Affairs and Compliance since 2008</th>
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<tbody>
<tr>
<td><strong>Groupwide implemented</strong></td>
<td>E.g. central and local compliance organization, Groupwide risk assessment (in 2013 more than 130 entities), case management, code of conduct, “Tell me”, trainings (in 2013 more than 20,000 employees), etc.</td>
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<tr>
<td><strong>Anti-corruption addressed</strong></td>
<td>Group wide anticorruption campaigns, Compliance Management System again certified* in 2012/2013 with focus on anti corruption</td>
</tr>
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<td><strong>Strong Business Involvement</strong></td>
<td>Integral part of important business processes, e.g. “Big Deals” or M&amp;A</td>
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*concerning IDW PS 980, German audit standard of the “Institute of German Auditors” / „Institut Deutscher Wirtschaftsprüfer (IDW)”

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**LIFE IS FOR SHARING.**
**SUPPLIERS**

ENSURING SUSTAINABILITY IN OUR SUPPLY CHAIN

**Suppliers with an estimated Procurement Volume > 100 K €**

**Target:** 75% of order volume covered by self-assessments and/or audits by 2015

**Mandatory Pre-Conditions for Suppliers**
- Sustainability weighting as part of supplier selection: 10%
- Contractual requirements include:
  - Commitment to DT Code of Conduct & Social Charter
  - Requirements on Conflict Minerals, Components and Materials

**Detailed Risk Analysis**
- Identification of strategic and high-risk suppliers
- Detailed Self-Assessment (E-TASC)
- Social Audits (JAC and DT) + Corrective Action Plans (CAPs)

**Supplier Performance Reviews**
- Use of Supplier Scorecards
- Consideration of media/press releases, NGO reports
- Review: CAPs and ongoing escalation processes

**Supplier Engagement**
- Workshops on e.g. product innovation, carbon management, resource efficiency
- Supplier Development Program, e.g. on working hours, health & safety etc.
**DT CLIMATE STRATEGY: REDUCE OUR OWN CO₂ EMISSIONS**

### Main Measures (and CO₂-development against 2008 in %):

- **Fixed Networks**: Conversion of network infrastructure to All IP** (-44%)
- **Mobile Networks**: infrastructure expansion (LTE and 3G); more efficient technology lowers the increase (+37%)
- **Data centers**: exponential data growth; performance doubling through virtualization and consolidation (+3%)
- **Facilities**: Optimization and energy efficiency (-16%)
- **Other Clusters** (-24%)
  - **Office IT**: Thin-Clients and printer consolidation
  - **Green Car Policy**: Reduction of fleet size and Ø emissions
  - **Business Travel**: Travel policy & video conferencing

### DT Group: -20% CO₂-Emission Reduction Target until 2020*

<table>
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<tr>
<th>2008</th>
<th>2020</th>
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<tbody>
<tr>
<td><strong>Total Reduction Target</strong></td>
<td><strong>-20%</strong></td>
</tr>
<tr>
<td>2.600</td>
<td>2.168</td>
</tr>
<tr>
<td><strong>Already identified reduction</strong></td>
<td><strong>-17%</strong></td>
</tr>
<tr>
<td>40%</td>
<td>31%</td>
</tr>
<tr>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>10%</td>
<td>17%</td>
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<td>17%</td>
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<tr>
<td>14%</td>
<td>13%</td>
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*in kt CO₂, excluding T-Mobile USA, Data Center cluster includes T-Systems and Natco Data Centers **DTAG signed EU Broadband Code of Conduct, ***Corporate Fleet, Corporate Travel & Office IT

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**LIFE IS FOR SHARING.**
ICT AS AN ENabler: Reduce CO2 Emissions of Our Customers

DTs solutions contribute to reduce our customers CO2 emissions

- Automotive/Manufacturing ("Connected Car")
- Utilities ("Energy")
- Health ("Health")
- Travel, Transport & Logistics; Public; Telco
- Cross-Industry Business Solutions (Building & Fleet Management, Cloud Services)
- Application Operations (e.g. Video-and Webconferencing, DE-Mail)
- Data Center and End User Services (e.g. Hosting, Managed workplace services)

Project: DB Schenker, China

"Mobile Logistics Cost Management" (Public Private Partnership with BMZ/GIZ*):
4% annual fuel reduction

Project: QIVICON, Germany

"Connected Home": Save energy by coordination of smart home functions via e.g. smartphone

Project: international logistics company

"Energy efficient management for buildings": e.g. reduction in service and support effort, preventive maintenance, ...

# EMPLOYEES

**REALIZE POTENTIALS OF A MULTIGENERATIONAL WORKFORCE**

Current DT activities with the aim to secure and foster workability at all ages (examples)

<table>
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<th>Qualification</th>
<th>According to business needs; Consideration of age related learning preferences, raise of blended learning offerings; Age based restrictions removed</th>
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<tbody>
<tr>
<td>Health</td>
<td>New offerings for physical fitness; Frequent employee information about offerings</td>
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<tr>
<td>Culture &amp; Leadership</td>
<td>Incorporation of demography-related modules in leadership development programs, e.g. concerning health or leading age-diverse teams</td>
</tr>
<tr>
<td>Working conditions</td>
<td>Lifetime working accounts; Knowledge transfer tandems</td>
</tr>
<tr>
<td>&amp; work organization</td>
<td>Flexible working, parental leave, sabbatical, mobile working, ergonomic service for parents and seniors, child care workplaces</td>
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<tr>
<td>Planning &amp; Recruiting</td>
<td>Age based simulation of DTs future workforce structure; Age diversity in employer branding; focused measures to attract special target groups</td>
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### SOCIETY

**SOCIAL ENGAGEMENT CONTRIBUTES TO DT’S AMBITION TO BE “TRUSTED” COMPANY**

<table>
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<tr>
<th>Foundation</th>
<th>Digital inclusion</th>
<th>Corporate volunteering</th>
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</table>
| - 10 years Deutsche Telekom Foundation  
- Funding capital of €150 million  
- Focus on STEM (science, technology, engineering and mathematics) | - Provides people with easy access to ICT and responsible use in order to reduce digital divide  
- Strengthen Media Competence by e.g. online safety measures for kids and people with special needs  
- Initiative “Yes, I can!”: reached 50.000 children in >500 projects in 5 years. Listed as an official initiative with strategic relevance for the “UN Decade of Education for Sustainable Development” | - engagement@telekom – expansion of corporate volunteering  
- In 2013 more than 17,000 group-wide volunteers e.g. disaster relief and ICT-Usage  
- Integration into DT HR training and development programs |
## CORPORATE RESPONSIBILITY AMBITIONS DT GROUP

We want to remain one of the leading companies in CR

<table>
<thead>
<tr>
<th>Governance</th>
<th>“We build trust”</th>
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<tbody>
<tr>
<td>Suppliers</td>
<td>75% of order volume covered by self-assessment and/or audits by 2015</td>
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<td>Climate</td>
<td>Reduction of CO2-Emissions by 20% in 2020 (since 2008) for DT Group (excl. TMUS)</td>
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<td></td>
<td>Reduction of the average fleet emissions from 167g/km (2008) to 110g/km in 2015</td>
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<tr>
<td>Employees</td>
<td>Fair share: 30% women in management positions</td>
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<td>Society</td>
<td>Enable as many people as possible to participate in the information and knowledge society</td>
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THANK YOU FOR YOUR ATTENTION!
FURTHER SRI QUESTIONS
PLEASE CONTACT THE IR DEPARTMENT

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For further information please visit
www.telekom.com/investor-relations/sri

IR webpage:

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