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# **RULES OF PROCEDURE FOR THE BOARD OF MANAGEMENT OF DEUTSCHE TELEKOM AG**

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In case of discrepancy between the English and German versions, the German version shall prevail.

As at: March 1, 2017

The Supervisory Board of Deutsche Telekom AG has issued the following Rules of Procedure for the Board of Management of Deutsche Telekom AG:

## **§ 1 General Provisions**

- (1) The Board of Management shall conduct the business of the Corporation with the due diligence of a prudent and conscientious manager in accordance with the law, the Articles of Incorporation and these Rules of Procedure under the joint responsibility of all of its members.
- (2) The Board of Management shall work with the other bodies of the Corporation and the employee representatives for the benefit of the Corporation in a trustworthy fashion with particular regard to the interests of employees.

## **§ 2 Duties of the Board of Management**

- (1) Without prejudice to the provision of § 3 of these Rules of Procedure, the Board of Management as a whole shall decide
  1. In all matters in which a resolution by the Board of Management is prescribed in accordance with the law, the Articles of Incorporation or these Rules of Procedure, particularly regarding the
    - a) Preparation of the annual financial statements and the management report and the presentation thereof to the Supervisory Board;
    - b) Convocation of shareholders' meetings and motions for resolutions by the shareholders' meeting;
    - c) Periodic reporting to the Supervisory Board;
    - d) Transactions which require the approval of the Supervisory Board;
  2. In all matters which are presented by the Chairperson or any Board of Management member for resolution;
  3. On the strategy of the Group;
  4. On the major objectives of the Group, the budget and the medium-term plan;
  5. On the principles of the organizational and management structure;
  6. On the principles of human resources policy;
  7. On all matters which are not allocated to a Board of Management department by the Schedule of Responsibilities.

- (2) The Board of Management may commission individual Board of Management members to execute resolutions and carry out measures which are under the responsibility of the Board of Management as a whole.

### **§ 3 Sole Management by Board of Management Members**

- (1) The distribution of responsibilities to the individual members of the Board of Management is evident from the Schedule of Responsibilities attached as an annex hereto. Each Board of Management member shall be authorized to manage the spheres of responsibility allocated to him or her within the framework of the Schedule of Responsibilities. The allocation of the spheres of responsibility shall not release any Board of Management member from joint responsibility for the management of the Corporation.
- (2) The Board of Management members shall be obligated to cooperate, consult with, and mutually inform each other in a collegial fashion. All Board of Management members must inform each other of the significant activities within their spheres of responsibility. Activities which also relate to the area of responsibility of one or more other Board of Management members must be coordinated with such member in due time. In the event no agreement is reached, each Board of Management member involved shall be obligated to bring about a resolution of the Board of Management.
- (3) Each Board of Management member shall have the right to inform himself or herself regarding all business activities, provided such is necessary due to the joint management or to perform the duties of his or her area. The provisions on the duty to provide information from within the area shall not be prejudiced hereby.
- (4) Any actions and transactions within one area of responsibility which are of extraordinary importance for the Corporation or are associated with extraordinary financial risk shall require the prior approval of the Board of Management.
- (5) The prior approval of the other Board of Management members affected [(2) hereof] or of the entire Board of Management [(4) hereof] need not be obtained provided one Board of Management member deems prior approval to be unnecessary after due assessment of the circumstances in order to avert any imminent serious prejudice to the Corporation. The action taken shall be reported to the Chair of the Board of Management immediately and to the Board of Management at the next Board of Management meeting.
- (6) The Board of Management shall decide on the deputation of the Board of Management members among themselves in the event of any hindrances.

### **§ 4 Chair of the Board of Management**

- (1) The Chair of the Board of Management shall manage the work of the Board of Management. The Chair shall assure that the management of all Board of Management departments is uniformly directed towards the goals set forth by the Board of Management resolutions. The Chair may request information from the Board of Management members at any time regarding matters related to their areas of responsibility. The Chair shall regulate the cooperation of the members of the Board of Management, particularly in the event of any overlap in the areas of responsibility.

- (2) The Chair of the Board of Management shall present the Corporation and its corporate policy to the public, unless special matters have been assigned to another Board of Management member by the Schedule of Responsibilities or based on any special Board of Management resolution.
- (3) The Chair of the Board of Management may moreover request reports from all Board of Management members as well as the heads of business units and the heads of the central organizational units and service centers at any time and require information regarding the affairs within their areas of responsibility; the Board of Management member managing the respective area shall be informed accordingly.
- (4) The Chair of the Board of Management shall be responsible for directing the cooperation with the Supervisory Board. Reports and motions of Board of Management members shall be submitted to the Supervisory Board via the Chair of the Board of Management.
- (5) In the event that the Chair of the Board of Management is prevented, the Deputy Chair shall exercise the rights and duties of the Chair.

#### **§ 5 Board of Management Committees**

- (1) With regard to special matters, the Board of Management may pass a resolution establishing Board of Management committees to do the preparatory work for the decision of the Board of Management.
- (1) In performing their duties, Board of Management committees shall comply with the rules set forth in these Rules of Procedure on the responsibilities and powers of the Board of Management and its members.

#### **§ 6 Board of Management Schedule of Responsibilities**

- (1) The Chair of the Board of Management shall draft the Schedule of Responsibilities taking into account the agreements signed with the individual Board of Management members on the provision of professional services and the tasks assigned to them thereunder and present it as a proposal to the Board of Management.
- (2) A unanimous decision of the Board of Management and the approval of the Supervisory Board shall be required to issue, amend or rescind the Schedule of Responsibilities.

#### **§ 7 Board of Management Meetings**

- (1) The Board of Management shall normally meet on a weekly basis. The Chair of the Board of Management shall convoke meetings. Each member may request the convocation of a meeting, communicating the topic of discussion.

- (2) The agenda shall be provided when the meeting is convoked, which shall be no later than one week prior to the meeting. Draft resolutions shall, in principle, be sent to the Board of Management members one week prior to the meeting.
- (3) The Chair of the Board of Management shall chair the meetings. He or she shall determine the order in which the items on the agenda are to be dealt with. The Chair may determine that persons who are not members of the Board of Management are to be involved for consultation regarding individual items of business in individual cases or on a regular basis.
- (4) Irrespective of special items on the agenda, Board of Management members who are present shall report on the business material to their Board of Management department and on activities involving several departments.
- (5) The Office of the Chair shall keep minutes on the discussions and results of Board of Management meetings and send these to all members of the Board of Management. The minutes shall be considered as approved provided no Board of Management member objects thereto at the meeting following the receipt of the minutes. The Chair of the Board of Management shall decide on any distribution of the minutes beyond that specified above.

## **§ 8 Resolutions**

- (1) Board of Management resolutions shall be adopted in Board of Management meetings or - provided no member of the Board of Management immediately objects - by means of a written procedure. Under the same conditions, resolutions may be adopted by telephone, telefax, telex, telegraph, videoconference or other telecommunications media.
- (2) A quorum is constituted when all members have been invited and at least half of the members or their permanent deputies, including the chair or his/her deputy, are present at the meeting.
- (3) Absent Board of Management members may cast their votes in writing, by telex or by fax. The Office of the Chairperson shall immediately inform the absent Board of Management members about the resolutions adopted in their absence. Except in urgent cases, matters from the area of responsibility of an absent member shall only be discussed and resolved upon with the approval of such member.
- (4) Board of Management resolutions shall be adopted by way of a simple majority of votes, unless a larger majority of votes is prescribed by law. In the event of a parity of votes, the vote of the Board of Management member competent in accordance with the Schedule or Responsibilities shall be decisive; in the events in § 2(1) No. 7 hereof, the vote of the Chair of the Board of Management shall be decisive.
- (5) Each member overruled in the vote shall have the right to communicate his or her dissenting opinion in writing via the Chair of the Board of Management to the Supervisory Board, represented by the Supervisory Board Chair.

## **§ 9 Transactions Requiring the Consent of the Supervisory Board**

- (1) The Board of Management must obtain the consent of the Supervisory Board before taking any of the following actions:
  1. Decisions or measures of the Corporation or its affiliated companies as defined in §§ 16 - 18 of the German Stock Corporation Act that fundamentally change the Corporation's or the Group's net worth, financial position, results or risk exposure. This shall include measures which affect its structure as well as the commencement of new, or discontinuation of existing, lines of business or the substantial restriction of significant lines of business.
  2. Key financial aspects of the budget of the Group, its segments and the Corporation, as well as the Group's annual financing plan.
  3. The establishment, dissolution, acquisition or sale of companies, parts of companies and participating interests as well as any changes in the direct interests by the Corporation if the value of the specific measure exceeds EUR 125 million.
  4. Acquisition and sale of real property and real estate property rights as well as any other disposition thereof, if the value exceeds EUR 125 million in each individual case.
  5. Assumption of securities, bonds, credits and guarantees outside ordinary business activities for the benefit of third parties (legal entities that are not affiliated companies as defined in §§ 15 ff. of the German Stock Corporation Act or natural persons) if the scope thereof exceeds EUR 125 million in each case.
  6. Exceeding the approved investment budget by more than EUR 300 million.
  7. Group financing measures, the value of which in each individual case exceeds five percent of the Corporation's capital stock and which are not included in the Group's annual financing plan.
  8. Issue of the Rules of Procedure for the Board of Management including the Schedule of Responsibilities.
  9. Assumption of sideline activities by a member of the Board of Management, particularly if a member of the Board of Management joins the supervisory board, board of directors or advisory council of a profit-making enterprise that is not a Group company.
  10. Granting of loans within the meaning of § 89 and § 115 of the German Stock Corporation Act.
  11. Conclusion of agreements with Supervisory Board members within the meaning of § 114 of the Stock Corporation Act.
  12. Conclusion of inter-company agreements pursuant to §§ 291 et seq. of the German Stock Corporation Act.
  13. Transactions between members of the Board of Management or related persons or companies and the Corporation or its affiliated companies, if these transactions are significant.
- (2) Any transactions or measures pursuant to (1), nos. 3 to 5 hereof effected by a direct or indirect holding that is controlled by the Corporation as defined in § 17 of the German Stock Corporation Act shall likewise require the approval of the Supervisory Board.

- (3) The Supervisory Board may at any time make any further transactions contingent upon its consent. It may give revocable consent in advance with regard to a specific group of transactions in general or with regard to an individual transaction meeting certain requirements.

#### **§ 10 Board of Management Reports to the Supervisory Board**

The Board of Management shall report to the Supervisory Board in accordance with statutory provisions. The General Committee of the Supervisory Board may elaborate or specify the reporting duty in more detail. Reports to the Supervisory Board shall generally be submitted in writing, and upon request, provided to the members, unless decided otherwise by the Supervisory Board. Only in the event of particular urgency shall verbal information from the Board of Management to the Chair of the Supervisory Board be sufficient.

# **SCHEDULE OF RESPONSIBILITIES FOR THE BOARD OF MANAGEMENT OF DEUTSCHE TELEKOM AG AS AT: JANUARY 1, 2017**

The Supervisory Board of Deutsche Telekom AG has issued the following Schedule of Responsibilities for the Board of Management of Deutsche Telekom AG:

Irrespective of

- the rights and obligations of the Board of Management members pursuant to law, the Articles of Incorporation, the Rules of Procedure for the Board of Management and the agreements on the provision of professional services,
- the overall responsibility of the Board of Management members and
- the obligation of the Board of Management members to cooperate and to inform and supervise each other as well as
- the management principles of the Group,

the members of the Board of Management were assigned the following areas of responsibility:

## **CEO**

- Group strategy and transformation
- Company development (mergers & acquisitions, portfolio strategy, subsidiary management, DT Capital Partners)
- Corporate communications
- Brand management
- Policy and regulation
- T-Mobile USA
- Top executives (TEM T<sup>3</sup> – Top 300)



## **Member of the Board of Management, Finance**

- Controlling
- Treasury and international financing
- Financial statements, accounting and taxes
- Investor relations
- Real estate
- Shared services
- Procurement (incl. management of the BuyIn procurement joint venture with Orange)

## **Member of the Board of Management, Human Resources**

- Labor director
- Human resources strategy
- Human resources management
- Human resources development
- Managers<sup>1</sup>
- Group organization
- Corporate responsibility
- Vivento
- Human Resources Services Telekom
- Telekom Training

## **Member of the Board of Management, Data Privacy, Legal Affairs and Compliance**

- Data privacy
- Security
- Internal audit
- Risk management
- Compliance
- Legal

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<sup>1</sup> With the exception of top executives (TEM T<sup>3</sup> – Top 300)

## **Member of the Board of Management, T-Systems**

- Corporate customer direct sales (T-Systems)
- Product development for corporate customers
- ICT Solutions Business
- Development of platform-based standard products for business and corporate customers

## **Member of the Board of Management, Germany**

- Standard market (consumers and business customers) in Germany
- Sales
- Customer service
- Marketing

## **Member of the Board of Management, Europe**

- Management of subsidiaries in Europe<sup>2</sup>

## **Member of the Board of Management, Technology and Innovation**

- Technology
- IT
- Standard business (consumers and business customers) innovation and products

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<sup>2</sup> Excl. non-core assets (assigned to the Chair of the Board of Management)