

WEBINAR: DT FOR SOCIALLY RESPONSIBLE INVESTORS

16th of October 2014



LIFE IS FOR SHARING.

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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



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Change



LIFE IS FOR SHARING.

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)



WE TAKE RESPONSIBILITY

OUR CORPORATE RESPONSIBILITY ENGAGEMENT IS MULTI-FACETTED

Corporate Governance	Customers	Suppliers	Environment/ Climate	Employees	Society	Financial market
						
<ul style="list-style-type: none">▪ Corporate values▪ Code of Conduct▪ Social Charter▪ Data privacy▪ Compliance▪ Risk management▪ Diversity policy▪ CR Policy	<ul style="list-style-type: none">▪ Customer satisfaction▪ Service level▪ Consumer protection▪ Data security▪ Needs-based products and services	<ul style="list-style-type: none">▪ Sustainable supply chain management▪ Observing human rights▪ Social and environmental standards▪ Supplier diversity	<ul style="list-style-type: none">▪ Waste management▪ Recycling▪ Vehicle fleet▪ CO2-Reduction▪ ICT as enabler▪ Electro-magnetic Fields	<ul style="list-style-type: none">▪ Generation Management▪ Training & skills▪ Employee satisfaction▪ Diversity▪ Health care▪ Work-life balance	<ul style="list-style-type: none">▪ Digital inclusion▪ Broadband expansion▪ Social Engagement▪ Corporate Volunteering	<ul style="list-style-type: none">▪ Sustainable investments▪ Rating Agencies Assessments

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

- Addressing the challenge of demographic change

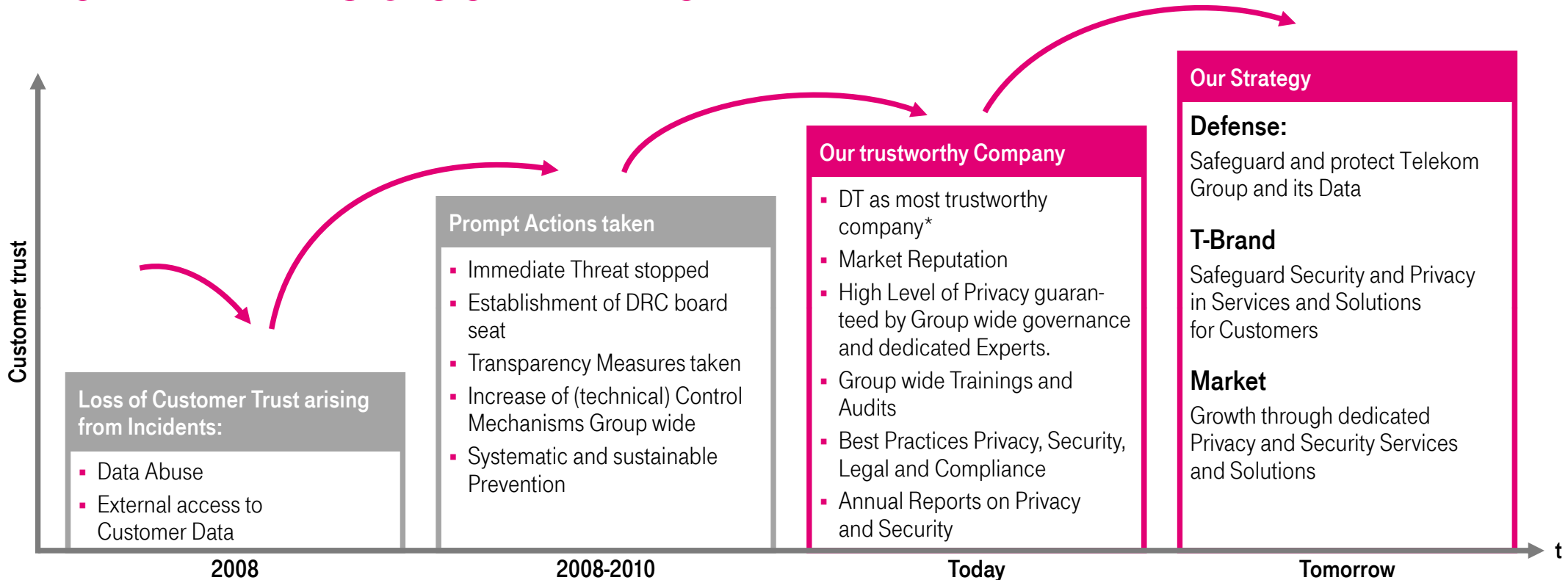
Society

- How to bridge the digital divide



GOVERNANCE

ESTABLISHMENT OF DRC: DATA PRIVACY, LEGAL AFFAIRS & COMPLIANCE



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

GOVERNANCE

STRATEGY INITIATIVE DATA PRIVACY AND DATA SECURITY

- Governance
- Suppliers
- Climate
- Employees
- Society

Three layers of privacy and security within the group

DEFENSE

Behaviour und Technique

Safeguard and protect Telekom Group and its Data

Cyber Defense Center

Security Testing

Awareness Campaigns for Management & Staff

BRAND

T-Brand Market Leader Privacy and Security

Safeguard Security and Privacy in Services and Solutions for Customers

Certifications Privacy & Security

Transparency Report on lawful Interception

Marketing Campaign Security

MARKET

Growth through dedicated Privacy and Security Services and Solutions

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

Positioned on Top-level

Deutsche Telekom: Dedicated board member for Data Privacy, Legal Affairs and Compliance since 2008

Groupwide implemented

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.

Anti-corruption addressed

Group wide anticorruption campaigns, Compliance Management System again certified* in 2012/2013 with focus on anti corruption

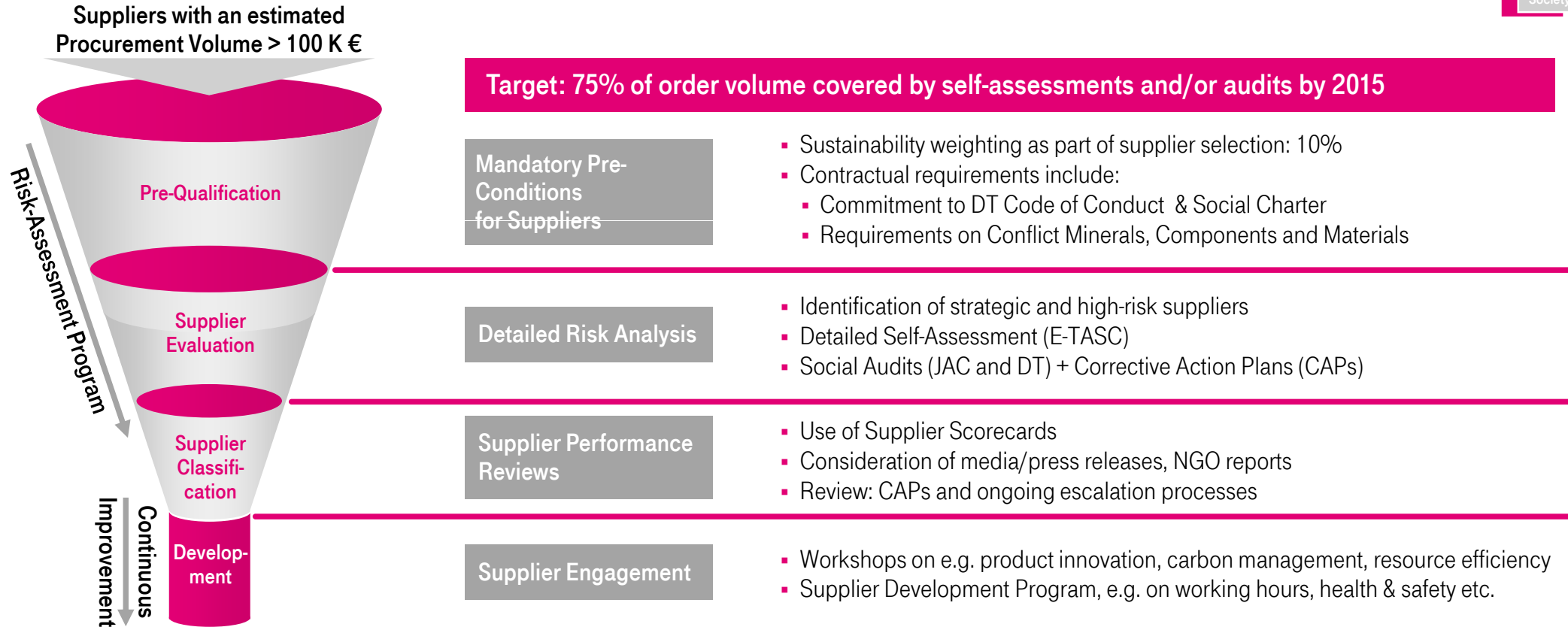
Strong Business Involvement

Integral part of important business processes, e.g. “Big Deals” or M&A

*concerning IDW PS 980, German audit standard of the “Institute of German Auditors” / „Institut Deutscher Wirtschaftsprüfer (IDW)“

SUPPLIERS

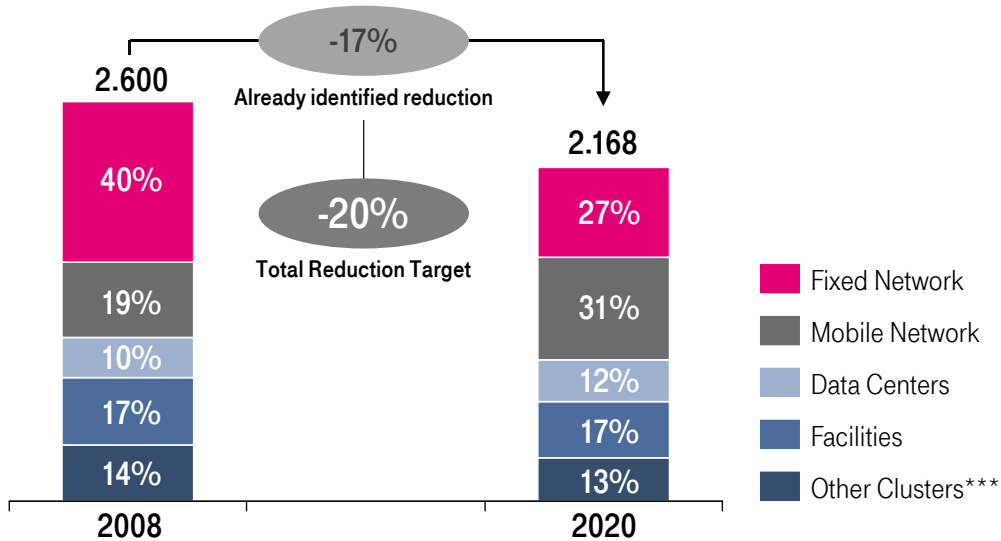
ENSURING SUSTAINABILITY IN OUR SUPPLY CHAIN



CLIMATE

DT CLIMATE STRATEGY: REDUCE OUR OWN CO2 EMISSIONS

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



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

*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

CLIMATE

ICT AS AN ENABLER: REDUCE CO2 EMISSIONS OF OUR CUSTOMERS

Governance
Suppliers
Climate
Employees
Society

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)



Examples

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, ...



* BMZ: Federal Ministry for Economic Cooperation and Development. GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit.

EMPLOYEES

REALIZE POTENTIALS OF A MULTIGENERATIONAL WORKFORCE



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

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



SOCIETY

SOCIAL ENGAGEMENT CONTRIBUTES TO DT'S AMBITION TO BE "TRUSTED" COMPANY



Foundation

- 10 years **Deutsche Telekom Foundation**
- Funding capital of €150 million
- Focus on STEM (science, technology, engineering and mathematics)

Digital inclusion

- 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"

Corporate volunteering

- **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

Governance	<ul style="list-style-type: none">▪ “We build trust”
Suppliers	<ul style="list-style-type: none">▪ 75% of order volume covered by self-assessment and/or audits by 2015
Climate	<ul style="list-style-type: none">▪ Reduction of CO2-Emissions by 20% in 2020 (since 2008) for DT Group (excl. TMUS)▪ Reduction of the average fleet emissions from 167g/km (2008) to 110g/km in 2015
Employees	<ul style="list-style-type: none">▪ Fair share: 30% women in management positions
Society	<ul style="list-style-type: none">▪ Enable as many people as possible to participate in the information and knowledge society



**THANK YOU FOR YOUR
ATTENTION!**



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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:

