



# Helping to shape the future. Deutsche Telekom.

The 2005 Human Resources and Sustainability Report.

Deutsche  
Telekom

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# About this report.

## Reporting period.

The 2005 Human Resources and Sustainability Report is a continuation of the previous year's report. It covers the reporting period from September 2004 to September 2005.

## Topics and objectives.

The content and weighting of the report are based on international standards, such as the guidelines of the Global Reporting Initiative (GRI index, [www.globalreporting.org](http://www.globalreporting.org)) and the criteria of the ratings agencies. Additionally, we have also addressed a number of stakeholders' suggestions derived from surveys. Challenges, value drivers and business cases for Deutsche Telekom that were detailed in the 2004 Annual Report are not dealt with again in this report.

## Accuracy and reliability.

This report will endeavor to provide a transparent and comprehensive overview of our activities and plans in the areas of human resources and sustainability. Details of selected areas, such as the environmental data from some of our Group shareholdings, are still outstanding, partly because suitable recording systems are still being prepared. However, we are continuously working to expand and complete the logging of environmentally relevant data throughout the entire Group. All the data supplied, be it economic, social or ecological, has been correctly reported.

## Sustainability online.

More in-depth information about the challenges posed by sustainability can be found on the new online platform [www.telekom.de/nachhaltigkeit](http://www.telekom.de/nachhaltigkeit). Links to this platform and other Internet sources are indicated throughout the report with the **www.** symbol. All links are posted in a separate list on the online platform taking Internet users and readers of the report to the information they require.

## Forward-looking statements and measures.

This Human Resources and Sustainability Report contains forward-looking statements that reflect the current views of the Deutsche Telekom management with respect to future events. The words "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "should" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on current plans, estimates, and projections, and therefore you should not place too much reliance on them. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom's actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom does not intend or assume any obligation to update these forward-looking statements.

## Cover picture.

Deutsche Telekom launched the "Bonner Chancen" (opportunities for Bonn) competition together with the city of Bonn and other partners for the first time in 2004. The citizens of Bonn were called upon to propose neglected playgrounds, make suggestions as to how they should be redeveloped and sponsor the project in question.

Bonner Chancen is intended to be a sustainable measure – once completed, sponsors agree to support and take on responsibility for their project in the long term.

Bonner Chancen is a sign of Deutsche Telekom's commitment to making a contribution to the sustainability of our society in accordance with its guiding principles. Deutsche Telekom, T-Com and T-Mobile provided around € 100,000 for the redevelopment of the playgrounds.

In addition, employees from the various individual departments were involved personally, volunteering to design the playgrounds.

The photo was taken at the Am Hofgarten playground in Bonn.

## Climate neutrality.

Deutsche Telekom produced and delivered this Human Resources and Sustainability Report in a climate-neutral way as part of the "Hessian Climate Partner" initiative. The greenhouse gas emissions of 110 tons of CO<sub>2</sub> equivalents generated were offset by corresponding climate protection measures. [www.](http://www.)

This Human Resources and Sustainability Report contains a number of non-GAAP figures, such as EBITDA and EBITDA adjusted for special factors, free cash flow before dividend payment, and sustainability indicators. These non-GAAP figures should not be viewed as a substitute for Deutsche Telekom's GAAP figures. Our non-GAAP measures may not be comparable to non-GAAP measures used by other companies. To interpret the non-GAAP measures, please refer to the chapter "Reconciliation to pro forma figures" in the 2004 Annual Report, which is also posted on Deutsche Telekom's Investor relations link under [www.telekom.de](http://www.telekom.de).

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## Dear readers,

Those who wish to make the best use of their opportunities can't afford to remain passive and see what the future brings. They must act. That's why at Deutsche Telekom we're helping to shape the future.

In our entrepreneurial and social actions, we never lose sight of the future. The telecommunications sector is among the most dynamic of all sectors, and it is virtually unparalleled in influencing trends and developments in all areas of social and economic life. The Internet, the best example of such influence, has ushered in completely new forms of communication and profoundly changed a wide array of processes – in the home and in the workplace, in education and health care, in public admin-



istration and finance. As one of the sector's innovation leaders, we know we have a special responsibility not only for our own company, but also for our society as a whole – and we act accordingly. The future of telecommunications isn't just going to happen – we're helping to shape it.

In applying our company strategy, we strive for innovation, quality and efficiency. The standard by which we measure our efforts is the judgment of our customers. We have further optimized our Group structure by setting up the three strategic business areas Broadband / Fixed Network, Mobile Communications and Business Customers, and we have been systematically orienting it to defined customer segments and growth markets. This realignment has strengthened our long-term competitiveness in the highly competitive telecommunications market. Our customers' real communications needs, in both fixed-network and mobile communications, remain the key basis for all of our innovation.

Our quality satisfies us only when it satisfies our customers. Rigorous customer orientation makes our entrepreneurial activities highly sustainable, while also providing the decisive basis for market success.

As a leading telecommunications company, we take a high-profile role in our society. We are clearly focused on our customers' needs, in order to be able to offer them the best possible services. As a major employer, and as a partner in many projects for the benefit of our society, we remain closely focused on people. A good corporate citizen, Deutsche Telekom also contributes actively to the positive development of our society and environment. We are committed to the principles of sustainability, and we see this commitment as central to our efforts to enhance our Group's competitiveness and to train and motivate our workforce. This commitment is also the key to our involvement in many different segments of our society. Sustainability isn't just going to happen either – we're helping to shape it.

Global telecommunications networks are key channels for globalization. These channels take our sustainability commitment far beyond the boundaries of our home market. We practice and promote sustainability in all countries in which we are active through subsidiaries and affiliates. In addition, we support a large number of national and international initiatives and projects intended to promote sustainable economic action. For us, the Global Compact's ten principles are a binding framework of values, a framework that defines our management decisions.

The men and women who work for Deutsche Telekom are the key to our sustainability policy. They live by the principles of sustainability every day. And they do so not only within our Group, in their contacts with customers and colleagues – they do so outside the Group as well, taking active roles in an enormous number of different public and social projects and positions. We take great pride in the ways our employees act as "sustainability ambassadors" throughout our society and fill the values we have established within the company with life. We express our thanks and our personal respect to all those who are actively committed to helping others, to enhancing our social coexistence and to protecting our environment. They all enrich our society and are helping to give us a brighter future.

Kai-Uwe Ricke  
Chairman of the Board of Management

Dr. Heinz Klinkhammer  
Board Member Responsible for Human Resources

# Deutsche Telekom.

## Putting customers first.

- Broadband/Fixed Network: charting the course for the broadband market
- Mobile Communications: growth through greater convenience and speed
- Business Customers: solutions from a single source

Broadband networks bring an entirely new dimension to the way information technology and telecommunications are used. Fast Internet access and, soon, broadband mobile connections open the way to a wide array of multimedia services, such as online provision of digital TV and film content. Broadband communications will provide fresh impetus to the telecommunications sector and will lead to a wide variety of new applications, in all customer segments.



Competent customer care in a T-Punkt store

**Deutsche Telekom: new Group structure for further-improved customer care.** Deutsche Telekom is one of the leading providers in the international telecommunications market. Over the past few years, our cutting-edge innovation, especially in the area of broadband communications, has given the market key impetus again and again. In early 2005, we restructured our Group in line with the three growth markets Broadband/Fixed Network, Mobile Communications

and Business Customers, with the aim of further improving customer care and continuing on our course for sustainable, profitable growth. The strategic business area of Broadband/Fixed Network is being managed by T-Com and T-Online International AG. The forthcoming merger between Deutsche Telekom and T-Online will make both entities even more competitive. Responsibility for our mobile communications operations lies with T-Mobile, while our business customers are served by T-Systems. In all our business units, we have taken a clear stand in support of sustainability principles. Economic, social and ecological criteria all enter into our business actions.

In fiscal year 2004, we generated revenue of € 57.9 billion, for an increase of 3.7 percent over 2003. Our net income, at € 4.6 billion, was significantly higher than the previous year's figure, € 1.3 billion. In the same fiscal year, we reduced our net liabilities by € 11.4 billion, to € 35.2 billion. Our revenue in the first half of 2005, at € 29.1 billion, was 3 percent higher than the comparable figure for the first six months of 2004. The Group's net income as of June 30, 2005 amounted to € 1.953 billion, up from € 1.209 billion for the comparable period in the previous year. As of June 30, 2005, the Deutsche Telekom Group employed a total of 244,277 men and women.

**Broadband/Fixed Network: tapping growth opportunities with T-DSL.** We have continued our broadband campaign by systematically developing new customer segments for broadband communications and by progressing with network upgrades for fast Internet services. As of June 30, 2005, a total of 6.7 million customers in Germany had T-DSL accesses for broadband Internet communications. T-Online is building its broadband business by offering specially tailored rates – for example, attractive flat rates – and by expanding its range of online services. And the growth in our broadband business has not been limited to Germany. In 2004, T-Com-led affiliated companies in Hungary, Croatia and Slovakia increased their total number of DSL accesses in service by 140 percent, to 265,000.



We continue to focus on broadband innovation in the Broadband/Fixed Network business area. Our fastest T-DSL access for the mass market now has a transmission rate of six megabits per second (Mbit/s). In two cities, we are offering pilot customers transmission rates of up to 25 Mbit/s. And along with the technical upgrades, T-Online is expanding its range of multimedia services tailored especially for the new access speeds.

**Mobile Communications: continuing growth and new business areas.** All of the Deutsche Telekom Group's important mobile communications activities are now managed under the "T-Mobile" brand. T-Mobile has national companies in key European markets and in the U.S., and it is among the leading mobile communications providers in these markets. As of June 30, 2005, the international T-Mobile Group was serving 80.9 million customers, an increase of 7.4 million over the first half of 2004. T-Mobile USA continues to drive growth for our entire Group.

The attractive "Relax" rates, which are offered in a number of different countries, have been playing an important role in T-Mobile's continuing success. As of mid-2005, a total of 3.9 million T-Mobile customers had opted for one of these rates, which come with included minutes and without any basic charge.

With its "web'n'walk" service, T-Mobile has become the first mobile services provider to offer its customers real mobile Internet access. "web'n'walk" gives mobile subscribers access to the full free Internet, rather than to a limited range of pay content in cell-phone portals. What is more, T-Mobile offers business customers individual solutions for professional mobile communications: the "Office in your Pocket."

**Business Customers: customized solutions for demanding users.** T-Systems is the Group unit that serves business customers. T-Systems Enterprise Services implements IT and telecommunications solutions for some 60 multinational corporations and large public-sector institutions. T-Systems Business Services provides such solutions for the 160,000 large and medium-sized companies that are customers of the Deutsche Telekom Group. By serving our professional customers with a separate, dedicated business unit, we expect to be able to expand our operations in this highly promising market segment.

# "Our communication has to be clear, if we want to be understood. That also applies to our dealings with customers."

Ulrike Fey, who works in customer and complaints management at T-Com, has been involved in emergency response for many years.



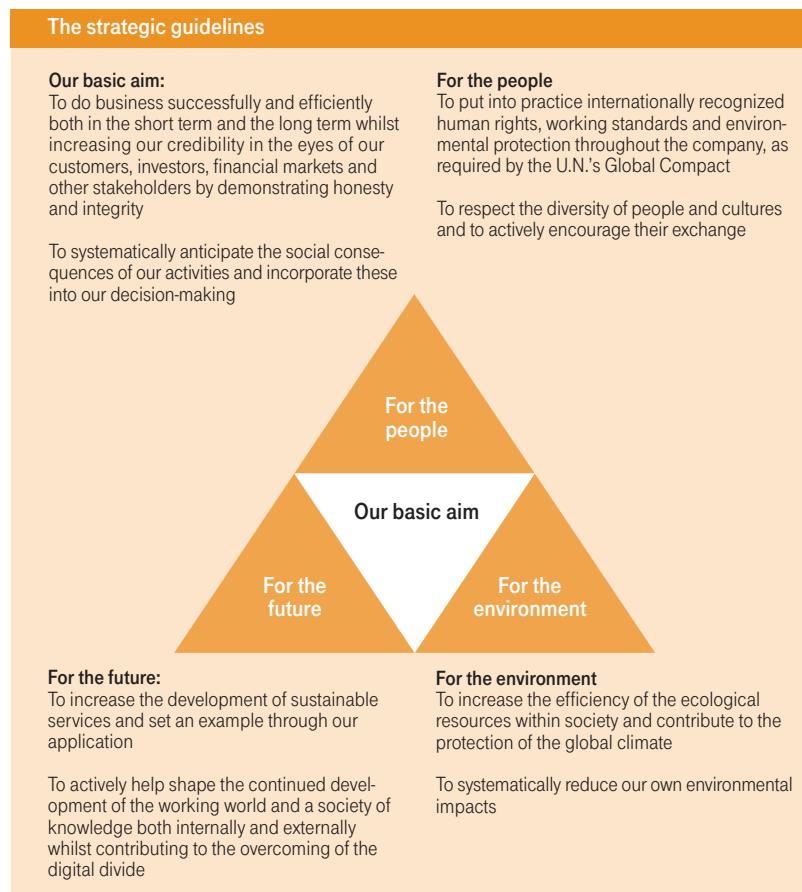
Communications networks play a critically important role in the organization of aid and assistance in disasters. The volunteer members of Deutsche Telekom's emergency response team stand ready, with all of their experience and expertise, to safeguard and restore communications links.



# Vision, strategies, areas of action. For a profound sense of responsibility in our development.

- Entrepreneurial responsibility: for people, for the Group, for the environment
- T-Spirit: the basis of our joint cultural evolution
- Value drivers: tapping our real and highest potential

Deutsche Telekom brings a strong sense of responsibility to its development into the revenue leader among Europe's integrated telecommunications companies. We transform the various interests of our stakeholders into company values. That promotes and protects our company's profitable growth – on a basis that combines our vision with clear goals, with guidelines for sustainable business and with defined areas of action and value drivers.



**Entrepreneurial responsibility: openness to a wide range of different interests.** As an international provider of ICT products and services, Deutsche Telekom moves openly and clearly through a complex web of relationships and requirements – requirements toward customers, toward society as a whole and, in our role as employers, toward our workforce. These requirements create multiple layers of responsibility for the Group, and we seek to fulfill our responsibility as transparently, committedly and consistently as possible. This is the only way we can increase the Group's shareholder value in a lasting way and drive our growth efficiently and profitably. To achieve this aim in all of our Group units and business areas, we have introduced needed cultural changes in line with "T-Spirit", our common vision and corporate values: superior value, passion for our customers, innovation, respect, integrity and top excellence. [www.](#)

**Group strategies: guidelines for consistent implementation.** Our corporate vision and values also give guidance for the Group's strategic planning:

- The Group's "Excellence Program" strategy, with which we focus clearly on our customers' requirements, thereby safeguarding profitable growth
- The human resources strategy, via which we fulfill our responsibility toward our employees (see also p. 12: Human resources strategy, p. 14: Human resources management, and Chapter 2: Focusing on people)
- The sustainability strategy, which specifies our responsibility toward society and the environment as Deutsche Telekom's contribution "for a better future" [www.](#)

The Group's overall strategy interlocks with its human resources strategy and sustainability strategy (for further information regarding the way in which the strategies are linked: see the 2004 Human Resources and Sustainability Report, p. 11).



**Excellence Program: top performance as a Group-wide standard.** The Group's Excellence Program is designed to promote the company's profitable growth. "Excellence" means that we want to be better than our competitors, especially in the areas that really matter to our customers. Putting customers first is the necessary basis, and a yardstick, for sustainable growth.

The program's core elements include:

- The growth initiatives of the three business areas, Broadband /Fixed Network, Mobile Communications and Business Customers
- Group-wide campaigns that tap the real potential of the Group's resources
- A lasting change in the company's culture, as a basis for excellence from the customer's perspective

**Sustainability strategy: for a better future.** Deutsche Telekom's aim is "to become a sustainable company in a sustainable society." We are pursuing this basic aim via a "sustainability triangle" incorporating future, people, and environment (see the Figure on p. 8). Our current sustainability strategy is being reworked this year as planned. On our "roadmap to sustainability," we specify milestones that will show how we are meeting the requirements arising for the Group and its sustainability commitment.

**Deutsche Telekom's value drivers: for sustainable, profitable growth.** A vision and common values as a basis, and strategic guidelines for orientation: Deutsche Telekom's acceptance and management of its responsibility serves the overall purpose of increasing the company's shareholder value in a lasting way. Specifically, this involves making progress on "business cases for sustainability." All milestones and measures that we currently classify as significant to Deutsche Telekom's future viability can help increase the company's shareholder value, since they support our Group's value drivers.

Examples of such value drivers include:

- Shareholder value
- Customer trust
- Customer satisfaction
- Attractiveness to customers
- "License to operate"
- Innovation
- Customer-centered product development
- Enhancement of the company's competitiveness
- Brand value
- Evolution in the company's corporate culture
- Corporate value
- Greater process efficiency
- Cost reductions
- Risk profile
- Good use of employees' skills
- Employee motivation

**Business cases for sustainability: making the best use of value drivers.** Value drivers appear in an entire range of challenges – in business cases that are universally valid, in terms of entrepreneurial responsibility, in business cases that apply to the ICT sector as a whole and in business cases that apply specifically to Deutsche Telekom. The list that follows on page 10 presents examples of significant challenges, organized in accordance with the various chapters of this report.

### Sustainability as a management task

- Long-term economic success (return on investment, profitability, share price, dividend, etc.)
- Good corporate governance
- Open dialog with stakeholders
- Responsibility for the entire production process (supply chain management)
- Fair treatment of customers, competitors, suppliers

### Focusing on people

- Greater identification, among employees, with our common values
- Job creation and protection
- Responsible management of job cuts
- Promotion of diversity (avoidance of discrimination on the basis of sex, ethnicity, etc.)
- Enhancement of the work and life balance
- Age structure of our workforce (demographic aspects in HR management)
- Dealing with demographic changes in society

### Preserving the environment

- Protection of natural resources
- Research into and minimization of the impacts of electromagnetic fields
- Reduction of energy consumption
- Reduction of greenhouse gas emissions; climate protection
- Reduction of waste

### Looking to the future

- Data security
- Data protection / respect for privacy
- Provision of innovative, user-friendly services
- Systematic enshrinement of entrepreneurial responsibility throughout the entire value chain
- Access to information (provision of the ICT infrastructure), reduction of the digital divide
- Precautionary approach: research into and minimization of the negative impacts of new technologies

### Roadmap for the company's evolution to sustainability – examples of key milestones

2003 and earlier				2004	
<b>Principles, strategies</b>	Participation in the Global Compact announced at the beginning of the initiative (2000)	The "T-Spirit" vision and values developed	The Group's sustainability strategy is adopted	Group-wide EMF policy introduced	Global Procurement Policies adopted
<b>Embodiment, implementation</b>	Environmental management systems pursuant to ISO 14001 in place (as of 1997)	Procedures for purchase of "green" electricity implemented (2001)	The Vivento placement agency is launched, with the aim of avoiding staff cuts and developing employees' skills	First integrated indicators for measuring the Group's sustainability performance introduced	T-Spirit integrated in all of the Group's management and HR tools
<b>Implementation, results</b>	CO <sub>2</sub> emissions cut in half in comparison to 1995 levels	Testing of emissions-trading system (Hesse Tender) results in the purchase of certificates for 50,394 tons of CO <sub>2</sub>	"Eco" driver training courses lead to savings of 328,000 liters of fuel and 860 tons of CO <sub>2</sub>	39 services assessed positively in terms of relevance to sustainability	Employment alliance protects some 9,800 jobs
<b>Stakeholder dialog, external reporting</b>	First stationary fuel cell system is commissioned	Environmental and sustainability reports published	SAR levels printed on packaging in Germany	Over 100 natural gas-powered vehicles in service in regular operations	Mobile communications school project carried out in cooperation with IZMF (Mobile Communications Information Center)
	Climate-protection workshop held in cooperation with ETNO companies and the Potsdam Institute for Climate Impact Research	The Group's first Sustainability Day is held	First integrated HR and Sustainability Report published	Stakeholder workshop on the topic of "demography" held	Numerous stakeholder dialogs on EMF held

# Sustainability roadmap.

## A schedule for the company's lasting change.

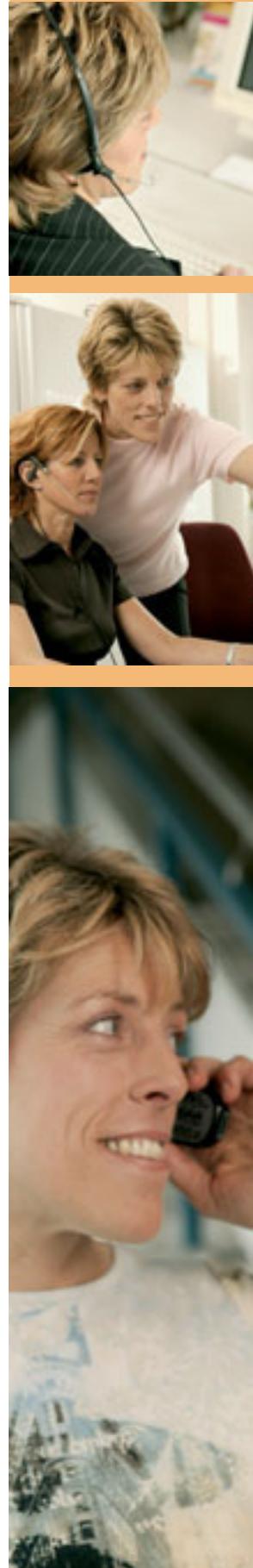
- Management tool: fostering commitment and transparency
- Sustainability: accepting the challenge

In its progress toward the principles of sustainability, Deutsche Telekom is using a roadmap – a schedule for enhancement of the Group's sustainability strategy. This plan, presented here in simplified form, shows where the Group currently stands in this regard, and it highlights the key orientations for the sustainability strategy in the coming years.

The roadmap includes important past milestones, up to the present. It also shows the areas in which we need to improve and the direction our future sustainability activities will take.

### Milestones: defining goals and describing pathways.

In future, the roadmap will show not only the main sustainability goals and desired results, it will also specify the concrete steps we plan to take to reach those goals and results. We want this Group roadmap to mandate a commitment to all stakeholders and to create transparency for them.



	2005		2006-2008
Diversity strategy adopted	Group-wide environmental policy and goals for 2005-2007 approved  Climate-protection principles approved	Code of Conduct on good corporate governance is introduced	Review and refinement of the Group sustainability strategy, with a focus on: - Corporate social responsibility - Business case - Stakeholder dialog - Internationalization
Annual social performance reports, prepared by all Group units, review compliance with the Social Charter for the first time	Environmental and sustainability programs introduced in all Eastern European majority shareholdings	First Group-wide employee survey carried out  Social aspects integrated within the new marketing strategy	Group-wide embodiment of the sustainability strategy, via concrete goals for all relevant challenges and areas of action
Three fuel-cell vehicles commissioned on a trial basis	Market launch of the Combi-Card for Teens in the context of the debt problem among young customers	Soot filters introduced as standard equipment for new diesel vehicles  Online bills for 3 million customers allow enormous paper and cost savings	Continuous monitoring of progress toward sustainability goals and of the Group's sustainability performance, via suitable indicators
Second integrated HR and Sustainability Report published	Major congress with children held on future innovation in ICT	Human resources and sustainability reporting via print and Internet media	Intensified stakeholder dialog – for example, via workshops on specific topics  Systematic inclusion of all international Group units in sustainability reporting

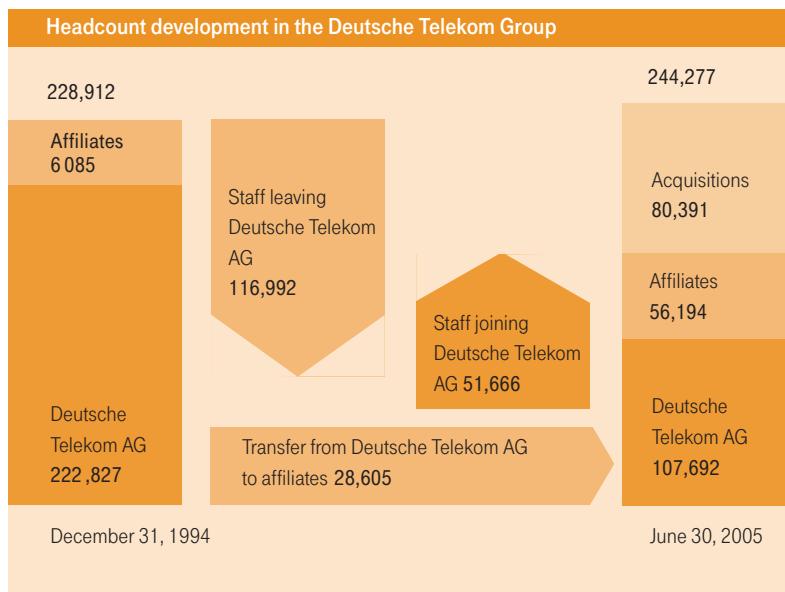
# Group HR strategy.

## An integral part of overall Group strategy.

- PEPP: flexible, strategic HR management in place
- Group HR strategy: five core issues of human resources

The close linkage of the Group HR strategy with the overall Group strategy as part of the Group-wide, integrated planning and management process facilitates management and efficient assignment of the company's highly motivated and well-qualified workforce. [www.](#)

**PEPP: new approaches in staff migration and recruitment management.** Our Group-wide, potential-based, effective planning system - called PEPP - is a key element of strategic HR management. [www.](#) While it takes account of relevant quantitative figures, such as workforce size and personnel cost, this new methodical approach to human resources planning also reflects key qualitative aspects. For example, its "qualification clusters" make it possible to flexibly optimize the workforce and requirements analysis relevant to the Group's internal staff migration measures and recruitment management.



**Human Resources: motivating employees, enhancing efficiency, cutting costs.** The HR area has defined five core issues to support our Group's aim of becoming "the leading integrated services company in the telecommunications and IT industry":

- Managing diversity & leadership
- Personnel cost management
- Total compensation
- Managing skills & competencies
- Efficiency & quality

**Managing diversity & leadership.** Within the Group, we have initiated numerous targeted measures designed to promote the company's development into a services corporation with a clear focus on the customer, including the management program "Five days with the customer." Our diversity strategy is part of the company's cultural evolution. Its aim - in line with our Group's focus - is to enhance the quality of life and work for all employees and to promote individual and cultural diversity (see also p. 23/24, Diversity and equal opportunities).

**Personnel cost management.** In 2005, a transition year, Deutsche Telekom is reviewing and optimizing processes changed in recent years. As a result, we are complying with job-retention obligations under collective bargaining agreements while also reducing our personnel-cost ratio (see also p. 20, Safeguarding employment, and p. 21, Performance and remuneration). [www.](#)

**Total compensation.** Deutsche Telekom has modified its pay-and-benefits concept in line with market standards and with the aim of enhancing its competitiveness. In all of the Group's areas, an optimized target system is used to enhance staff motivation and management (see also p. 21, Performance and remuneration).

**Managing skills & competencies.** Efforts in human resources development concentrate on training employees in keeping with the Group's strategy and on developing attractive career options. They are specifically targeted at three groups: managers, specialists and young employees (see also p. 22, HR development management).

**Efficiency & quality.** The focus in this area is on efficient use of IT-based solutions for HR management, with the aim of enhancing process quality. Internal HR products and services, and the relevant provision processes, are continually reviewed for quality and adjusted as necessary, using key performance indicators (KPI) that apply throughout the Group (see also p. 14, Management). [www.](#)

# Corporate governance. Firmly based on the Group's Code of Conduct.

- Code of Conduct: the company's own commitment to good corporate governance
- The central guideline: common basis for action
- Top excellence: zero tolerance for misconduct

As an international corporation, Deutsche Telekom places great value on sustainable corporate governance. For this reason, we adopted the principles of the German Corporate Governance Code years ago and recognized relevant international guidelines such as those of the OECD. For the same reason, we are currently preparing the introduction of an effective and comprehensive internal management system: a Code of Conduct by which the Group reaffirms its commitment to ethically and legally responsible corporate governance. [www.](#)

## **Code of Conduct: implementing Group-wide guidelines.**

The applicable legal framework, along with our "T-Spirit" corporate vision and values, provides the basis for all our company decisions and for our daily actions. This is the source of our company culture, a culture which combines voluntary commitments with responsible company management. Our Code of Conduct, to be implemented in 2005, will establish a policy throughout the Group that will provide reliable orientation for all of the company's employees and build confidence and trust placed in the Group. The aims are to enshrine essential, binding ethical and legal norms and to minimize risks and potential dangers for our company.

## **Clear responsibilities: central management and concrete measures.**

In introducing the Code of Conduct, we want to uphold clear, universally applicable standards for our actions, and we want standards to be applied as carefully within the company as they are in its external dealings.

In addition to giving us a common basis for action, this effort should also have a positive impact on our Group's external image. As soon as the Code of Conduct is in place, all employees will be regularly informed by their superiors regarding this agreement and any changes. In addition, the Group will establish a central office to manage reported violations of the Code of Conduct and to receive any relevant questions and suggestions. Apart from our Code of Conduct, we already align our entrepreneurial actions with the ten principles embodied in the United Nations' Global Compact. And with our Social Charter, which is binding throughout the Group, we ensure compliance with internationally accepted minimum social standards throughout our entire value chain. [www.](#)

## **Systematic measures: preventing conflicts of interest.**

Deutsche Telekom expects its employees to keep their own interests separate from those of the company. We have already taken comprehensive measures designed especially to prevent corruption. In keeping with our corporate value of "top excellence," we will not tolerate any misconduct.



# Management.

## Efficient systems for guiding the company.

- HR management: comprehensive use of strategically effective tools
- Risk management: a central component of Group management
- Supplier management: trust and commitment ensure success

Deutsche Telekom has introduced effective management systems that support its strategic and operational orientation. They protect the Group against business risks and enhance its efficiency.

**Integrated environmental protection: environmental management systems at T-Mobile and T-Systems.** The environmental management systems of T-Systems International and T-Mobile Deutschland are certified in accordance with the DIN ISO 14001 standard. Many of T-Mobile International's affiliates have also earned this certification. DIN ISO 14001 is a globally accepted and applied standard for environmental management systems. In 1998, T-Mobile Deutschland introduced an environmental management system that fulfills the requirements of an international standard. In keeping with these requirements, the company expects all of its suppliers to use recyclable materials and to avoid use of pollutants. In addition to ensuring that its suppliers comply with obligations to accept returned products and packaging, the company queries its suppliers regarding their own efforts in environmental management. [www.](#)

**Quality and environmental management at T-Com: voluntary assessment and certified systems.** Many areas of the T-Com business unit carry out annual self-assessments pursuant to criteria of the European Foundation of Quality Management (EFQM). In addition, the company has introduced and established certified quality management systems. Many of these systems have now been in place for years. The great majority of employees at T-Com's German locations work in areas certified pursuant to DIN ISO 9001:2000 and/or DIN ISO 14001 or under a management system assessed in accordance with the EFQM criteria. [www.](#)

**HR management: achieving know-how synergy.** The human resources area practices efficient management (more information in Chapter 2). It applies the motto "the right people

in the right place" to all of its strategic decisions. Its key principles for its overall recruiting processes include concentrating know-how and giving preference to internal applicants. Throughout the Group, employees and recruiting teams alike now also profit from the Group's optimized job exchange, accessible on the Internet as well as the company's intranet. This job exchange helps to make applicant management user-friendly, flexible and individualized, since it transparently outlines the entire placement process, from job announcement to applicant selection. Via a direct link to the job exchange, Vivento stays abreast of all job announcements.

T-Systems has established an "Employment Center" to support its recruiting. Since January 1, 2005, this center has been sited within the HR department of the business customers area. Bringing together all of the business area's recruiting activities, it highlights the way in which both the entire Group and its various business areas are striving to enhance their efficiency and transparency.

**Electronic personnel file.** At the beginning of this year, T-Com and GHS (Group Headquarters and Shared Services) introduced the "electronic personnel file". By converting paper documents to digital form, T-Com and GHS are significantly reducing their archiving costs, while enhancing efficiency and quality in human resources management and helping to increase the Group's shareholder value.

**Risk management: responsible management of both opportunities and risks.** Deutsche Telekom views risk management as both a challenge and a responsibility. Making the best possible use of opportunities, without losing sight of the relevant risks, is one of the Group's widely established and proven risk policy principles. Risks are accepted only when they are offset by suitable added value (for comprehensive information on risk management: 2004 financial report, p. 82-89).

**Supplier management: trusting and checking.** One of the keys to our company's success consists of suppliers that provide us with innovative, competitive solutions and products. We strive to achieve partnership in our business relationships with suppliers – partnership based on honesty, trust and commitment. [www.](#) In keeping with its corporate social responsibility (CSR), Deutsche Telekom is well aware of its responsibility to ensure that social standards, human rights and environmental standards are respected throughout its entire value chain. With this stance, we strengthen our position as a socially responsible company.

# Stakeholder dialog. An efficient exchange with lasting impact.

- Recognizing and responding to requirements early on
- Impacts on company strategy and value added

Deutsche Telekom views its open dialog with its stakeholders as an integral component of proper, goal-oriented sustain-

**"For companies, sustainability pays off three-fold: in the financial market, in the labor market, and in the client market. These days, much of what companies do is because their clients – as stakeholders - expect it, rather than because the law requires it. Nevertheless, the core question remains: What does a sustainability strategy actually contribute to shareholder value? Deutsche Telekom needs to show the results of its sustainability endeavors in terms of value added.**

I would also like to see greater transparency in the areas where Deutsche Telekom is active. Rather than confining itself to good news, it should also report the bad news. It needs some kind of roadmap showing where the company is now, and what it hopes to achieve over the next few years. Innovation is another crucial issue, of course. Here, we expect to see clear statements on what specifically is being done, how it is related to sustainability, and what we can expect in the future."

**Reto Ringger**  
CEO of Sustainability Group Holding AG (SAM)  
(Deutsche Telekom Sustainability Day 2005)

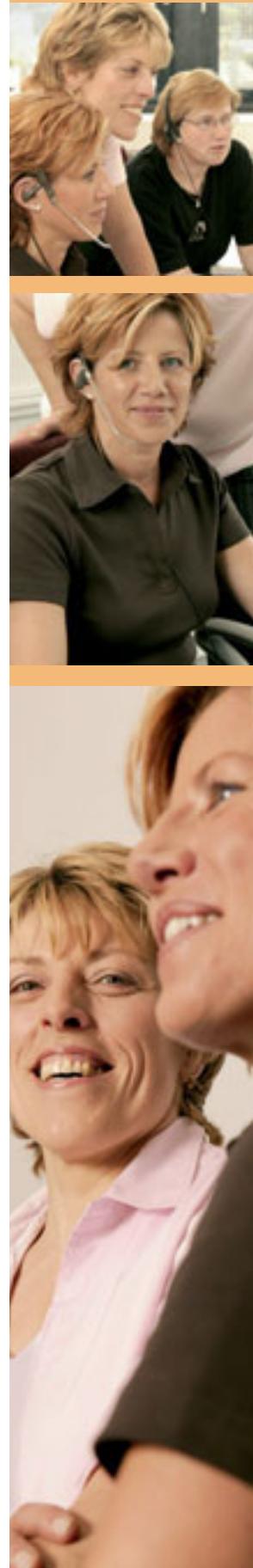
ability management. The Group communicates with its stakeholders on many different levels, and it incorporates the resulting findings in its company strategy and value creation. We plan to intensify our stakeholder dialog and further enhance the way in which this process is organized.

**Dialog: recognizing external and internal requirements and acting accordingly.** We communicate openly and frankly, and we take criticism and suggestions seriously. With this policy, we gain the opportunity to recognize new requirements at an early stage. At the same time, it gives us a competitive advantage and enhances satisfaction on the part of our stakeholders. Our Group's annual Sustainability Day, with guests from within the company and outside of it, also gives us valuable feedback. Other valuable sources of insights include rating-agency assessments and employee surveys. Last year, we held a number of workshops with stakeholders, including a workshop on demographic issues in cooperation with the German "Foundation for the rights of future generations". Finally, opinions expressed by customers, suppliers, investors, (non-) governmental organizations and the media also assist us in reviewing our entrepreneurial actions.

**Participation through dialog.** The "TelekomForum" plays an important role in facilitating dialog. [www.telekomforum.de](http://www.telekomforum.de) This body, which includes representatives of Deutsche Telekom's largest business customers, provides constructive input enabling us to improve our products and services.

**Sustainable: integration of stakeholder interests in our management and reporting.** We attach great importance to the opinions and reactions of our internal and external stakeholders. Our company views the need to integrate requirements – including criticism – as a golden opportunity. The exchange with stakeholders serves as an "early warning system." By taking account of them in our business activities, we are more effective in fulfilling our social responsibility.

Stakeholders and external experts have also given us feedback regarding our Human Resources and Sustainability Report, and we have acted on this feedback by further condensing the print version of the report and supplementing it with a comprehensive, continually updated Web site.



## "For me, it's important to be able to help quickly and effectively in emergencies."

Fighting fires, rescuing accident victims, providing first aid - Ulrike Fey has been a volunteer in Deutsche Telekom's emergency response team for over 15 years.



She was never interested in conforming to stereotypes. As a child, Ulrike Fey "was much happier knocking around outside with the boys than playing with dolls inside," she explains. After attending a vocational school for home economics and care-giving, and then practice-teaching in kindergarten, she decided against a career as a kindergarten teacher - she realized she really wanted to go into technical drafting. And at a time when women in organizations such as volunteer fire departments or the German Technical Support Service for disaster relief and technical assistance were a rare sight and might even be ridiculed, she joined her workplace's emergency

response organization. Her workplace at the time was the Gießen telecommunications office of Deutsche Bundespost, the former German PTT. "At that time, the volunteer fire department in my home town was basically reserved for men," she reports. "So on impulse I instead joined my company's own emergency response group. Today I'm the only woman working in such a group in my region."

Deutsche Telekom's emergency response organization, of which Ulrike Fey has now been a member for about 15 years, is required by law to serve companies in the postal and telecommunications sector. One of its main tasks is to keep the network infrastructure working following natural disasters - for instance, to keep phone service up. One example: in major storms, Deutsche Telekom's emergency response group may fell trees that threaten to fall on telephone exchanges.

Excellent preparation is the key to successful emergency response. Ulrike Fey and 19 other members of the emergency response group in Gießen take part in multi-day training workshops and complete five practical courses per year. Sometimes, they train jointly with units at Deutsche Telekom's Fulda and Kassel locations. Team members practice such skills as fire-fighting, rescue and emergency medical assistance. They also train in proper use of special equipment, such as chainsaws, and in responding to special types of hazards, such as releases of hazardous substances.

"Such exercises are extremely important," emphasizes Ulrike Fey. "In emergencies team members need to work fast and still know exactly what they are doing. We want to be very well-prepared for all aspects of our work. All team members have to be able to respond to situations immediately, and they all have to be able to work together." The training pays off in real emergencies: in the past, for example, the Gießen emergency response team has effectively supported firemen in pumping out flooded cellars - as well as in actually fighting fires. At major sporting events, such as the "Challenge" run in Frankfurt am Main, the team serves and assists participants. Ulrike Fey: "I really enjoy being there for others - both in my career and in my private life."

Commitments to other people also take up a good deal of her free time. Ulrike Fey chairs the sports club in her home town, Lich-Eberstadt. She plans and organizes competitions and training, and she represents the club's interests. She also coaches two different groups - one for children and one for senior citizens. In years past, she also ran marathons, providing further proof (if any were needed) that she has the ne-

cessary stamina for her crowded schedule. "I started running marathons virtually from scratch," she reports, "and the running seemed to come quite easily after a few weeks of training." One of her most gratifying successes came in the Stockholm city marathon.

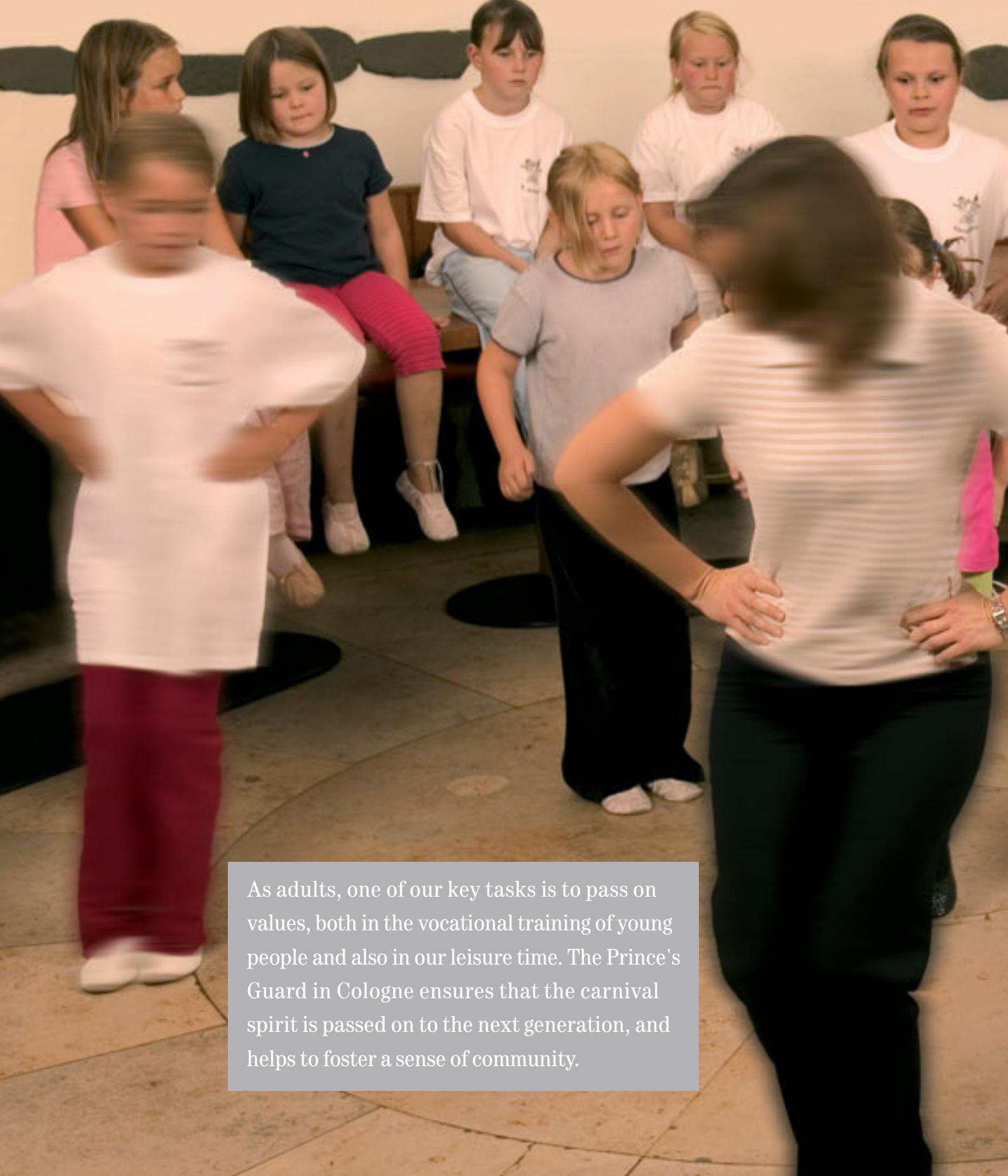
Today, she's concentrating on shorter races. She still has plenty of energy, however: as a back-office agent in T-Com's Consumer Branch Office in Gießen, she handles customer complaints, both written and phoned-in. Her tasks include explaining invoices, changing orders and following up with colleagues. "I like to get under the surface, and I'd rather work a little longer to get something finished than put it off," Ulrike Fey emphasizes. She also enjoys the challenge of dealing with unhappy or even hostile customers. "I'm open for any and every concern. On the phone, I try to be as relaxed and friendly with customers as I possibly can. Often, I'm able to turn their mood around. And I feel bad every time we lose a customer."

In spite of her commitment, Fey, married with two grown sons, still has time for her hobbies of gardening, her dog and travel. Sweden is currently one of the Feys' favorite travel destinations. And they don't go there only in the summer. In her winter mode, Ulrike Fey likes to take adventurous dog-sled tours through seemingly endless snow landscapes. Ulrike Fey: "When I'm out in the winter like that, I build new strength for my life – for my family and my job, for the emergency response team and for my sports club."



# "Passing on proven values and developing new ideas is part of my role both in a professional capacity and in my work for the carnival."

Erich Host, who works in wholesale product management at the T-Com headquarters, has founded a children's group for the Prince's Guard, an important element of Cologne's carnival.



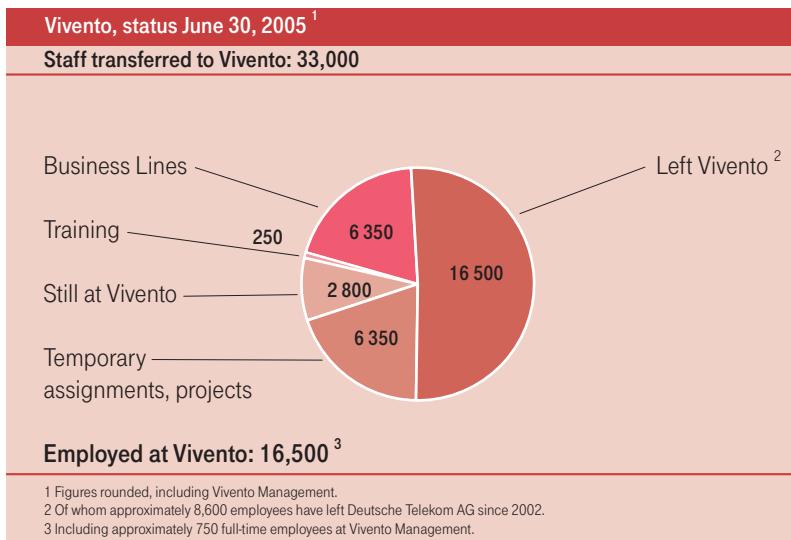
As adults, one of our key tasks is to pass on values, both in the vocational training of young people and also in our leisure time. The Prince's Guard in Cologne ensures that the carnival spirit is passed on to the next generation, and helps to foster a sense of community.



# Safeguarding employment. Accepting social responsibility.

- Legal amendments and Vivento: Ongoing human resources campaign
- Employment alliance: 9,800 jobs protected
- Placement: “putting the right people in the right place”

The workforce restructuring is part of the Group's strategy to consolidate our competitiveness in rapidly changing markets. We are well aware of our social responsibilities to employees and act accordingly.



**Employment alliance: measures continued.** Deutsche Telekom's employment alliance, resolved in March 2004 (see also Human Resources and Sustainability Report 2004, p. 28), has helped to safeguard jobs for some 9,800 Deutsche Telekom employees. At the same time, other measures such as the reduction in weekly working hours from 38 to 34 hours with partial wage compensation have helped to cut personnel cost by around € 300 million compared with the previous year. Deutsche Telekom AG has ruled out compulsory layoffs until the end of 2008.

**Staff Legal Provisions Act: provisions for civil servants amended.** The amended law, which entered into force on November 13, 2004, includes the elimination of the special allowance, the so-called year-end bonus, for civil servants.

The amendment to the DT Working Hours Ordinance of April 1, 2004 helped to counter-finance the shorter working week and was applied to the 47,000 or so active civil servants at Deutsche Telekom AG. The new human resources tools facilitate the harmonization of pay-and-benefits conditions and provide more flexible staff assignment opportunities to safeguard employment.

**Vivento: pioneering business models.** Vivento, our in-house service provider for the management of staff surpluses and placements, continues to boast a successful track record. [www.](#) Vivento Customer Services is represented at 18 sites and currently employs around 2,750 people. Of these, around 550 are loan and temporary staff. Meanwhile, at Vivento Technical Services, the permanent workforce has grown to around 1,200, with a further 600 or so loan and temporary staff. Almost 16,500 of the 33,000 Vivento workforce (including regular employees) have been able to leave Vivento since its creation in 2002. At the end of June 2005 the rate of staff in training or employment was around 82 percent. Current employment initiatives from Vivento include projects such as Vivento Digital Services (scanning and archiving services), “accumio” (receivables management), the “Teachers” project (civil servants switching to teaching professions) and “Security” (reception services, property protection).

**Save for Growth: aimed at optimum staff deployment.** As part of the growth and efficiency program “Save for Growth,” T-Mobile is likewise making great headway with the efficient use of personnel. [www.](#) In March 2005, T-Mobile Deutschland reached an agreement with the employee representatives whereby a total of 550 jobs would be shed over the next two years. The parties also agreed to achieve these staff cuts without compulsory layoffs. As well as a severance pay scheme, the measures adopted also include a placement project, whereby employees willing to assume new duties within T-Mobile or the Group are assured of targeted information, support and assignment.

Throughout the Deutsche Telekom Group, priority is given to in-house applicants when it comes to filling vacancies. The improved in-house online job exchange is just part of this placement strategy and effective HR management process.

# Performance and remuneration. Competitive and fair.

- Collective agreements: Moderate settlements and the onset of harmonization
- Store-based retailing: Higher shares of variable compensation
- Managers: Transparent remuneration and performance incentives

Deutsche Telekom both encourages and rewards performance. We are keen to ensure that the compensation we offer is competitive and fair. Harmonization of the remuneration system and fringe benefits is another key objective.

**T-Systems: collective agreements harmonized.** The “one company” approach adopted by T-Systems reflects the importance of harmonizing the Group’s collective agreements. The creation of uniform framework conditions was pivotal to the integration of T-Systems International and its subsidiaries and the creation of two industry-oriented business units. This was achieved on January 1, 2005 with a revised collective agreement for T-Systems International.

**Store-based retailing: taking its lead from its direct competitors.** The spin-off of store-based retailing into a separate company called T-Punkt Vertriebsgesellschaft is an important step toward achieving fair, competitive employment and remuneration conditions. The pay scales collectively agreed on July 1, 2004 put us on a par with our peers. The share of variable compensation was increased to act as an incentive and reflect the principle of performance-based pay.

The modest pay increases agreed by our subsidiaries – e.g. at DeTeFleet Services and DeTeCard Services in early 2005 – aid harmonization and contribute to the Group objective of sustainable, profitable growth.

**Mid-Term Incentive Plan: transparent incentives for outstanding managers.** We are also keen to harmonize the remuneration of management-level employees throughout the Group in the most transparent manner possible – this is one of the aims behind the “STEP up” project. We are hoping that STEP up (further details on p. 22) will create fresh performance incentives, and this has also prompted

us to relaunch the Mid-Term Incentive Plan (MTIP), a tool for ensuring fair, performance-based compensation for senior management throughout the entire Deutsche Telekom Group. The MTIP will remain in use as an incentive mechanism until 2008, except in our Hungarian subsidiary Magyar Telekom, which has adopted its own, comparable incentive plan.

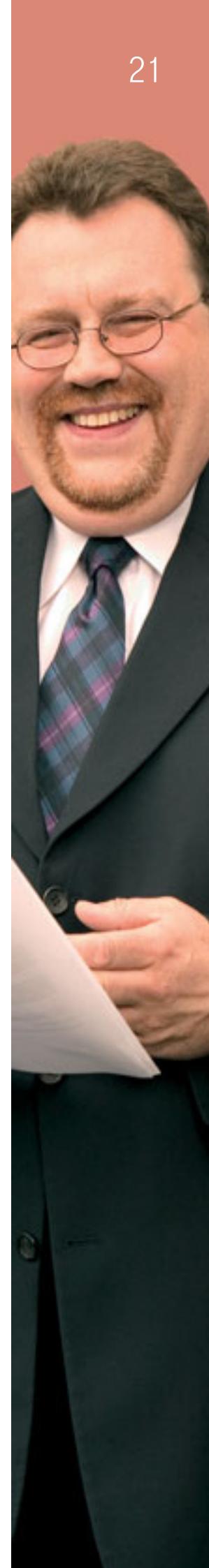
**Ideas management: greater efficiency with a simplified online platform.** We offer our employees attractive monetary incentives to contribute their own ideas for enhancing the Group’s efficiency. At the same time, the ideas management scheme underwent further improvement in 2005. A greatly simplified online platform now means that participants are linked directly to the Group-wide workflow system for ideas management. We are expecting this to generate a further increase in the number and quality of suggestions submitted.

**Deutsche Telekom Pension Fund: additional provision for old age.** The company pension scheme is also used as an incentive and compensation element throughout the Deutsche Telekom Group. By the end of 2004, some 35,000 employees were enjoying the benefits of an in-house pension fund.

## Ideas management

	2003 <sup>2</sup>	2004 <sup>2</sup>	June 30, 2005
Proposals processed	9,557	7,640	3,572
rewarded	2,597	2,267	1,050
rejected	6,960	5,373	2,522
Bonuses paid <sup>1</sup>	4,123	2,918	1,337
Savings <sup>1</sup>	127.000	87.000	54.000

<sup>1</sup> in € million  
<sup>2</sup> figures as per December 31



# HR development management. En route to top excellence.

- “Leading in Change”: managing current changes
- Training: investing in employees and the Group with an eye to the future

We rely on the managers and staff of Deutsche Telekom to translate our vision of a leading service company into reality. They are supported in this by a long-term HR development management system and a range of business-focused training courses.

**“By publishing its Human Resources and Sustainability Report, Deutsche Telekom is in good company. Just over half of all companies on the Fortune 500 List now produce something similar. Financial considerations are the main motivating factor, alongside ethical motives, an emphasis on innovations, and employee motivation – all of which can be summed up under the general heading of “quality of life.”**

Being such a large and important company, Deutsche Telekom has a responsibility to tirelessly campaign for sustainability as one of its exemplary proponents. However, it also needs to take a long hard look at some of the flip sides, such as the cost of mobile phones for children, and see if it can actually live up to its own goals. It should also continue to motivate and mobilize employees with this key issue, which still has a long way to go before it is at the forefront of everyone’s minds.

**Markus Schächter,**  
Director-General of the German broadcasting company ZDF  
(Deutsche Telekom Sustainability Day 2005)

**Management development and “Leading in Change”: practicing, demanding and rewarding excellence.** Top excellence throughout the Group is our primary objective, and nowhere is this more relevant than in the leadership

team. As “leaders of change”, managers play a vital role in mediating the new corporate culture to all Group units. The STEP up project (Systematic & Transparent Executive Development Program) aims to ensure the transparency of managers’ performance and potential throughout the Group, as well as ensuring that vacancies are filled from within our own ranks, and that managers develop their maximum potential, with a particular emphasis on “on-the-job” development. STEP up demands outstanding performance, creates additional development opportunities, and establishes uniform management development practices throughout the Group.

Managers at T-Systems are likewise instrumental as “leaders of change.” [www.](#) As the driving and formative forces behind the change process to introduce the new structure comprising two T-Systems Business Lines, the 5,000 or so managers share their knowledge with their employees and help to transform the corporate culture in a lasting way. “Leading in Change” workshops are designed to help managers mediate change processes more effectively.

**Business-oriented training: in the interests of employees and the Group.** Deutsche Telekom strives for financial success and efficiency by having “the right people in the right place.” Employees with a high level of technical and social skills are highly valued by the Group. Our in-house training unit, Telekom Training, offers a range of training and development courses for managers and staff, not only for the in-house market but also for external customers as well. Additionally, “training on the job” draws on the business-oriented initiatives of Deutsche Telekom’s business units, such as the “knowledge game” at T-Com to improve the quality of advice given to customers in the call centers, or the “IT University” [www.](#) training program for members of the sales force at T-Systems Business Services.

**Training: fit for the future.** Our company has traditionally been one of the largest companies offering vocational training in Germany. On September 1, 2005, some 4,000 young people joined the Group to embark upon training courses in ten different vocations, including the new retail sales assistant course (see also table on p. C3). As part of the employment alliance, from 2005 onwards the best trainees finishing their courses will be offered a permanent position. Deutsche Telekom also offers a part-time training scheme for young single mothers at its Eschborn site. We also support the employment of interns, and have drawn up a Group-wide Deutsche Telekom internship policy setting out the conditions of employment. [www.](#)

# Diversity and equal opportunities. The engine of sustainable development.

- Diversity policy: strategy for a better quality of life and work
- Business case diversity: exploiting diversity at the client end
- Mentoring, networks, integration: encouraging employees to maximize their potential
- Age management: focus on demographic change

Diversity is a key to Deutsche Telekom's sustainable success. With our long-term approach to diversity management, we recognize the opportunities that diversity affords: for customers, for employees, and for the company as a whole.

**Diversity policy: in the interests of customers, employees and the Group.** As international players, we unite a variety of corporate cultures under one roof and are active in various different business segments. Our diversity management is specifically designed to capitalize on this diversity. Our mandate is: "We encourage and demand personal and cultural diversity for a superior quality of life and work in a world of internationalization and globalization." Our ultimate aim here is to maximize our corporate success. Diversity encompasses four separate levels:

- Conscious acknowledgement of diversity as the basis for tapping into new potential
- Active appreciation of diverse personalities as the prerequisite for boosting innovation, quality and efficiency
- The involvement of various different stakeholders so as to accommodate the diverse interests of customers and employees
- The holistic, strategic management of diversity in order to make the best possible use of resources and create sustainable values

**Business case: diversity as a business-relevant potential.** We have already carried out a host of external measures to provide various customer groups with targeted access to information and communication technologies and ensure optimum customer service. Examples of customer-related diversity activities include

- Training courses for selected target groups
- A Turkish-language call center
- The HITS initiative, a program whereby trainees instruct disabled customers (cf. Human Resources and Sustainability Report 2004, p. 64f)
- Our DEAF hotline especially for deaf customers
- Target group marketing such as "Women online" (F@N), which has attracted more than 160,000 participants since 1998 [www.f-n.de](http://www.f-n.de)

**Mentoring, networks, integration: Encouraging employees to maximize their potential.** We have drafted a range of sustainable development measures designed to promote equal opportunities and increase the number of women in management positions at Deutsche Telekom.

[www.f-n.de](http://www.f-n.de)

Initial success at management level: the proportion of women in senior management at Deutsche Telekom AG has risen from 8 percent (1996) to almost 12 percent at present. We want to replicate this trend throughout all levels. Our long-term development programs, including "Mentoring for Female Managers" at Group level, and "Cross-Mentoring" between companies, are one tool for achieving this and came about as a successful outcome of the "Forum for Women in Industry" (see also p. 25).

Women at Deutsche Telekom		
in percent		
	2004	2005*
Overall percentage	32,9	32,3
Percentage in senior management	10,2	11,3
Percentage in middle management	17,3	19,2

\* Figures as of June 30.



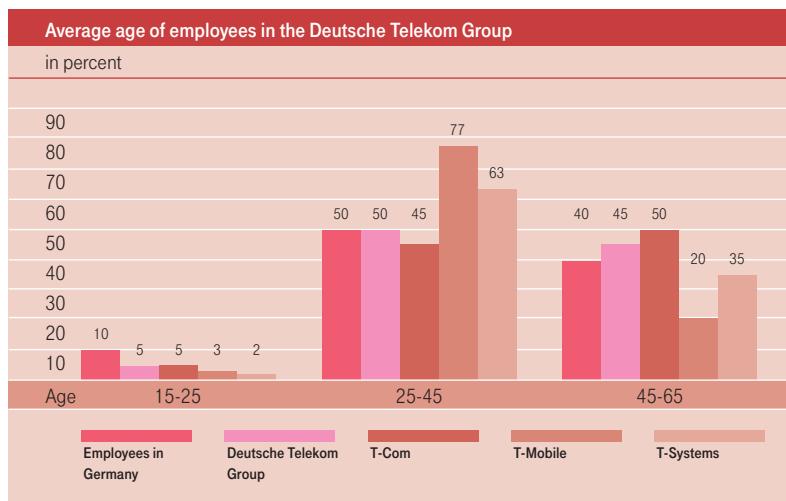
The measures adopted by T-Systems are representative of the range of diversity activities throughout the business units:

- The unit-wide mentoring program "Women in T-Systems" ("FiT")
- equality@future.fmm: a regional project involving women from industry, academia, politics and administration
- The project "European Women's Management International Network," which provides an international forum in which to discuss current management issues and future trends

Keen to get young women interested in IT and TC jobs as early as possible, Deutsche Telekom once again participated in the nationwide Girls' Day for the fifth year running in 2005. One of the long-term aims of this event is to increase the proportion of women in future-oriented professions. Girls' Day 2005 welcomed more than 4,100 girls to 110 Deutsche Telekom sites, who had seized the opportunity to take a closer look at these promising professions. [www.](http://www.deutsche-telekom.com)

**Integration of the disabled: employment quota exceeded.** Last year we significantly exceeded the 5 percent employment quota for disabled people prescribed by law: In total, Deutsche Telekom AG employs some 7,500 disabled staff (see also p. 53), accounting for 7.2 percent of the workforce. By centralizing the in-house application process for public funding, Deutsche Telekom has managed to significantly improve the quality of its applications and optimize its internal processes.

**Age management: accommodating demographic change.** The effects of demographic change will eventually make themselves felt throughout the Group in Germany. As such, one of the greatest challenges faced by the company over the coming years will be to meet the growing market pressure for change with a constantly ageing workforce. At Deutsche Telekom, demand for employees is unlikely to grow, and the number of external recruitments will remain moderate. Deutsche Telekom has recently launched the "Age Management" (AM) project to actively tackle this development. In the crucial first stage of this pioneering scheme, we will be highlighting the long-term consequences of this almost invisible transformation of the age structure to all employees, particularly managers. The second stage will be to adopt tailored new forms of skills development for the life-long learning of employees, so as to safeguard the crucial culture of innovation within the company. Various other measures – including some relating to preventive healthcare – will also be initiated to ensure a holistic approach to AM.



# Work and family. Prospects for employees and the Group.

- Work/life balance: new work forms and worktime models
- Child and nursing care: fostering loyalty among qualified employees
- Networks: getting external partners on board
- Worktime models: flexible in the face of demographic change

It pays to be family-friendly: for Deutsche Telekom, for employees and their families, and for society as a whole. As part of our diversity strategy, the Group consciously adopts new approaches enabling it to adapt to changes in society and the working environment and to demographic change.

**Work/life balance: assistance with child and nursing care.** Against the background of a changing work and life environment, Deutsche Telekom provides support at various different levels to help its employees maintain their individual work/life balance – examples include flexible worktime models and other forms of assistance. For example, the "Job and Family" platform on the company intranet is an in-house forum for families to exchange information. We have also stepped up our involvement in the "Local Family Alliances" initiative [www.1.0G.de](http://www.1.0G.de) and participated in the Prognos study on "Work/Life Balance," published this year.

Our flexible working hours and other support services are designed to help employees to achieve a healthy balance between work and family, both with regard to childcare and for employees who combine work with caring for other relatives. As a company, Deutsche Telekom itself also benefits, by helping to ensure that highly qualified employees remain loyal to the company throughout the care phase and beyond. For example, establishing our own childcare facilities for young working parents has already paid off. The business units have initiated a number of related measures - for example, T-Mobile in Bonn and T-Online in Darmstadt have set up their own day care centers. In 2005 we will be adding

two further day care centers at our Bonn and Darmstadt sites with the highest headcount. Additionally, from 2006 onwards, every Group unit will pay five Euros per employee into a family fund each year. The money raised will be used to fund family-related projects throughout Germany, predominantly in cooperation with the "Local Family Alliances" initiative.

At a more general level, the Group plans to make wider use of the options afforded by partnerships between administration, associations and companies to achieve greater compatibility between family and work. The "Local Family Alliances" will be particularly instrumental in implementing these partnerships.

These alliances are designed to help companies such as Deutsche Telekom to establish family-friendly measures by forging cooperations and proposing solutions. The initiative also supports the establishment of emergency care networks for children and other relatives, to give another example.

**Network for women and working mothers: Forum for Women in Industry.** Initiatives such as the "Forum for Women in Industry" help women to forge their own networks, in order to advance their professional development in their own interest and that of the Group. Today, the Forum represents female and male Equal Opportunities and Diversity officers from 20 major companies. Only recently, Deutsche Telekom received an award for its commitment as a member of the network, in recognition of its contribution to the competition "The family as success factor."

**Worktime models: Schemes for older employees.** Flexible worktime models are a way for employees and the company to help actively shape demographic change. Within the context of the employment alliance, Deutsche Telekom promotes pioneering examples of flexible and competitive employee assignment. We have also implemented two special tools: the "AgeManagement" project, and special worktime models, such as the "58 option" for older employees at Vivento. The latter is designed to ease employees gradually into retirement – as is the collective agreement on part-time work for employees approaching retirement age, which is being renegotiated with the employee representatives this year.



# Health and safety at work.

## Promoting health rather than treating illness.

- In-house health management: "Fit for life – Fit for work"
- Occupational health and safety: protecting health in day-to-day working life

Prevention is better than cure. Deutsche Telekom has a long-term occupational health management system, aimed at establishing structures and processes to encourage health-conscious work, management and organization and inspire employees to look after their own health.

**In-house health management.** The "Fit for life – Fit for work" campaign was devised by the Deutsche Telekom health and advice center (GBZ) as a way of raising health awareness among employees and managers over the next two years and further improving the health rate. As part of the central works agreement on company health management, the Group will be adopting a series of health-promoting measures during the course of 2005. This includes monthly health themes, as well as a cross-Group health promotion prize launched by GBZ. Health management also aims to address factors in the

employee's work and home environment which may also have a positive influence on the health rate, including self-motivation and management conduct, working conditions and job security, work pressures and individual health conduct.

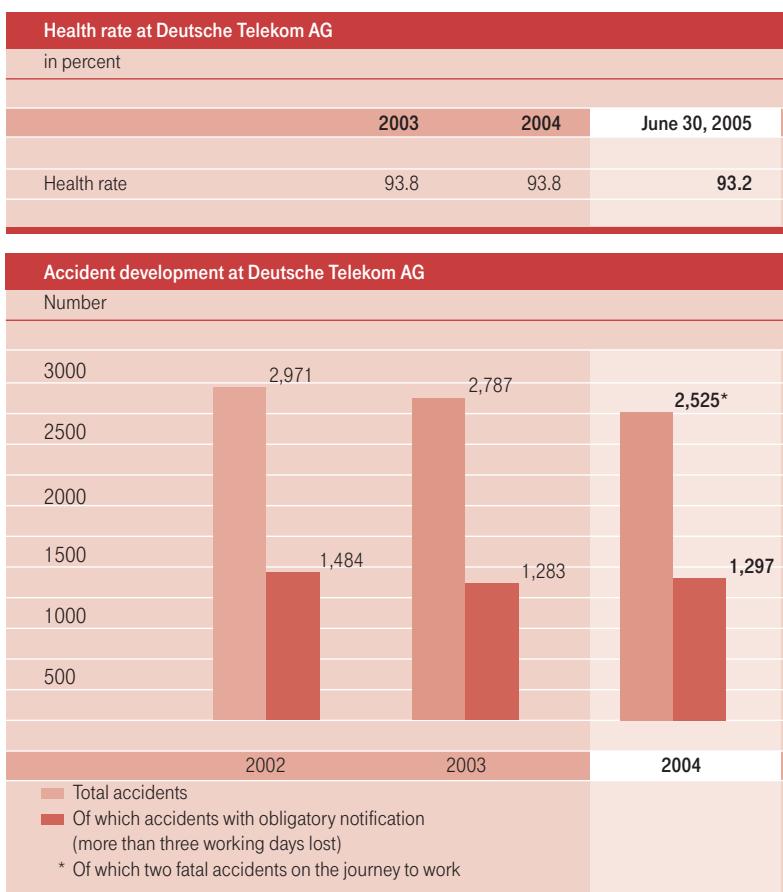
**Initiatives by the business units: on-site implementation and local themes.** Local "health work groups" are responsible for translating the GBZ's monthly health themes into practice in the organizational units. T-Mobile boasts an integrative and inter-disciplinary health center, ComVita, which combines the four interlinked areas of physio, fitness, relaxation and play. Most business areas also have their own running clubs.

Active health protection also includes providing adequate recreational facilities. All Group employees within Germany have the opportunity of booking inexpensive holidays with the Post Postbank Telekom recreation scheme.

**Occupational health and safety: for a safe, ergonomic working environment.** Occupational health and safety is aimed at preventive healthcare. The regional health and safety service covers more than 100 locations in the national Group units, offering advice on:

- Occupational health and safety issues and the efficient organization of work safety measures
- The development and introduction of new work methods

As well as auditing workplaces, it also offers work safety training courses for particularly high-risk workplaces, such as radio towers and aerial installations. In 2004, around 1,900 employees participated in the annual safety drills. The in-house occupational health and safety service also trained some 20,000 employees in safety-conscious practices and advised 22,500 employees and managers on technical work safety, work system design and ergonomics, with a particular emphasis on screen and call center workstations.



# Living partnership. In constructive dialog.

- Group Works Council: instrumental to the reorientation
- Executive staff representation committees: getting executive employees involved
- European Works Council: the first joint activities

Deutsche Telekom's restructuring into a customer-centered service company is in full swing – in Germany, Europe and worldwide. Our excellent relations with the employee representatives ensure that the reorientation enjoys broad-based support.

**Group Works Council accompanies the strategic re-orientation.** The Group Works Council plays a pivotal role in the restructuring of the Group units within Germany, as highlighted by the formation of the new business unit T-Systems Business Services in 2005. Thanks to its constructive attitude, the Group Works Council helped to bring negotiations on the central reconciliation of interests, redundancy plan and ancillary measures to a successful conclusion.

The Central Works Council receives support on economic and organizational matters from the Economic Committee, which was set up two years ago. The strategic and organizational reorientation of the Group means that the composition of the Group Works Council is set to change in the fall of 2005.

**Executive staff representation committees: presenters and multipliers of the restructuring process.** The Group's senior executives are also involved in this "social dialog" via the company executives' committees and the Corporate Group Executive Staff Representation Committee. As in the Group Works Council, the committee's efforts have tended to focus primarily on the strategic reorientation of the Group.

This entails a number of organizational changes and personal consequences for the senior executives. The Corporate Group Executives' Committee was intensively involved in the conception and implementation of Group restructuring.

For the first time at Group level, the resultant consequences for the 400 or so senior executives affected by the restructuring were agreed and set out in a guideline document.

**European Works Council: first activities completed successfully.** The European Works Council established on June 15, 2004 is designed to complement employee representation, primarily on behalf of the Group's international shareholdings. The importance of international dialog for the future sustainable development of our company is reflected in the T-Mobile Group's efficiency program "Save for Growth". The European Works Council was involved in the necessary consultation process. In this way, implementation of the program was formulated in dialog with the T-Mobile management. The same also applies to T-Systems, whose economic situation and strategic & operational orientation were likewise discussed in the European Works Council.

**Social Charter: observing and harmonizing international standards.** The Social Charter created the basis for a harmonization of social standards internationally and throughout the Group, but also makes allowance for regional peculiarities. The first Social Performance Report in the fall of 2004 documented the charter's successful introduction: apart from one foreign shareholding which had yet to implement the relevant national Health & Safety Act in full, the charter has been observed throughout the Group.



## "Celebrating traditions doesn't mean living in a rut."

The church, Cologne and carnival are Erich Host's special worlds. In all three, he gains just the right balance he needs for his work, and in all three he shows special commitment to young people – many different types of young people, and not just tomorrow's carnivalists.



Erich Host is a carnival "fool" – with conviction. To put it more precisely: he is what people in his home city of Cologne call a "Jeck": a person who loves carnival. For nearly 20 years, Erich Host has been a member of Cologne's "Prinzen-Garde," the Prince's Guard, part of the official retinue for the three jovial figures around which Cologne's carnival celebration is built. If you are not from the Rhineland, the following explanation can serve as a (very) basic introduction: The appearance of the triumvirate consisting of the Prince, Peasant and Virgin represents the climax of Cologne's carnival sessions. A website that explains German customs to foreigners provides the following information: "The members of the triumvirate, the so-called

"Dreigestirn" wear showy uniforms. The three are all men who take unpaid vacation from November 11 to Ash Wednesday in order to be able to fulfill all of their obligations."

As a volunteer "Jeck," Erich Host does not celebrate carnival quite that intensively. Nonetheless, he knows that carnival separates even Rhinelanders into two camps: one group dives into the craziness, while the other flees from all the organized celebration. Erich Host doesn't have any problem with the polarization: "I love carnival with every ounce of my being – simply because Cologne's carnival allows everyone to celebrate as he or she pleases." He especially loves the highly traditional carnival sessions, with their uniformed officials and rituals that satirize the Establishment, past and present. For Host, carnival is a living custom, even if carnival session speakers no longer satirize the Establishment quite as bitingly as they did in the "good old days."

And the tradition thrives – especially with young carnivalists. Host is particularly devoted to them, and for them he is even willing to break with tradition here and there if need be. "In the old days, children were permitted to accompany the grand entrance into the meeting hall, but they weren't allowed to go up on stage," he recalls. Things will be different in the next carnival season: with the backing of the new president of the Prince's Guard, Erich Host has founded the guard's first children's dance troupe, and a total of 23 "Pänz" – the Rhinelanders' word for children – will present their own dance production at next year's carnival sessions.

The troupe's boys and girls, ranging in age from three to 13, have been training with a dance teacher – who was hired especially for this purpose – in the venerable Prinzen-Garde-Turm, the Prince's Guard tower in Cologne. Erich Host views his work with the children as more than simply an effort to keep the supply of carnivalists coming. "Children who get into the act early, and who grow up knowing the special rules for carnival sessions, learn a great deal about working together in groups," he explains. One of the lessons the children learn is not to think they are better than others "simply because they're wearing a uniform."

But Erich Host doesn't draw just from carnival in teaching values to children. He also feels this responsibility as a member of his church community. It so happens that Erich Host combines three "c's" – Cologne, carnival and church – for his own very personal approach to life. When asked why his church work is so important to him, he smiles:

"My wife would say: so that I can move up a cloud." And apart from his "heavenly career"? "My faith is a very important source of strength for me." And thus a Rhinelander's jolliness, combined with meditation on religious values, provides the perfect balance to his work. "Naturally enough, my daily work also profits, since you always need balance, something that can help you sort things out and recover your energy," Erich Host states with conviction.

He has been with Deutsche Telekom for nearly 25 years. In the product management department of the Wholesale sales organization at the company's Bonn headquarters,

Host now manages business with other network operators. "We're responsible for wholesale products in the area of the subscriber line and line sharing," 42-year-old Host explains. Erich Host's work with the younger generation also extends to his own professional life. As a member of the chamber of commerce's examinations committee, he is involved in the examinations of young IT systems business administrators finishing their training course.

Often enough, he encounters industry representatives who are quick to criticize the work ethics of today's youth. That's the point at which his Rhinelander's joviality fails him: "That kind of thing really makes me mad. If you don't give young people opportunities and support, you're going to be short on managers – and customers – tomorrow." For Erich Host, helping the next generation means more than just a little volunteer work – it's a passion.





## **"Success is achieved by applying the right technique. Both in business and in sports."**

Jeannine Pilloud, a manager in the Manufacturing Industry Line at T-Systems Switzerland, also works as a coach at the Meilen swimming club.

The total immersion method aims to teach children to swim “like a fish” using a new technique which minimizes their resistance to water. The method promises rapid results, which in turn boosts the children’s confidence and enthusiasm, and gives them a head start in life.



# Energy management and climate protection.

## Efficient control for the sustainable use of resources.

- Climate protection: our concept for active environmental protection
- Energy supply: the new route to lower CO<sub>2</sub> emissions
- Lobbying: encouraging social dialog

For many years, Deutsche Telekom has been setting standards in climate protection. In the future, the Group's commitment to the efficient, sustainable use of all resources will be based on three core elements: the climate protection concept, an in-Group provider of energy services, and the encouragement of social dialog and concrete initiatives.

**Climate protection principles: minimizing CO<sub>2</sub> emissions.** The paramount objective of our climate protection concept is to systematically and verifiably ensure that the Group's CO<sub>2</sub> emissions are reduced to a bare minimum. These CO<sub>2</sub> cuts will be carried out responsibly, with an emphasis on ecological expediency and financial viability, and in line with our climate protection principles:

- We recognize the climate change caused by man, support the Kyoto Protocol, and will continue to pursue a proactive approach to climate protection.
- We focus our attention on optimizing existing technology, and formulating emission-reducing requirements for new systems and technologies.
- We recognize the need for and benefits of renewable energies, encourage their more widespread use within the Group, and optimize the required framework conditions.
- By actively communicating our services and activities on the topic of climate protection and emissions, we help to raise awareness among our customers and employees.

This list is an extract from Deutsche Telekom's climate protection principles, full details of which are available on the Internet. [www.](#)

**“Power & Air Solutions”: greater efficiency, fewer CO<sub>2</sub> emissions.** All business units within the company strive to implement the targets of the Group-wide climate protection policy by suitable means (for further information, see p. 51 f.). They are supported in their endeavors by Power and Air Condition Solution Management GmbH & Co. KG (PASM). This Deutsche Telekom subsidiary, founded in August 2004, is responsible for electricity and air-conditioning supplies to the Group's technical units. Under this new business model, energy supply is part of the business mandate of an earnings-oriented business unit, allowing us to tap into new savings potential, both in terms of energy consumption and cost, and with regard to CO<sub>2</sub> emissions. We are also known for our exemplary achievements in the use of regenerative energies, both within Germany and abroad. For example, T-Mobile Netherlands already meets 90 percent of its requirements from regenerative sources. [www.](#)

**Lobbying: promoting initiatives and accepting social responsibility.** At a global level, Deutsche Telekom appeals to customers and society as a whole, and actively campaigns for resource efficiency, a debate on climate protection and a reduction in CO<sub>2</sub> emissions. Our Group supports a range of climate protection initiatives, and cooperates with both government and non-government organizations. Our long-standing campaign for the implementation of the Kyoto Protocol is one such example. This year's Sustainability Day and the publication of this report were designed to be completely climate-neutral. The company purchased an emissions reduction certificate to compensate for the CO<sub>2</sub> pollution caused, and supported other climate protection initiatives in this way. [www.](#)

Our vision of a sustainable company in a sustainable society is also realized via the development of standards for climate-neutral products and the expansion of digital content distribution.

Deutsche Telekom's energy consumption compared to CO <sub>2</sub> trends in Germany				
Based on 1995, CO <sub>2</sub> emissions in millions of tonnes (t), energy consumption in GWh				
	1995	2002	2003	2004
Total energy consumption*	4,232	3,149	3,884	3,718
	100 %	74 %	92 %	88 %
CO <sub>2</sub> emissions*	2.15	0.96	1.22	1.76
	100 %	45 %	57 %	82 %

\* from 2003, extended basis for data and CO<sub>2</sub> equivalent

# Mobility and facility management. The optimum combination of climate protection and cost reduction.

- Vehicle fleet: more widespread use of alternative drive types
- Fine dust: minimizing pollution
- Facility management: resource-conserving energy and heat supply

Vehicle Fleet and Facility Management has one paramount objective: to optimize resource use. By operating the Deutsche Telekom vehicle fleet and property portfolio as efficiently as possible, we are making an important contribution towards climate protection, while at the same time cutting costs.

## **Vehicle fleet: consolidation of CO<sub>2</sub> emissions.**

DeTeFleetServices GmbH, Deutsche Telekom's provider of mobility services, operates one of the largest fleets in Germany, with some 41,000 vehicles. During the current reporting period, the Group recorded an operational increase in the mileage driven, which in turn led to a slight increase in fleet consumption levels. The use of new, more effective vehicles, coupled with route optimization by DeTeFleetServices and eco-driving courses by T-Com, nevertheless helped to consolidate pollutant emissions from the vehicle fleet. Environmental compatibility and cost-effectiveness are considered equally high priorities when selecting new vehicles for purchase. Thanks to this policy, there are already some 400 natural gas-powered vehicles in use at T-Com alone.

**Fine dust: Euro4 vehicles and soot particle filters for better air quality.** The use of alternative fuels and the latest drive systems are instrumental in helping to minimize pollutant emissions. DeTeFleetServices stipulates that all new vehicles must comply with the current Euro4 standard as a minimum requirement. Since 2004, we have introduced the use of diesel soot particle filters. As of 2005, the particle filter is now a standard requirement in all vehicle procurement specifications. Our sustainable fleet management policy also includes the more widespread use of natural gas-powered vehicles and participation in pilot projects to test pioneering alternative drive systems, such as fuel cell technology. [www.](#)

**Facility management: greater efficiency plus alternative energies.** Part of our electricity demand is met by cogeneration plants. The first plants based on pioneering fuel cell technology supply our network infrastructures, so that we can be confident of using electricity that has been generated in a resource-conserving manner. The efficient use of energy is considered equally important as resource-conscious energy procurement and electricity generation. In early 2004, our facility management arm DeTelimmobilien started work on the energetic optimization of around 2,800 buildings. This program will cut operating costs by more than three million € and reduce energy consumption by 30.5 Gigawatt hours (GWh), equivalent to the annual energy consumption of 7,300 four-person households, by the end of 2005. [www.](#)

Various independent studies have ruled out the possibility of our staff being subjected to fine dust contamination as a result of the toner used in fax machines and laser printers.



# Resource management and product responsibility.

## Reuse over recycling.

- Recycling: levels increased to 88 percent
- Product policy: responsible handling of resources

The efficient management of resources and waste disposal is of paramount concern to Deutsche Telekom. The Group's sustainable product policy spans every stage of the process, from procurement to recycling. We can now conclude that our considerable potential for waste reduction has been almost completely exhausted.

**"The Human Resources and Sustainability Report proves that, unlike some of its peers, Deutsche Telekom has recognized the financial opportunities afforded by sustainable corporate management. I am particularly interested and encouraged by the company's decision to base competence and responsibility for the corporate sustainability strategy in the Human Resources board department, rather than in, say, Public Relations or Marketing. I feel that this enhances its enforceability within the Group, and makes it more likely that sustainability will be effectively integrated into the overall business policy as a cross-sectional task.**

I would urge Deutsche Telekom to use its leading position in the sustainability reporting arena to support international initiatives aimed at standardizing the features of sustainable corporate management, and to set a good example to other German companies."

**Prof. Dr. Edda Müller,**  
Chairwoman of the German Federation of Consumer Organizations e.V. (BVZV)  
(Deutsche Telekom Sustainability Day 2004)

### **Waste management: return and recycling of products.**

The Deutsche Telekom Group has a comprehensive management system in place for its waste disposal. To an increasing extent, our purchase orders now include return options, so that we can insist upon the eventual return of products to our suppliers and improve our recycling levels still further. In 2004, our recycling rate was 88 percent for the Group as a whole, and 92 percent in the case of T-Com. We are anticipating a further rise in the return of used handsets to T-Mobile Deutschland. The company will continue to honor the voluntary return system for mobile phones introduced in 2003, in addition to the local authority collection points set up by the government. Internally, we are great believers in the principle of reuse over recycling. We have also introduced a "used equipment" project, whereby all materials which are surplus to requirements but still operational are submitted to targeted (re-)marketing. The extended service life improves the eco-balance of these products.

We had already pre-empted a number of the current statutory requirements, such as the European Directive on the Disposal of Waste Electrical and Electronic Equipment (WEEE), obligating all manufacturers to accept the return of waste equipment. [www.](#) Collection is made via public waste collection agencies on behalf of our business units T-Com and T-Mobile. Special prepaid recycling envelopes are available in T-Punkt stores and sales partner establishments for returning mobile phones. T-Mobile makes a donation to German Environmental Aid (DUH) for every device that is returned.

**Product responsibility: ensuring safe materials and opportunities for dematerialization.** Our purchasing policy strives to preclude the use of any materials which are currently banned or likely to be banned in the future. Our sustainable approach to product responsibility also includes exploring the opportunities for dematerialization and minimizing potential current and future rebound effects. Examples include substituting information and communications services for the transportation of goods and passengers, as well as the provision of content in digital format.

# Electromagnetic fields. Investments in research and social dialog.

- Research: commitment founded on responsible action
- Network infrastructure and mobile phones: well below thresholds
- Dialog with society: promoting constructive discussions

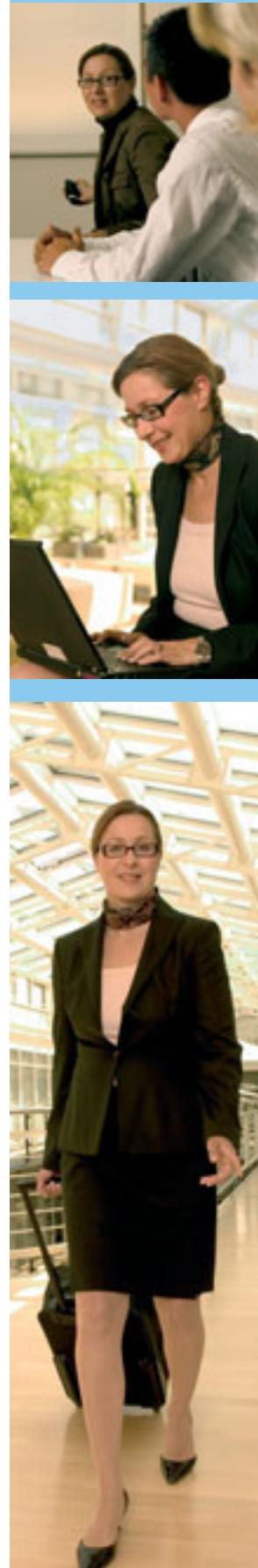
The mobile communications and information market is a highly significant growth area for Deutsche Telekom, and we play a decisive role in its continuing development. At the same time, we are ever conscious of our responsibilities to mankind and the environment, and invest heavily in research and development. We seek open and constructive dialog, particularly regarding the general public's concerns over the potential impacts of electromagnetic fields (EMF) on health.

**Our basic principles: inform, participate, promote.** We were the first company to set voluntary, uniform international standards on the handling of electromagnetic fields with our 2004 EMF policy, and have consistently enforced these standards ever since. T-Mobile's EMF policy highlights its commitment to information, transparency and participation. As part of this commitment, T-Mobile subsidizes scientific research into the effects of electromagnetic fields on health, and is a generous supporter of independent research activities. [www.](#)

**Standards and measures: limits guarantee safety.** The effect of radio waves on the human body has been the subject of extensive national and international research. In practice, we generally fall well within the ICNIRP (International Commission on Non-Ionizing Radiation Protection) limits recommended by the World Health Organization (WHO) for transmitter masts and mobile phones. [www.](#) The SAR levels of all mobile phones sold by T-Mobile comply with the limits set out in international guidelines, and generally fall well below them. SAR, or "specific absorption rate," indicates the amount of electromagnetic energy absorbed by

the human body when using a mobile phone. The scientific consensus is that there are no health risks below these limits. All expert committees worldwide have arrived at the same conclusion when assessing the risk of electromagnetic fields from mobile communications. The most recent evaluation was undertaken in early 2005 by the British National Radiological Protection Board. [www.](#)

**Dialog with society: encouraging frank debate.** When it comes to EMFs, our main priority is to openly and actively address all concerns. Deutsche Telekom supports various research projects and discussion forums and does not shy away from criticism. For example, Deutsche Telekom subsidized the "risk debate" project by the Jülich Research Center, which staged expert discussions between specialists from various disciplines. [www.](#) We will ensure that any outstanding points are aired in the on-going expert debate, and will continue to address society's reservations and concerns and incorporate them into our future actions.



## "Personal gain that cannot be expressed in euros and cents."

For Jeannine Pilloud, water is a very special element. Pilloud, formerly a competitive swimmer and now a T-Systems manager, uses water to help others expand their boundaries.



Jeannine Pilloud won eleven championship titles in swimming. "Even as a small girl, I loved the water." As a competitive swimmer, Pilloud, a native of Switzerland, quickly learned that top achievement comes about only through determination and intensive training. It's no surprise, then, that in her work Jeannine Pilloud has been expanding her boundaries and helping others to expand their own.

Now 41 years old, she can already look back on an impressive career. In the beginning, she faced a special challenge: The architect's office in which she had her first job was unable to stay afloat when the construction sector took a major downturn. Instead of waiting for the construction industry to recover, Pilloud chose a different track. She took a job with IBM Switzerland and, within two years, was head of its training programs. She then had a series of positions with leading IT and eCommerce firms. For the past two years, Pilloud, a mother of two, has been with T-Systems International in Zurich. There, as manager in the International Manufacturing Segment Industry Line, she is responsible for strategy and the operative implementation of T-Systems' international activities. She is also involved in service and support for T-Systems' top 60 customers.

In her "first" volunteer position, she promotes networking among managers – in addition to her regular daily work. Since 2001, she has been a member of the executive board of Schweizerische Management Gesellschaft, which functions as an educational network for top managers from companies of all sizes. She came into contact with that company at a gala event at which she was presented a Leadership Award. That award, for the concept for the LeShop.ch online shopping portal, came while Jeannine Pilloud was still Chief Information Officer (CIO) for a subsidiary of REWE Schweiz AG. "After the award, Schweizerische Management Gesellschaft asked me to accept a position on their executive board," she recounts. Now, Jeannine Pilloud organizes company visits and prepares an annual fall meeting with leading political and industry representatives. For Pilloud, the network is more than just a forum for informal exchange between managers: "Continuing education, using specific best-practice examples, is just as important as cultivation of contacts." As a result, the network also makes an important contribution to the country's economic development.

But that's only one side of Jeannine Pilloud's volunteer commitments. To find out where she gets her strength and seemingly inexhaustible energy, it's best to visit her at the Meilen swimming pool. There, she helps children and young people discover the joys of swimming and of real self-confidence. And she uses a very special training method: total immersion. Total immersion is based on human beings' inborn instincts for water. Her pupils learn to "swim like fish" by completely

accepting water as their element and by learning the necessary movements step by step. Her special method focuses more on technique than on strength; each movement is practiced separately. The aim is to move through the water with as little resistance as possible – the way fish do. Early success in such swimming lessons brings its own special rewards. "Young people make very rapid progress with this unconventional method, and that really boosts their self-confidence," Jeannine Pilloud reports. In addition to her work as a swimming teacher, she is a member of the board of the Meilen swim club. In that function, she supports preparations for competitions and holds a special annual clinic for swimmers. During her years of competitive swimming, she benefited greatly from the work of committed volunteer coaches. Jeannine Pilloud: "Now I can give some of that back and help others to expand their own personal boundaries."

Maybe total immersion is the master key to her success: total immersion in life and in her tasks. "My volunteer work is free time well spent, and an ideal balance to my work," she notes. As she emphasizes, she also profits from it in ways that cannot be measured in euros and cents. The most important thing, she shares, "is to do things with passion, in your work and in your life in general."



# "In my job, I deal with thousands of questions. In my church community, I deal with thousands of human needs."

Andrea Baare, office assistant at T-Systems and active member of the American Protestant Church in Bonn.

A photograph showing two people in a church setting. A woman with short hair and glasses, wearing a pink t-shirt, is seated on the left, looking towards the right. A man with short hair, wearing a light blue shirt, is seated to her right, also looking towards the right. They are in a wooden pew. In the background, there are church pews and a window with a grid pattern. A small cross is visible on the wall to the right.

The congregation of the American Protestant Church in Bonn includes people from 26 different countries and from many kinds of church backgrounds. "That's diversity at its best. I'm one of the persons they can turn to with their many large and small needs. The experience I gain from my job helps me a great deal in this capacity – after all, at Deutsche Telekom diversity is a basic value."



# Innovation and responsibility. Serving and benefiting customers.

- Innovation strategy: "inherent security" as a new field of innovation
- Research and development: stable at the previous year's level
- Youth and consumer protection: a further increase in security

Innovative, customer-centered products and services contribute more to Deutsche Telekom's successful, sustainable development than any other factor. And comprehensive protection for young people and consumers, and for data, are central to the Group's responsible, customer-oriented actions.

**Innovation strategy: long-term, sustainable focus.** The success of our innovation strategy is based on a clear emphasis given to our customers' current and future requirements. [www.](#) The four strategic fields of innovation previously identified by Deutsche Telekom were complemented by a fifth field that emerged in 2005: "inherent security." Our innovation strategy is now focused on

- **Intuitive operation:** services and functions should be easy for all customers to use.
- **Intelligent access:** customers automatically receive the best available service and network access.
- **Integrated communications:** objects in our environment network autonomously, thereby relieving people of many different tasks.
- **Inherent security:** we take additional measures to protect ICT systems against unauthorized access, in keeping with high standards of data protection and security. Examples of such measures include access control, identity management and transaction management.
- **Infrastructure development:** further upgrades and expansions of our high-performance networks provide the technological basis for meeting customer needs in terms of bandwidth, mobility and security.

In keeping with our desire for continuing, sustainable development of our product portfolio, we promote cooperation between science and industry – for example via the activities of Deutsche Telekom Laboratories. [www.](#)

**Research and development (R&D): continuous investment.** In 2004, our total R&D investments in innovation fields about equaled the previous year's level (€ 900 million). Throughout the Group, the number of employees who develop and implement new products and services increased in 2004 to about 6,800, up from 6,400 a year earlier. A total of 374 patent applications were submitted in the year under review. By the end of 2004, the Group's total number of industrial property rights had grown by more than 700, to a total of nearly 6,000 (see the tables on p. 57).

**Protection for youth, consumers and data: enhanced security.** As part of our focus on customers, we look for ways of helping young people - and adults - to learn to use mobile communications services responsibly. To this end, we have already developed special technical options and special rates for young people. [www.](#)

T-Mobile is also expressly committed to youth protection. The Deutsche Telekom subsidiary signed the "Code of conduct of mobile operators in Germany for the protection of minors from unsuitable mobile content" together with other mobile communications companies in September 2005.

We are also giving priority to protection against problematic Internet content. We are co-founders of an association that promotes voluntary self-control for multimedia service providers. T-Online's Internet content is classified in accordance with the ICRA standard. [www.](#)

Furthermore, our Group works to protect the license rights and intellectual property of third parties. This is of central importance when we provide content ourselves.

# Helping people get ready for the future. Working actively for growth, education and progress.

- Broadband expansion: technological basis of the knowledge society
- "Lighthouse initiatives": intensified use of information technologies
- ETNO and GeSI: for a sustainable ICT sector

Customer-centered development of information and telecommunications technology drives sustainable growth. Deutsche Telekom promotes free access to state-of-the-art information technology and society's evolution into a knowledge society – in Germany, Europe and worldwide.

**Broadband communications: "lighthouse technology" for the knowledge society.** Nearly 7 million people in Germany now access the Internet via broadband services such as T-DSL. We are working intensively to expand DSL availability. In our efforts to bring broadband services to the largest possible number of people, we are testing new technologies such as WiMAX, a technology for wireless broadband communications. The Next Generation Network (NGN), which is now just entering service with our Slovak Telekom subsidiary, will bring about another leap in IT quality. The NGN merges voice and data communications on the basis of the Internet protocol, thereby paving the way for new services.

**"Lighthouse initiatives": access to modern information technologies.** We want to give customers the new power of broadband technology, and we want to do so across the board – in regions with good current coverage and in regions with little service, in Germany and Europe, in both industrialized and developing countries, and for all generations and segments of the population. This is the motivation behind our "lighthouse initiatives," including

- T@School (in cooperation with the Federal Ministry of Education and Research): innovative Internet services and concepts for their use at schools. Since fall 2004, European-wide virtual school and learning partnerships have also been in place.
- 50plus: training courses provided to over 28,000 middle-aged and elderly people in 2004 alone.
- uni@home: offering product packages and communications solutions for students – an effort in which we are cooperating with 165 higher education institutions in 2005.
- eSlovakia: a program for equipping nearly all Slovakian schools with PCs and Internet access. [www.](#)

**ETNO and GeSI: a focus on sustainability.** Deutsche Telekom's efforts to promote sustainability in the entire ICT sector are an important element of our sustainability strategy. At the same time, they are a way for our Group to develop an economically attractive environment. We support the United Nations' "Millennium Development Goals." [www.](#) We are also committed to the ten principles of the UN's "Global Compact" initiative and believe they should be the standard for global business.

In the framework of the Global e-Sustainability Initiative (GeSI), we are embracing global sustainability guidelines for the ICT sector that also extend to the supply chain. [www.](#) This initiative, which was founded in 2001, is aimed at promoting development of sustainable technologies for the telecommunications industry.

At the European level, we are members of the Executive Board of the European Telecommunications Network Operators' Association (ETNO) and of the Association's Sustainability Working Group. [www.](#) ETNO has become an important point of contact for the EU Commission and for other EU decision-making bodies on the issue of sustainability in our industry.



# Products for tomorrow. Excellence for customers.

- Promises to our customers: Group-wide quality campaign
- Product innovation: better quality of life, better customer care

With its products and services for the "society of tomorrow," Deutsche Telekom contributes actively to social change and sustainable innovation. Customer-centered services and future-tailored products, efficiency and quality are already giving the Group business advantages. They are the key to a successful sustainability business case.

**Excellence: our way to become the integrated telecommunications company with the strongest growth.** Deutsche Telekom's stated goal is to be better than its competitors in all matters of importance to customers. The company's path to this goal leads through the Excellence Program (see p. 8 ff.), which was launched in 2005. One of this program's key emphases is to enhance customer satisfaction. We plan to accomplish just that, in all of our business areas, by stressing "excellence from the customer's perspective" – meaning product and services quality that is optimally geared to each customer, along with specially tailored quality in customer care.

**Promises to our customers: Group-wide quality campaign.** In 2005, Deutsche Telekom launched a Group-wide quality campaign, another key step in its efforts to improve services for its customers. With a total of nine promises, we have made firm quality commitments to our customers – an unprecedented move for the Deutsche Telekom Group, one tantamount to a cultural change in customer relationships. We expect these commitments to strengthen our competitive position and to promote long-term loyalty on the part of our customers – loyalty to optimal services, processes and products.

**Product innovation: striving for results that customers can experience.** For the benefit of our customers, and in keeping with the principle of sustainable business, we work constantly to improve our existing products and develop even better ones for the future. [www.](#) This approach, which is aligned to our innovation strategy (see p. 40), is exemplified by our efforts in the following areas:

- **Energy-efficient products.** Efficient products help to optimize use of resources. Efficiency can be enhanced by improving product design (such as optimized batteries for mobile phones), substituting digital solutions for physical products (such as using digital documents rather than paper ones) or by enabling customers to access digital content online (to eliminate physical transports of CDs, for example).
- **Products to replace physical mobility.** Such products can help reduce traffic and thus contribute to a cut in CO<sub>2</sub> emissions, which means proactive climate protection. Services such as eLearning, conferencing by video or telephone, and telework also fall into this category – and provide additional benefits as well: they facilitate communication in contexts in which it would otherwise be restricted. People with reduced mobility – shut-in by illness or age, for example – can use the Internet, e-mail and convenient broadband solutions, such as wireless networks (WLAN) at hospitals, to stay in contact with other people and access useful information.
- **Products designed to enhance efficiency.** By combining such products and services in line with their specific needs, customers are able to cut costs, improve quality and access new and better types of services. This category of products and services includes industry and organizational solutions such as eHealth for the health-care sector, eGovernment for public administrations and online and telephone banking.



**Focusing on customers: simple and secure use, clear structures.** In its three strategic business areas, Deutsche Telekom has initiated numerous initiatives designed to make it easier and easier for customers to use the Group's products and services. These initiatives include the new, easy-to-understand rates that T-Mobile and T-Com have introduced for the areas of mobile communications and broadband / fixed network. They also include the free virus and spam protection that T-Online introduced in early 2005 for all e-mail accounts. This protection is convenient and has further enhanced security. Yet another element of our Group's focus on customers is provision of state-of-the-art, single-source services in forms tailored to specific customer segments. From the customer's perspective, this element exemplifies our special strength as an integrated telecommunications company especially well.

**Sustainability Compass and external expertise: tools for optimal resources policies.** Deutsche Telekom has been using the "Sustainability Compass" (SC) to assess the sustainability contributions of its products and services, and to do so precisely and very early in lifetime cycles. Recently, in cooperation with the Freiburg-based Institute for Applied Ecology, we critically reviewed the latest SC, which dates from early 2005. In areas such as research into the impacts of climate change, CO2 emissions and climate protection, we cooperate with renowned external institutes – including the Potsdam Institute for Climate Impact Research – in order to optimize our products and assess the consequences of our actions. [www.](http://www.deutsche-telekom.com)

**Outlook: broadband services, seamless mobile communications and a converged voice/data network.** Telecommunication is becoming a truly routine part of everyday life, for both business customers and consumers. As progress continues, we want applications to offer customers ever-greater benefits and usefulness. We are hard at work toward this aim, as the following emerging new types of services demonstrate:

[www.](http://www.deutsche-telekom.com)

- **Next Generation Network**, a combined voice/data network that uses the Internet protocol (IP). Voice over IP, or Internet telephony, is already an established application with the potential for enormous growth.

- **Seamless mobile communications:** "web'n'walk" and "Office in your Pocket" are mobile services for both business customers and private consumers. They are in line with the aim of "seamless mobility," referring to seamless transitions between mobile networks.

- **Home innovations:** broadband mobile and fixed-network services are speeding convergence, in the consumer segment, between entertainment and information media, home systems and multimedia services. Users can now access and manage all such services both at home and on the move.

**Making the future sustainable.** The telecommunications services and applications of the future have huge growth potential: "integrated communication" will continue to gain in importance. A growing number of products and services are becoming "intelligent" thanks to integrated computing functions and mobile communications technology. Customer acceptance and trust are essential factors in the Group's ability to exploit the development potential of this technology to the full, and our goal is to actively gain both. In the form of an internal working group - supported by renowned scientists - our Group has already discussed the fundamental economic, social, ecological and legal impacts and planned possible initial courses of action. We intend to pursue this process in the future with the aim of devising technology, products and services proactively.

# Partner to society.

## Fair, confident, committed.

- Government relations and regulatory issues: positioning ourselves adequately
- Our employees: local ambassadors
- Deutsche Telekom Foundation: supporting and promoting young scientists

Deutsche Telekom is well aware that corporate social responsibility is an integral part of its business conduct. Integrating social and ecological concerns in our business activities is a

**“Anyone who claims to advocate sustainability must also be in favor of intergenerational justice. We are campaigning for this principle to become recognized in the constitution. We want less government debt, more sustainability, more environmental protection and more investment in education.”**

We hope that Deutsche Telekom is not just paying lip service to social responsibility, merely as a way of averting normative claims. Like other corporations, Deutsche Telekom needs to be aware that responsibility means taking proactive action, rather than simply refraining from doing certain things. However, the activities we have seen to date in the name of ‘Corporate Social Responsibility’ give little indication that companies are actively pursuing nature conservation in the sense of protecting basic material resources.”

**Dr. Jörg Tremmel,**  
Scientific Director of the Foundation for the  
Rights of Future Generations  
(Deutsche Telekom Sustainability Day 2005)

sign of how seriously we take our responsibility. As a corporate citizen, we also promote the development of a sustainable society – at local, regional and global level. In this effort, we have to take account of the broad range of our stakeholders' interests (employees, customers, business partners, suppliers, shareholders, and investors) and combine these with the Group strategy for the benefit of all. [www.](#)

### **Political representation of interests, and regulatory strategy: for balance, support and understanding.**

In our political communication, we work to give Deutsche Telekom a stronger voice in national and international discussion of economic policy. We strive to promote understanding and support for our entrepreneurial orientation. Internally, the company's Government Relations and Regulatory Strategy unit assists the Board of Management and the company's strategic business units in fostering a positive political climate for Deutsche Telekom – in its contacts with political players and with associations at the national, European and international levels. The relevant spectrum in this area includes regulatory and competition-policy issues in the telecommunications sector, the framework for innovation and employment, financial and economic policy and consumer protection.

By coordinating and bundling these interests, we present a consistent political image of the Group, which in turn increases the company's credibility with politicians and society as a whole. In a "Magna Charta," all of the Group's relevant players have committed themselves to a culture of mutual respect, internal openness, transparency and cooperation as the basis for success-oriented, effective interest representation. Cooperation based on trust and openness are values we uphold both within the company and in our interactions with contacts in the political sector, in society and in relevant associations.



### Suppliers: support for sustainability management.

The ideal of voluntary action, as opposed to reaction to imposed standards and regulation, is one we also pursue in our dealings with the Group's suppliers. Deutsche Telekom is active in the Global eSustainability Initiative (GeSI) [www.](#) and in that initiative's Supply Chain Working Group (SCWG). Examples of the SCWG's work include:

- Developing instruments and processes that promote and enhance practical implementation of internationally accepted workplace and environmental standards throughout the entire ICT supply chain.
- Assisting suppliers in assessing their compliance with the most important requirements and/or standards for a sustainable supply chain.
- Putting GeSI information about suppliers to good use. This information helps us, for example, to identify ways of improving cooperation with our suppliers in the interest of sustainability.

### Legal disputes: representing our justified interests.

Deutsche Telekom is a party to a number of judicial and extra-judicial proceedings involving government agencies, competitors and other parties. Our Group will continue to represent its interests resolutely in all of these court, conciliatory and arbitration proceedings. (For details regarding the various proceedings see Deutsche Telekom's Annual Report for 2004, p. 86, Litigation). It is not yet possible to predict the outcome of these proceedings.

**Corporate volunteering: social sponsoring and employees active in volunteer work.** Our employees play a key role in determining how Deutsche Telekom is perceived by the public. They link the Group with society, locally and directly – and they do so worldwide, wherever our business takes us. As a rule, we welcome our employees' personal and volunteer commitments or political work. To prevent conflicts of interest, however, we require a clear separation between employees' political work or positions and their work for the company. This policy is in the interest of both our employees and Deutsche Telekom. Since we consider our reputation to be an important value driver for our Group, we plan to measure and outline it in future, using a suitable index.

Social commitments have always played an especially important role at Deutsche Telekom. [www.](#) Our social sponsoring focuses particularly on children and young people. One example of our commitments in this area is our support for the free and anonymous helpline for children and young people in trouble. Over 400 Deutsche Telekom employees give up their free time to volunteer as local counselors for this helpline, which is organized by the German "Parent Line" initiative. [www.](#)

Deutsche Telekom Foundation: encouraging young scientists. The Deutsche Telekom Foundation [www.](#) carries out projects designed to enhance education for young people in mathematics, science and technical subjects. This is in keeping with the insight that education, research and technology are the indispensable basis for any forward-looking development in Germany and Europe. The Foundation thus promotes new learning approaches, including the necessary continuing education for instructors. And its efforts extend to the entire education sector, including kindergarten, schools and universities. The Foundation supports new learning approaches in its "Interactive School" project, for example. At the same time, the Foundation is also working to smooth transitions between the various educational levels. For example, it has been supporting the spread of the "pupils' university" scheme, a successful program which offers gifted pupils the opportunity to take regular university courses in mathematics, physics and chemistry.

## "We need to work actively to bring different cultures together – also in our company."

With her theology degree, it's no surprise that Andrea Baare should promote intercultural exchanges. Her experience in church community work enriches her work at T-Systems.



Many people suddenly change direction in their life. Andrea Baare is one such person. In 1983, Baare, now with T-Systems, graduated from a business school for foreign-language correspondence located in Mönchengladbach, only to begin studying Protestant theology in the same year. "This decision was motivated in part by the advice of my parents and my pastor at that time. They agreed it would be a perfect way to combine my faith with my interest in working with people," she explains.

The years that followed were "moving" – literally. In 1987, her studies took her to the U.S. Then, having earned her Master

of Theology, she returned to Germany – and then returned to the U.S., to California. Her emphasis was on intercultural theology. She then moved to Durban, South Africa, for a year. In 1995, finally, she returned to Germany. "Being able to move in different cultures, and to promote understanding between cultures, is a big part of my life," Andrea Baare emphasizes.

And she devotes a great deal of her free time to this part of her life – for example, in her work in the American Protestant Church in Bonn. Bonn still has a large international church community, in part as a legacy of its former role as Germany's capital. "This Protestant community has a very vital intercultural life," she reports. Although her theological studies were "never aimed at the pulpit," she now finds herself delivering sermons at the congregation's Sunday services. She is also a member of the church council, where "again and again, we have to balance differing positions and aims in trying to make the best possible decisions for the congregation."

Her everyday work confronts her with a similar challenge. Andrea Baare works for T-Systems as an office assistant. In that capacity, Baare, 43, finds herself functioning as a moderator for complex processes. She is also a member of T-Systems' Diversity Team. The "diversity" referred to in the team's name is the diversity of the company's people. "We have to accept this diversity and embrace it constructively, in the interest of the company's development," Baare explains. When a company permits and even encourages its employees to integrate their various cultural identities and their various strengths and perspectives, within their work for the company, then "both profit – the company and its employees."

Andrea Baare has still another private commitment in which she seeks to tap human strengths and diversity in the interest of a network of relationships: as an active member of the European Fuller Alumni Network. The Fuller Network establishes contacts between universities, students, companies and organizations. Every two years, Andrea Baare organizes conferences with Fuller Theological Seminary professors in Germany, the UK and Switzerland. "At these conferences, Fuller Network members have the opportunity to meet with scholars from European theological institutions," she explains.

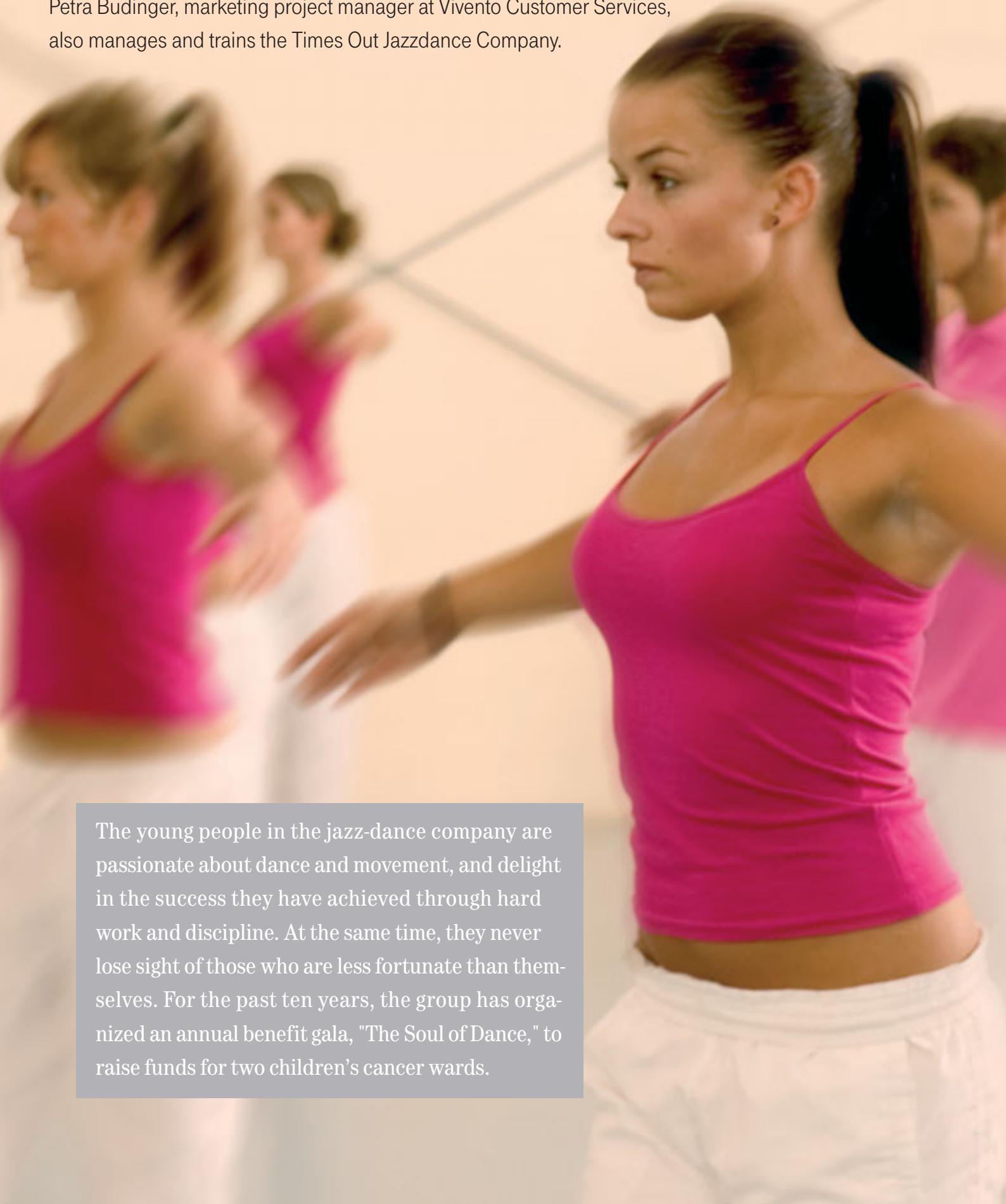
In recent years, coexistence of different religions and cultures in the globalization age has become a more and more pressing topic of discussion. From her work for the Deutsche Telekom Group, Andrea Baare is well aware that this topic is becoming increasingly important for companies as well: "Deutsche Telekom works with subsidiaries in many different countries and in a highly internationalized market. As a result, the company has employees and customers from a wide range of different cultures." She considers intercultural teams to be a good way of guiding the resulting intercultural encounters in positive directions. "This is an area in which diversity has a direct effect on the company's success," she emphasizes.

Andrea Baare is convinced that the relationships between companies and their employees are going to change in the coming years: "A company needs to offer its employees assistance even for life situations that are not directly connected to the employees' work for the company." Satisfied employees do good work, while employees who are struggling with personal crises often lack the motivation they need for their work. Many companies in the U.S. and the UK now have a workplace chaplain, a sort of personal counselor. Andrea Baare can see herself working in such a capacity some day: "A company is a place where people live and work together – and people who live together well can work together well."



# “We owe our success to a combination of disciplined hard work and sheer enjoyment. The same goes for my work at the office.“

Petra Budinger, marketing project manager at Vivento Customer Services, also manages and trains the Times Out Jazzdance Company.



The young people in the jazz-dance company are passionate about dance and movement, and delight in the success they have achieved through hard work and discipline. At the same time, they never lose sight of those who are less fortunate than themselves. For the past ten years, the group has organized an annual benefit gala, "The Soul of Dance," to raise funds for two children's cancer wards.



# Sustainability benchmarks. Setting measurable yardsticks.

- Sustainability rankings: results lend impetus
- Opinions: stakeholder views on reporting

Deutsche Telekom works hard to ensure the transparency of its sustainable development status, and discloses benchmarking results. This in turn acts as an impetus for improvement, and as a signal to step up its commitments in the field of sustainability.

**Sustainability rankings: drawing on the results.** In the period under review, Deutsche Telekom has been awarded top rankings by the sustainability ratings agencies. Our key achievements include a top ranking in the oekom research screening, Munich, and a sixth-place ranking from Sustainable Asset Management (SAM), Zurich, qualifying us for listing on the Dow Jones Sustainability World Index and the Dow Jones Sustainability Stoxx. Deutsche Telekom was ranked second by Sarasin Bank, which described us as "above average." Our consistently good sustainability performance, according to a commissioned study by EIRiS (Ethical Investment Research), London, has secured our relisting in the FTSE4Good Index (FTSE = Financial Times Stock Exchange). [www.](#)

The ratings highlight three main areas for improvement: strategic project planning, Deutsche Telekom's competitive conduct, and the consideration of sustainability as a business case. In this respect as in every other, Deutsche Telekom is determined to strive for excellence.

**Ethical investment on the increase.** A growing number of investors are incorporating ethical responsibility into their investment decisions. Deutsche Telekom accommodates these stakeholder requirements and sees a growing need for strategic measures – for example, with regard to corporate governance and the introduction of international social standards – in order to boost its successful financial development.

**Evaluation: learning from our critics and taking up their suggestions.** We value the comments made by our stakeholders and implement the results as broadly as possible. Last year, the Group commissioned a stakeholder survey on human resources and sustainability reporting which produced the following results:

- 71.4 percent of respondents rated the report as credible (50 percent) or very credible (21.4 percent).
- After reading the report, 83.8 percent felt that they now understood Deutsche Telekom and its activities better (77.4 percent) or much better (6.4 percent).
- 77.4 percent now have a considerably (6.4 percent) or somewhat (71 percent) more positive image of Deutsche Telekom.

27 percent of respondents called for objectives and measures to be clearly set out in the environmental section of the report. Other potential areas for improvement included external attestation (50 percent), the representation of stakeholder comments (40.6 percent) and the inclusion of weaknesses (34.4 percent). The Group takes these requirements and criticisms seriously, and will make every effort to incorporate them into future decision-making.

# Sustainability indicators and targets. Measuring and improving sustainability.

- Indicators: measuring suitable variables
- Targets: the consistent pursuit of excellence

The sustainability indicators are important tools for measuring the progress of sustainable development at Deutsche Telekom, and also aid the formulation of future Group-wide targets.

**Sustainability indicators: reviewing status, grading performance.** The indicators are a means of continuously reviewing and grading our sustainability performance. They also provide an insight into the implementation status of our sustainability strategy and its subsequent development.

The indicators were introduced last year, and communicated for the first time in the 2004 Human Resources and Sustainability Report. This year, the emphasis was on preserving data comparability and continuous applicability of the indicators, as well as incorporating the first year's experiences along with stakeholder feedback and evaluations of the report.

We have introduced an additional economic indicator showing the extent to which the company's shares are supported by sustainable investment (see also p. 53).

Indicators of CO<sub>2</sub> emissions have shown a significant increase. Between 2003 and 2004, indirect CO<sub>2</sub> emissions from electricity generation, for which Deutsche Telekom acknowledges shared responsibility, have increased in numerical terms, due to inadequate information from the electricity suppliers about the supplied energy mix. Several key suppliers no longer provide a detailed breakdown of the energy mix, particularly in the case of electricity from co-generation plants. As a result, we are forced to base much of

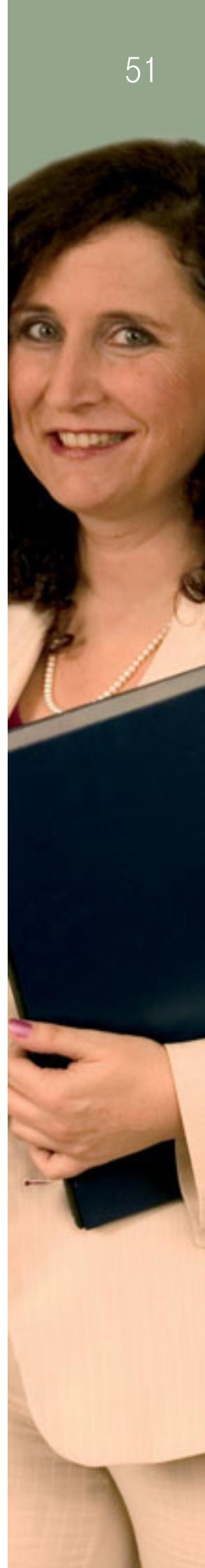
our electricity supplies on the average German energy mix. The effects of the decarbonization of electricity consumption up to and including 2003, due to the contractual requirement to procure electricity from cogeneration plants, cannot be proven for 2004 to the same extent.

The previous year's vehicle fleet CO<sub>2</sub> emissions were based on an incomplete database. Data for the vehicles of all national Group units and company cars has now been included in this year's figures.

**Setting and achieving sustainability targets.** Based on the Group sustainability strategy, all Deutsche Telekom business units have formulated their own action plans and subsequently set a wide array of sustainability targets, although not yet systematically for each unit. Just a few topical examples of the many targets available are outlined below. [www.](#)

**T-Mobile: research cooperation and promotion.** Our Mobile Communications business area has met its target of stepping up cooperation with universities, institutes and organizations. This was motivated by an awareness of the business implications associated with improving our scientific knowledge of environmental electromagnetic compatibility, for example.

T-Mobile advances the research process and supports numerous scientific projects and organizations with the aim of obtaining more reliable findings. One such example is the Research Association for Radio Applications in Germany. T-Mobile also supports national research programs through its various national companies, including the German Government's "German mobile communications research program" (2001-2005) and the British research program "Mobile Telecommunications and Health Research" (MTHR, 2002-2005). Other national network operators are also involved in the two programs. [www.](#)



**T-Com: energy consumption cut more than planned.**

One of T-Com's main aims is to scale down its energy consumption even further. In 2004, T-Com exceeded its target of reducing energy consumption by 54 Gigawatt hours (GWh)

**"The ICT industry could offer many important solutions to today's major challenges. In reality, however, it is not realizing its potential. We must start to see intelligent solutions that can provide welfare without destroying the environment. These must be developed, not only for ourselves, but for rapidly expanding markets like China. WWF think it is time the industry came up with a proactive ICT strategy.**

For Deutsche Telekom, this means three things: Firstly, it should formulate a vision for ICT in the period 2020 – 2050; and secondly, it needs to quantify the environmental gains in monetary terms. Thirdly, it should encourage new links between the various departments involved in sustainable innovations, to find new solutions and speed up the process from idea to implementation. Deutsche Telekom should continue its current leadership of compiling and communicating good examples, but these need to be backed up with hard numbers in the future. The market will not take action unless the positive effects associated with a given solution are known."

**Dennis Pamlin**  
Global Policy Advisor, WWF Sweden  
(Deutsche Telekom Sustainability Day 2005)

per annum by more than 11 percent, with actual savings in excess of 60 GWh. The same goes for its plans to reduce the use of hazardous substances in internal processes; the actual reduction achieved was 18 percent, compared with a target of 15 percent. These achievements were the result of improved efficiency, coupled with a wide range of technical, organizational and conduct-related measures at the T-Com branch offices, which were supported by the regional environmental officers.

**Future targets set.** The ongoing evolution of the sustainability strategy up until spring 2006 also includes setting binding, Group-wide sustainability targets and ensuring their gradual implementation throughout the business units. The pre-existing environmental targets will be incorporated into this process.

**Superordinate environmental targets**  
**Deutsche Telekom Group**

To develop and improve products and services which relieve pressure on the environment

To minimize CO<sub>2</sub> emissions emitted by the Group by

- continuing our efforts to reduce energy consumption and boost energy efficiency
- promoting the use of renewable energies
- increasing the use of natural gas-powered vehicles within the Group

To boost resource efficiency and encourage the more widespread use of ecologically beneficial products in internal processes

To raise awareness of resource-conserving and climate friendly products and services among our employees and customers

# Sustainability indicators.

Economic indicators		
	2004	2005
EBITDA (adjusted for special factors) <sup>11</sup>	€ 18.6 bill.	€ 19.6 bill.
Free cash flow (before dividend payment) <sup>11</sup>	€ 8.7 bill.	€ 10.3 bill.
Net income <sup>11</sup>	€ 1.9 bill.	€ 1.6 bill.
Net revenue <sup>11</sup>	€ 55.5 bill.	€ 57.4 bill.
Percentage of shares held by sustainable investment funds	0,67 %	1,03 % <sup>4,5</sup>

Ecological indicators		
	2004	2005
Annual CO <sub>2</sub> emissions relative to energy consumption	321 g/kWh <sup>1,3</sup>	526 g/kWh
Annual Fleet Service CO <sub>2</sub> emissions relative to mileage <sup>1</sup>	168 g/km	196 g/km
Percentage of waste recycled <sup>1</sup>	86 %	88 %

Social indicators		
	2004	2005
Employee commitment <sup>2</sup>	7,0 <sup>6</sup>	7,1 <sup>6</sup>
Percentage of women in managerial positions <sup>2</sup>	8,6 %	9,2 %
Percentage of female employees <sup>2</sup>	33,8 %	32,4 %
Percentage of disabled persons <sup>2</sup>	6,3 %	7,3 %
Percentage of 25 largest suppliers that fulfill social criteria <sup>4,8</sup>	100,0 %	100 % <sup>9</sup>
Trainee ratio <sup>1</sup>	7,2 %	7,4 %
In-company further training expenses relative to total personnel costs <sup>7</sup>	1,5 %	1,9 %
Percentage of part-time employees <sup>2</sup>	12,4 %	10,0 %
Health rate <sup>1</sup>	93,8 % <sup>2</sup>	93,7 %

Integrated indicators		
	2004	2005
Number of services identified with potential to contribute to sustainability <sup>4</sup>	39	58
Number of measures implemented to promote Global Compact <sup>4</sup>	7	10
Number of telework jobs <sup>1,4,10</sup>	2 300 <sup>2</sup>	3 700
Internal online training programs <sup>1</sup>		
- registered users of Global Teach training platform	40 974 <sup>2</sup>	42 804
- participants in online training programs via the virtual classroom	35 000	51 500
Participants in "x online" schemes to overcome the digital divide <sup>1</sup>	47 978	43 106

Notes: figures are worldwide annual values for the Group - unless otherwise stated

1 ... for the Group throughout Germany

2 ... for Deutsche Telekom AG throughout Germany

3 ... for facilities managed by DeTelImmobilien

4 Figures as of June 30 of the relevant year

5 European indices + funds [EU (available data for new EU members) and Switzerland, Norway] incl. institutional investment

6 Employee survey; average level of positive answers to 5 commitment questions; representation on a scale of 2 to 10

7 Excluding travel expenses and working days lost

8 Basis: information provided by suppliers

9 With a 50% share in overall purchasing volume

10 Alternating telework jobs, projection

11 Explanatory notes – for details see 2004 Human Resources and Sustainability Report



# Selected environmental data of the Deutsche Telekom Group.

Energy consumption of Deutsche Telekom Group				
in 1,000 kWh				
Region	Power consumption		Heating consumption	
	2003	2004	2003	2004
Germany	3,063,000	2,973,000	821,000	745,000
Great Britain	325,993	325,993*	144,302	144,302*
Croatia	93,416	92,343	31,191	35,078
Netherlands	7,100	24,000	2,985	2,670
Austria	7,264	6,902	n.a.	n.a.
Slovakia	104,184	95,350	80,636	82,352
Czech Republic	60,866	88,932	4,584	11,432
Hungary	213,760	221,855	98,879	121,544
USA	n.a.	560,785	n.a.	n.a.
<b>Total (rounded)</b>	<b>3,876,000</b>	<b>4,389,000</b>	<b>1,183,600</b>	<b>1,142,400</b>

n.a. = not available

\*estimate

Breakdown of energy consumption for heating of Deutsche Telekom Group				
in 1,000 kWh				
Region	Natural gas consumption		Fuel oil consumption	
	2004	2004	2004	2004
Germany	425,000	108,500	-	211,700
Great Britain	144,052	250	-	-
Croatia	11,756	12,060	-	11,262
Netherlands	2,670	-	-	-
Austria	n.a.	n.a.	n.a.	n.a.
Slovakia	48,773	1,034	1,698	30,848
Czech Republic	2,853	-	-	8,579
Hungary	81,728	16,185	-	23,631
USA	n.a.	n.a.	n.a.	n.a.

n.a. = not available

CO <sub>2</sub> equivalents from energy consumption of Deutsche Telekom in Germany <sup>1</sup>			
in 1,000 tonnes (t)			
	2002	2003	2004
Total energy volume	1,148	1,224	1,763
of which			
from power consumption	894	1,008	1,578
from direct fossil fuel consumption	254 <sup>2</sup>	215 <sup>2</sup>	185 <sup>3</sup>

<sup>1</sup>DeTelimmobilien figures<sup>2</sup>Heating, standby power systems, liquid gas<sup>3</sup>Heating

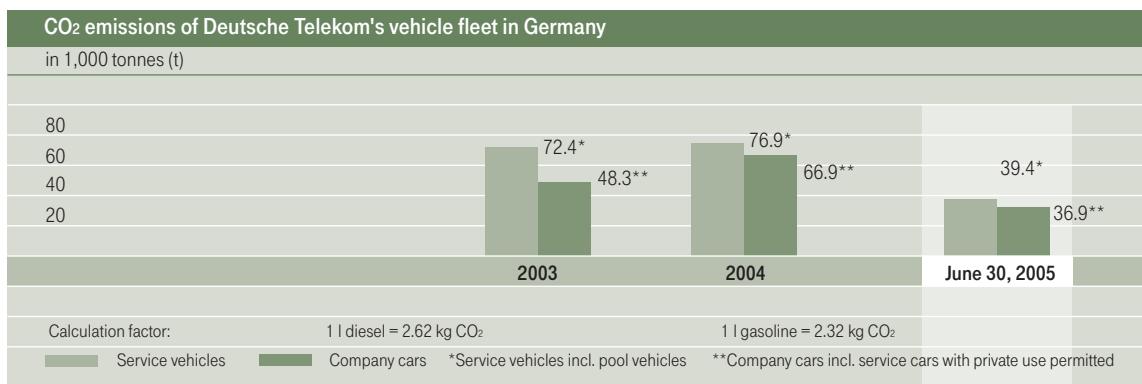
CO <sub>2</sub> equivalents from energy consumption of Deutsche Telekom in 2004 in Europe			
in 1,000 tonnes (t)			
Region	Total energy consumption	Power consumption	Heating consumption
Germany	1,763	1,578	185
Whole of Europe	2,493	2,200	292
Europe excl. Germany	730	622	107

# Selected environmental data of the Deutsche Telekom Group.

Fleet Services, consumption and mobility at Deutsche Telekom in Germany			
Number of vehicles, liters (l) in million, kilometers (km) in million			
	2003	2004	June 30, 2005
Vehicles	38,209	40,342	41,438
Service vehicles	30,846	31,166	30,459
Company cars	7,363	9,176	10,979
<b>Mileage</b>	<b>719.8</b>	<b>730.5</b>	<b>377.9</b>
of which service vehicles	389.6	396.3	200.1
company cars	330.3	334.2	177.8
<b>Consumption</b>	<b>47.8</b>	<b>56.2</b>	<b>29.7</b>
of which service vehicles	27.8	29.6	15.2
company cars	20.0	26.6	14.5

Number of vehicles and mileage of Deutsche Telekom in Europe in 2004						
Region	Number of vehicles	Percentage		Annual mileage in million kilometers (km)	Fuel consumption in million liters (l)	
		Gasoline engine	Diesel engine		Gasoline	Diesel
Croatia	1,689	24 %	76 %	34.4	0.5	2.0
Austria	286	11 %	89 %	10.3	n.a.	n.a.
Slovakia	2,362	70 %	30 %	37.5	2.2	1.4
Czech Republic	591	79 %	21 %	n.a.	0.8	0.2
Hungary	3,961	46 %	54 %	76.0	3.0	3.4

n.a. = not available



# Selected environmental data of the Deutsche Telekom Group.

Waste volume of Deutsche Telekom Group in 2004			
in tonnes (t)			
Region	Total waste	Technical waste	Hazardous waste
Group	176,493	19,040	2,438
Germany	58,322	12,291	1,245
Group excl. Germany	118,171	6,749	1,193
of which			
Great Britain	n.a.	n.a.	n.a.
Croatia	3,753	2,170	119
Austria	168	12	1
Slovakia	4,712	2,305	597
Czech Republic	591	29	3
Hungary	7,947	2,233	473
USA	101,000	n.a.	n.a.

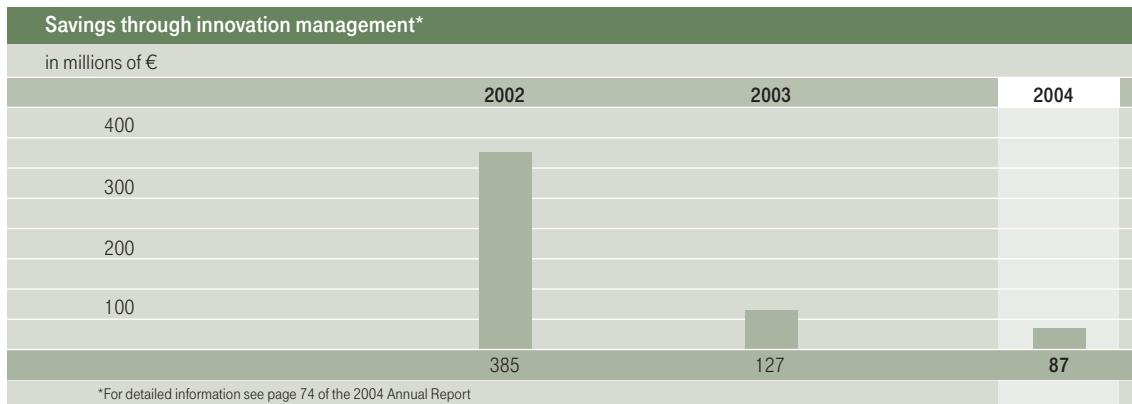
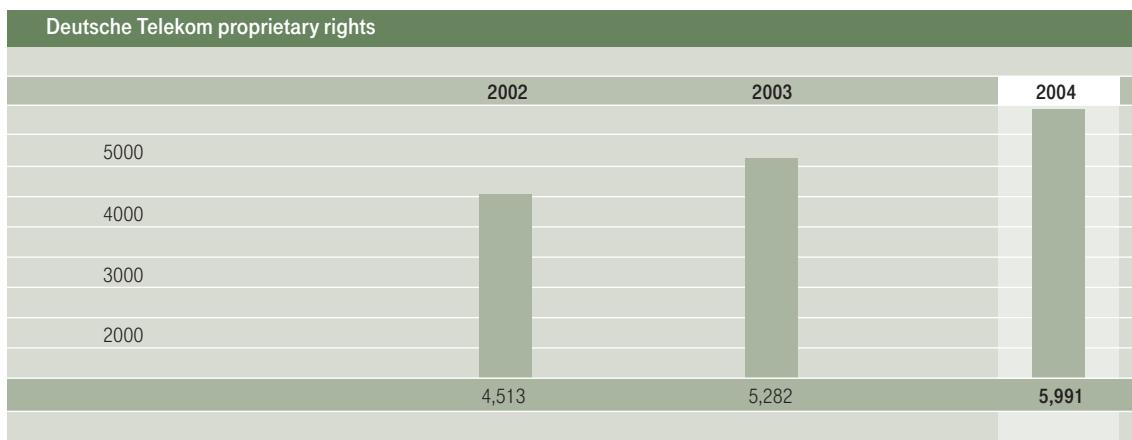
n.a. = not available

Percentage of waste recycled at Deutsche Telekom AG			
in tonnes (t)			
Year	Total waste	Annual volume (recycled)	Percentage recycled
2003	58,683	50,413	86 %
2004	58,322	51,569	88 %

Water consumption of Deutsche Telekom			
in millions of m <sup>3</sup>			
	2002	2003	2004
Germany*	1.96	3.50	3.90
Europe (without Germany, Netherlands, Austria)	n.a.	n.a.	1.91

\*Consumption billed via DeTelImmobilien    n.a. = not available

# Innovation management at Deutsche Telekom.



## "When we do a good work with inner conviction and enthusiasm, we can move mountains."

For over ten years, Petra Budinger has been using benefit events to help children with cancer. For Petra Budinger, "The Soul of Dance" is a very personal insight into life.



Sometimes the truth lies between all the words. Petra Budinger rarely takes a break. She rarely stops in her work, her life and especially in her commitment to children with cancer. But the question of why she does it all does give her pause. And then she says: "Every time I visit the children's cancer ward I feel really bad." In such moments, she doesn't feel any pride in knowing that her gala benefit events help to cover the cost of care for young cancer-patients. "I'm filled with admiration for the nurses and care-givers who work here day in and day out." As a child, she was once a cancer patient

herself; she had to be treated for a lung tumor. "At that time, parents were not permitted to visit around the clock," she remembers. Today, with her "The Soul of Dance," she is collecting donations for projects that will include a facility in which child patients and their parents can live together.

Perhaps early childhood memories are the force driving Petra Budinger to volunteer all of her free time. The professional manner in which she goes about her volunteer work, on the other hand, may well have something to do with her talent for organization. As project manager in Vivento Customer Services' (VCS) area of marketing and event management she knows what precise planning is all about. She and her team organize trade fairs and road shows and manage VCS' public presence. The gala benefits are more than perfectly organized events, however. In "The Soul of Dance," Petra Budinger taps a very personal passion: dance. After taking ballet lessons from the time she was four, she spent years in jazz and modern dance. "I'm still profiting from the standards of perfection and discipline that I was taught as a dancer," she explains. And thus "The Soul of Dance" is an absolutely meticulous production, choreographed with great care.

By now, the press clippings about her benefit events fill several big binders. "The Soul of Dance" has been a fixture in the cultural events calendar in her home city of Düren for a full ten years. The productions have sold out a total of six times, and they have collected a total of 166,000 euros. "The Soul of Dance" is three hours of perfectly choreographed movements in many different styles of dance, including classical ballet, modern dance, show dance, musical and break dance. A total of 130 dancers, including European and world champions from some 20 different countries, perform for free. All of the proceeds go to child patients. At the children's clinic in Düren-Birkesdorf and in the pediatric oncology division of the Cologne University Clinic, "The Soul of Dance" supports home care for critically ill patients as well as research to develop new types of therapy. And often, the money is used to make a sick child's very special wish come true.

Nearly a year passes between the first day of planning for "The Soul of Dance" and the moment in which Petra Budinger presents a check with all the donations. Except for the necessary financial accounting, for which Petra Budinger avails herself of expert assistance, the task of organizing the gala benefit is a "one-woman" show: she handles all aspects of the production, including selecting the dancers, designing

the program, booking venues, finding accommodations for the performers, drumming up sponsors and communicating with the press. Where does she get her energy? "I've been working with one of the dancers since she was five. She's now 16, and she performs in every gala benefit," Petra Budinger explains. She emphasizes that one of her greatest sources of strength is being able to see how much one can accomplish when one is doing things with real conviction and passion.

She's convinced that her enthusiasm also serves her well in her job. Petra Budinger has been with Deutsche Telekom for over 20 years – and she's still excited, she explains, about all of the possibilities the company offers each and every one of its employees. Every day, for example, her work gives her "a wealth of impressions and experience in dealing with people." That sounds like positive energy – lots of positive energy. And yet the story of her volunteer work begins with a difficult experience, the lesson that life can change completely overnight – and present completely new challenges.

In early 1995, Petra Budinger was involved in a serious car accident. While she was very fortunate in having survived the crash, she experienced a great misfortune: her own active dancing career was suddenly over. And then came many long months in rehab. But instead of railing against her fate, she conceived a special idea: "The Soul of Dance." Today, "The Soul of Dance" is protected by patents throughout Europe, Petra Budinger explains, and suddenly, finally, she seems just a little proud.



# Contact.

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**Photos:**  
 The persons pictured are employees of the Deutsche Telekom Group:  
 Ulrike Fey (T-Com), Erich Host (T-Com), Jeannine Pilloud (T-Systems Switzerland),  
 Andrea Baare (T-Systems), Petra Budinger (Vivento Customer Services)  
 The following are not employees of the Deutsche Telekom Group: the dance teacher  
 and children's group of the Prince's Guard, Cologne, the swimmers in the swimming  
 pool in Meilen, Switzerland, the members of the American Community, Bonn, the  
 dancers in the Times Out Jazz Dance Company, Düren. Front cover: children in the  
 T-Mobile day-care center and the "Minimäuse" day-care center in Bonn  
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**Internet and download:**  
[www.telekom.de/nachhaltigkeit](http://www.telekom.de/nachhaltigkeit)

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## Selected Human Resources data of the Deutsche Telekom Group

Trainees and training occupations				
(total of all three training years)				
Occupations	2004	Of which	October 1,	Of which
		female	2005*	female
<b>IT occupations</b>				
Systems electronics technician	2,971	144	3,014	151
IT technician/applications development	277	36	276	32
IT technician/system integration	1,634	116	1,544	105
Systems business administrator	2,105	672	2,046	611
	<b>6,987</b>	<b>968</b>	<b>6,880</b>	<b>899</b>
<b>Industrial/technical occupations</b>				
Energy electronics technician and gas/water fitter*	98	6	38	3
Electronics technician for building and infrastructure installations	51	2	76	5
	<b>149</b>	<b>8</b>	<b>114</b>	<b>8</b>
<b>Commercial occupations</b>				
Office communications administrator +				
Office communications administrator with supplementary qualification as foreign language correspondent (Eng.)	3,693	2,932	3,362	2,635
Retail sales assistant	-	-	496	281
Industrial business administrator	237	145	260	159
Administrator for building and housing management	81	45	73	48
	<b>4,011</b>	<b>3,122</b>	<b>4,191</b>	<b>3,123</b>
<b>Degree courses with integr. pract. phases</b>				
Incl. universities of applied science in Paderborn, Leipzig, Bergisch Gladbach, Darmstadt	232	81	307	71
<b>Total number of trainees</b>	<b>11,379</b>	<b>4,179</b>	<b>11,492</b>	<b>4,101</b>
* Figures were projected for 2005				

## Telecommunications Sector Specific Indicators according to GRI

Telecommunications Sector Specific Indicators				
<b>Investment</b>				
IO1 Capital investment in telecommunication network infrastructure broken down by region. <a href="#">www.</a>				
IO2 Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. <a href="#">www.</a>				
<b>Health and Safety</b>				
IO3 Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of infrastructure. <a href="#">p. 26</a>				
IO4 Compliance with ICNIRP standards on exposure to radiofrequency emissions from handsets. <a href="#">p. 35</a>				
IO5 Compliance with ICNIRP guidelines on exposure to radiofrequency emissions from base stations. <a href="#">p. 35</a>				
IO6 Policies and practices with respect to SAR of handsets. <a href="#">pp. 10, 35</a>				
<b>Infrastructure</b>				
IO7 Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. <a href="#">p. 35*</a>				
IO8 Number and percentage of stand-alone sites, shared sites, and sites on existing structures. <a href="#">www.</a>				
<b>Access to Telecommunication Products and Services</b>				
PA1 Policies and practices to enable the deployment of and access to telecommunications products and services in remote and low population density areas. <a href="#">www.</a>				
PA2 Policies and practices to overcome barriers for access to and use of telecommunication products and services including language, poverty, illiteracy, disabilities, and age. <a href="#">pp. 10, 23-24, 41-42</a>				
PA3 Policies and practices to ensure availability and reliability of telecommunications products and services. <a href="#">pp. 42-43*</a>				
PA4 Quantify the level of availability of telecommunications products and services in areas where the organization operates. <a href="#">www.</a>				
PA5 Number and types of telecommunication products and services provided to low income sectors of the population. <a href="#">www.</a>				
PA6 Programs to provide and maintain telecommunication products and services in emergency situations. <a href="#">www.</a>				
<b>Access to Content</b>				
PA7 Policies and practices to manage human rights issues relating to access to and use of telecommunications products and services. <a href="#">p. 40*</a>				
<b>Customer Relations</b>				
PA8 Policies and practices to publicly communicate on EMF related issues. <a href="#">pp. 10, 11, 35*</a>				
PA9 Total amount invested in programs and activities in EMF research. <a href="#">pp. 35, 51*</a>				
PA10 Initiatives to ensure clarity of charges and tariffs. <a href="#">p. 43*</a>				
PA11 Initiatives to inform customers about product features and applications that will promote responsible use. <a href="#">p. 40*</a>				
<b>Technology Applications</b>				
TA1 Examples of efficient telecommunication products and services. <a href="#">pp. 32, 42</a>				
TA2 Examples of telecommunication products, services and applications that have the potential to replace physical objects. <a href="#">pp. 34, 42</a>				
TA3 Changes of customer use (transport/resources) of telecommunication products and services. <a href="#">www.</a>				
TA4 Estimates of rebound effects (indirect consequences) of customer use of products and services, and lessons learned. <a href="#">www.</a>				
TA5 Practices relating to intellectual property rights and open source technologies. <a href="#">p. 40*</a>				

\* No complete presentation as per GRI criteria or only examples

## Index according to GRI (Global Reporting Initiative)

GRI Report content (core indicators)		
1.1 Vision and strategy	pp. 8-12	EC3 Costs of all goods, materials and services purchased AR p. 71
1.2 Statement by the CEO	pp. 2-3	EC4 Contracts paid in accordance with agreed terms not specified
Organizational profile		
2.1 Name of the company	p. 4	EC5 Employee compensation (wages, social benefits) p. 21, AR p. 160
2.2 Major products and services	pp. 4-5	EC6 Distributions to providers of capital AR p. 23
2.3 Operational structure	pp. 4-5, AR C4	EC7 Changes in retained earnings AR C2
2.4 Major business areas	pp. 4-5, AR C4	EC8 Total sum of all tax payments by country AR p. 158
2.5 Countries in which the company has operations	pp. 4-5, AR C6	EC9 State subsidies/grants by country www.
2.6 Ownership structure	AR p. 24	EC10 Donations to community and civil associations p. 45*
2.7 Markets served	pp. 4-5, AR C6-C7*	<b>Environmental performance indicators</b>
2.8 Scale of the company	pp. 4-5	EN1 Total materials use other than water, by type p. 34, AR C7 (no own production)
2.9 List of stakeholders	pp. 15, 44, AR p. 215	EN2 Utilization of waste materials p. 56
2.10 Contact person for the report	p. 60	EN3 Direct energy use (broken down by primary source) pp. 32-33, 53, 54*
2.11 Reporting period	C2	EN4 Indirect energy use www.
2.12 Date of most recent report	C2	EN5 Water use p. 56
2.13 Boundaries of the report	C2	EN6 Land areas used in biodiversity-rich habitats none
2.14 Significant changes	none	EN7 Major impacts on biodiversity none
2.15 Joint ventures, subsidiaries	AR C6	EN8 Greenhouse gas emissions pp. 32, 51, 53-55*
2.16 Restatements of information	C2	EN9 Use and emissions of ozone-depleting substances p. 33
2.17 Decisions not to apply GRI principles	not applicable	EN10 NOx, SOx and other significant air emissions www.
2.18 Criteria/definitions for costs and benefits	pp. 9, 20-22, 40- 42	EN11 Waste volume by type and method of disposal pp. 34, 53, 56
2.19 Changes in measurement methods	pp. 51-52	EN12 Significant discharges to water by type none
2.20 Accuracy and completeness of the report	C2	EN13 Significant spills of chemicals, oils, etc. none
2.21 Independent assurance of the report	partially through AR	EN14 Environmental impact of products/services supplied pp. 33, 35, 42, 43
2.22 Access to additional information	entire document	EN15 Recycling of products p. 34*
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3.1 Governance structure, including responsibilities for sustainability	AR p. 11*	EN16 Fines for non-compliance with legal regulations on the environment AR p. 189
3.2 Independence of the Supervisory Board	AR pp. 19-21	<b>Social performance indicators: Working conditions</b>
3.3 Expertise of the Executive Board in terms of sustainability issues	pp. 8-11, 15*	LA1 Breakdown of workforce by region AR p. 78
3.4 Board-level processes for monitoring environmental, economic and social risks and opportunities	pp. 44, AR pp. 13-14*	LA2 Workforce fluctuation and job creation by region pp. 12, 20, 22*
3.5 Linkage between executive compensation and achievement of the company's sustainability goals	AR p. 198	LA3 Percentage of employees represented by trade unions or covered by collective bargaining agreements p. 27*
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3.8 Shareholder recommendations to the Executive Board	AR p. 19*	LA6 Formal committees on health and safety issues p. 26
3.9 Identification of stakeholders	pp. 15*, 44, AR p. 215	LA7 Injuries, absentee rates and work-related fatalities pp. 26, 53*
3.10 Consideration of stakeholder interests	pp. 15, 35, 40	LA8 Principles and policies on HIV/AIDS www.
3.11 Stakeholder feedback	pp. 14-15, 23, 32, 34, 44, 52	LA9 Training hours by employee category pp. 22, 53*
3.12 Use of feedback from stakeholders	pp. 15, 35, 50	LA10 Principles and policies on equal opportunity pp. 23-25
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3.15 Memberships in industry and business associations	p. 41*	HR1 Principles and policies on monitoring human rights pp. 27, 40, AR p. 81
3.16 Management of upstream and downstream impacts (e.g. supply chain management)	pp. 14, 32, 34, 45, 53	HR2 Consideration pertaining to investments/procurement pp. 13, 14, AR p. 81
3.17 Management of indirect impacts	pp. 14, 20	HR3 Principles/policies in respect of the supply chain pp. 13, 14, 34, AR p. 81
3.18 Changes involving locations of operations or activities	no significant changes	HR4 Principles and policies for preventing discrimination AR p. 81
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EC2 Geographic breakdown of markets	pp. 4-5, AR C6-C7*	<b>Social performance indicators: Society</b>
		SO1 Policy on managing impacts on areas affected by activities pp. 35, 43*
		SO2 Principles/measures related to the prevention of corruption pp. 13, 44-45, AR p. 14*
		SO3 Principles/measures related to political lobbying and contributions p. 44
Social performance indicators: Responsibility for products and services		
		PR1 Health and safety of customers p. 35
		PR2 Principles/measures related to product information and labelling p. 40*
		PR3 Principles/measures related to consumer privacy pp. 10, 43*

AR = Annual Report 2004

HR&amp;S = Human Resources and Sustainability Report 2004

\* No complete presentation as per GRI criteria or only examples

## Selected Human Resources data of the Deutsche Telekom Group.

Group employees (in Full Time Equivalents)			
	2003*	2004*	June 30, 2005
T-Com/BBFN	129,644	111,079	110,157
T-Online/BBFN	2,615	3,004	3,184
T-Mobile/Mobile Communications	43,427	47,797	49,466
T-Systems/Business Customers	40,833	51,173	51,768
Group Headquarters and Shared Services	32,000	31,592	29,702
<b>Entire Deutsche Telekom Group</b>	<b>248,519</b>	<b>244,645</b>	<b>244,277</b>
<b>Employees according to region</b>			
Germany	173,278	170,837	169,333
Other countries	75,241	73,808	74,944
<b>Employees outside Germany</b>			
EU countries (excl. Germany)	16,698	38,789	39,208
Rest of Europe	35,336	9,909	9,139
North America	21,525	23,788	25,189
Other countries	1,682	1,322	1,408

\*As of December 31

Employee structure of Deutsche Telekom AG (in Full Time Equivalents)			
	2003*	2004*	June 30, 2005
<b>Deutsche Telekom AG</b>	<b>118,669</b>	<b>110,979</b>	<b>107,692</b>
Civil servants	49,793	47,163	46,633
Non-civil servants	68,876	63,816	61,059
Full-time employees	109,117	103,394	100,152
Part-time employees	9,552	7,584	7,540
Men	81,934	77,989	75,755
Women	36,735	32,990	31,937

\*As of December 31