The 2010 Corporate Responsibility Report.

We take responsibility.

A quick glance at the year.

Overview of the most important events within the reporting period.

2009 March April May June July August

March 2009.

First prize for Telekom Laboratories innovation manager. Dr. Zhiyun Ren, senior project manager at Telekom Laboratories, wins one of the two audience awards of the renowned "Convergators Award 2009" at CeBIT for the e-payment application that turns cell phones into mobile wallets.

April 2009.

"Yes, I can!" – new nationwide initiative launched. Telekom launches the lighthouse project "Yes, I can!" The aim of this initiative is to strengthen the individual skills of young people from economically and socially disadvantaged backgrounds. In a nationwide competition, projects and institutions are sought that help nine- to 14-year-olds in deprived areas to acquire new skills. See page 21.

Shareholders' meeting climate-neutral for the first time. Telekom offsets all greenhouse gas emissions generated in connection with the shareholders' meeting amounting to the equivalent of 677 metric tons of CO_2. @ 001

Award as best employer in Italy. T-Systems Italy is awarded the "Top Employer Award 2009" by the independent CRF group of companies, for implementing work-life balance measures and supporting employee programs. See page 29.

Telekom quickly fixed network failure. On April 21, voice and text messaging services in the German mobile communications network fail due to a software error in the Home Location Register (HLR). The system is reset and, after about five hours, all Telekom customers are able to use all services again at the usual quality level. The failure was carefully analyzed in order to further improve network availability in the future.

T-Mobile USA listed on the basis of its ethics performance. The Ethisphere Institute includes T-Mobile USA in its annual ranking of companies with the highest ethical standards worldwide. This is the first time the mobile communications company is listed in Ethisphere Magazine as one of the 100 "World's Most Ethical Companies."

May 2009.

Popular future employer among German students. In the Universum Student Survey, Telekom comes on top for the first time in this poll of all employers in the telecommunications industry. See page 29.

June 2009.

Second-best "Employer of the Year" in the Czech Republic. T-Mobile Czech Republic achieves second place in the annual "Employer of the Year" study carried out by Fincentrum.

"Statement on Extractives" for responsible raw materials extraction adopted. In order to obligate suppliers and their sub-suppliers to extract raw materials responsibly and to work towards improving mining conditions on site, Telekom adopts a comprehensive "Statement on Extractives". See page 33.

July 2009.

First green telephone launched in the Netherlands. T-Mobile Netherlands introduces the Samsung S3030 Eco, making it the first provider in the Netherlands to launch an energy-optimized phone made of innocuous bio-plastics. See page 45.

Information portal for rare chronic diseases honored. The "Bleib Gesund" foundation confers the Oskar Kuhn Award to cooperation partners Telekom and ACHSE e.V. for the design and set-up of the "achse.info" information portal for rare chronic diseases.

August 2009.

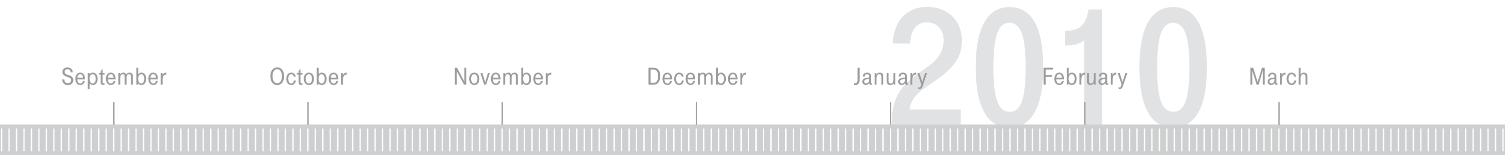
Magyar Telekom gets first place in international CR ranking. Magyar Telekom leads Central and Eastern Europe in CR: In a league table produced by the Braun & Partners Network of the 100 largest companies in Bulgaria, Poland, Hungary and Romania, the Hungarian national company takes first place, with 79 percent of the points available.

September 2009.

Renewed qualification for Dow Jones Sustainability Indexes. Telekom qualifies again for inclusion in the Dow Jones Sustainability Index (DJSI STOXX and World) on the basis of the SAM rating. It also achieves the position of sector leader – although this time in the now more profitable mobile communications sector. See page 14.

Sustainability campaign launched. On September 5, Telekom launches its new communications campaign on sustainability under the motto "Big changes start small." The campaign focuses on consumers and their potential for contributing toward sustainable development with the help of Telekom's products and services. See page 44.

Telekom signs the Copenhagen Communiqué. To win business leaders and political decision-makers on the way to a dynamic low carbon economy and thus to lend support to participants of the UN Climate Change Conference in Copenhagen in negotiating a new global climate treaty, Telekom signs the Copenhagen Communiqué of the European Leaders Group on Climate Change (EU CLG). See page 36.



Establishment of Climate Change Group. In order to recognize the great importance of global climate change, Telekom's CR Board establishes an internal expert group, the Climate Change Group. This committee's remit is, on the one hand, to develop a strategy and measures to reduce energy consumption and carbon emissions for the Group as a whole and, on the other, to define national and Group-wide climate protection targets. See page 37.

October 2009.

First "Yes, I can!" projects selected. A panel made up of experts from science and politics, as well as public figures, selects 66 projects and institutions in Germany, which receive a total of EUR 550,000 in financial support within the "Yes, I can!" initiative. See page 21.

Telekom takes decisive action against suspect sales practices. Sub-partners of Telekom act without authorization to commission call centers – some of which are outside of the EU – to acquire customers. In doing so, they violate data protection legislation and damage our company through excessive commissions. Telekom takes decisive action as soon as these incidents come to light.

November 2009.

Second place for Telekom in Oekom sustainability ranking. Telekom gets the second place in the rating agency Oekom Research's sustainability ranking for DAX companies.

Sustainable design principles adopted. Telekom adopts binding uniform design principles for the first time for the entire product development process. Whether at home, on the move, or at work, use of our products should be characterized by simplicity, security and sustainability. See page 45.

Advisory hotline for children and young adults launched in Greece. The Greek national company OTE launches a free hotline for children, young adults and their families under "Ypostiruzo – 800 11 800 15". The hotline is run in cooperation with the Aglaia Kyriakou pediatric hospital at the University of Athens and the Greek Center for Safer Internet (www.saferinternet.gr).

Recognition for the best HR management project in Slovakia. Slovak Telekom receives the "HR Gold" award for its Telekom Storybox project in a nationwide competition.

December 2009.

SMART 2020 Germany Addendum is published. Together with other partners, Telekom, as main sponsor, publishes the SMART 2020 Germany Addendum. This study shows the potential contribution of ICT for the German economy. The business value amounts to EUR 84 billion. See page 37.

Christmas campaign to support the German Bone Marrow Donor Center. Telekom steps up its cooperation with DKMS – Deutsche Knochenmarkspenderdatei gemeinnützige Gesellschaft mbH (German Bone Marrow Donor Center), with a corporate volunteering event in Bonn. 002

New standards set for sustainable mobility with the Green Car Policy. On December 15, 2009, Telekom's Board of Management adopts a Group-wide Green Car Policy. The selection of fuel-efficient vehicles is encouraged through a bonus-malus system, and thus carbon emissions are steadily reduced. See page 38.

January 2010.

New cell phone return program launched in the Netherlands. T-Mobile Netherlands launched a new cell phone return program in cooperation with TNT Post, a Dutch postal service. All revenues from the re-sale of functional devices and recycling of valuable materials will be donated to War Child, an NGO, and the United Nations World Food Programme. 003

Telekom No. 1 in Europe for sustainability and Green IT. The U.S. analyst and market research company ABI Research names Telekom the number one company in Europe for sustainability and Green IT.

T-Systems Austria honored for data center sustainability. T-Systems wins the third place at the ebiz egovernment awards in Vienna with its Green Dynamics simulation model. This is the third time the model has been honored.

February 2010.

Greek mobile subsidiary honored with CSR awards. Cosmote wins the "Corporate Social Responsibility Excellence Award" from the Hellenic Advertisers Association in two categories.

004 Other important events during the reporting period can be found in our 2010 online CR Report at www.telekom.com/cr-report2010.

About this report.

Like its predecessor, Telekom's third Corporate Responsibility Report bears once again the title "We take responsibility." By adhering to this motto, we made a clear commitment to corporate responsibility (CR) as the permanent focus of our actions.

The following new features compared to last year's report help to further improve the quality of our reporting in 2010: we have expanded the scope of the assurance engagement, integrated more international examples and created a clear structure based on a classification into our five priorities "Society," "Employees," "Suppliers," "Environment and climate" and "Customers" – to match the supplementary online report. Our business highlights help loosen this structure: graphically highlighted, they emphasize the role of CR in Telekom's core business in the respective focus areas.

This CR Report is a Group report that includes all Group subsidiaries in which Telekom holds a majority stake. It carries on where the 2009 CR Report left off, covering topics for the reporting period from March 1, 2009 to February 28, 2010. In contrast, the reporting period for the data covers the 2009 calendar year. Aside from analysts, investors and CR ranking and rating agencies, this CR Report is aimed in particular at non-governmental organizations and representatives from the worlds of science, research, education and politics, who are invited to participate in a constructive dialog with Telekom. This publication also serves as Telekom's progress report within the framework of the United Nations Global Compact. ▤ See insert.

To select the central themes of this report, we initially began a three-stage materiality process in the fall of 2009, with the participation of external stakeholders, to determine the major factors for internationally successful CR reporting. We then asked national and international Group representatives to rate potential content and, in a third step, we compiled the results in a materiality matrix. ▤ See page 13.

Our CR reporting is modeled on the internationally recognized guidelines of the Global Reporting Initiative (GRI) G3 including the Telecommunications Sector Supplement (pilot version 1.0). By awarding the highest application level of "A+", the GRI has acknowledged Deutsche Telekom's exacting adherence to the initiative's requirements of open and transparent reporting. ▤ See insert.

At the end of the report, we present a comprehensive set of consolidated and commented key performance indicators in a compact section on "Indicators and targets" . This section also contains our CR program 2010, in which we list our CR targets, activities and their implementation status, along with the KPIs.

In addition to the "We take responsibility ..." section, Telekom asked an auditing firm to rate the section "... for our suppliers." and selected KPIs from Germany and our national companies Magyar Telekom, Slovak Telekom and T-Mobile Netherlands. Their assurance report can be found on page 58.

This Telekom CR Report has been published in German and English. Issues not covered by the printed version of the report are addressed by the more comprehensive online version, which can be found at www.telekom.com/cr-report2010. The @ characters and a number in the printed report indicate where more detailed information can be found online. Entering this number in the search function of the online CR Report will take you directly to the desired additional information. Our CR portal, www.telekom.com/corporate-responsibility, regularly reports on Telekom's latest activities involving CR-related topics. Many of our national companies also provide additional information in their own Internet portals and publications. These are available to our readers in the online CR Report 2010 as pdf downloads:

Reports from Telekom national companies:

- Cosmote Corporate Responsibility Report
- Magyar Telekom Sustainability Report
- OTE Corporate Responsibility Report
- Slovak Telekom Corporate Responsibility Report
- T-Hrvatski Telekom UN Global Compact Progress Report
- Environmental Protection Report of T-HT Group

The publication of Telekom's CR Report 2011 is scheduled for the spring of 2011.

Legend:
@ Further information on the Internet.
▤ Cross reference to related topics in the CR Report or to more detailed information in other Telekom Group publications.
✔ Identification of selected details that were audited as part of the assurance engagement described on page 58.

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From our live chat at www.utopia.de:

10 questions.
10 answers.

René Obermann,
Chairman of the
Board of Management
Deutsche Telekom AG

Telekom has declared sustainability as a top priority. In April 2010, René Obermann became the first CEO of a DAX company to sign the Change-maker Manifesto of Utopia, the Internet platform for strategic consumption. With this manifesto, we are committing our company to comprehensive sustainability targets. Below is an excerpt from the live chat with the members of Utopia, included here as a foreword.

1. Hello Mr. Obermann. Do you personally believe that man-made climate change can still be contained or stopped?

“Yes, more and more people understand how important it is and, in business, companies will be in a better position in the long term if they follow principles of sustainability. In any case, we have no choice, we just have to take an optimistic approach and do something.”

2. Why does Deutsche Telekom not use any green electricity from one of the four purely green electricity providers?

“It’s a complex issue. We don’t have one single electricity provider. The mix for Germany includes about 17 percent green electricity, which mainly comes from existing hydroelectric power plants. Looking ahead, we want to increase the proportion of green electricity. So we are watching technological developments such as fuel cells, combined heat and power plants and geothermal energy. However, we have been offsetting all energy emissions in Germany for some time now with RECS certificates.”

3. What is your stance on the topical issue of Green IT?

“That’s our issue! We are building and offering solutions for our customers: cloud computing (with dynamic resource allocation and better utilization of computer capacities), managed document services, smart metering, etc. It’s really a broad field, and highly strategic for us.”

4. How can the massive expansion of your mobile communications networks and WLAN hotspots be reconciled with sustainability?

“Safety and environmental sustainability have top priority for us. We rely on the judgments of experts from recognized bodies (e.g., WHO). The same applies for WLAN. All our products and our mobile communications networks comply with limits and safety standards. We also support research to gain further clarity in this area.”

5. How do you reconcile shareholder value with sustainability?

“Very well, in the long term. Because society and customers demand it. And I believe they honor it too, at least increasingly so.”

6. Sustainability as a top priority – does that mean the achievement of specific sustainability targets is anchored in management remuneration?

“Sustainability must not be for sale. Managers who want a career in our company have to be committed to sustainable corporate governance without the promise of a special reward. Sustainability targets are ultimately measured, for example, in the SRI rating or in carbon reductions.”

7. How do you ensure sustainability is also anchored in the minds of employees?

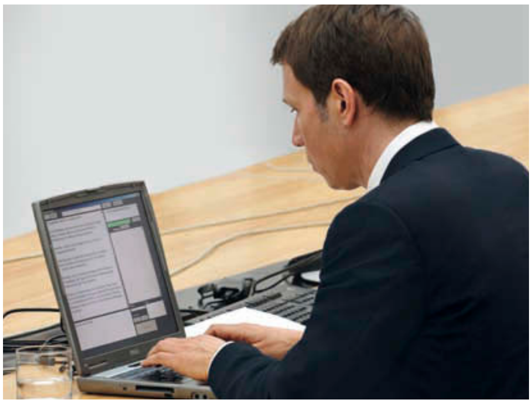
“Through values that everyone must be aware of, through interactive tools, such as e-learning, through taking action, like carbon-offsetting business trips, through targeted driver training to reduce emissions, through converting our vehicle fleets (approximately 30,000 in Germany alone) to lower-emissions vehicles (long-term objective110 g per kilometer on average), and through programs, such as corporate volunteering.”

8. Is your participation just part of an image campaign, or is it genuine? I suspect the former, considering the fact that the work climate and working conditions are constantly deteriorating. Radical measures against your own workforce and sustainability – do they go together?

“Your representation doesn’t match my view of our company climate. Even if you talk to critical people, from Ver.di or the works council for example, you get a very differentiated picture. We act in a highly socially responsible way and offer better working conditions than many other companies. And we train more than 10,000 young people, take on new employees, support social projects, and invest in education, including for those who are disadvantaged.”

9. What is your personal, private attitude to sustainability?

“I’m careful to be energy efficient in using appliances, I don’t always take the car, and the car that I do drive isn’t that big these days, so I’m careful about fuel consumption and carbon emissions. I’m also involved in social activities, for example in youth work.”



10. Do you ever lose your patience because it seems to take so long to make real changes in a big company like Telekom?

“Yes, but then I go and get some fresh air and remind myself about all the good things our company has to offer, especially the great people who work for us.”

@ The complete live chat with René Obermann is available in German at www.utopia.de.

Group profile.

As one of the leading integrated service companies in the global information and communications technology (ICT) sector, Telekom has a presence in the most important markets in Europe, Asia and the Americas. Under a shared umbrella, the Group offers its customers three product brands: T-Home, T-Mobile and T-Systems. The product and service portfolio covers mobile networks, fixed network telephony, broadband Internet and ICT solutions for business customers.

Telekom is represented in around 50 countries and has approximately 258,000 employees worldwide (as of December 31, 2009). It already generates more than half of net revenue outside Germany. Telekom continuously drives forward its international growth strategy through acquisitions in markets in which it has a presence, joint ventures, and the targeted expansion of broadband infrastructure.

Group strategy.

Telekom's objective is to position itself successfully for the long term in what is a complex and dynamic environment. The Group focused again in the financial year on realizing its vision of becoming market leader for connected life and work. Telekom's strategy "Focus, fix and grow" valid until 2009 covered the following four strategic fields of activity:

- Improve competitiveness in Germany and in Southern and Eastern Europe.
- Grow abroad.
- Mobilize the Internet.
- Roll out network-centric ICT.

In order to improve our competitiveness, we have merged the business areas T-Home and T-Mobile in Germany into one entity under our "One Company" strategy. This allows us to position ourselves even more strongly on the market in the future as an integrated service provider with convergent products from a single source. Following the successful implementation of "One Company," Telekom adopted its new strategy "Fix – Transform – Innovate" in the first quarter of 2010. With this strategy, Telekom is reorganizing its business and aiming for a broader revenue mix. In the future, new growth areas are to account for a substantial proportion of total Group revenue.

Combined with the Group vision of market leadership for connected life and work, it is also our aim to become an international leader in corporate responsibility. Telekom has been pursuing a comprehensive CR strategy since 2008, in order to reinforce its long-term focus. The three fields of activity of this strategy are directly related to its core business.

Group structure and operating segments.

Telekom's organizational and management structure comprises the following operating segments: Mobile Communications Europe, Mobile Communications USA, Broadband/Fixed Network, Systems Solutions, and Group Headquarters & Shared Services. This reporting structure corresponds to the Group structure as described in the 2009 Annual Report.

For more information,
go to www.telekom.com.

Mobile Communications Europe and USA. With the T-Mobile brand, Telekom has grown to be a global leader of mobile communications. International mobile communications business proved to be a crucial growth driver for the Group. In Germany, the rest of Europe, and the United States more than 150 million customers currently use T-Mobile International AG's mobile communications and Internet services (as of September 2009).

In the 2009 financial year, the number of customers in Europe remained stable at last year's level (44.2 million). The Mobile Communications USA operating segment, however, recorded growth in new customers of 1.0 million, to 33.8 million overall. In Germany, T-Mobile further extended its market leadership in service revenues.

Broadband/Fixed Network. The broadband market is slowing down more and more, especially in Germany. Nevertheless, Telekom is able to hold its position in this difficult economic environment: In Germany, it holds a share of some 46 percent of the broadband market according to internal calculations. The broadband market in Southern and Eastern Europe, however, is growing, with Telekom recording a gain of 0.5 million broadband connections compared to 2008, reaching 3.8 million.

Systems Solutions. T-Systems offers its corporate customers a global infrastructure of data centers and networks. In 2009, the Systems Solutions operating segment signed several major deals with terms of at least five years, such as those with BP, Phillips, Linde, MAN, and Eskom/Transnet in South Africa.

Group Headquarters & Shared Services. In addition to the aforementioned operating segments and Group Headquarters, the DeutscheTelekom AG umbrella covers various business units that do not directly belong to its core business. Shared Services include the personnel service provider Vivento, vehicle fleet management, real estate management, and Telekom Accounting GmbH, which has been responsible for accounting in the operating segments since April 1, 2008. These services are rendered primarily in Germany.

Internationalization.

In 2008, Telekom increased its presence in Southeast Europe with its initial investment in the Greek company Hellenic Telecommunications Organization S.A. (OTE). In 2009, it increased its investment in OTE to some 30 percent. The Cosmote Group finalized its acquisition of Zapp in Romania. In addition, Deutsche Telekom AG and France Télécom S.A. signed an agreement on the merger of their British companies T-Mobile UK and Orange UK. This joint venture enables market leadership in the UK mobile communications sector. The competent authorities granted their approval in spring 2010. T-Mobile USA invested further in the expansion of the mobile network in 2009, such that the 3G network already covered 205 million U.S. citizens by the end of the year.

Business development.

Telekom generated revenue of EUR 64.6 billion in the 2009 financial year, an increase of EUR 2.9 billion or 4.8 percent compared to the previous year. The first-time full consolidation of the Greek company OTE made a substantial contribution to revenue growth of EUR 5.4 billion. Adjusted for the effects of changes in the consolidated group (EUR 5.5 billion) and negative exchange rate effects (EUR 0.4 billion), however, net revenue was down on the prior-year level. The trend of growth in foreign revenue also continued in 2009. The percentage of foreign business rose from 53.2 percent in 2008 to 56.6 percent in 2009, with increased revenue in the United States and Southern and Eastern Europe operating segments contrasting with falling revenue in Germany, Europe and in the Systems Solutions segment.

Adjusted EBITDA was EUR 1.2 billion higher than in 2008, at EUR 20.7 billion. Group EBITDA was negatively impacted by special effects of EUR 0.8 billion, but still exceeded the previous-year figure by EUR 1.9 billion, to reach EUR 19.9 billion.

In the 2009 financial year, Telekom's net profit declined significantly by EUR 1.5 billion compared to the previous year, to EUR 0.4 billion. Adjusted net profit amounted to EUR 3.4 billion. By contrast, free cash flow of EUR 7.0 billion remained at the same level as in 2008. While cash generated from operations increased slightly, cash outflows for intangible assets and property, plant and equipment also increased. At EUR 40.9 billion, Telekom's net debt increased against the previous year. The dividend remained unchanged again this year at EUR 0.78 for each no par value share carrying dividend rights. Costs of EUR 0.2 billion were incurred for research and development.

We take responsibility.*

By strategically realigning Telekom, we are facing up to the challenges of the market and society with the aim of becoming international market leader for connected life and work. After all, the "new Telekom" is not just about ensuring economic success: first and foremost, it is about developing a new Group-wide approach and a new self-conception as a global corporate citizen, and acting accordingly on a daily basis.

Our strategic objective is to play a leading role as a responsible company in corporate responsibility at the international level by 2011. Under the motto of "We take responsibility." we are committing ourselves to acting sustainably and responsibly along our entire value chain.

The challenges for Telekom.

We play an active international role in society and our corporate strategy takes into account the needs of our customers and employees, as well as environmental and climate aspects. While we are conscious of the immense challenge underlying this claim, at the same time, the aim of our ambitious approach is to exploit opportunities to make our company fit for the future.

Equal opportunities for access to the knowledge society. The increasingly digitized world expects information and communications technology companies to provide different solutions, products and services than it did ten years ago. The move from an offline to an online society is likely to gain more momentum in the future, while at the same time, the so-called digital divide widens; in Germany too, broad sections of the population have no access to the Internet – whether because they don't have the necessary skills or because, for example, the technical infrastructure is not there in rural areas. In order to overcome the digital divide between densely populated areas and rural regions, Telekom is working in cooperation with municipalities and competitors to drive forward the expansion of the fixed network and mobile broadband infrastructure.

Another social challenge is posed by demographic change, in particular, rising life expectancy. From agile "best agers" to senior citizens in need of care, the aging population accounts for a growing and diverse group that relies on the development of needs-based ICT solutions. Bringing such products and services to market places very high demands in terms of research and development, but at the same time, it opens up new market opportunities.

* for society
* for our employees
* for our suppliers
* for the environment and the climate
* for our customers

Through the diversity of its social commitment, Telekom also wants to facilitate participation in the information society for the socially disadvantaged. From low-priced rates for people on low incomes and our commitment to promote education for children via the Deutsche Telekom Foundation, through to corporate volunteering programs in various national companies in which employees can teach people how to use ICT: as a responsible company, Telekom is committed to equal opportunities in society.

Yes, I can!

Lighthouse project "Yes, I can!" Scientific studies such as the PISA and Iglu reports prove that all too often, social background is still the decisive factor as to whether young people receive a good education, even in industrialized countries like Germany. At the same time, business and society cannot do without the potential for ideas from the next generation. In response to this, Telekom launched the "Yes, I can!" initiative in April 2009 as part of its CR strategy, to provide targeted support to children and young people to help them become positive contributors to the society of tomorrow. The initiative supports projects and institutions in their work with children and young people throughout Germany, particularly from economically and socially disadvantaged backgrounds. The focus lies on teaching skills and discovering and developing personal potential. See page 21.

Driver of environmentally-friendly economic growth. In addition to the structural changes specified, climate change and the reduction in harmful CO_2 emissions pose another central, global challenge for the 21st century. With the Board of Management's signing of the Communiqué of the European Union Corporate Leaders Group on Climate Change (EU CLG) in Copenhagen in September 2009, Telekom made a clear commitment to climate protection. In the Communiqué, leading European companies call upon the participants of the UN Climate Change Conference to set clear targets to reduce CO_2 emissions, to drive forward the promotion of low-carbon technologies and to intensify emissions trading.

We, as a company, have set ourselves the ambitious target of reducing our own CO_2 emissions by 20 percent by 2020 compared to 1995 levels. The fact that the ICT industry can make a significant contribution to reducing overall greenhouse gas emissions is shown by the SMART 2020 Germany Addendum from 2009. This study identifies five areas in which substantial savings can be made. If the findings of the study were to be followed, theoretically, some 207 million metric tons of CO_2 emissions could be saved by 2020 compared to a business-as-usual scenario – that's around 25 percent of total emissions.

In light of this potential, Telekom is championing the development of smart, energy-saving ICT solutions. See page 45 ff.

We want to become the driver for low-emission growth – both in Germany and worldwide.

New markets for sustainable products. On the road to becoming a leading international provider for connected life and work, Telekom is investing substantially in the development of innovative, sustainable ICT solutions. However, it is a huge challenge to bring sustainable and at the same time competitive products to market. For this reason, in fall 2009, we launched a long-term sustainability campaign under the motto "Big changes start small," to inform our customers that environmental protection, service and convenience are perfectly compatible using modern ICT solutions. See page 44.

Our vision.

"Telekom is an international driving force for sustainable development, sets the standard for connected life and work, sets an example in the integration of people in the information society, and is a leader on the way to a climate-friendly society."

Responsible corporate governance. "We take responsibility." – This is Telekom's motto. In addition to the aim of becoming a leading global provider for connected life and work, we also want to play a leading role internationally in corporate responsibility. By gradually embedding CR in the organization of key Group units and subsidiaries, we are promoting the integration of social and ecological aspects along our entire value chain. With the help of new standardized key performance indicators (KPIs), we are making our sustainability performance transparent and comprehensible.

Our corporate values. A sustainable corporate culture and responsible management are more important than ever before. As such, companies like Telekom have to assume a whole new degree of social responsibility. At Telekom, responsible management is expressed in the form of our Guiding Principles. In 2008, we developed these principles further as part of an international process across all business units and incorporated both management and employee representatives in the development process. The new Guiding Principles were published at the end of January 2009. Furthermore, our corporate activities have already been shaped for years by a range of guidelines. Since 2003, we have required all suppliers to comply with minimum social standards, such as the observance of human rights and basic occupational health and safety standards. Furthermore, in the last few years, Telekom has entered into numerous national and international voluntary commitments in order to live up to its ethical and social responsibilities. Our Code of Conduct applies for all employees Group-wide. It makes our Guiding Principles more tangible and lays down rules for our daily business.

Our Guiding Principles are the yardstick for our conduct. They represent our convictions and help us to create and maintain value for our customers, employees and shareholders.

5 Guiding Principles ...

... Customer delight drives our action.

... Respect and integrity guide our behavior.

... Team together – Team apart.

... Best place to perform and grow.

... I am T – count on me.

CR strategy and management.

In order to reach a leading position in CR and systematically implement relevant measures, we have put in place management structures to ensure that CR is embedded in Telekom's Group strategy. Our Group-wide CR strategy is the framework for action on which even the national companies base their CR activities. As a central theme in the Group's change process toward a "new Telekom," corporate responsibility is to ensure competitiveness in the future as well.

In light of this, Telekom developed a CR vision in March 2010 that ties in with our motto "We take responsibility." It constitutes a long-term Group-wide orientation framework.

Our vision. "Telekom is an international driving force for sustainable development, sets the standard for connected life and work, sets an example in the integration of people in the information society, and is a leader on the way to a climate-friendly society."

The central CR department was in charge of formulating the vision, which is based on the CR strategy and integrates all the CR fields of activity that Telekom focuses on. It expresses a self-conception that goes beyond short and medium-term goals and calls for all business activities to be aligned in the long term.

Transparent progress on the road to leadership. In order to become an international leader in CR, as part of our strategy, which was revised in 2008, we formulated a comprehensive sustainability program with clear targets and specific measures based on the three fields of activity. We systematically manage our CR performance using a range of Group-wide KPIs, which the central CR department defined in 2009. For example, we use the CR leadership indicator "Social commitment" and the KPIs for socially responsible investment (SRI) to continuously review our progress on the way to becoming an international leader in CR. With the help of environmental indicators that show Group-wide CO_2 emissions, we want to set benchmarks on the way to a low carbon society. The KPIs supply us with concrete comparative figures and at the same time act as monitoring instruments to help us systematically and continuously improve our performance.

The development and implementation of uniform, Group-wide KPIs is a dynamic process in which adjustments have to be made again and again. Ongoing projects, current developments in the Group, but also differences between the international subsidiaries constantly present new challenges for the definition of the KPIs. For instance, developing an indicator for the reduction in CO_2 emissions proved to be highly complex due to the fact that some of the companies did not exist on the date chosen for the base data calculation.

We will review the KPIs in the course of 2010. We will also review the status of the CR database and its use as a monitoring system by September 2010.

Three fields of activity of our CR commitment. In 2008, we defined three fields of activity as pillars of our CR strategy. They are directly related to our core business.

3 fields of activity:

Connected life and work: We want to help shape the change toward increasingly digitized life, work in a positive way, and improve quality of life for people. We want to be a major driving force for sustainable life and work.

Connect the unconnected: We aim to enable as many people as possible to participate in the connected society. We want to achieve CR market leadership by setting an example in the integration of people in the information society, among other things.

Low carbon society: One of Telekom's main CR goals is to slow global warming by reducing emissions. We also want to enable our customers to make their own contribution to climate protection. We want to be pioneers on the way to a low carbon society.

CR organizational structure. In order to ensure that sustainability aspects are incorporated bindingly into all of Telekom's corporate activities, CR is connected in organizational terms to Telekom's CEO department. An integrated CR governance structure ensures close links between strategic management and operational implementation. A CR Board comprising the heads of all CR-relevant Group units develops recommendations for the CR strategy and the CR program. As well as the CR department, these units include Corporate Communications, Human Resources, Procurement, Public and Regulatory Affairs, Technology and Innovation, Brand Management, the Chairman's Office and the Deutsche Telekom Foundation.

Central CR department. Systematization of global CR activities. During the reporting period, the CR department implemented the CR strategy in the Group at local level, in cooperation with the operating units. The department made progress in the management of non-financial CR data thanks in particular to the introduction of a software-based tool for recording data. This tool will be used from now on to record all data, KPIs and targets relevant for the annual CR Report. This enables efficient, continuous monitoring and at the same time facilitates strategic management of the sustainability performance.

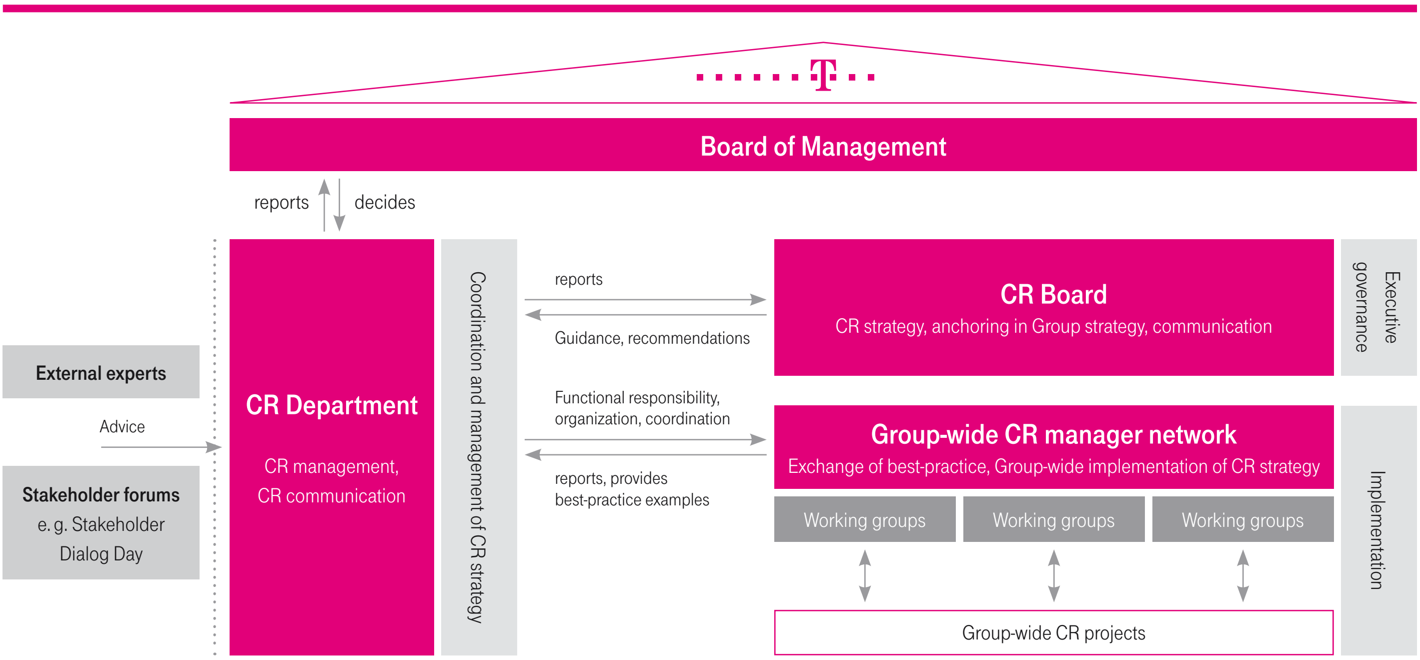
Numerous external stakeholders and various Group units were involved in developing an orientation framework for dialog with the various stakeholder groups. The framework was presented internally on July 2, 2009 at the international CR managers meeting.

Another focus of the CR department's activities was on the standardization and significant expansion of the environmental management system. As a result, in June 2009, Telekom received for the first time a master certificate in accordance with ISO 14001 for 15 of its German and foreign subsidiaries. 🗎 See page 40.

In addition, on December 15, 2009, the Board of Management adopted a Green Car Policy. The CR Department was involved in its development. 🗎 See page 38.

A new e-learning CR platform is available to our employees on the intranet in German and English. They can learn about what Telekom means by CR and how CR can be embedded in the Group's culture. It also provides specific tips on integrating sustainability into everyday life at work.

CR governance.



Board of Management
reports
decides
External experts
Advice
Stakeholder forums
e. g. Stakeholder Dialog Day
CR Department
CR management, CR communication
Coordination and management of CR strategy
reports
Guidance, recommendations
Functional responsibility, organization, coordination
reports, provides best-practice examples
CR Board
CR strategy, anchoring in Group strategy, communication
Executive governance
Group-wide CR manager network
Exchange of best-practice, Group-wide implementation of CR strategy
Working groups
Working groups
Working groups
Group-wide CR projects
Implementation

CR Board. Group-wide objectives by 2011. At its constituent meeting on May 6, 2009, the heads of the relevant Group units discussed the 2009 annual plan and the current status of its activities, such as the preparation of the CR Report, the introduction of the database, and the Group-wide roll-out of the strategy. On September 30, 2009, the CR Board as the central governance body approved the establishment of the Climate Change Group and discussed the CR program 2009 to 2011. In addition to adopting the targets, measures and KPIs, recommendations were developed on embedding the program Group-wide. At least three meetings a year are planned for the CR Board.

Climate Change Group: new expert committee for climate protection. Telekom places a high priority on the issue of climate change, and for this reason, it established the Climate Change Group.

The committee members are internal energy and climate experts. External experts are also brought in on the Group's work on a case by case basis. The Group's constituent meeting was held in the first quarter of 2010. Its primary task is to develop national as well as Group-wide climate protection targets. They are to be defined together and corresponding measures and KPIs developed to reduce energy consumption and CO_2 emissions for the Group as a whole. An information event on the tasks and targets of the Climate Change Group was held for top executives on November 25, 2009.

See page 37.

CR managers network. International exchange of best practices. CR managers from the national companies and business areas came together for the international CR managers meetings on July 2 and November 11, 2009. In addition, Group-wide networking activities continued in numerous telephone and web conferences. Exchanges of best practices took place on issues such as "CO_2 methodology: emissions reduction, targets and KPIs," "Sustainable procurement," and "Child and youth protection."

Outstanding examples from international subsidiaries. T-Mobile Netherlands is already actively involved in CR. It was one of the first companies whose strategy and KPIs were approved by the Board of Management. During the reporting period, it developed a strategy paper based on the Group CR strategy, with targets to 2011 and defined sustainability KPIs for its business units. Other national companies such as OTE, Cosmote, Magyar Telekom, T-Hrvatski Telekom, and T-Mobile USA also distinguished themselves in the reporting period through various CR commitments.

@ 101 Further information on "CR strategy and management" in the online CR Report.

Stakeholder dialog.

In order to be successful in the long term, we want to find out more about the needs and expectations of our customers, shareholders, suppliers and employees. Our stakeholders around the world have a legitimate interest in the Group's activities. For this reason, we hold an ongoing exchange with our social environment. We also involve non-governmental organizations (NGOs), associations, and scientific and political institutions in this open dialog. We stepped up the exchange with internal and external stakeholder groups to a significant degree in 2009, through a wide variety of events.

Systematization of the stakeholder dialog. The dialog with our stakeholders is one of our most important tasks in CR management. In order to further systematize this exchange, we developed a dialog concept together with internal experts in the reporting period. It provides transparency regarding internal contact persons and managers responsible for CR issues as well as their most important dialog partners. By using binding guidelines and central CR messages, we want to ensure stakeholder dialogs are standardized and transparent in the future. An internal data collection tool for our stakeholder dialogs ensures additional transparency. The Group presented its dialog concept for the first time at the international CR managers meeting on July 2, 2009. We also created in 2009 a position in the central CR department to deal with the stakeholder dialog.

Interaction with stakeholders at the international subsidiaries. In order to find out the needs of their stakeholders, the international subsidiaries naturally also take their own approach to their dialogs: T-Systems Iberia conducts a continuous "Watchers Analysis," with which it analyzes the most important organizations and initiatives that deal with the sustainability activities of companies, especially in the ICT industry. In 2009, T-Systems Iberia initiated its first stakeholder dialog process. To begin with, it conducted 15 interviews with employees, customers, suppliers and experts from the ICT sector.

In Hungary, Magyar Telekom continued to systematically involve its stakeholders. On September 25, 2009, the company hosted its second Sustainability Day at its headquarters in Budapest, under the motto "Taking responsibility = Positive energy." In exhibitions and presentations on the subject of sustainable development, visitors received a wealth of information and were invited to engage in active debate with company representatives. Attending were representatives from organizations such as WWF, Transparency International, and Amnesty International Hungary. Another highlight was the competition, which recognized the best artistic contributions on the subject of sustainability in the categories of film, music and the visual arts.

T-Mobile Netherlands chose a particularly interesting way to involve its internal stakeholders: The CSR Market on October 8, 2009 gave all employees the opportunity to learn about corporate responsibility in their company and take advantage of various offers, such as a health check. The company also presented its new collaboration with energy supplier Greenchoice, which allows T-Mobile Netherlands employees to purchase electricity from renewable energy sources at particularly favorable conditions. Representatives from T-Mobile Netherlands as well as from Samsung, TNT, Greenchoice, War Child and the Dutch Ministry of Economics met at a parallel stakeholder dialog. Thanks to the great success of these dialogs, their continuation is planned for 2010.

Green ICT.

CR presence at CeBIT. In 2009, with its appearance at the world's biggest IT trade fair, CeBIT in Hanover, Telekom once again made its mark as a leader in the field of green ICT by presenting its CR commitment to the public with a spotlight on sustainable customer solutions. At CeBIT 2010, CR issues played an even greater role: Telekom's presentation focused on the contribution of the ICT industry to climate protection, the results of the SMART 2020 Germany Addendum (see page 37), and Telekom's new climate protection brochure.

Corporate Responsibility Day. Dialog with political, business and social institutions. At the first "Corporate Responsibility Day" on July 1, 2009 in Berlin, we hosted a stakeholder dialog on a broad social basis. Almost 100 organizations from 16 countries took part in the multi-stakeholder forum. In the afternoon, various moderated panels with some 180 representatives from areas such as politics, media, trade associations, NGOs, and scientific institutions held a lively debate stimulated by three presentations. At the core were our three CR fields of activity, "Connected life and work," "Connect the unconnected," and "Low carbon society." This successful, open dialog gave Telekom valuable impetus for further improving its CR performance.

Involvement of stakeholders for further developing CR reporting. Every year, Telekom performs a materiality assessment as a fixed component of its CR reporting, in order to identify the issues that are most relevant for our internal and external stakeholders. We developed the materiality matrix for our 2010 CR reporting in fall 2009: In the first step, the Group invited external CR experts – representatives from politics, associations, science, NGOs, and other companies – to its Berlin Representative Office in order to formulate specific requirements for the further development of the Group's international CR reporting. As a result of this high-caliber panel discussion, a top-five agenda of relevant issues was developed. This focusing of issues served as a basis for national and international Group representatives to internally assess the key content of the report. The results from two materiality workshops in Bonn on November 2 and 10, 2009 also contributed to the preparation of the final materiality matrix for the 2010 reporting process.

July 1, 2009

Corporate Responsibility Day. Almost 100 organizations from 16 countries took part in the multi-stakeholder forum.

Exchange with suppliers, society and customers. Our dialog offering is as diverse as Telekom's stakeholder groups: On May 13, 2009, at our Sustainable Procurement Stakeholder Dialog Day with suppliers, employees, NGOs, universities, analysts and investors, we discussed current challenges in the area of "sustainable procurement." Telekom used the "World Environment Day" on June 5, 2009 to place a spotlight on its environmental commitment in Germany and internationally. We addressed our employees, but also citizens in various locations, with numerous campaigns on the issues of environmental protection, healthcare and mobility. See page 40.

The aim of the Open Day on August 30, 2009 was to inform young people and school students about effective data privacy and to raise their awareness of the risks arising in connection with personal data. In addition to detailed advice on data privacy, the young people also had the opportunity to test their own knowledge. In order to reach as many of our stakeholder groups as possible, we also stepped up the use of social media platforms on the Internet, such as the consumer community Utopia.de, as well as Twitter and Facebook. We also conduct an intensive dialog with the Internet community via the website @ www.die-neue-telekom.de (German). See page 44.

Our responsibility to the general public. ICT is characterized by great complexity and highly dynamic development. This makes it necessary to conduct an ongoing, open dialog on social, political and legal issues relating to ICT and its applications.

Ensuring independence and integrity. Telekom actively seeks dialog with representatives from politics, local authorities, the government, and civic organizations. Such dialogs are often initiated by the dialog partners themselves, but Telekom and trade associations also provide impetus. In addition to telecommunications policy and regulation, we also address issues such as strengthening protection of consumers and minors and improving customer service. A particularly important issue is geographical coverage of mobile and broadband infrastructure.

It is very important to us to protect the independence and integrity of our dialog partners in these dialogs. We do so through our Group policies, especially the Code of Conduct. So, for example, Telekom does not permit donations to German politicians or parties. Furthermore, it rejects in general any exercising of influence that is not transparent.

Socially responsible investment (SRI). Our investors are one of our most important stakeholder groups. Telekom places great importance in socially responsible investment (SRI). As a company focused on long-term added value, Telekom endeavors to steadily increase the percentage of its stock held by sustainable investors. In 2008, this value was already 5.4 percent.

Dow Jones Sustainability Indexes
Member 2009/10

Corporate Responsibility
Prime
rated by
oekom research

Included in
Ethibel Sustainability Indices Excellence
Europe & Global

FTSE4Good

ASPI

KLD
INDEXES

sam
2009
sector leader

We therefore continued our intensive, open exchange with all players on the capital market in the reporting period. We communicated with analysts, institutional investors and rating agencies at road shows, conferences and trade fairs as well as in personal meetings and rating questionnaires.

Successful ratings performance. Telekom has had its CR performance assessed by leading German and international rating agencies for many years now. We take responsibility and have our performance measured. This paid off in the reporting period, with the renewed qualification for the sustainability indices DJSI STOXX and DJSI World. In September 2009, SAM Research named us sector leader in the mobile communications sector for the first time. The rating results of the agencies Oekom, Vigeo and Sustainalytics also confirmed our exceptional performance in the industry, as well as in comparison with the DAX 30 companies. In addition to the top rankings, we met the criteria for a “prime” rating from Oekom. The ABI Research listing put the Group at number one in Europe for sustainability and Green IT.

The national companies are also working toward inclusion in respected sustainability indices, or were already successfully listed: OTE, for instance, made it back onto the FTSE4Good listing in 2010, where it had also been listed in 2008. The Hungarian Magyar Telekom Group received silver status in the SAM Sustainability Yearbook 2009, as well as a “prime” rating from Oekom. Magyar Telekom has been listed in the CEERIUS (CEE Responsibility Investment Universe) sustainability index of the Vienna Stock Exchange since 2009.

102 Further information on “Stakeholder dialog” in the online CR Report.

Compliance (incl. data privacy).

Compliance with laws and regulations and adherence to internal guidelines and codes of conduct are the foundation of responsible corporate governance. Our Guiding Principles and Code of Conduct ensure that integrity and respect guide our behavior in our daily business. In order to avoid the risk of prosecution and financial penalties as well as damage to our reputation from legal violations, Telekom relies on systematic prevention and appropriate sanctions. Since 2005, we have ensured the efficiency of compliance management with the help of Group-wide compliance structures. A key measure for successfully establishing compliant behavior as common practice in the company is raising the awareness of employees. We sharpen their awareness for compliance through training and internal campaigns. A confidential reporting system helps us to identify violations and suspicious cases at an early stage.

Organization, structure and processes. In October 2008, Telekom made these aspects a high priority for management by establishing the Board of Management department for Data Privacy, Legal Affairs and Compliance. A central compliance organization has been responsible since 2005 for drawing up Group-wide standards and implementing tools and processes that aim to ensure compliant behavior in the company. The Compliance Committee, which supports the Board of Management in all relevant issues, includes managers from Compliance, Legal Affairs, Data Privacy, Corporate Audit, Group Security and Human Resources. As chairman of this committee, the Chief Compliance Officer (CCO) reports regularly to the Group’s Board of Management, Audit Committee and Supervisory Board on the status of activities in the Group. Compliance officers support the CCO in the business areas.

"We do not tolerate unethical or irresponsible behavior."

Telekom assesses risk annually in a Group-wide risk assessment process. As a result, the annual compliance program is developed with appropriate measures. This process is complemented by internal communications measures and regular monitoring and reporting to the Compliance Committee, Board of Management, top management and Supervisory Board. Compliance officers were appointed to implement the Group-wide compliance program in the national companies and shareholdings.

Embedding the new Guiding Principles in the Code of Conduct. The Code of Conduct addresses the question "How do we want to do business?" It aims to make clear what Telekom's Guiding Principles mean for everyday work and what practical effects they have. It should provide guidance and specific advice about what is allowed and what is not. The latest version will be implemented Group-wide from the second half of 2010. The Code of Conduct is available on the Internet.

Compliance campaigns for responsible conduct. Only together with our employees can we ensure integrity of conduct throughout the entire Group. In order to increase our employees' awareness for legally compliant behavior, we executed a comprehensive compliance program in the reporting period, with campaigns on various focal topics under the motto "We do not tolerate unethical or irresponsible behavior."

Anti-corruption training ...

... for managers. In 2008 and 2009, more than 1,000 managers in Germany – from the Board of Management, top management, and other selected areas – completed tailored anti-corruption training. These classroom events covered the main anti-corruption regulations, using case studies to deepen understanding. The compliance team worked with the various areas in advance to develop specialist case studies, so as to tailor the training to the specific needs of each area.

Anti-corruption e-learning. We developed an e-learning module "Raise awareness and avoid corruption," to increase the awareness of our employees for the issue of bribery. The module trains them to identify bribery attempts, and they learn how to prevent bribery and corruption. Furthermore, they learn which anti-corruption laws are relevant for Telekom. Some 15,000 employees in Germany received this risk group-specific training between March and May 2009. The training was subsequently rolled out internationally for 34 subsidiaries. More than 11,000 employees have taken part so far. The training is scheduled to be completed internationally at the end of April 2010.

Raising employees' awareness. We want to raise the awareness among our employees at all levels with a comprehensive compliance awareness campaign. At the heart of this campaign is the e-learning module "Awareness for compliance," which our employees in Germany have been able to take on a voluntary basis since October 2, 2009. In a 40-minute program, our employees are shown, using various scenarios, how focal topics of the Code of Conduct can be properly applied in everyday working life. Some 40,000 employees used this e-learning program between October 2009 and March 2010.

At the same time, we placed a spotlight on the issue of compliance in a wide range of internal communications measures. The Board Member responsible for Data Privacy, Legal Affairs and Compliance addressed management by e-mail. Important aspects of the issue were also communicated in an article in the employee magazine and an interview with the Chief Compliance Officer on the intranet. We also drew attention to various compliance issues in a Germany-wide poster campaign.

International activities to strengthen compliance. Compliance with laws and regulations is an issue of international importance for Telekom. In order to intensify cooperation within the Group-wide compliance organization, Telekom invited representatives from all international shareholdings to three Compliance Days during the reporting period. The central topics were the compliance strategy and the method and results of risk assessment. The concept of certification was also introduced. The representatives from the international subsidiaries were also informed of the Group-wide roll-out of the anti-corruption campaign and other current developments in the area of compliance.

Data privacy and data security. Preventive and proactive. As a leading service provider, Telekom manages the personal data of millions of customers in Germany alone.

Communications portals. Confidential and open for our stakeholders. In uncovering breaches of internal guidelines, laws or codes of conduct, we rely on the cooperation of our stakeholders. Potential violations can be reported via the whistleblower portal “Tell me!” All stakeholder groups – employees, business partners, customers, shareholders and other stakeholders – can approach us via this portal, anonymously if preferred. We ensure the strictest confidentiality for users.

For our employees, we developed the intranet-based advice portal “Ask me!” Here, employees can find answers to any questions they may have concerning compliance, the corporate policies and Group-wide guidelines. In addition to an extensive list of topics, there is also the option of a dialog. “Ask me!” provides answers and assistance about, for example, accepting gifts or dealing with internal information.

Data privacy and data security. Preventive and proactive. As a leading service provider, Telekom manages the personal data of millions of customers in Germany alone. This is necessary to ensure the best possible service. At the same time, protecting this data is a huge responsibility and a challenge that we take head on. In the wake of data privacy incidents in the company in 2008, Telekom developed a package of measures to strengthen data privacy throughout the entire Group.

Activities in the reporting period. Data privacy report, Board department DRC and monitoring. It is particularly important to Telekom for the issue of data privacy to be transparent. Since 2008, therefore, a data privacy report has been published each year. By establishing the Board of Management department for Data Privacy, Legal Affairs and Compliance (DRC), data privacy was embedded in the corporate structure of Telekom. At the same time, the requirements placed on systems that process customer data were tightened. In addition, activities relating to certification and audits were stepped up. All in all in 2009, external auditors conducted over 450 internal audits and several hundred external audits on the topic of data privacy and data security. The billing process for private customers in the fixed network, for example, was audited and certified by TÜV Informationstechnik. In addition, Telekom works closely with the supervisory authorities. The Federal Commissioner for Data Protection and Freedom of Information made several advisory and inspection visits.

For the current data privacy report as well as comprehensive information on the issues of data privacy and data security, go to @ www.telekom.com/data-privacy-report.

As a result of the so-called “spying affair,” the Group had documents from the former Group Security department investigated. The public prosecution had previously evaluated these documents and had reached the conclusion that they were in no way connected with the accusations of spying. The aim of the “Open Book” project was to examine the documents for as yet undetected compliance violations. With the help of KPMG Wirtschaftsprüfungsgesellschaft AG and KPMG Rechtsanwaltsgesellschaft mbH, internal experts identified 84 incidents from the period 1997 to 2007 that are to be classified as legally or ethically questionable. All 84 incidents were analyzed in detail, then suitable measures were developed on a case-by-case basis. The decision was made to inform the people in question under certain circumstances and to raise awareness among the employees involved in a targeted way.

The results of the investigations were compiled in the final report entitled “Open Book” and made public on February 10, 2010.

@ **103** Further information on “Compliance” and
@ **104** on “Data privacy” in the online CR Report.

Further issues to be dealt with in the online CR Report:

@ **105** Risk and opportunity management
@ **106** Dialogs with the world of politics
@ **107** Business development
@ **108** Regulation

at www.telekom.com/cr-report2010

BUSINESS HIGHLIGHT

Roll-out of CR Strategy. T-Mobile Netherlands as an Example.

Integrating regional subsidiaries is an essential step along the road to becoming a leading company in CR. To present our Group-wide strategy and to obtain the commitment of our international subsidiaries in 2009 Deutsche Telekom delivered a series of local CR road shows at the Group's international companies – such as T-Mobile USA, T-Mobile Netherlands and also for the Executive Management Board of Slovak Telekom.

The key strategic management tools to ensure good CR performance Group-wide are KPIs. Telekom's national units are committed to contributing to the achievement of these firm targets.

As the first international holding, T-Mobile Netherlands has correspondingly developed its own CR strategy and KPIs.

We asked Managing Director Bart Weijermars how the Dutch company is implementing the Group's own CR strategy and what goals it has set for itself.

What contribution can T-Mobile Netherlands make to the future sustainable development of Telekom?

As a subsidiary we see our duty to contribute to the sustainable development of the overall Group. To fulfill this we're focusing on four areas: In particular we're working to reduce our energy consumption – our Environmental Management System and ISO 14001 certification are significant contributions to meeting the Group's environmental targets here. In the area of procurement our Social Charter is helping us to ensure that our suppliers do business responsibly. A further focus is on collecting and recycling discarded cell phones. Our fourth focus area is on supporting War Child. This aid organization supports young people in the world's crisis regions. Our staff are volunteering to help sign up friends for "War Child."

How are you ensuring that T-Mobile Netherlands is implementing the Group's CR strategy thoroughly?

We've set the Group-wide CR strategy as the starting point for the action fields relevant to the Netherlands. We've developed our own KPIs based on the Group-wide KPIs and have defined corresponding measures. Through our Board Members' commitment as CR topic sponsors we want to embed this commitment across our entire organization. We see the integration of our top management level as a key success factor for CR.

Mr. Weijermars, what good example do you set that shows how sustainability should become part of our everyday lives?

As Managing Director I actively support T-Mobile's engagement in cooperation with partners working in the social area. I also value sustainability very highly at home too – especially when it comes to recycling waste and private transport. I hand in my old cell phones for recycling, and when suitable I take public transport to the office in the morning.

Making society sustainable.

In our efforts to help shape the sustainable development of the company, we want to enable as many people as possible to have access to modern information and communications technology. Our commitment in this area needs to be versatile in order to break down the barriers that still cut many people off from the information and knowledge society today. Thus we are driving forward the expansion of the network infrastructure nationwide, we are committing ourselves to the cross-generational promotion of media skills, and we are developing products and services that meet the actual needs of people in an increasingly digitized world.

Network and infrastructure expansion.

Comprehensive, powerful, state-of-the-art communications networks are a basic requirement for the sustainability of an information society. Fast broadband networks create the basis for effective regional, cross-industry and cross-border cooperation. They are a key location factor without which many services, products and communication processes are not possible. The trend toward digital networking, including in private life, has been irreversible for some time and broadband access is now an indispensable component of everyday life.

Fast Internet for everyone. Overall, Telekom has invested some EUR 10 billion in the expansion of modern broadband infrastructure in Germany since 1999. As a result, we are now able to provide 96 percent of German households with DSL lines. Telekom offers its customers a high-performance landline and mobile telephony and Internet infrastructure that enables them to use powerful services and arrange their communications in the best possible way to meet their needs. Despite these successes, there are still many people who do not have, or only have limited, access to broadband Internet connections. We therefore continued our expansion activities in the reporting period, investing an amount reaching triple-digit millions in Germany alone.

Network expansion ...

... provides impetus for growth and employment. This was also the conclusion of a study published in 2009 by the Columbia Business School in New York. According to the study, some 400,000 jobs could be created in Germany if the federal government's broadband strategy is successfully implemented. It provides for the networks to be upgraded to 50 megabits per second (Mbit/s) by 2014. As well as ICT providers, the growth drivers will primarily benefit the construction industry and electronics manufacturers. But indirectly, they will also benefit e-commerce, the media, the healthcare system, trade, and service providers. According to the study, the contribution to GDP over the next five years will be some EUR 60 billion.

Fair distribution of burdens and opportunities of broadband expansion. Experts estimate that a nationwide fiber-optic infrastructure in Germany, the backbone of the broadband network, will cost between EUR 30 billion and EUR 50 billion. The main cost driver is the civil engineering work needed for the expansion, which amounts to up to EUR 50,000 per kilometer. However, with a market share of around 50 percent, Telekom is not

in a position to expand 100 percent of the network on its own. Competitors must therefore also step up their efforts. Above all, however, regulatory conditions must be created at European and national level that enable the industry to invest billions in economically viable ways, especially in the expansion of fiber-optics networks.

Progress in broadband expansion in Germany. In order to enable broadband expansion to be driven forward profitably in rural areas as well, we have offered a variety of cooperation models to local authorities in Germany since the end of 2007. They can, for example, make available existing cable ducts or conduits or perform the necessary civil engineering work. Financial assistance is also possible.

Overall, Telekom received some 9,000 inquiries from local authorities in 2009 – more than 720 partnership projects were realized. Thanks to the partnerships, along with capacity upgrades and planned expansion, about 300,000 additional households in total can enjoy high-speed Internet connections.

High-speed Internet. A reality in many towns and cities. In addition to our commitment in rural areas, the Group also continued to invest in increasing bandwidths in densely populated areas in the reporting period. By doing so, we want to offer users a better experience when using high-definition media applications. By 2009, Telekom had equipped more than 1,000 towns and cities with ADSL2+. Telekom also forged ahead in the reporting period with upgrading its fixed network in Germany with VDSL technology. By the end of 2009, for example, 50 towns and cities were furnished with VDSL; thus in January 2010, our VDSL network reached 10.9 million households. In the next two years, Telekom will invest approximately EUR 10 billion in further network expansion in Germany. In addition to VDSL, modern fiber-to-the-home lines will be installed. Our target is to make fiber-optic lines available to four million households by 2012.

Over the last five years, the Greek company OTE switched 95 percent of its telephone lines over to the ADSL standard. This paved the way for the fast transfer of large amounts of data in top quality in many regions of Greece for the first time. As a result, the number of ADSL connections was increased from 50,000 in January 2005 to more than a million by the end of 2009. OTE achieved one of the highest growth rates in Europe as a result.

Mobile and satellite-based Internet as an alternative. For regions where expansion of the fiber-optic network is too expensive, we are increasingly looking into mobile and microwave radio solutions to make fast, stationary Internet connections possible. To make sophisticated Internet use convenient and fast also while on the move in Germany, Telekom has, for instance, provided nationwide satellite-based DSL coverage for many years.

Fast access everywhere. We currently offer our customers a variety of options for mobile broadband Internet use. In Germany, Telekom provides nationwide coverage of the transmission technology EDGE, which is based on second generation mobile communications technology, the 2G and GSM network. With transmission rates of up to 260 kilobits per second, mobile surfing on the Internet is possible all across Germany. High-speed Internet access is possible in all densely populated areas using UMTS, the technology of the third generation of mobile communications (3G). It is also possible to dial into the Internet at more than 40,000 sites – Telekom's HotSpots – using WLAN.

Setting up the fastest mobile network in the U.S. T-Mobile USA is making excellent headway toward becoming the operator of the fastest 3G network in the United States as early as 2010. In 2009, T-Mobile USA doubled the coverage of its UMTS/HSDPA-based 3G network. It now serves 205 million people and covers more than 270 cities in the U.S. Moreover, the U.S. company has provided HSPA 7.2 with transmission speeds of up to 7.2 Mbit/s in its 3G network since December 2009. In order to secure the increased speeds, it is setting up the necessary backhaul. It is also working on further developing the HSPA+ 21 standard and, since September 2009, it has been the first mobile network operator in the U.S. to test this standard in Philadelphia. It enables three to five times faster data throughput compared to current 3G networks.

The aim is to create the conditions for widespread use of the **Next Generation Mobile Network** (NGMN).

Infrastructure upgrade in the Czech Republic. According to a survey published in July 2009 by the independent organization P3-Solutions, T-Mobile Czech Republic has the most reliable 2G mobile communications network in the Czech Republic. In September 2009, T-Mobile Czech Republic completed the first phase of its modernization of the existing 2G mobile communications infrastructure. 2,270 base stations, around half of the total, were replaced by new, environmentally-friendly technologies. In Prague, the 3G network (UMTS/HSDPA) went live in January 2010. In addition to residents of the Czech capital, coverage is to be extended to citizens of many other major cities during the course of the year.

Forging ahead with the next generation of mobile communications. In addition to expanding the third generation networks, we are also working on developing even faster transmission technologies. The aim is to create the conditions for widespread use of the Next Generation Mobile Network (NGMN). NGMN can be realized using various technologies, including WiMAX and Long Term Evolution (LTE). Telekom has been testing LTE technology since 2008. It allows bandwidths of five to ten times higher than HSDPA and HSUPA.

Together with the leading Chinese mobile communications supplier Huawei, Telekom put the largest European LTE test network into operation in Innsbruck in 2009. Data transmission rates of up to 150 Mbit/s are tested under realistic conditions. This allows several applications, such as downloading files, video streaming, web browsing and video telephony to be used at the same time.

Mobile frequencies and digital dividend. A quantum leap for mobile communications. In the second quarter of 2010, Germany faced its greatest ever frequency auction. In all, 360 megahertz of frequencies in four different frequency bands were available. One section of the frequency bands that are being freed up is of particular importance: the so-called digital dividend of 790 to 862 megahertz. Their use for mobile communications means that these frequencies will gain hugely in value – a “dividend” that will pay off for society as a whole and first and foremost for the people living in the current white spots. This is because the physical features of this frequency spectrum make it particularly suited for setting up networks in rural areas, since relatively few base stations are needed in this low frequency band. But the other bands are also hugely important for the provision of fast, mobile Internet access, since high bandwidths are achieved using higher frequencies. Telekom took part in the auction – in order to equip itself with modern networks for the future and, not least, so it can ensure that as many people as possible have the chance to participate in the information and knowledge society.

@ **201** Further information on “Network and infrastructure expansion” in the online CR Report.

International improvement.

Extended dialogs with local authorities on mobile communications and health on an international scale. For us, providing information and getting people involved are part of dealing cooperatively and constructively with all stakeholders of mobile network expansion. A mutual exchange of information between local authorities and mobile network operators is one of the most important interfaces. All our subsidiaries operating mobile networks are also committed to this. @ **202** Further information on “Mobile communications and health” in the online CR Report.

Access to the information and knowledge society.

A stable, nationwide infrastructure alone is not enough to close the digital divide in society. The proportion of senior citizens grows ever greater, especially in developed countries. In many cases, there are not enough specific opportunities for them to learn how to use new media. This makes it difficult for them to find new media useful. Physical disabilities, but also insufficient education and a lack of physical IT infrastructure can create additional barriers that cut people off from the information and knowledge society. Under the heading “Connect the unconnected,” our CR strategy therefore aims to make modern ICT accessible to as many people as possible.

See page 9.

Successful start to lighthouse project “Yes, I can!” With its targeted support of children and young people, Telekom wants to help create a sustainable society. In April 2009, the lighthouse project “Yes, I can!” was launched, supporting projects and institutions nationwide that focus on teaching skills to children and young people between the ages of 9 and 14. The aim of the project is to give young adults, primarily those from difficult economic and social backgrounds, the opportunity to discover and further develop their personal potential.

Huge response to first competition. In the very first year, more than 600 projects and institutions from Germany applied to take part, 66 of them were given sponsorship totaling EUR 550,000.

Targets for 2010. Education for everyone and promotion work. In spring 2010 we launched the second round of applications for the “Yes, I can!” initiative. A panel of experts from science and politics as well as people from public life will once again select projects and institutions.

Infrastructure projects at schools and public institutions. Telekom makes a key contribution to bridging the digital divide by providing free IT infrastructure. Children above all should have the opportunity to learn how to use digital media. As part of the “Net in School” project, T-Hrvatski Telekom has been providing free Internet access to schools since 2001 together with the Croatian Ministry for Education. In 2009 alone, more than 1,100 schools benefited from this offer. In addition, T-Hrvatski Telekom also provided 29 children’s homes with free broadband access and Internet television in 2009.

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ICH KANN WAS!

René Obermann, CEO of Deutsche Telekom AG, at the launch of the “Yes, I can!” initiative on April 3, 2009 in Berlin.

In March 2010, our lighthouse project “Yes, I can!” was recognized as an official project of the UN Decade “Education for Sustainable Development.”

T-Systems Italy has been similarly involved: for more than three years it has provided free computers, for example, to schools in Burundi and Congo, and to organizations dedicated to rebuilding following the earthquake in the Abruzzo region. Back in 2006, OTE in Greece began donating used IT equipment such as PCs and printers, etc. to schools and non-governmental organizations. This ongoing commitment also benefits the environment thanks to the substantially extended use of the equipment.

In 2009, Magyar Telekom became the first company in Hungary to offer the Emporia TALKpremium cell phone, aimed specifically at senior citizens. It has large buttons, a particularly loud ring tone and simple text messaging and call functions.

Barrier-free products for people with particular needs. It is above all people with age-related restrictions who are currently unable to benefit from the possibilities of digital media. This calls for new products and services that allow for the needs of the older generation. Telekom promotes innovative solutions, such as the analog fixed network telephone Easy CA22, launched on the German market in November 2009. It has a large-print display that aims to make dialing easier for older people in particular and is compatible with digital hearing aids. We are also making ergonomic alterations to existing products. For example, the “speedphone” IP telephone will be launched as an cross-generational telephone with an improved feel, acoustics and usability.

Mobile emergency systems for more security. Since December 2009, Telekom together with Fonium Deutschland GmbH has offered the emergency call system derBUTLER® in T-City Friedrichshafen. The project was preceded by five years of development work. With derBUTLER®, users can contact family members or an emergency call center at any time. An integrated positioning system allows missing persons to be located quickly anywhere in Germany, even in places where other positioning systems fail.

The application CPA Halo, which has been available from T-Mobile Czech Republic since July 1, 2009, also helps to give elderly citizens a greater feeling of security. CPA Halo is offered together with an arm band that has a central emergency call button. This is also a helpful support for the chronically ill and people with disabilities.

Greek subsidiary as pioneers of needs-based solutions. In 2007, Cosmote became the first company in Greece to offer “Hands Free NoiZfree,” a technology that facilitates high-quality mobile communications for people with hearing aids or implants. The free service “Mobi-Talk,” developed in cooperation with a voice institute, converts information on the telephone display into voice using special software. Voice e-mail, which has been on the Greek market since 2006, is based on the principle of voice recognition and makes it easy for users with sight problems to manage their e-mails.

Since 2000, deaf or hearing impaired customers at OTE have been able to get advice from a special call center that uses text-supported telephony, charged at local rates. The offer is part of a whole range of needs-based products and services for people with hearing impairments. In order to facilitate barrier-free telephony for them on the move, OTE also installed text telephones in public places. At Athens Eleftherios Venizelos Airport, for example, it operates 20 of these telephones for persons with hearing impairments.

Special and subsidized rates.

Direct help with tradition. Special rates for people with disabilities are not just available in Germany. There are, for example, the low-priced SMS rates for persons with hearing impairments at the Hungarian company Magyar Telekom, as well as at OTE and Cosmote in Greece. In Hungary, these rates also apply for persons with visual impairments. In Croatia, T-Hrvatski Telekom is committed to helping people on low incomes take part in the information society through subsidized rates.

Improving media competency. In order to promote the media skills of teachers and students alike, Telekom has been supporting the European initiative "Teachtoday" since the beginning of 2008. The objective is to provide active assistance to teachers across Europe in enabling their students to use new media confidently and responsibly. The Internet platform @ www.teachtoday.eu offers all kinds of background information, teaching materials, work resources and case studies – since 2009 this service has been available in German as well.

Slovak Telekom. Committed to a modern education landscape. The international subsidiaries are committed to improving the knowledge transfer with the help of ICT. Once a year – most recently in September 2009 – Slovak Telekom offers teachers from technical schools an opportunity to gain an insight into the company's activities and passes on the latest information on new technologies and products. For the fourth time in succession, the "Slovak Telekom Award" was presented in recognition of initiatives that make particularly innovative use of ICT in lessons.

Living a culture of responsibility and commitment. In addition to financial support, sharing the knowledge of our employees is a key component of the Group's commitment. During the reporting period, some 40 employees of Magyar Telekom were involved in the Digital Bridge Program on Small Settlements. They visited 15 Hungarian communities to show residents the variety of possibilities offered by the Internet. Employees from T-Mobile Czech Republic successfully continued the "Seniors communicate" project in 2009, training 1,700 senior citizens to use cell phones.

@ 203 Further information on "Access to the information and knowledge society" in the online CR Report.

Commitment to education and Deutsche Telekom Foundation.

Education is one of the most important resources of our time. Just how crucial good education opportunities are for economic and social development was highlighted yet again by an OECD study in January 2010. According to this study, the impact of improvements in the quality of education is greater than that of any other economic policy measure. Telekom also depends on competent junior staff for its long term business success. As part of its social responsibility, it also invests in education outside of the company.

Deutsche Telekom Foundation. Investing in Germany as a center for education. Since it was set up in 2003, the Deutsche Telekom Foundation has been committed to improving the German education system.

> Deutsche Telekom Foundation's main focus is on the STEM subjects – science, technology, engineering, and mathematics. It supports child day-care centers, schools and universities in Germany in purposefully teaching STEM subjects using practical models.

The Foundation covers the entire education chain with the following four priority programs.

Getting a head start. "Science-Nature-Knowledge." In the "Early education" program, the Deutsche Telekom Foundation focuses on day-care centers and elementary schools, because the course for successful educational development is set in early childhood. The biggest individual project in this program is "Science-Nature-Knowledge." In this project, the Foundation supports educators in terms of methods of teaching mathematics, the natural sciences, technology and media literacy. The teaching aids developed for this project were put into practice in 2009.

Inspired at school. Junior engineer academy. In the "Secondary education" program, the Deutsche Telekom Foundation supports schools in teaching STEM skills, which are necessary, no matter what course an individual's education takes. The junior engineer academy gives, for example, students in secondary education an insight into the training and everyday working lives of engineers and scientists. In 2009, Telekom helped seven schools across Germany to set up new junior engineer academies. This brings to 15 the number of schools in Germany where young people can learn about the working world of engineers, scientists and researchers in scientific institutions and companies as well as in the classroom.

Sustainable commitment to advancing the German education system. In December 2008, Telekom increased the Deutsche Telekom Foundation's capital to EUR 150 million. In 2009, some EUR 12.5 million flowed into project work.

Striving for educational excellence. First-class STEM teacher training. The central lever for improving our education system is the training of teachers. So far, too few universities have driven forward innovation in STEM subjects. In order to bring about changes in content and structure and strengthen the profiles of universities in STEM teacher training, the Foundation held a competition for excellence in the "University" program in 2009. The winners – the Technical Universities in Dortmund and Munich and the Free University and Humboldt University in Berlin – won three years' of funding, starting from fall 2009, to implement new ideas and concepts in the initial training of STEM teachers. The Foundation provided a total of EUR 4.5 million for this purpose.

Taking new roads together. Innovation rating for Germany. Under the fourth program, "Innovation," the Foundation promotes dialog with political institutions and the general public in order to strengthen social understanding of issues in the areas of research and technology. As in previous years, the German Institute for Economic Research (DIW) was commissioned by the Deutsche Telekom Foundation and the Federation of German Industries (BDI) to develop the study "Innovation rating for Germany." Germany only took ninth place in this ranking, which was one position lower than in the previous year, partly as a result of failings in Germany's education system. On a positive note, the experts pointed out that the numbers of women studying STEM subjects are increasing.

Sustainable commitment to advancing the German education system. In December 2008, Telekom increased the Deutsche Telekom Foundation's capital to EUR 150 million. In 2009, some EUR 12.5 million flowed into project work. In 2010, the Foundation will focus its activities on further developing existing projects and disseminating project findings, in particular through publications and expert conferences. In spring 2010, for instance, the Foundation will publish recommendations for education policy and educational institutions, based in part on the project "Mathematics across the educational chain."

International commitment to education. The Group is also committed to strengthening the education system internationally. Slovak Telekom also supports education: in 2009, for example, 67 projects and 20 individuals received sponsorship totaling more than EUR 235,000 from the "Slovak Telekom Endowment Fund," e.g., in the form of scholarships for talented students with disabilities.

@ **204** Further information on "Commitment to education and Deutsche Telekom Foundation" in the online CR Report.

Solutions for connected life and work.

For years now, globalization and growing mobility have been shaping the change in business and society around the world. With this development, geographical distances become less and less of an issue. Professional and personal contacts form a dense, worldwide network of relationships. As a result, a new need is arising for simple, fast and flexible communications, and digital networking is growing in economic and social importance. Telekom has therefore made it a core task to be actively involved in shaping the increasing digitization of all areas of life and to delight its customers with improvements and innovation.

Connected life. Research and development for the connected world. Our contribution to connected life and work is part of our core business and a central field of activity in our CR strategy. See page 9. In a dynamic world, we want to be a reliable partner to people, supporting them with innovative ideas. For this reason, we defined "Connected life and work" as a focus of our research and development activities as early as 2007. At the heart of the products and services developed by Telekom is the comprehensive use of communications tools, Internet and digital content across all available devices.

Connected.

Global IT solutions for a strong economy. Under the “Connected life and work” product philosophy, forward-looking offers and concepts for connected work also arise especially for Telekom’s business customers, based on a global infrastructure of T-Systems data centers and networks. See page 39 f.

@205 Further information on “Solutions for connected life and work” in the online CR Report.

Reducing bureaucracy through digitization. Wherever administrative work is substantial – in local authorities, as well as in hospitals and insurance companies – ICT is playing an ever greater role. Solutions that save time, costs and resources help to reduce bureaucracy, relieve the administrative burden and free up capacity for core tasks. @206 Further information on “e-government” in the online CR Report.

Further issues to be dealt with in the online CR Report:

@207	e-health and e-government
@208	T-City in Hungary
@209	Corporate volunteering
@210	Sponsorship
@211	Mobile communications and health
@212	Network availability and reliability
@213	Value added

at www.telekom.com/cr-report2010

BUSINESS HIGHLIGHT

T-City futurists – Living the digital future today.

They are parents, singles, seniors and students from Friedrichshafen – and since June 2009, they are also “futurists.” Nine T-City households are taking part in a unique project: Telekom equips them free of charge with various information and communications technologies, some of which are not yet available for sale. In this way, they can experience the world of tomorrow today, within their own four walls. The Futurist initiative complements the more than 30 innovative projects that Telekom has so far tested, together with partners such as the City of Friedrichshafen, the federal government, and companies in the city on Lake Constance – Germany’s future lab.

Interactive home. HomeNetwork 2.0 in trial run. Futurist couple Mr. and Mrs. Vogt are living proof that you can still be interested in technology after 50. HomeNetwork 2.0 is one of the many ICT applications that they are currently testing in their home: “The new technical gadgets are a lot of fun, even though there are sometimes teething problems. Our motto is learning by doing.” HomeNetwork 2.0 makes it possible to control all household electrical appliances individually and from anywhere: for instance, you can turn all the lights on and off via your cell phone.

@214 Further information on our future lab T-City Friedrichshafen in the online CR Report and at www.t-city.de (German).

Being an attractive employer.

To make progress on our way to becoming the market leader for connected life and work, we must be able to rely on a competitive, international “Group team.” A motivated workforce and a hands-on service culture build the foundation for our success. Accordingly, we are an employer that is totally committed to its employees, offering them a variety of opportunities for their personal development. We support our employees to fully realize their potential. We want to recruit the top talents around the world and become one of the best talent companies.

Competitive workforce.

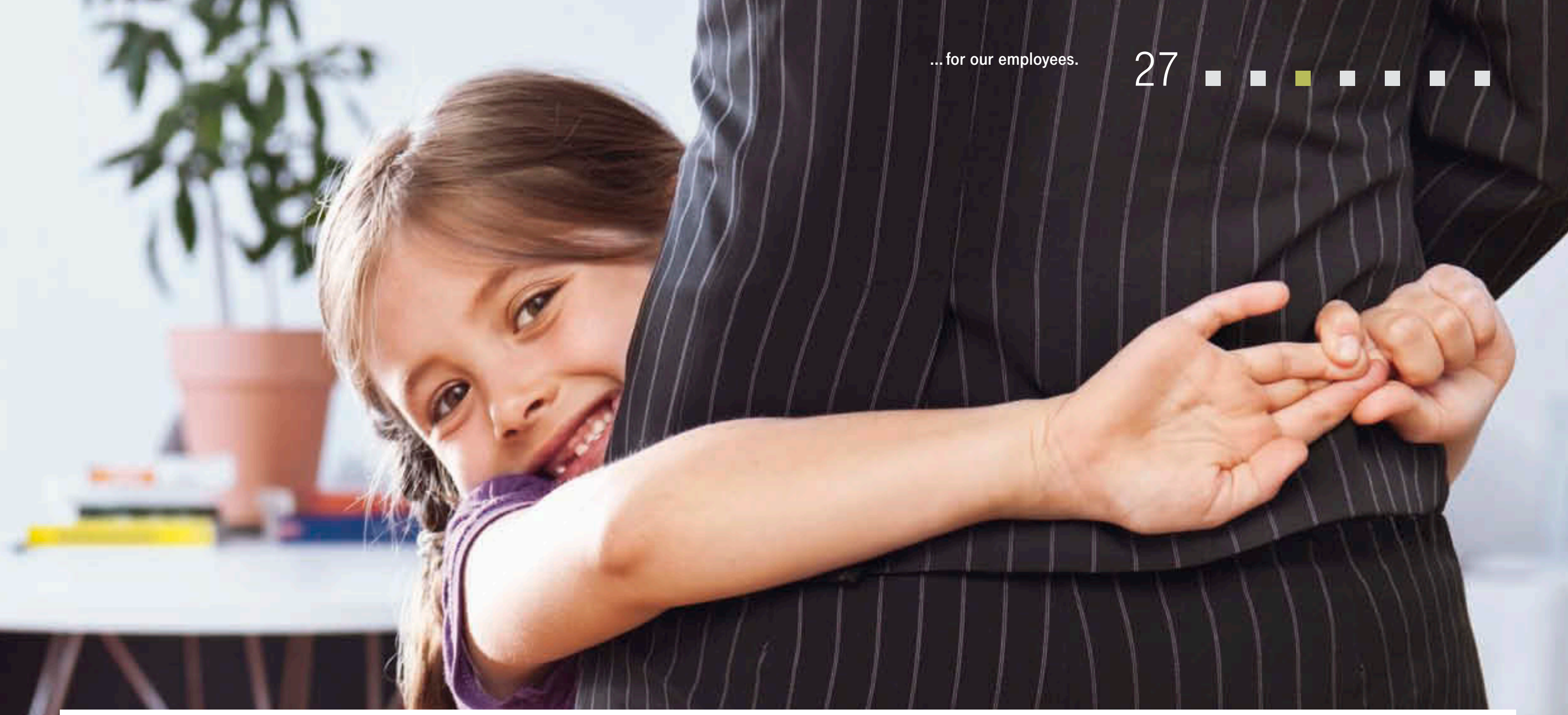
Taking responsibility for our employees means creating sustainable, forward-looking structures. As part of our fundamental transformation to becoming “One Company,” we are networking and integrating our organizational structure, our areas of work and, above all, our teams. The effective merger of previously separate cultures requires custom-tailored change management. Our target is to sharpen the global focus of our planning and steering mechanisms, as well as our services, while strengthening our international competencies and composition.

As a first step in further strengthening Telekom’s position both globally and in our home market, we integrated T-Mobile International AG with Telekom AG in July 2009. On January 1, 2010, we implemented a new structure for Telekom and Group Headquarters, with a consistent focus on regions and functions. On April 1, 2010, T-Home and T-Mobile in Germany merged to form the new “Telekom Deutschland GmbH.” All steps were taken in close coordination with employee representatives. A corresponding statement of intent is to be incorporated in collective agreements and works agreements. The employees were given assurances of job security, such as a guarantee of no compulsory redundancies until the end of 2010.

Qualitative HR planning as a guide rail for skills development, talent recruitment and employability.

With its modern total workforce management concept, Telekom is one of the few global players to engage in innovative human resources planning that anticipates mid-term changes in product portfolios and markets. Business scenarios are built to ascertain the impact this change will have on workforce volume, structure and skills, and the results are subsequently reflected in strategic HR programs.

This supplements strictly quantitative, efficiency-driven considerations through methodically proven, qualitative analyses to determine the necessary skills profiles at an early stage. Our employees and executives receive detailed analyses and recommendations as to the skills they will need to cover future innovation and growth fields. Hiring policies, education and training offerings and talent programs are being focused on the new requirements. The installation of a demand-driven internal job market will accompany qualitative workforce adjustments, taking both versatility and mobility into account.



International employee relations. As a globally active corporation, we respect the established forms of collaboration with the employee representatives in the countries where we operate. As such, we do not believe that the "export" of the German culture of codetermination would be appropriate. In our Guideline for the Cooperation with Employee Representatives, we have made it very clear that we support the individual responsibility of national management bodies and their HR functions in building employee relations. We have established the Global Employee Relations Management (ERM) unit at Group level, which serves as the central contact point for all international employee and employer committees, as well as unions.

European Works Council. Through our European Works Council (EWC), we maintain an active social partner relationship with the employee representatives of our national and affiliated companies within the European Union. Two regular meetings and four board meetings take place each year; members of the Group Board of Management are available to answer questions and provide information.

Upsizing, restructuring, downsizing. Continuation of the strategic HR program. We are ensuring the future viability of Telekom by balancing our age structure and bringing new know-how into the company. In Germany alone, we plan to hire up to 3,500 new recruits in 2010, a good 1,400 of them university leavers and experts with job experience. Telekom made more than 3,600 new hires in 2009, 90 percent of these were permanent positions. Around 2,100 of these employees were junior staff from our in-house training programs.

Vivento. Personnel restructuring provider in Germany. We are well aware of our special responsibility toward our workforce. Accordingly, we pursue socially responsible solutions to personnel restructuring issues. Vivento, our specialized service provider, plays an important role in this process: Vivento supports, advises and places employees who desire career changes in new directions. Above and beyond the provision of short-term positions, a special focus lies on permanent employment prospects. This approach enabled Vivento to significantly increase the number of permanent civil servant transfers to public service in 2009. Vivento also helps employees who are affected by the Group's restructuring to develop new prospects.

@ 301 Further information on "Competitive workforce" in the online CR Report.

Realigning ...

... **T-Systems.** With the aim of offering comprehensive, integrated service to our customers, our reorganization has allocated the new business units "Corporate Customers" to T-Systems and "Business Customers" to T-Home Sales & Service in Germany. In the context of restructuring measures, we have agreed on a joint procedure for staff restructuring and downsizing with employee representatives. For example, we have guaranteed protection against compulsory redundancy until mid-2012. At Systems Integration and ICT Operations, this redundancy protection will come into force once restructuring measures are completed.

Service culture.

Our goal of becoming the most highly regarded service company does not only involve giving our customers the best possible service experience. We have to actively practice what we want to sell to our customers. As such, we also strive to offer an excellent level of service to our workforce. We are fully aware that a healthy, balanced workforce who are open to changes within the Group and are committed to actively driving it forward is the key to our success. For this reason, we have established a corporate culture that is characterized by appreciation, an understanding of the work-life balance and a culture of open feedback.

One philosophy for the "new Telekom." The strategic realignment of Telekom towards "One Company" does not only involve a structural change; it also requires a new, shared corporate culture throughout the Group. In 2009, we established our Guiding Principles, a uniform, Group-wide corporate philosophy. These Guiding Principles define key values at Telekom – such as a customer focus, mutual appreciation and an open culture of discussion – and form the foundation for our shared, dynamic service culture. We began the successful implementation of these Guiding Principles in early 2009 in Germany and all national companies of the Deutsche Telekom Group.

Service training and service careers. We launched our new service career model in the spring of 2009. This top career qualification in the service area, together with the broad-scale service training that was agreed in 2007, are vital levers for combining competence and service orientation to deliver our state-of-the-art products and services to our customers. In total, employees at the service companies participated in over 130,000 training days in 2009, in addition to the 610,000 training days carried out by employees from other Group units in Germany.

Healthcare and disease prevention. Basic needs for our employees. In our view, general health also has mental and social dimensions, in addition to the strictly physical. "Caring for health" is an elementary leadership task at Telekom and a fixed component of our internal service culture. We require our executive staff to act as role models and bear responsibility for the health of their colleagues. At the same time, we motivate our employees to take a high level of personal responsibility. To this effect, our occupational health management offers a wide variety of programs in occupational safety, healthcare and the employee and executive advisory service, along with exemplary, proactive pandemic management.

Uniform standards and central interfaces. During the year under review, we reorganized our health management to establish uniform and systematic Group-wide structures. Health management, occupational safety and health and fire prevention were merged and assigned centrally to the Human Resources area. In parallel to this process, T-Mobile Netherlands, T-Systems Hungary and T-Systems Malaysia, for example, centralized their organizational structures and began developing a system for safety, health and environmental management.

The integration of health management throughout the Group will be continued in 2010 and beyond, through implementation of a standardized management system.

Group-wide steering committees. Two central committees debate the focus of the Group's healthcare policy. The high-level Health Strategy Group deals with issues involving the company's health management system. The newly founded Health Working Group brings social partners and healthcare managers from the companies together to discuss the focus of healthcare policy in the Group divisions.

High level of acceptance for preventive healthcare services. During the period under review, more than 11,000 employees took advantage of a screening program for colon cancer, while nearly 12,000 employees received seasonal flu vaccinations. Other preventive healthcare measures included the introduction of a medical checkup, the optimization of our back training offers and the launch of two new modules of the fit@work program. We consider the improved health rate to be partly the result of our health protection work. We plan to introduce additional programs for the early detection of risks to physical and mental health in 2010.

61...

... young adults, largely from uneducated backgrounds, began their year-long internship at our Group on September 1, 2009.

Work-life balance as part of the corporate culture. Helping employees to find a healthy balance between work and personal life is an increasingly important duty for us as an employer. While growing mobility coupled with greater flexibility and the blurring of the lines between work and private life have created new freedoms, they can also lead to tension and pressure. To meet the resulting requirements of our employees, Telekom supports its workforce with targeted measures in areas such as healthcare, fitness, workplace design and family life. All these offers are bundled in our "work-life@telekom" program.

Achieving a good work-life balance. We want our employees to be able to harmonize their work and family lives. The Group currently offers day-care facilities for children at its Bonn, Berlin, Munich, Darmstadt and Leinfelden-Echterdingen sites. We want to increase the number of company day-care places from 64 in 2005 to at least 370 by 2010. The creation of a further 200 places is already in planning. Fathers employed at Telekom's Bonn Headquarters created the network "Heimspiel. Das Väterteam" (Home match – the dads' team) in 2009, under the patronage of CEO René Obermann. It aims to promote dialog among fathers, give them more freedoms and encourage them to take an active role in parenting.

"My chance to get going!" Under this motto, Telekom in cooperation with the German Federal Employment Agency is helping to give disadvantaged young people solid prospects for beginning a career. 61 young adults, largely from uneducated backgrounds, began their year-long internship at our Group on September 1, 2009. They have been given the opportunity of qualifying themselves for our vocational training program. Top performers even have the chance to skip directly to the second year of the training program. This makes Telekom the first DAX 30-listed company to launch an entry-level training program for young people in collaboration with the Federal Employment Agency with a focus on integrating them into working life.

Open feedback culture. Constructive criticism and suggestions from our employees are highly valued at Telekom. They reveal potential for improvement and help us track moods in the workforce. For this reason, our feedback culture is a major characteristic of change management and part of our change in culture. Regular employee surveys play an important role in this process. The "pulse check," our Group-wide pulse survey in October 2009, showed that our Guiding Principles were very well accepted by our employees and that there is a high level of satisfaction with their work at our company. Still, many employees continue to have a critical view of the changes implemented as part of the "One Company" process. One sign for increasing employee satisfaction – even in times of change – was set by T-Hrvatski Telekom: employee satisfaction at the company rose by another six percentage points in 2009.

Direct line to the Board of Management. During the reporting period, we created a direct line to the CEO for our employees through our intranet. Employees have the opportunity to place a question that they would like to ask René Obermann personally into a forum for rating. Our CEO then provides detailed answers to the three top-rated questions. Other Board members also sought personal contact in 2009, for example, CFO Timotheus Höttges on his "One Finance Tour."

@ **302** Further information on "Service culture" in the online CR Report.

Talent agenda.

Only a company that attracts talent, secures its loyalty and carefully nourishes it can be sure of a permanent supply of innovative strength and entrepreneurial spirit. For this reason Telekom adopts a forward-looking approach to management of its junior staff. We train our own young people, cooperate with universities to recruit recent graduates and actively promote both cooperative and part-time degree courses.

Talent management.

In order to make our in-house talent identification and advancement process even more effective, in late 2009 we initiated a cross-functional talent management program that embraces all positions throughout the entire Group.

"Attractive employer brand." After winning numerous international awards as an outstanding employer, we implemented a variety of measures in Germany in 2009 to further advance our goal of becoming a recognized hotbed for talent. Our success is documented by improved rankings, such as the Universum Student Survey, which declared us to be the most sought-after employer in the telecommunications industry. Telekom ranks among the Top 100 companies in the United States with T-Mobile USA. In Europe, T-Hrvatski Telekom was named the "Employer of First Choice" for the fifth time in succession in 2009, while T-Mobile Slovensko won the accolade of "Best Employer" and T-Systems Italy won the "Top Employer Award" 2009. This shows that we are continuing our trajectory toward becoming a top address for young people and professionals in most of our markets.

International platforms promote dialog with talented students. In September 2009 we launched the unconventional series of events "Technology meets Talent," designed to strengthen the bonds between young talent and our company. We invited around 200 innovative individuals from different disciplines to each event, to discuss solutions for the technologies, customers, and the working world of tomorrow. At its annual "Telekom Day," Slovak Telekom gives some 100 selected students from technical disciplines the opportunity to network at the national level and maintain an interdisciplinary exchange. The focal issue of the most recent event was the "3screens concept," as well as the latest trends and innovations in the ICT sector.

Telekom Campus Tour. The Telekom Campus Tour is an outstanding example of innovative recruiting activities in the talent market. From April to July 2009, the Telekom Truck visited some 40 universities in Germany and initiated thousands of personal discussions. We also make intensive use of social networks such as Twitter and Facebook to maintain dialog with young talent.

Excellent training to promote young talent. Our in-house training program plays a central role in gaining talented young people. We take our responsibility to society as a "good citizen" seriously and provide training far beyond our own needs. Our trainee ratio has consistently been at the top of German companies for many years now. Our Group once again took in some 3,500 young people for a training place or a cooperative study program on September 1, 2009, opening promising perspectives for future careers. A trainee ratio of 8.7 percent of our German workforce has been defined through 2013, which means the Group is guaranteeing to take on up to 13,000 trainees and students on cooperative courses within the next four years.

Bologna@Telekom

New education opportunities. We will support more than 200 additional employees with their part-time studies in 2010.

New educational opportunities through Bologna@Telekom. A central pillar of our commitment to education is the establishment and expansion of part-time degree programs. To this end, in 2009 we launched the "Bologna@Telekom" initiative, which integrates our company support scheme with the new two-stage degree program with bachelors and masters degrees. Starting in Germany, this program will support high-performance employees in gaining a recognized university degree. Telekom covers 50 percent of the tuition fees and grants studying employees ten extra days off each academic year. 70 part-time students started in the winter semester 2009/2010, divided between two technical and two commercial degree courses at our in-house University of Applied Sciences (HfTL) in Leipzig and the Steinbeis University of Applied Sciences in Berlin. We will support more than 200 additional employees with their part-time studies in 2010. We plan to expand this initiative with additional course offerings in future.

Individual career paths for university graduates. We are placing particular emphasis on two initiatives for outstanding university graduates. As part of "Start up!", our 15-month international high potential initiative, some 50 top university graduates can help shape the changes at Telekom and put their potential to the test. There were more than 3,000 qualified applicants for the program in the year 2009. Parallel to "Start up!", the "Jump in!" scheme offers university graduates, including those from our cooperative degree courses, excellent opportunities for getting off to a flying start at Telekom via the direct entry route.

Systematic executive management with "STEP up!" We have implemented our "STEP up!" executive development program, initially for the 2,400 executives in Germany. In the next step, we intend to expand the program to include all executives at the company. The tools, programs and processes of the program are strictly geared to our Group's international structures.

"Go Ahead!" Development opportunities for experts. The Group-wide relaunch of the expert development scheme "Go Ahead!" gives experts transparent development paths and optimum career prospects. There are currently more than 50,000 experts on the "Go Ahead!" scheme in competition-critical areas. Parallel to the traditional management career, we also hand-picked more than 600 top performers and high potentials from this scheme for the expert career.

Performance & Potential Review. The heart of HR development. For a number of years, the feedback and development meetings held as part of the Performance and Potential Review (PPR) have served as a tool for the uniform, cross-country performance and potential assessment of our executives within the context of "STEP up!" The PPR process was supported by a dedicated IT tool for the first time during the year under review. The next step will involve the incremental expansion of this tool to additional groups of employees.

Diversity opens up opportunities. Now more than ever, the uniqueness of each employee and their different styles drive Telekom's global success.

"Adding value by valuing others" is our motto – everyone linked to Telekom benefits from our "diversity business case," our customers, employees and their families as well as our shareholders and society at large.

Realignment of diversity management. Telekom realigned and restructured the contents of its Group Diversity Management (GDM) in 2009. An international team of men and women is committed to promoting diversity at Telekom: diversity experts are responsible for key issues such as "women in management" and "work-life balance." Diversity managers are active at all of our strategic business units, building the bridge between diversity and business and making sure that diversity is an issue in personnel development and HR policy. GDM initiated an international diversity network in 2009, with persons responsible for each respective country. Its goal is to continue to develop and promote diversity at all levels and in all regions.

Women in management. The first DAX 30-listed company to do so, Telekom introduced a quota for women in middle and upper management in March 2010. We aim to have 30 percent of positions in these hierarchy levels across the Group filled by women by the end of 2015. We are systematically preparing to implement this quota, for example, through target values for new hires of university graduates and in the selection of participants in executive development programs.

In addition, we regularly review our HR processes and tools to ensure their gender neutrality; some of them receive external certification. Magyar Telekom, for example, had its recruiting process certified by an NGO in 2009, and at the same time founded a forum for equal opportunity.

Measurable successes. 46 percent of management positions at T-Hrvatski Telekom are staffed by women; the figure at T-Mobile USA is 30 percent. Germany scores well on compensation: a comparison in 2009 revealed no gender-based discrimination in pay scales not covered by collective agreements, proving that Telekom pays fair pay for men and women alike and is opposed to all forms of pay discrimination.

@ **303** Further information on "Talent agenda" in the online CR Report.

30%

... women in management positions by the end of 2015 – Telekom is the first DAX 30-listed company to introduce a quota for women in management.

Further issues to be dealt with in the online CR Report:

@ **304** Remuneration and pension schemes

at www.telekom.com/cr-report2010

BUSINESS HIGHLIGHT

Well prepared for any emergency.

In June 2009, the World Health Organization (WHO) invoked the highest level of its pandemic plan for the first time ever. Dr. Anne-Katrin Krempien, chief medic at Telekom, talks about the Group's pandemic precautions.

How important are pandemic precautions to Telekom's claim of being an attractive place to work? In addition to the availability of comprehensive health management and prevention services, the genuineness of a company's commitment to its employees comes to bear in times of crisis. We pursue long-term pandemic planning to protect our employees against infection both at work and in private life.

Which preventive measures were implemented in 2009 to deal with the threat of the "new influenza" H1N1? A Group-wide crisis management group and the national crisis managers on site helped to implement a comprehensive information and prevention campaign. We distributed 300 disinfectant dispensers and 11,000 hygiene packs for field employees, set up a pandemic hotline and offered free vaccination to all employees. Nearly 4,000 pandemic helpers have been trained in emergency response. These permanent structures will help us to ensure fast response times in the future.

What impact would a global pandemic have on Telekom's business? In an emergency, data transmission volumes will increase quickly. Maintaining the telecommunications infrastructure in all areas of life is especially critical. Our pandemic precautions are based on a functioning infrastructure with clear process flows and areas of responsibility in case of emergency.

Fostering sustainable supplier relationships.

Telekom operates in more than 50 countries. Global procurement offers major business opportunities for the Group and its providers – but also brings major challenges and responsibility. Through our commitment in industry-wide initiatives, we are paving the way towards designing sustainable supplier relationships that celebrate integrity and appreciation, cementing our claim as a leader in responsible procurement.

Sustainable procurement strategy.

Telekom is pursuing the goal of becoming an international leader in CR and is taking responsibility along the entire value chain.

During the year under review, we purchased goods and services worth EUR 2.4 billion in developing and emerging-market countries. This equals 12 percent of Group-wide procurement volume.

The risk that production conditions in developing and emerging countries do not yet meet Telekom's environmental and social requirements is one of the greatest challenges in achieving sustainable purchasing. Our sustainable purchasing strategy is a response to this. It helps us promote and secure social, environmentally-friendly standards and the protection of human rights among our suppliers.

Expansion of the Sustainable Procurement Working Group. The most important steering committee for advancing, shaping and implementing the sustainable procurement strategy is the Sustainable Procurement Working Group (SPWG). It is comprised of experts from the CR department and from all procurement units at Telekom. We attach particular importance to the international composition of the group, for example, with representatives from T-Mobile Netherlands and T-Mobile UK. T-Mobile USA also joined SPWG in the year under review.

New policies and standards for sustainable procurement. We constantly develop and improve our internal guidelines to ensure uniform, high standards in procurement Group-wide. The SPWG continued this process of revising our Global Procurement Policies and Practices during the year under review, developing expanded requirements for sustainable procurement. We also made our sustainability requirements clearer in our General Terms and Conditions for Purchasing.

Social and ecological criteria in supplier selection. Our Social Charter, which we implemented in 2003, requires all suppliers of Telekom to comply with defined ecological and social standards. Our Group-wide Code of Conduct is also the foundation of every supplier relationship. To embed sustainability aspects more firmly in the purchasing process, we began developing criteria for assessing bids in 2009. They will be tested in practice starting in 2010.

Greater presence in Asia. Telekom will continue to drive relationships with manufacturers and suppliers in Asia. One important area is the development of innovative, competitive, sustainable solutions for the entire value chain. To intensify and streamline collaboration with our Asian partners, the areas of Procurement, Technology and Product Management have established a local office in Shenzhen, alongside their official representation in Beijing.

@ 401 Further information on "Sustainable procurement strategy" in the online CR Report.

Sustainable raw materials procurement.

The manufacturing of ICT products requires raw materials such as cobalt, tantalum, tin, gold and platinum – which are often produced under questionable conditions in developing and emerging-market countries. Telekom works together closely with its suppliers, such as cell-phone manufacturers, to minimize the ecological and social impact of raw materials extraction.

"Statement on Extractives." Telekom adopted its "Statement on Extractives" in 2009 to make its position on the responsible extraction of raw materials clear to its suppliers. It requires Telekom and its shareholdings – including its direct suppliers and their sub-suppliers – to comply with the principles defined in the Social Charter for the entire value chain.

Guidelines for sustainable product development. We plan to introduce guidelines for sustainable product development in 2010. This will systematize many of the criteria that we already follow when designing new products and will make them binding Group-wide in future.

Interchange in industry-wide initiatives. Sustainability deficits in the extraction of raw materials are an industry-wide problem that can only be solved together with other telecommunications companies and with the manufacturers of consumer electronics and communications devices.

GeSI.

Telekom was a founding member of the Global e-Sustainability Initiative (GeSI) in 2001. Since then, it has worked together with experts from other committed companies on improving conditions in raw materials extraction. Telekom has also chaired GeSI since May 2006.

@ 402 An overview of other initiatives in which Telekom participates is available in the online CR Report.

Raw materials extraction in the focus of the Stakeholder Dialog Day. "Human rights in connection with raw materials extraction," "Development of products for the low carbon society" and "Recycling and e-waste" – these were the topics of Telekom's Sustainable Procurement Stakeholder Dialog Day, held in May 2009. Some 70 internal and external stakeholders participated. The knowledge gained from this event played a major role in the development of our Statement on Extractives.

@ 403 Further information on "Sustainable raw materials procurement" in the online CR Report.

Supply chain management.

Telekom has developed processes and tools for its supply chain management that enable us to detect risks and respond to them at an early stage.

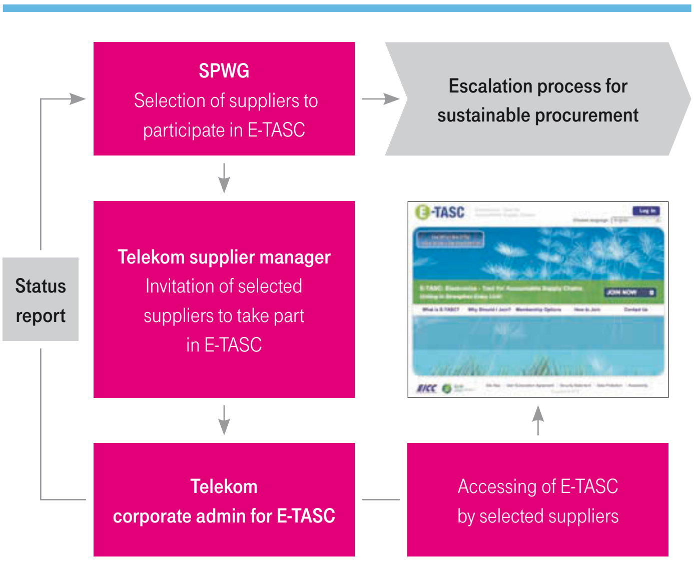
The evaluation processes include a pre-qualification questionnaire, the supplier scorecard (including supplier evaluation of sustainability performance), the complex E-TASC (Electronics-Tool for Accountable Supply Chains) self-disclosure form and social audits of the suppliers.

Risk identification and supplier assessment methods. To support risk identification, new suppliers have to complete a questionnaire for pre-qualification before any contracts are signed. We expanded this program significantly in the sustainability area in the year under review.

After the initial check, strategic suppliers of Telekom and suppliers from high-risk industries are required to provide detailed information on their social and ecological conditions of production, as well as their management systems. To do this, we use the E-TASC online information system, an industry-wide solution for the fast, standardized sustainability assessment of suppliers. In addition, Telekom plays a major role in the ongoing enhancement of E-TASC.

We also use supplier scorecards specifically to assess strategic suppliers. They contain performance criteria for assessing CR compliance, CR commitment and sustainability performance.

The E-TASC process at Telekom


SPWG
Selection of suppliers to participate in E-TASC
Escalation process for sustainable procurement
Status report
Telekom supplier manager
Invitation of selected suppliers to take part in E-TASC
E-TASC
Telekom corporate admin for E-TASC
Accessing of E-TASC by selected suppliers

Increased willingness for self-disclosure. By the end of the period under review, we requested more than 100 suppliers to provide self-disclosure information in E-TASC. 20 suppliers had participated by the end of 2008. One year later, their number had increased to 58. The share of procurement volume from suppliers who provide information in E-TASC increased from around 20 percent to 36 percent.

Supplier workshops and information campaigns. Telekom seeks constructive, cooperative dialog with our current and potential suppliers. During the year under review, we held three sustainability workshops with strategically selected suppliers and participated in the SWITCH-Asia project. We are also raising awareness for sustainable procurement internally, among our buyers: we launched an online tool in 2008 with a voluntary, 90-minute training program on the subject of CR. This tool is currently being revised in collaboration with Berlin's Humboldt University.

Supplier audits. Focus on Asia. During the period under review, the Asian region was the focus of our supplier audits. Four audits were conducted in China at sub-suppliers of direct suppliers of Telekom. The low number of audits and the concentration on China resulted in low risk coverage during this period. To increase coverage, the number of audits in 2010 is to be increased to at least 50. They will be carried out by experts from Telekom and qualified auditing companies.

404 Overview of the major findings and improvements achieved through audits in 2009 in the online CR Report.

Expansion of social audits. In past years, Telekom's commitment to sustainable procurement was considered exemplary. In September 2009, SAM Research included us in their SAM Gold Class of the ten leading companies in the ICT sector. Nonetheless, we were not able to maintain the good results from last year in the Supply Chain area of the SAM rating. SAM criticized the low number of supplier audits performed, as well as the lack of independent consulting firms involved. We take this criticism very seriously. As a result, social audits of our suppliers will be a major focus of our work in 2010 as stated above.

405 Further information on "Supply chain management" in the online CR Report.

Further issues to be dealt with in the online CR Report:

406	Initiatives in which Telekom participates
407	Social audits
404	Key findings from the 2009 audits and improvements achieved

at www.telekom.com/cr-report2010

BUSINESS HIGHLIGHT

SWITCH-Asia.

Telekom works internationally for the sustainable design of supplier relationships. China, in particular, still has some catching up to do in the area of sustainability. Accordingly, we have committed ourselves to establishing sustainability skills and know-how in local business, government and administration.

A project funded by the European Union
SWITCH-Asia
Improving Environmental and Safety Performance in the Electrical & Electronics Industry in China
Pilot SM kshop nghai
欧盟SWITCH-Asia项目
国电子电
企业环境和安全绩效
主办方
SWITCH-Asia 项目组
协办方

Active for SWITCH-Asia in China: Zhengqing Zhang (Head of Market Research, Deutsche Telekom China) and Igor Darbo (team leader of SWITCH-Asia project).

"SWITCH-Asia" – an international contribution to sustainable development. In China, we are a strategic partner ("project associate") – and sole representative of the ICT sector in this function – of the SWITCH-Asia project, which was launched in 2009 and is funded by the EU. The objective of this four-year project is to provide instruction to more than 500 small and medium-sized companies from the electronics industry in areas such as ecological efficiency, occupational safety and CR. Specifically, we participated in 2009 in the development of guidelines, the compilation of training material and in the selection and training of the project participants.

Regular events are held in the framework of the project, to inform companies about the issue of sustainability and secure their cooperation. A road show organized in Beijing in April 2009, for example, attracted around 200 small and medium-sized companies from the industry.

An important milestone of SWITCH-Asia was achieved in 2009: standard guidelines on ecological efficiency, occupational safety and CR for the Chinese electronics industry were developed in December.

In addition, a two-day workshop was held in Shenzhen for small and medium-sized companies, as well as representatives from government and business. Numerous participants from Europe and Asia found out about the state of sustainable development in the Chinese electronics industry and the standard guidelines developed in the project. They also used the opportunity to get to know control instruments for implementing environmental and social standards. The local interest proved that awareness of sustainability in China is increasing.

Key data:

- **Project term:** February 2009 to February 2013
- **Project goal:** promote sustainable development in China
- **Project participants:** small and medium-sized companies in the Chinese electronics industry, as well as representatives from business and government in Asia and Europe

Minimizing consumption of energy and resources.

Aiming to lead the way internationally in environment and climate protection, Telekom regularly reviews all business units and is developing environmentally-friendly measures and technologies for sustainable business. Among other things, these measures include a Group-wide environment management system, efficient resource management and an environmentally-friendly network infrastructure. As a driver in the ICT sector, the Group also makes an important contribution to the energy-efficient design of global communication processes.

–20%

The ICT sector alone is responsible for two percent of global CO_2 emissions. The industry can make a significant contribution to reducing harmful greenhouse gases and is aware of its role as a driving force on the way to sustainable climate protection. Accordingly, Telekom has firmly embedded protection of the climate and support for a climate-friendly society in its CR strategy. An important step is the realization of our climate objective. We want to reduce our CO_2 emissions by 20 percent by the year 2020, compared to the base year 1995.

Climate protection.

On the way to a low carbon society. To fight global warming effectively, decision-makers from business and government have to cooperate at the national and international level. We are actively helping to shape this process. As a founding member of the European Union Corporate Leaders Group on Climate Change (EU CLG), we set our focus in 2009 on the activities surrounding the UN climate conference in Copenhagen. For example, the EU CLG called on the President of the European Commission, José Manuel Barroso, to pave the way toward a “dynamic low carbon economy.” To lend force to this call, the EU CLG wrote its Copenhagen Communiqué in September 2009, which Reinhard Clemens, Member of the Board of Management at T-Systems, signed on behalf of Telekom. Central demands include the adoption of clear targets and strategies for a drastic reduction of greenhouse gas emissions, as well as strengthening the systems for emissions trading and promoting the development and use of low carbon technologies.

The decisive role of the ICT sector in international climate protection is confirmed by the results of two studies: the GeSI global study SMART 2020 from 2008 and the SMART 2020 Germany Addendum from December 2009.

As the main sponsor, we collaborated with other partners in the publication of the SMART 2020 Addendum Germany, which focuses on identifying and implementing specific business concepts for reducing CO_2 emissions by the year 2020. In addition to potential savings in the ICT industry itself, these studies also determined the reduction potential through the intelligent use of ICT in other industry sectors. They revealed considerable reductions in emissions can be achieved in five areas: Smart Buildings (facility management), Smart Logistics, Smart Grid (electricity industry), Smart Motors (industrial automation) and dematerialization. In the coming years, the impetus from these studies will be transformed into concrete measures for climate-friendly economic growth.

New experts committee for climate protection. Increasing pressure to act on global climate protection has prompted Telekom to review all of its climate protection-related activities once again. We want to identify further potential for reduction within the Group that will help us not only meet our climate protection target – a 20 percent reduction in CO_2 emissions compared to the value from 1995 – but exceed it. To achieve this, a Group-internal committee of experts, the Climate Change Group, was founded. The group focuses on activities such as coordinating Group-wide climate protection targets and identifying potential reduction of CO_2 emissions in the three scopes of the Greenhouse Gas Protocol: direct emissions, indirect emissions and emissions in the supply chain.

The foundation for this was provided by a project initiated during the year under review, “Company Carbon Accounting – recording potential for CO_2 reductions.” The main object of this project, which was carried out with the support of experts from PricewaterhouseCoopers AG, was to record all major emission streams and reduction potential along the entire value chain for Telekom in Germany, for the very first time. It revealed that significant quantities of emissions and reduction potential are embedded in both the supply chain and in the subsequent value-creation steps (largely in the usage phase). Accounting for these emission volumes is a major step in driving the development and use of climate-friendly products and services within the Group – from landline and mobile phones to web conferences and smart metering solutions. See page 45 f.

Telekom aims to expand the Company Carbon Accounting project incrementally to all its international holdings.

International contribution. In 2009, the international subsidiaries of Telekom made a substantial contribution to Group-wide savings of carbon emissions, thereby underscoring the Group’s leading role in climate protection.

For example, OTE significantly increased the share of renewably energy sources in its total consumption. The company also expanded its carbon footprint calculations to include all large sites in Attica and its surroundings. Cosmote Romania also initiated various programs in 2009 to reduce CO_2 emissions in the areas of base stations, facility management and shops. Cosmote Greece installed photovoltaic equipment at a total of 37 base stations. In 2009, additional base stations were equipped with cooling systems that use outside air. A total of 1,401 base stations now use this energy-saving technology. T-Mobile Austria is working intensively to reduce its energy consumption in the T-Centers. The modernization of air-conditioning systems allows the company to additionally save approximately 720,000 kWh a year. T-Mobile Austria also managed to reduce the carbon footprint of its vehicle fleet by some 23 percent in 2009. T-Mobile USA was also able to reduce its carbon footprint significantly. The number of business trips dropped by 57 percent (49 percentage points of which were attributable to air travel) from 2008 to 2009.

Effective February 15, 2010, all local and long-distance business trips by Telekom employees are carbon neutral.

T-Systems Iberia managed particularly to involve its employees in the company's climate protection efforts by providing training, creating a new section for environmental information on the intranet, and setting up a separate e-mail address for environmental concerns. For T-Mobile UK, reducing its packaging materials played a key part in avoiding CO_2 emissions. During the year under review, the company developed a system for calculating the CO_2 emissions generated in the process of manufacturing and transporting packaging materials for mobile phones. The results will help realize a 10 percent reduction in CO_2 emissions as soon as 2010.

Support for sustainable mobility. The adoption of our Green Car Policy on December 15, 2009 set new standards for sustainable mobility within the Group. To continuously reduce CO_2 emissions, the new car policy of our Group fleet management company, DeTeFleetServices, requires the company to offer CO_2-efficient vehicles exclusively. A bonus/malus system will also be introduced to encourage employees to select vehicles with good fuel efficiency. The selected vehicles are assessed by its CO_2 emissions and users share the costs of both mobility and the greater strain on the environment. In contrast, users who choose particularly environmentally-friendly vehicles receive a bonus in relation to the savings in fuel costs. The Green Car Policy came into force for all German Group companies on April 1, 2010.

The new regulations of the Green Car Policy are accompanied by a variety of measures by DeTeFleetServices to further shrink the Group's mobility -related carbon footprint. Since personal driving style can affect mileage as much as the vehicle category, all vehicle users at Group units in Germany have been offered eco driving courses since 2009. DeTeFleetServices is also participating in pilot programs for electric cars and alternative drive systems such as hydrogen fuel cells. As a result of these combined measures, the average CO_2 emissions of newly added vehicles is expected to drop to 110 g/km. These targets go significantly beyond European Union targets and prove that Telekom is willing to take responsibility for its own development.

Environmentally-friendly, CO_2-reducing travel management is another important lever for reducing greenhouse gases. Accordingly, we have embedded environmentally-friendly travel management in our Group Travel Policy. It starts with the question of whether a phone or web conference might be a better alternative to a physical trip. In addition, travel behavior is to be influenced, with travel by rail given priority over flying. We have entered a pioneering cooperation with Deutsche Bahn, Germany's national railway company, to this end: effective February 15, 2010, all local and long-distance travel by Telekom employees is carbon neutral. Based on the annual travel volume at Telekom, Deutsche Bahn buys the corresponding amount of electricity from renewable resources – water, wind and solar energy. The electricity is purchased exclusively in Germany and fed directly into the Deutsche Bahn grid. The entire process of carbon-neutral travel is audited and certified by TÜV Süd, a neutral expert that audits the amount of electricity, purchasing and the allocation of funds. In addition, our employees have benefited from group discounts of season tickets for travel in public transportation, resulting in particularly favorable terms. 21,300 employees took advantage of this offer in the year under review.

@ **501** Further information on "Climate protection" in the online CR Report.

Sustainable energy management.

In recent years, Green ICT has become a synonym for intelligent, resource-friendly information and communications technology. But we don't only use modern green technology for customer solutions by promoting the use of renewable energy sources and research in forward-looking technologies. Telekom also makes an important contribution to shrinking its own carbon footprint, at the same time setting new industry standards.

RECS.

100 percent of the electricity we consume has stemmed from renewable sources since January 2008 – directly through its share in Germany's power mix and indirectly through the purchase of RECS (Renewable Energy Certificate Systems) certificates from Scandinavian wind and water power producers.

Responsible use of natural resources. During the period under review, Telekom continued its efforts aimed at severing the link between its business activities and CO_2 emissions.

T-Mobile Netherlands took decisive steps toward optimizing its energy management in 2009. As part of its 2010 CR strategy, the company assessed its current energy consumption and carbon footprint and appointed an internal energy manager in August 2009. The share of renewable energy in power consumed by T-Mobile Netherlands was boosted to 83 percent by the end of 2009.

New standards in hydrogen fuel cell technology. Hydrogen (H_2) fuel cells are one of the most promising technologies for generating low-emission energy. We want to utilize this potential. Telekom has assumed an international leading role in the development and use of hydrogen fuel cells. In an innovative pilot project, Telekom's Technical Customer Service teams in Hanover and Berlin have used the new generation of H_2 cargo-bikes for visits to customers. These hydrogen-powered bicycles not only protect the environment, thanks to their zero-emissions nature, but also help counter lack of movement among employees, making an important contribution to healthcare prevention. Telekom's cargo-bike project Climate-Friendly H_2 City Mobility was introduced on December 21, 2009 in the context of the Land of Ideas initiative, under the patronage of German Federal President Horst Köhler.

Award for Climate-Friendly H_2 City Mobility cargo-bike project in the "365 Places in the Land of Ideas" competition.

502 Further information on "Sustainable energy management" in the online CR Report.

65%

... of German residents aged 14 and up are regularly online.

Environmentally-friendly network infrastructure.

Modern ICT is playing an ever larger role in business and personal life around the world. The number of Internet users is estimated at 1.6 billion people worldwide; in Germany around 65 percent of residents aged 14 and up are regularly online. In addition, more powerful services and faster data transmission speeds are causing power consumption by ICT infrastructure to increase steadily. Accordingly, boosting the energy efficiency of our network infrastructure and our data centers is an important lever in Group-wide climate protection.

Energy-efficient system technology. Energy efficiency plays a decisive role for Telekom, both in the planning of new networks and the optimization of existing ones. Old systems technology is successively being replaced by a new generation of more energy-efficient devices. The technical improvements are implemented in a proactive dialog with our systems technology suppliers. The comprehensive upgrading of our mobile telephone networks, the modernization of core network elements and the use of fuel cell technology at base stations are all examples of new developments in systems technology that significantly reduce energy consumption.

In particular, T-Systems drives the economic and ecological infrastructure optimization of new and existing data centers through extensive research and development work. An important approach for green data centers involves reducing the power consumption for their air conditioning. Since around 40 percent of energy consumed by data centers is attributable to their cooling, we turn off the air conditioning at many of our 30 data centers in Germany completely when outside temperatures drop below ten degrees Celsius. Instead, the cool air from outside is used, after running through a filter process.

Also, Slovak Telekom launched its ambitious New Data Center project in September 2009. The Slovakian data center was developed in collaboration with IBM. It will make the latest technologies in green data centers available to consumers and business customers starting in June 2011.

ISO 14001

Master certificate in accordance with ISO 14001 for 15 of our companies

Innovative ICT solutions with SEE_ICT (solutions for energy-efficient ICT). To maintain its pioneering role on the way toward a low carbon society, Telekom is working on energy-efficient ICT solutions of the future in its SEE_ICT project. The objective of this project is to find ways of reducing energy requirements despite continuous growth of production volumes. In detail, this entails recording and analyzing consumption values and abstracting the results in models. With this approach we can predict development paths based on sales and quantity plans up to 2017 and identify clear reduction potential.

"Power Off" task force. Optimizing our technological infrastructure also includes rigorously switching off older technology that is only rarely used. The "Power Off" task force at Telekom is implementing a comprehensive package of measures to dismantle and dispose of this technology. Measures include the dismantling of connection modules in previous technology platforms that have become superfluous as a result of the transformation to an all-IP network, the reduction of technical components that are no longer needed due to declining narrow-band traffic and the deactivation of older, lightly-used transmission technology after traffic has been re-routed to more energy-efficient platforms. Savings of EUR 37 million and 12,300 kW of electric power – which corresponds to 90,000 metric tons of CO_2 – were successfully realized by the end of 2009. In the coming years, this project will be continued within the framework of the Save4Service Germany program, under which systems with a connected load of 12,800 kW will be disconnected by the end of 2012.

@ 503 Further information on "Environmentally-friendly network infrastructure" in the online CR Report.

Corporate environmental protection.

Telekom has deployed its environmental management system, which is based on ISO 14001, as a management tool since 1998, to check and minimize the impact of our business on the environment. The Group has made significant progress during the year under review. In June 2009, Telekom received a master certificate in accordance with ISO 14001 for the first time for 15 of our companies, including Slovak Telekom, Magyar Telekom and T-Mobile UK. This means that around 40 percent of our sites Group-wide now have certified environmental management systems in place. In 2010, the aim is to retain all 15 companies already covered by the master certificate and to integrate additional companies, including DeTeFleetServices, our Group energy company PASM Power and Air Condition Solution Management and T-Mobile Czech Republic. The uniform control of environmental management allows us to obtain more transparent environmental data and thus identify further optimization and energy reduction potential.

Environmentally-friendly workplaces. Telekom is focusing on energy and cost efficiency at the workplace with our "E-Office" (efficiency office equipment) project. It aims to reduce the consumption and cost of office materials by 20 to 30 percent, by taking ecological criteria into account in selection and procurement. Our eBest ordering system enables employees to choose from some 930 environmentally-friendly office materials. Office training courses on the use of ecological materials and the launch of an e-learning tool on the subject of environmental protection are intended to sensitize staff to the wide range of potential savings. In addition, centralized, multi-function printers are an important component of our Group-wide Office Standardization program. Telekom installed these devices, which have been awarded the Blue Angel environmental label, at 19 of its sites. An additional 1,100 sites are to be converted to this environmentally-friendly, cost-efficient technology by 2011. The use of efficient workplace equipment can help reduce energy consumption by personal computers and notebooks by up to 35 percent annually.

In recognition of its corporate activities to protect the environment, Telekom was awarded third place in the category "Companies with more than 500 employees" for its consequent path toward a paperless, web-based, resource-efficient office by Bundesdeutscher Arbeitskreis für Umweltbewusstes Management (B.A.U.M.) e. V., a German environmental management association.

Health and mobility on the World Environment Day. The Telekom Group celebrated the World Environment Day – June 5, 2009 – under the motto "Health and Mobility." Our activities were concentrated at three sites: the subject of "environmentally-friendly mobility" was the dominant topic in Bonn, while the focus in Darmstadt was the dedication of a photovoltaic system. Last but not least, many people came to Regensburg to see the "experience the lynx" project.

@ 504 Further information on "Corporate environmental protection" in the online CR Report.

Further issues to be dealt with in the online CR Report:

@ 505 Resource management
@ 506 Waste disposal
@ 507 Climate-friendly mobility
@ 508 Biodiversity and protection of species

at www.telekom.com/cr-report2010

BUSINESS HIGHLIGHT

The data center of the future. DataCenter 2020.

What will the ideal data center look like in the year 2020? How can we reduce energy consumption and CO_2 emissions? To research this and nurture innovations to market maturity more quickly, T-Systems and Intel opened a testing lab in Munich on September 18, 2009 – the DataCenter 2020.

With the aid of the latest cooling and energy technologies and around 180 servers, the DataCenter 2020 project is analyzing the interaction between various elements. Air conditioning and cooling have a huge impact on the energy balance of current data centers. In one experiment, the experts from Intel and T-Systems separated the streams of cold and warm air, while increasing the temperature of the cooling agent at the same time. The result was energy savings of up to 19 percent. Initial results also indicate that Power Usage Effectiveness (PUE) values can be reduced from 1.9 to 1.3 – even at existing data centers. In its joint research project with Intel, T-Systems can already demonstrate today that green ICT has the potential of making a significant contribution toward a low carbon society, while at the same time conveying economic benefits to both companies.

These and other results from the DataCenter 2020 project are being implemented at the partners' data centers and made available to the general public under www.datacenter2020.com.

Dedication of our DataCenter 2020 in Munich on September 18, 2009 (left to right: Joachim Langmack, Chief Sales Officer T-Systems, Olaf Heyden, Managing Director T-System and Head of ICT-Operations, Christian Morales, Vice President Intel Sales and Marketing EMEA, Hannes Schwaderer, Managing Director Intel Germany).

> "Intel continuously minimizes the impact of our products on the environment, in all phases of the product life cycle – from development and production to use and disposal. With DataCenter 2020, a joint T-Systems and Intel project, we are investigating how we can reduce costs and energy resources at data centers. This project is an important contribution toward reducing the CO_2 emissions of data centers and permanently improve their energy efficiency."
>
> Hannes Schwaderer, managing director of Intel GmbH.

Promoting sustainable consumption.

As one of the leading ICT service providers in the world, we have the potential – and bear the responsibility – to enable our customers to become sustainable consumers. Accordingly, top-quality customer support and communications that focus on our customers' needs are more than just the prerequisite for profitable business. We can help form the foundation for ecological, socially motivated buying decisions. Moreover, by researching sustainable forms of a digital future, we lay the cornerstone for introducing products and services to the market that enable our customers to take responsibility for the climate and the environment themselves.

Customer satisfaction.

Broad demand for our solutions is fundamental to our business success. The more exactly we know our customers' expectations, understand them and transform them into reliable, top-quality products and services, the more successful we will be. Accordingly, our goal is to become the market leader in providing products and services for connected life and work. See page 5. Unfortunately, in the past we have not always been successful at sufficiently meeting our customers' expectations, to say nothing of surpassing them. We want to change this by making "Customer delight drives our actions" one of our five Group-wide Guiding Principles. See page 8.

> The satisfaction and loyalty of our customers are the top priority for Telekom. Understanding their needs and meeting their expectations are among the most important landmarks in encounters with our customers.

Uniform Group-wide measurement method. The satisfaction of our customers is an indicator for our business success and is used as a control instrument of systematic surveys and management processes at all our sites around the world. We use the standardized TRI*M method to obtain data that is comparable Group-wide. Within the framework of our TRI*M customer loyalty study, we calculate the intensity of our customers' loyalty to our company four times a year, surveying our competitors' customers as well. Aspects such as performance, likelihood of continued use and of recommendation to friends, and the position in comparison with competitors are measured and expressed in a KPI, the TRI*M index. This KPI developed well in the year under review.

Complaint management as information source. The decline in the number of complaints and inquiries received that we have tracked since early 2008 as part of our Complaint Management project confirms that our realignment to focus on service and quality, based on the six fields of activity defined by the Group in 2007 – the BIG 6 – was successful. The complaint process has become more customer friendly since then. Causes of complaints are eliminated using a continuous process improvement cycle. This enabled us to achieve a decline in complaints made of 40 percent by the end of 2008, compared to the previous year's period. By the end of 2009,

the number of complaints had declined by a further 23 percent. Special training courses provided training in customer-friendly ways of dealing with complaints during the period under review. Over 2,000 employees underwent this training in Germany alone in 2009.

Implementation of the results. The results of these surveys give us crucial feedback, from which we can derive targets and measures for all business areas of the Group, as well as steer our programs for customer satisfaction, loyalty and complaint management. We also use this information for the ongoing training of our employees See page 27 f. and to derive measures for the enhancement of products and processes. See page 45 f.

Service optimization on the German market. Our efforts aimed at further improving the satisfaction of our customers continued during the period under review, particularly in Germany. Our retail and technical service units, Telekom Shop Vertriebsgesellschaft and Telekom Technischer Service GmbH (DTTS) set a milestone with their cross-unit collaboration on the Service Counter project. This additional service counter was established in the salesrooms of several Telekom Shops to offer customers direct and competent assistance on site.

Customer retention activities at Slovak Telekom. Enhancing customer satisfaction is also an important area of work at our Slovakian subsidiary. For some time now, Slovak Telekom has achieved significantly higher TRI*M values than the average among European landline and Internet providers. Based on these results, an action plan was drawn up in April 2009 to further improve – or at least maintain – the already high customer satisfaction. In view of increasing customer demands, these measures are of great importance for Slovak Telekom. The company also systematically analyzed a broad spectrum of customer feedback, including claims, complaints and blogs.

T-Mobile customers. The most satisfied in the United States. A focus on customers is an important differentiator at other national companies as well. The panel of experts behind the Wireless Customer Care survey by J.D. Power and Associates confirmed the success of our American subsidiary in this area in August 2009. They awarded first place in customer service to T-Mobile USA – the ninth time in a row in the ten rankings named since 2004. The panel of experts recognized the shortest waiting times, the best system for voice-controlled call answering and forwarding to the responsible customer service employees and the high competence of customer service staff in solving customer issues. The success of the T-Mobile USA team is regularly held up as a model for excellent service within the Telekom Group.

601 Further information on "Customer satisfaction" in the online CR Report.

For the ninth time ...

... in succession, J.D. Power, the renowned American market research institute, has honored T-Mobile USA as the wireless carrier with the best customer service.

Sustainable consumption and customer communication.

More and more customers are discovering sustainable consumption as a way of making a personal impact on establishing a resource-friendly society. They are paying increased attention to social and environmental manufacturing conditions and taking them into account in their buying decisions. Market research institutions estimate that between twelve and thirty percent of the population in Germany alone follows a lifestyle that considers sustainability as a major quality characteristic of products and services. Telekom welcomes this development.

"Big changes start small." On September 5, 2009, we launched a long-term, nationwide communication campaign to raise awareness for sustainable consumer behavior. Our goal is to help everyone understand the value of sustainability. We want to give consumers specific suggestions for making small contributions that take little effort, yet together can make significant contributions to sustainable development. At the same time, we want to give people additional incentive to establish or intensify a customer relationship with Telekom – above and beyond our specific products and services. A total of 16 subjects will be covered within this sustainability campaign. The first series of commercials focus on the subjects "cell phone take-back," "online billing," "child protection software" and the "download portals." Nationwide newspaper commercials, a TV commercial and – since February 2010 – a cinema commercial describe the contributions that these respective products and services can make toward sustainable development.

Our web page www.millionen-fangen-an.de ("millions are starting") provides an overview of the topics covered by our campaign, as well as detailed background information and ways of participating.

Interactive platforms for dialog with critical consumers. In line with Telekom's dialog-based approach (See page 11 ff.), we seek open interaction with sensitized stakeholders on the subject of "sustainable consumption." We selected the Internet as the medium, as the "Web 2.0" plays a decisive role in networking and mobilizing social movements. Critical consumers can use social media networks to exchange information about products and manufacturers with a large audience in real time, and recommend particularly sustainable ones. We began partnering with Utopia in October 2009, one of the largest Internet platforms for strategic consumption in Germany, to actively address these stakeholders and support them in their search for information. We present our company profile here, along with numerous opportunities for debate – such as a freely accessible blog on the subject of sustainability at Telekom. www.utopia.de

Strengthening consumer responsibility. Magyar Telekom is taking a similar path in Hungary as Telekom in Germany. They, as well, are focusing on improving the possibilities for Internet-based communication. For this purpose, Magyar Telekom uses comprehensive information on the sustainable product features of ICT products. With a Sustainability Day, held for the second time in 2009, and programs on climate change, Magyar Telekom also uses other channels to increase the awareness of its customers. See page 12.

602 Further information on "Sustainable consumption and customer communication" in the online CR Report.

Improved consumer information on communications and health.

Constructive, open dialog is a key element of consumer communications in the public debate on mobile communications and health. It is essential to gaining our customers' trust in the sustainability and safety of our products. During the period under review, a variety of domestic campaigns by our subsidiaries have worked at further improving consumer information on these subjects. **603** Further information on "Mobile communications and health" in the online CR Report.

Research and innovation.

Sustainable buying decisions can only be as good as the products and services that are available on the market. Accordingly, Telekom is working actively on forward-looking solutions that help people lead more sustainable lifestyles. Our research and development activities are not only a prerequisite for future business success, however; at the same time, they make an important contribution to the role of the local regions where we operate as leading international R&D sites. In turn, the regions provide us with skilled employees and information resources. As a result, our innovation activities and the development of society both benefit from this typical win-win situation.

Telekom Laboratories. An innovation workshop. The primary agent of our research and development activities is our main R&D institute, the Telekom Laboratories, or "T-Labs." More than 300 researchers in Berlin, Darmstadt, Israel and the U.S. worked in 2009 on innovative solutions for simpler, faster, more secure and more sustainable communications. They collaborate closely with international research facilities and the industry. Telekom Laboratories, an affiliated scientific institute of Technische Universität (TU) Berlin, is an independent research and development unit. Aside from its research activities, a major goal of the Telekom Laboratories is to transfer the results of this research into the Group. With this approach, as part of the Products & Innovation unit at Telekom, they work together with other departments to create new, customer-centric products and services.

Creative approaches to life and work of tomorrow. New ideas demand unconventional approaches – such as the Palomar5 innovation camp of the House of Ideas, of which Telekom is the main sponsor. In 2009, 28 young, creative people from 13 countries and different occupational fields came together to develop interdisciplinary solutions for the working world of tomorrow. In six weeks of intensive collaboration, they created a total of 15 innovations – from online tools and product prototypes to long-term visions.

User-driven innovation philosophy. To develop appropriate solutions for our customers' life and work, we have to know their needs and expectations. Accordingly, all innovation activities at Telekom follow the philosophy of user-driven innovation, which involves identifying the day-to-day needs and requirements of our customers in both their personal and business lives and taking them into account in new concepts and services. Our guidelines dictate that people are the focus of all our project considerations. Moreover, we regularly examine the usability of our products and the usage experience with a user experience tracking program. In turn, the results of these studies are used to improve products.

Sustainability as a primary market-focused research topic. We have systematically focused our research activities on ecological and social sustainability criteria since 2008. This is being done in line with our understanding of CR and in the context of recent market surveys that show increasing customer demand for sustainable products and solutions.

@ **604** Further information on "Research and innovation" in the online CR Report.

Climate-friendly products and services.

We need to translate the results of our research and development activities for protecting the environment and the climate into specific product solutions that our customers accept on a broad basis in order to be able to capture their potential. For many years now, Telekom has offered a comprehensive portfolio of products and services that can effectively support our millions of customers in taking responsibility for sustainability themselves. In particular, Telekom is taking a leading rule in ecological product responsibility, through the development of innovative ICT solutions that make significant contributions to saving energy and reducing CO_2 emissions, as well as energy-efficient devices.

CR implemented in product design. We developed binding design principles for ecological and social product criteria for the first time in November 2009. These principles apply to the entire development process and are based on our principle "Act responsibly – think globally." We intensified the cooperation between the CR and Products & Innovation Group units in 2009, with the goal of developing common, clearly defined, measurable criteria for sustainable products at Telekom.

Green technology in the fixed and mobile networks. We began improving the ecological characteristics of our products in landline and mobile technology years ago, and have already achieved several major milestones.

Milestones:

- Energy-saving switched-mode power supplies have been standard equipment for our landline telephones in Germany since 2008.
- Our measures for reducing emissions from cordless phones have been codified as the ECO Mode standard.
- When the ECO Mode is activated on our new Sinus series of cordless phones and the Easy CA22 family phone launched in November 2009, the base station transmitters are switched off when no connection is active.

Our subsidiary T-Mobile Netherlands began offering the Samsung S3030 Eco as a prepaid package on the Dutch market in the summer of 2009. No PVC or other substances harmful to the environment are used in the manufacture of this cell phone; instead, bioplastics are used. T-Mobile Netherlands began offering another eco-optimized phone in January 2010: the Samsung Blue Earth, a smartphone made of recycled water bottles. This package comes with a monthly contract and includes other ecological features, such as solar cells for longer battery life.

Carbon footprinting with Telekom products. Knowledge of our own CO_2 emissions along the entire supply chain is a major prerequisite for developing robust climate and sustainability targets. Accordingly, we portray the greenhouse gas emissions associated with the manufacturing, use and disposal of products and services as product carbon footprints. These effective business control instruments are also useful tools in customer communications.

Carbon neutral

On September 1, 2009, Telekom became the first provider to offer carbon-neutral phone and web conferences. The offsetting of CO_2 emissions is certified by First Climate, one of the leading consulting firms for climate protection.

Under the sponsorship of the WWF, the Eco Institute, the Potsdam Institute for Climate Impact Research and the THEMA1 initiative, ten companies – including Telekom – launched a pilot project in early 2008 to calculate the carbon footprints for 15 selected products. The objective was to take the initial steps toward the methodological standardization that will enable standardized product labeling in future. In addition to providing financial support, Telekom contributed to the project in 2009 by calculating the carbon footprint of a Call&Surf connection and the related router hardware.

Green through ICT. The ICT sector can make a major contribution to global climate protection through digital technologies. According to the SMART 2020 Germany Addendum study, which was published in 2009, the targeted use of ICT solutions can help save up to 25 percent of annual greenhouse gas emissions in Germany by the year 2020. See page 7 and page 37. As a leading provider of ICT services, Telekom is capturing this potential and developing innovative ICT solutions that help our customers save energy, replace hardware with software, avoid travel and reduce their consumption of paper.

Germany's first carbon-neutral smart metering. Energy conservation by households is an important instrument in effective climate protection. Smart meters – Internet-based electricity and gas meters – give customers the necessary transparency of their own energy consumption. They are required equipment for all new buildings in Germany completed since January 1, 2010. They help consumers identify power-hungry appliances and draw larger quantities at times of low grid load, and possibly lower prices. Energy suppliers have access to near-time consumption data, which lets them control their supply flexibly and avoid overcapacity and unnecessary greenhouse gas emissions. Connecting smart meters is a complex task, however, for which the utilities need powerful ICT platforms. Telekom presented the first nationwide, mass market-capable and carbon-neutral solution to this challenge in November 2009.

Resource-saving downloads. According to calculations by the Environmental Change Institute, producing a single CD generates around 1,000 g of CO_2 throughout the manufacturing and transportation chain. In contrast, an average music download only generates around 150 g of CO_2. This means our Musicload service enables customers to reduce the carbon footprint of their music consumption by up to 80 percent. In 2009, around 3.8 million Musicload customers could choose from more than 6 million songs, 20,000 audio books and 16,000 music videos.

Digital conferences. We have offered business customers phone, web and videoconferencing technology for many years, simple solutions that help save time, money and – in particular – CO_2 emissions. According to the SMART 2020 global study by the Global e-Sustainability Initiative, up to 80 million metric tons of CO_2 could be saved each year if 30 percent of all business trips around the world were replaced by videoconferences. Web conferences harbor similarly large potential for protecting the environment.

A simple Telekom web portal makes it possible to conduct meetings, training courses and customer information campaigns online, easily and efficiently. The delivered content can be discussed as well as edited interactively. We created a new pricing model for phone and web conferences in Germany in December 2009 as an additional usage incentive: in this pay-per-participant rate, the data service costs a mere EUR 0.99 per participant, aside from the costs of the phone call. No contractual commitment is required.

OTE began offering videoconferencing services to its customers in 2000, helping them to improve the carbon footprint of their business processes. Magyar Telekom launched TelePresence in 2009, a high-end videoconferencing solution that allows up to twelve parties to hold virtual meetings with lag-free transmission of image and sound. T-Systems began offering TelePresence in Germany in December 2007.

Paperless billing. More than 13 million landline and mobile customers in Germany no longer received printed bills in 2009. Some 40 percent of invoices are now delivered electronically enabling savings of more than 2,000 metric tons of paper. Our online billing service gives customers digitally signed bills recognized by German tax authorities. Customers receive e-mail notification automatically. The bills are then available for download from the online archive for 18 months.

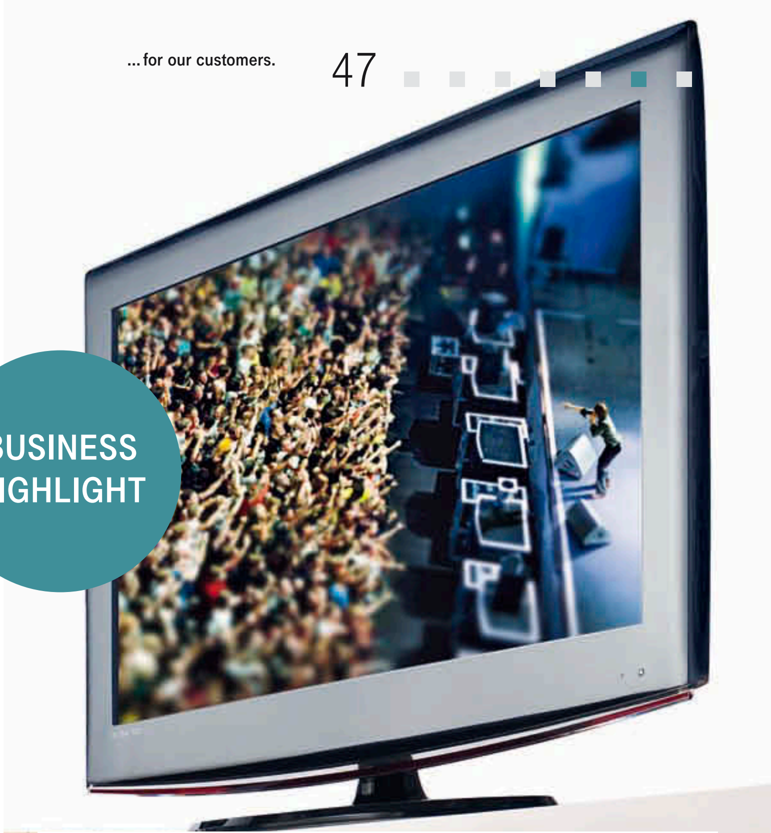
Many of our other national companies also offer electronic billing, including Magyar Telekom, T-Mobile Czech Republic, OTE, T-Mobile Slovensko, Slovak Telekom, T-Mobile Austria, T-Mobile USA, T-Hrvatski Telekom and T-Mobile Netherlands. In the Netherlands, 85 percent of our private customers received their bills online in 2009.

@605 Further information on "Climate-friendly products and services" in the online CR Report.

Further issues to be dealt with in the online CR Report:

@606 Sustainable packaging
@607 Sustainable distribution logistics
@608 Consumer and youth protection

at www.telekom.com/cr-report2010



BUSINESS HIGHLIGHT

"Unprecedented approach."

Prof. Dr. Gerd Michelsen, head of the Institute for Environmental and Sustainability Communication at Leuphana University in Lüneburg, on the sustainability campaign launched by Telekom in the fall of 2009:

"Telekom's campaign urges its customers to practice sustainable consumption behavior. This unprecedented approach demonstrates the great responsibility that Telekom is willing to take in a forward-looking society. It strengthens the willingness of the general population to practice sustainable consumption and make a contribution to a resource-friendly society. Telekom's specific programs such as online billing show its customers that sustainable behavior is possible with little effort. The campaign helps teach people to act sustainably in other areas as well."

CR program 2010.

Objectives, measures, processes, and results. With our new CR program, Telekom is setting binding targets that we are implementing in our core business, in all relevant processes Group-wide. The CR program in 2010 continues where last year's program left off. It is divided into our three strategic CR fields of activity and further CR areas of action and sets targets and measures for all of them. It defines the time frame within which the measures are to be implemented and provides information about their current implementation status. Some of these targets were revised and reformulated in 2009 as a result of new developments within the Group. Targets that were already reached in 2008 are no longer described in this CR program. New targets are highlighted in gray. In addition, the CR program refers to metrics, or key performance indicators (KPIs), which we use to measure quantitative performance in each of the areas. In contrast to the statement in the previous report, these metrics had not been fully finalized by the editorial deadline of this report. The CR program was the subject of an assurance engagement by an independent auditing firm.

	Sub-targets	Deadline	Status of implementation/measures
	Target: Become an international leader in CR. (KPI: Socially responsible investment, SRI [1])		
Strategy and management	Implement CR governance structure (CR board, working groups, steering groups)	2011	Implementation underway. – CR board commenced work (target achieved) – Inaugural session of Climate Change Group – Core team in Germany began work
	Group-wide CR strategy rollout	2009 – 2011	Implementation underway. – Group-wide CR vision developed (Q1 2010) – CR strategy road shows (nine in 2009; ten more by the end of 2010) – Board of Management signed "Changemaker Manifest" (Q2 2010)
	Implement Group-wide performance management system based on KPIs (key performance indicators)	2011	Implementation underway. – Definition of KPIs will be finalized in 2010 – KPIs collected throughout the Group, including controlling process; supported by CR database (starting Q2 2010) – Discussions continued with central Group units (2009, 2010)
	Establish international CR manager network	2008 – 2010	Target achieved in 2009. – Two international CR manager meetings each year (2009, 2010)
	Expansion and further development of stakeholder dialogs	2009 – 2011	Implementation underway. – Launch of CR intranet portal for Germany – Launch of intranet for international CR manager network – Launch of dialog format "External stakeholder workshop for CR reporting" – Stakeholder communications concept developed
	Intensify customer dialogs on subject of sustainability	2012	Implementation underway. – Continuation of sustainability campaign – Telekom blog, corporate profile and live chat with René Obermann (April 2010) on utopia.de
	Perform gap analyses based on SRI ratings and studies	2009 – 2011	Implementation underway. – Gap analyses launched – Study "Integrative organizational structure at Deutsche Telekom AG – including CR aspects in the structure and process organization"
	Target: Be the driving force for sustainable life and work. (KPI: Number of employees with mobile PC equipment [2])		
Connected life and work	Develop flagship projects for sustainable living and working	2009 – 2011	Target achieved. – Development of work-life@telekom project
	Implement the work-life@telekom program as a flagship project to become a leader in the area of work-life balance and the most innovative employer	Ongoing	Implementation underway. – Improved information about work-life@telekom in the intranet – Various offerings to improve the work-life balance – Advice to parents and senior citizens with Arbeiterwohlfahrt (AWO, German Workers' Welfare Organization) – New company day care center opened in Bonn; Munich to follow in 2010 – Standardized, transparent nationwide procedure for assigning childcare places – Expansion of company day care places to at least 370 (end of 2010) – Creation of an additional 200 places initiated – Launch of "Young Mothers" program
	Establish corporate volunteering program	2009 – 2011	Implementation underway. – Launched in Germany (2010); offerings expanded significantly – Action day for German bone marrow donor registry as one of the first pilot projects; 4,000th employee typed (2010)
	Establish and expand part-time degree programs (Bologna@Telekom)	Ongoing	Implementation underway. – "Bologna@Telekom" initiative launched in Germany to consolidate all activities in the area of cooperative and part-time degree programs – Collaboration with five institutes of higher education to expand to 20 part-time bachelor and master courses of study
	Target: Set an example in the integration of people in the information and knowledge society/equal opportunity. (KPI: CR leadership indicator (social commitment [3])		
Connect the unconnected	Continue the set-up of junior engineer academies with a proportion of female students of at least 50 %	2008 – 2011	Implementation underway. – Increase the number of schools with junior engineer academies in Germany to a total of 15 (end of 2009)
	Develop flagship projects to integrate people in the information and knowledge society in nearly all markets	2009 – 2011	Implementation underway. – Implementation of "Yes, I Can!" in Germany: Over EUR 500,000 for 66 projects and institutions; official project of the United Nations Decade of Education for Sustainable Development (start of 2010) – Offer of Internet crash courses for older people in 15 Hungarian villages within the framework of the "Digital Bridge Program on Small Settlements" by 40 employees of Magyar Telekom
	Build "Teachtoday," an Internet platform for teachers	Third quarter 2009	Target achieved. – Partnership with Telekom – German website launched
	Expand foreign-language customer care facilities in all Group units	Ongoing	Implementation underway. – Multilingual hotlines and information material – Assignment of English, Russian and Turkish-speaking employees in Germany and Spanish-speaking staff at T-Mobile USA
	Reduction of access barriers for people with disabilities	Ongoing	Implementation underway. – Assignment of employees trained in the use of sign language at T-Mobile Slovensko – Development of product portfolio for people with disabilities
	Strengthen the protection of minors, improve cooperation between the programs and intensify international exchange of information about specific projects within the Group	2010	Implementation underway. – First CR manager meeting on issues involving the protection of minors – Establishment of structures for regular exchange of information – Development of Group-wide guidelines for the protection of minors
	Target: Be a leader on the way to a low carbon society and bring about a significant reduction of the carbon footprint. (KPI: Total CO_2 emissions (metric tons and %) (based on 1995 figures))		
Low carbon society	Implement at least two projects in accordance with the SMART 2020 study by the Global e-Sustainability Initiative (GeSI) for the Telekom Group	2009	Target achieved. – Analysis of the business potential described in the SMART 2020 Germany Addendum and brochure "Protecting the climate, cutting costs. Sustainable ICT solutions" (both completed in 2010) – Participation in SEE_ICT (Solutions for Energy Efficient ICT) project to develop solutions for energy-efficient ICT
	Develop a Group-wide climate change strategy and revise the specific target for reducing CO_2 emissions	2009 – 2010	Implementation underway. – Revision of CO_2 reduction target by the Climate Change Group; adjustment of target year and calculation base
	Execute a carbon footprint project (CFP) for a uniform Group methodology	2009 – 2011	Project carried out in 2009. Follow-up measures underway. – "Company Carbon Accounting – potential for CO_2 reductions" project for the entire value chain – Verification of CFP results by the Climate Change Group
	Implement a Group-wide environmental management system compliant with ISO 14001	2008 – 2011	Implementation underway. – Umbrella ISO 14001 certificate for 15 companies in the Deutsche Telekom Group – Target: maintain this position and integrate all relevant Group companies by 2011
	Support for sustainable mobility	2010 – 2011	Implementation underway. – Green Car Policy approved (target reached); implemented at all German Group companies as of April 1, 2010; steps to reduce average CO_2 emissions of newly purchased vehicles to 110 g CO_2/km by 2015 – Business trips with national railway Deutsche Bahn carbon-neutral since February 15, 2010 – Expansion of subsidized season ticket scheme

	Sub-targets	Deadline	Status of implementation/measures
	Target: Reduce costs and CO_2 emissions by controlling energy efficiency in infrastructure, systems, and the delivery process. (KPI: Energy consumption/sales)		
Network infrastructure	Further reduction of electricity consumption in the mobile network	2008 – 2010	Implementation underway. – Significant energy savings through equipping more than 8,000 sites with energy-efficient UMTS technology (2009 – 2010)
	Improve CO_2 footprint from business trips by reviewing the option of replacing business trips with virtual meetings	2008	Target achieved in 2009.
	Improvement of climate control in buildings and data centers by Power and Air Condition Solution Management GmbH & Co. KG (PASM) [4]	2009 – 2011	Implementation underway. – Climate Change Group to determine specific new reduction targets for the real estate sector – 7,000 installations for air conditioning with new control software with potential savings of 50 GWh per year (2009 to 2011)
	"Power Off" task force	End of 2012	Implementation underway. – Achieve savings of EUR 37 million and 12,300 kW of electric power, corresponding to 90,000 t CO_2 (2009) – Continuation within the framework of the Save4Service program in Germany; disconnecting equipment with 12,800 kW by the end of 2012
	Target: Ensure compliance with our social and environmental standards in the supply chain, to reduce CR risks and potential damage to image. (KPI: Ratio of audited procurement volume to total procurement volume)		
Sustainable procurement and e-waste management	Develop a Group-wide e-waste strategy	2008 – 2011	Implementation underway. – Launch of take-back program (life cycle management) – Trial run of certified take-back process with secure data deletion nearly completed (spring 2010) – Target agreement for 1 million mobile devices to be returned in Germany by the end of 2011
	Training procurement managers on sustainability-related topics, using an online training tool	2009 – 2011 (international)	Implementation underway. – Regular annual review of the training program – Participation by around 580 procurement managers by Q1 2010
	Increase share of procurement volume in euros reviewed through E-TASC and other risk evaluation instruments to 70 %	2009 – 2011	Implementation underway. – Procurement volume reviewed through E-TASC increased from 20 % (2008) to 36 %; extended to 2011
	Further develop suppliers through comparison and awareness training for Telekom's sustainability requirements, in at least four dialog rounds or workshops annually	2009 – 2011	Implementation underway. In 2009, three dialogs took place: – Sustainable Procurement Stakeholder Dialog Day – Workshop with packaging suppliers (Netherlands) – Discussions at CSR Market (T-Mobile Netherlands)
	Increase the number of supplier audits conducted (risk verifications)	2009 – 2011	Implementation underway. – Conduct at least 50 audits (internal and external) in 2010
	Internationalization of sustainable supply chain management	2010 – 2011	Implementation underway. – Participation of T-Mobile Netherlands, T-Mobile UK and T-Mobile USA in the Sustainable Procurement Working Group (SWPG); integration of the procurement and technology office in China; inclusion of other national companies in preparation
	Consideration of weighted sustainability criteria when awarding contracts	2010	Implementation underway. – Development of sustainability criteria for bid assessment; trial in 2010
	Target: Develop and deploy sustainable products, services, and solutions to set ourselves apart from the competition. (KPI: Share of "green" products in domestic revenues)		
Sustainable products	Support for the international "Green Mobile Devices and Accessories" initiative of the Open Mobile Terminal Platform	2009	Target achieved. – Standardized interface for nearly all newly launched cell phones – Just one standard charging option via micro-USB by 2012
	Reduction in stand-by energy: switched-mode power supply for all terminal equipment sold by the Broadband/Fixed Network business area in Germany	2008	Target achieved. – Exception: Eumex 800i PSBX; installation to follow in the new generation

	Sub-targets	Deadline	Status of implementation/measures
Sustainable products	Increase efficiency of switched-mode power supplies to over 90 %	2009 – 2011	Implementation underway.
	Develop customer-relevant sustainability criteria and KPIs for the expansion and controlling of the portfolio for sustainable products and services	2009 – 2011	Implementation underway. Target date extended. – Development of initial set of criteria for including external stakeholders – Initial dialogs, such as with environmental organization Deutsche Umwelthilfe
	Develop and implement a strategy for Products & Innovation, to embed CR in the product development cycle and innovation process	2009 -2011	Implementation underway. Target date extended. – Submission and implementation not completed yet due to new Group structures – Extension of target to include embracing sustainability criteria in relevant processes
	Target: Best place to work, best place to perform and grow. (KPI: Employee satisfaction)		
Employees	Refocus HR work on improving internal customer focus and increasing efficiency (HR@2009)	2009	Target achieved. – Group-wide launch of HR Business Partners, HR Competence Centers and HR Shared Services – Greater homogenization and standardization of HR services
	All senior executives of the Group in Germany attend the Service Academy	2011	Implementation underway. Target extended. – Participation of 99 % of senior executives in phase one in 2008 and 2009; 95 % completed phase two in 2009 and 2010; the remaining 5 % will attend later – Phase three will start in mid-2Q 2010
	Clear improvement in the health rate and reduction in the number of accidents	2008 – 2010	Implementation underway. – Implementation of an improved electronic accident reporting system (UNDIS) in Germany
	Focused launch of expert careers	2009 – 2011	Implementation underway. – Group-wide relaunch of "Go Ahead!" HR development program; inclusion of more than 40,000 experts
	Permanently increase the share of women in management at Telekom	2010 – 2015	Implementation underway. – First DAX 30-listed company to introduce a quota for women in middle and upper management – Preparation through targets for new hires and selection of participants in executive development programs – Obligation also applies to agencies that support us in staff acquisition
	Group-wide launch of the new Guiding Principles	2009 – 2010	Implementation underway. – Development of Guiding Principles (for the "new Telekom") – Implementation between early 2009 and 2010
	Group Diversity Management Diversity Management relaunch	2009	Target achieved. – Further development and restructuring of Group Diversity Management
	Trainee ratio	2013	Implementation underway. – Ratio of 2.9 % p.a. of Group employees in Germany (not including Vivento or business models); extended in collective bargaining agreements until 2013
	Strengthen international employee relations	Ongoing	Implementation underway. – Introduction of Guideline for the Cooperation with Employee Representatives – Establishment of the Global Employee Relations Management (ERM) as main point of contact
	Refocusing of ideas management	2009 – 2010	Implementation underway. – Introduction of standard Group-wide regulations and an ideas management system (Germany) – Stabilization based on a Web 2.0 dialog platform (2010) for democratic, prejudice-free interaction across all hierarchy levels
	Standardize Group-wide health management	2009 2010 – 2012	Implementation underway. – Organizational integration of health management, occupational safety and fire prevention; allocated to the Human Resources area – Implementation of a standard management system, including minimum Telekom standards and health & safety guidelines starting in 2010.

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[1] The KPI CR leadership indicator (social commitment) was moved to the CR field of activity "Connect the Unconnected."

[2] This KPI will be revised in 2010.

[3] This KPI was changed in comparison to the 2009 CR program.

[4] The target of "Embracing the CO_2 targets in the real estate area" has been integrated in this target.

Selected indicators.

Financial indicators.

p. 51

Regular top placement in ratings, share of sustainable investment nearly doubled.

Ecological indicators.

p. 52

High eco-efficiency in the fields of energy, waste, fleet and water.

Social indicators.

p. 56

Extensive commitment to our employees remains at same high level.

The recording and reporting of economic, ecological and social CR indicators throughout the whole Group is an important instrument that enables us to monitor the implementation of our targets, manage activities and identify the improvement potentials.

This year, the online CR Report will provide detailed, user-friendly tables. This makes it possible for us to present four-year time series of the ecological data in this printed report, which in turn makes it easier to see, both internally and externally, how Telekom's measurable progress and performance in CR have developed over time.

The data used for each of the consolidated indicators is identified: figures given for the Deutsche Telekom Group refer to all units in Germany, together with the principal majority-owned international subsidiaries. The data for Greece for the year 2008 contained in the Group data are included as supplementary information only, since OTE and Cosmote were not included in the customer and financial figures reported for the 2008 financial year. Data provided for the Deutsche Telekom Group in Germany refers to all sites of the Group units in Germany. Unless stated otherwise, the data comes from internal sources.

The CR leadership indicators published in the prior year for the listing of the T-Share in sustainability indices and for our social commitment are integrated in the three CR areas, economy, ecology and society.

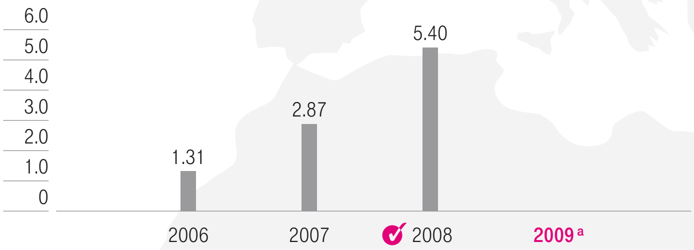
The scope of the audit was extended again compared to the previous year. From the 2009 financial year, in addition to selected indicators regarding our units in Germany, selected indicators from Slovak Telekom were again subject to the independent assurance engagement, as well as, for the first time, selected indicators from Magyar Telekom and T-Mobile Netherlands. See also page 58. Indicators included in the assurance engagement are indicated ✓.

Financial indicators.

The most important financial CR indicators are the percentage of T-Shares held by sustainable investors, Telekom's score in the major ratings and rankings, and the listing in the key indices. This year's evaluation provides clear proof that our sustainability activities are favorably assessed by the majority of experts.

The annual study of the Sustainable Business Institute (SBI) determined the stock held by sustainable investors in Europe in 2008 at 5.4 percent. This is almost double the percentage of total shares in the previous year (2.87 percent). The result for 2009 is expected in fall 2010, when it will be published on Telekom's CR portal at www.telekom.com/corporate-responsibility.

Sustainable investment (SRI).
Percentage of T-Shares held by sustainable investors



[a] Data for 2009 will be available in fall 2010.

In terms of ratings, Telekom maintained its high previous-year level. See page 14.

Listing of the T-Share in sustainability indexes/"Prime" ratings.

Rating agency	Indexes/ratings/ranking	Successfully listed in index			
		✓ Fulfilled in 2009	Fulfilled in 2009	Fulfilled in 2009	Fulfilled in 2009
SAM	DJSI World	✓	✓	✓	✓
	DJSI STOXX®	✓	✓	✓	✓
Oekom	"Prime"	✓	(✓)	✓	(✓)
Vigeo	ASPI	✓	✓	✓	✓
	ESI	✓	✓	✓	✓
imug/EIRIS	FTSE4Good	✓	✓	✓	✓
CDP	CD Leadership Index	–	–	✓	✓
Sarasin	DAX Glob. Sar. Sust.	(✓)	✓	✓	n.a.
Innovest (RiskMetrics Group)	Global 100 List	–	–	–	✓
RiskMetrics	FTSE KLD Global Climate 100	✓	✓	✓	✓
	FTSE KLD Global Sustainab.	(–)	–	✓	✓

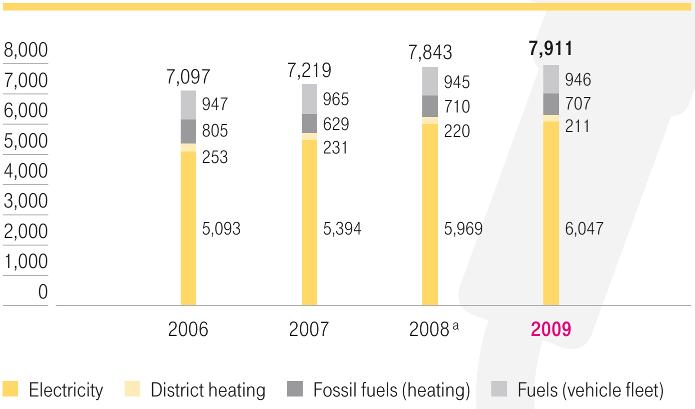
✓ = Successfully listed.
– = Not successfully listed.
( ) = Biennial cycle.

Further financial data and indicators in the online CR Report:
701 Revenue, EBITDA and net Group profit
702 Net value added
703 Personnel costs and EBITDA per employee
at www.telekom.com/cr-report2010

Ecological indicators.

Energy consumption of the Deutsche Telekom Group.

Consumption by types of energy in GWh



[a] Deviation of + 4 GWh compared to prior year (correction of data for district heating consumption by T-Mobile Czech Republic).

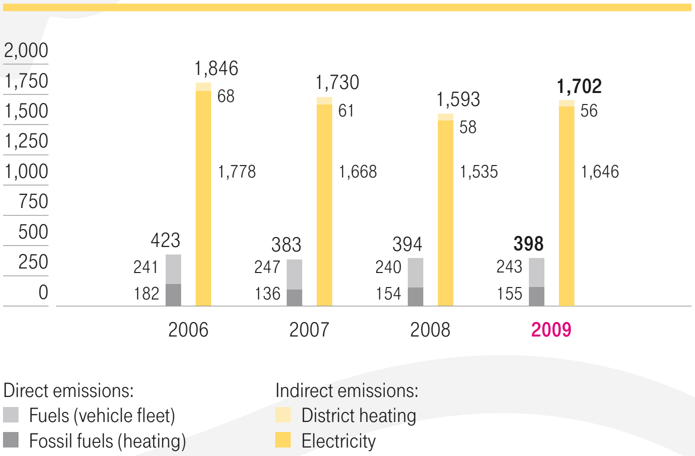
Data contains PwC-verified values from Telekom in Germany, Magyar Telekom plc., Slovak Telekom (not including Strabag Slovakia) and T-Mobile Netherlands.

- ✓ Germany: Detailed data for energy consumption in 2009: electricity 2,956.473 GWh, district heating 160.625 GWh, fossil fuels (heating) 467.463 GWh, fuels (vehicle fleet) 65,608,969 l = 674.866 GWh. Data for energy consumption based in part on estimates and projections.
- ✓ Slovak Telekom: Detailed data for energy consumption in 2009: electricity 66.154 GWh, district heating 11.976 GWh, fossil fuels (heating) 19.371 GWh, fuels (vehicle fleet) 2,105,426 l = 20.581 GWh. No data on leased-out buildings or leased buildings is included (except headquarters in Bratislava).
- ✓ Magyar Telekom plc.: Detailed data for energy consumption in 2009: electricity 219.070 GWh, district heating 16.431 GWh, fossil fuels (heating) 69.709 GWh, fuels (vehicle fleet) 4,022,395 l = 40.065 GWh. Data based in part on estimates and projections.
- ✓ T-Mobile Netherlands: Detailed data for energy consumption in 2009: electricity 94.474 GWh, fossil fuels (heating) 4.554 GWh, fuels (vehicle fleet) 576,214 l = 5.752 GWh. Data for energy consumption based in part on estimates and projections.
- @ Information on energy consumption by individual shareholdings in the online CR Report.

Energy. In line with the global trend in the ICT sector, power consumption at the Deutsche Telekom Group also increased again in 2009 overall and in many of the countries in which it operates – however, this increase was only slight compared to the industry. Network expansion and increasing transmission volumes are the major drivers behind this trend. Comprehensive measures aimed at saving energy and increasing efficiency prevented the increase from being greater. These measures even enabled a slight reduction in consumption in Germany. A major increase was noted in the consumption of heating energy. The major cause of this was the harsh winter of 2009, which resulted in increased heating requirements in many countries. Since the start of 2008, Telekom has covered its full electricity requirements in Germany either directly or indirectly from renewable energy sources. TÜV SÜD, a technical services organization, reviewed this once again in March 2010 and certified it for the year 2009.

Emissions of the Deutsche Telekom Group.

Direct emissions from consumption from fleet and heating (Scope 1)/
Indirect emissions from electricity and district heating consumption (Scope 2)
in thousand t CO_2



Data contains PwC-verified values from Telekom in Germany, Magyar Telekom plc., Slovak Telekom (not including Strabag Slovakia) and T-Mobile Netherlands.

- ✓ Germany: Detailed data on emissions from energy consumption for 2009: electricity 0 t CO_2, district heating 39,423 t CO_2, fossil fuels (heating) 101,559 t CO_2, fuels (vehicle fleet) 175,322 t CO_2. Starting in 2008, 100 percent of power requirements in Germany covered by renewable energy sources (EEG quantities in the German electricity mix and RECS certificates). 99.86 percent of the required RECS certificates were available during the PwC audit; the remaining 0.14 percent are to be procured in fall 2010.
- ✓ Slovak Telekom: Detailed data on emissions from energy consumption for 2009: electricity 15,168 t CO_2, district heating 6,486 t CO_2, fossil fuels (heating) 3,932 t CO_2, fuels (vehicle fleet) 5,116 t CO_2.
- ✓ Magyar Telekom plc.: Detailed data on emissions from energy consumption for 2009: electricity 75,543 t CO_2, district heating 4,030 t CO_2, fossil fuels (heating) 14,077 t CO_2, fuels (vehicle fleet) 10,131 t CO_2.
- ✓ T-Mobile Netherlands: Detailed data on emissions from energy consumption for 2009: electricity 6,506 t CO_2, fossil fuels (heating) 928 t CO_2, fuels (vehicle fleet) 1,457 t CO_2. In the Netherlands 83 percent of the electricity is covered directly by renewable resources.
- @ Information on emissions of individual shareholdings in the online CR Report.

All emissions were calculated based on energy consumption data. The footnotes in the energy consumption and vehicle fleet tables apply accordingly.

Emissions. Emissions are calculated in CO_2 values based on the consumption of energy in various forms. Since 2008, we have shown emissions data – also retroactively – in line with the international trend according to the requirements of the Greenhouse Gas (GHG) Protocol and using the emissions factors published by the International Energy Agency (IEA). Reporting under the GHG Protocol is based on the following scopes:

- Scope 1: Direct emissions from company sources
- Scope 2: Indirect emissions from the purchase of electricity and district heating

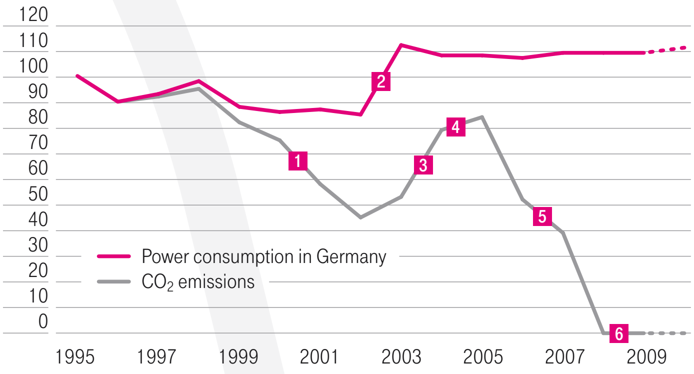
As the graphics indicate, harmful CO_2 emissions increased at the Deutsche Telekom Group overall and in nearly all categories, aside from Scope 2 emissions from the consumption of district heating. The reasons for this lie in increased power consumption and in the increase of certain factors used to calculate emissions by the IEA. As in the previous year, indirect emissions from power generation in Germany were reduced to zero. This was possible thanks to measures aimed at saving energy and improving energy efficiency, combined with the purchase of RECS (Renewable Energy Certificate System) certificates for more than 2,400 GWh. Considering the more than 19 percent share of renewable energy in the German power mix, we again covered our full power requirements in Germany either directly or indirectly from renewable energy resources in 2009.

We are working intensively on the calculation and reporting of Scope 3 emissions and are participating in a pilot project of the GHG Protocol Initiative for Scope 3 reporting. No comprehensive Scope 3 data is available yet. However, the emissions caused by business travel by the Group companies in Germany, which are a component of Scope 3, have already been published in the online CR Report.

For many years now, the Deutsche Telekom Group has been working continually in Germany with an extensive package of measures to sever the link between its business operations and CO_2 emissions. The following diagram shows the result of these activities for our power consumption in Germany and the associated CO_2 emissions.

Severing the link between power consumption and CO_2 emissions of the Deutsche Telekom Group in Germany.

in % (1995 = 100 %)



1 Increased procurement of power from cogeneration (CHP) plants

2 Rise in energy consumption for technical reasons

3 Power utilities no longer provide data on share of energy otained from cogeneration

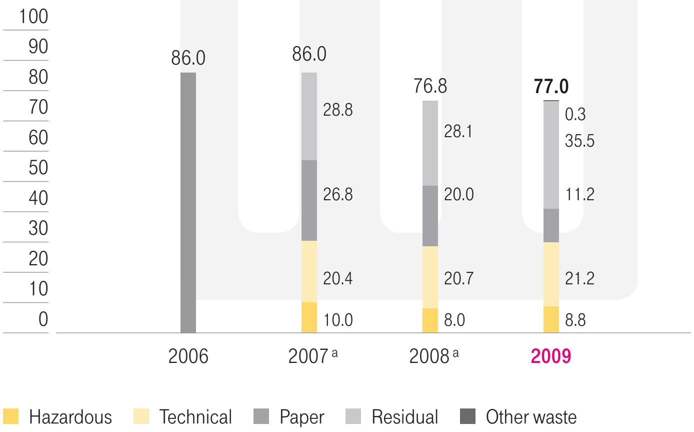
4 Power utilities no longer provide data for their power mix
–> calculation based on power mix for Germany

5 Purchase of power from renewable energy sources

6 All electricity requirements covered directly or indirectly by renewable resources

Waste volume generated by the Deutsche Telekom Group.

Waste types in thousand metric tons



[a] Reporting since 2008 incl. OTE and Cosmote.
Subsequent correction to waste data for T-Mobile USA for 2008 and 2007 (approx. – 10,000 t).

Data contains PwC-verified values from Telekom in Germany, Magyar Telekom plc., Slovak Telekom (not including Strabag Slovakia) and T-Mobile Netherlands.

- ✓ Germany: Detailed waste data for 2009: hazardous 7,231 t, technical 16,660 t, paper 6,629 t, residual 19,569 t, other 250 t. Data on residual and paper waste is based on estimates and projections.
- ✓ Slovak Telekom: Detailed waste data for 2009: hazardous 213 t, technical 1,491 t, paper 78 t, residual 1,101 t. Data on residual and paper waste is based in part on estimates and projections (average volume of collected waste per collection by local authorities).
- ✓ Magyar Telekom plc.: Detailed waste data for 2009: hazardous 421 t, technical 537 t, paper 371 t, residual 2,462 t. Data on residual waste is based on estimates.
- ✓ T-Mobile Netherlands: Detailed waste data for 2009: hazardous 1 t, technical 1 t, paper 50 t, residual 255 t.

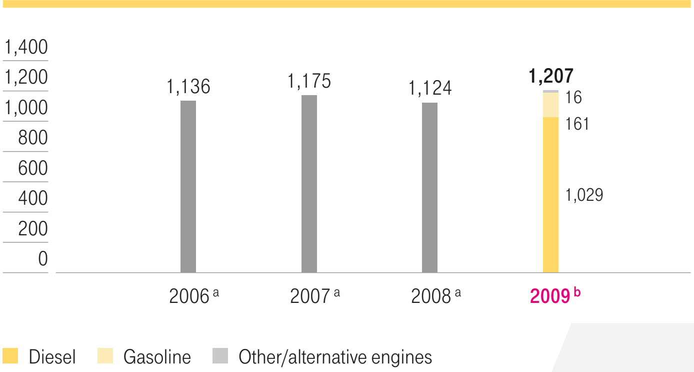
@ Information on waste produced by individual shareholdings in the online CR Report.

Waste. The total waste volume by the Deutsche Telekom Group increased only slightly compared to 2008. The volume of hazardous waste in the Group increased slightly. This was primarily due to the ongoing reduction of overground lines with the saturated poles in Germany. Waste volumes also rose again in Germany in connection with the cable recovery project. The increase in hazardous waste in Germany resulting from these effects is largely compensated for by a reduced need for lead acid batteries in Hungary, however. For the most part, the switch between residual waste and paper waste compared with previous years was due to a change in the basis for calculation in Germany. Overall, the values fell in correlation with the decline in the number of employees in Germany. In Hungary, however, the volume of waste paper increased due to improved waste separation and the disposal of outdated paper documents. As in previous years, the Deutsche Telekom Group's recycling rate in Germany is approximately 98 percent.

Vehicle fleet. The Deutsche Telekom Group vehicle fleet was further reduced in 2009. The sale of business units and changes in conditions of use resulted in a reduction in vehicle numbers of around 14 percent. The reduction of the vehicle fleet of DeTeFleet Services, our mobility service provider in Germany, has a significant impact on the number of vehicles. Increases in the fleets of a number of subsidiaries, such as OTE in Greece, had a slight offsetting effect. Fleet data are broken down by engine type in the printed CR Report for the first time this year. @ The international fleet data, broken down by vehicle type (service vehicles and company cars) is presented in detail in the online CR Report.

Mileage data for Deutsche Telekom Group – by engine type.

in million km



[a] Breakdown by engine type available from 2009.

[b] Data for "other/alternative engines" includes total mileage at T-Mobile USA, since breakdown by engine type is not available.

Data contains PwC-verified values from Magyar Telekom plc., Slovak Telekom (not including Strabag Slovakia) and T-Mobile Netherlands.

✓ Germany: Detailed mileage data for 2009: diesel 877,970,670 km, gasoline 8,453,355 km, other/alternative engines 13,909,561 km.

✓ Slovak Telekom: Detailed mileage data for 2009: diesel 5,103,775 km, gasoline 19,576,210 km, other/alternative engines 53,600 km.

✓ Magyar Telekom plc.: Detailed mileage data for 2009: diesel 29,849,306 km, gasoline 21,562,123 km, other/alternative engines 0 km. Data comes largely from external service providers.

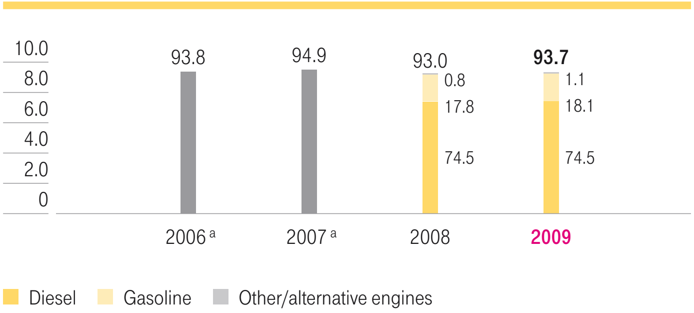
✓ T-Mobile Netherlands: Detailed mileage data for 2009: diesel 4,681,771 km, gasoline 2,630,057 km, other/alternative engines 0 km. Data comes from external service providers.

@ Information on mileage of individual shareholdings by engine type and service vehicles/company cars in the online CR Report.

Contrary to the trend in the previous year and the decrease in the size of the vehicle fleet, mileage in the Deutsche Telekom Group rose overall, up 8 percent on 2008. The increased mileage of company cars in Germany had a particular impact. Added to this are the effects of increasing mileage at our subsidiaries in Hungary, the UK, Poland and Greece, tempered by a decrease in mileage at our shareholdings in Croatia. Consumption values in the Deutsche Telekom Group also rose slightly compared with the previous year.

Fuel consumption at the Deutsche Telekom Group – by engine type.

in million liters



[a] Breakdown by engine type available from 2008.

Data contains PwC-verified values from Magyar Telekom plc., Slovak Telekom (not including Strabag Slovakia) and T-Mobile Netherlands.

✓ Germany: Detailed fuel consumption data for 2009: diesel 63,926,863 l, gasoline 813,625 l, other/alternative engines 868,481 l.

✓ Slovak Telekom: Detailed fuel consumption data for 2009: diesel 599,807 l, gasoline 1,502,899 l, other/alternative engines 2,730 l.

✓ Magyar Telekom plc.: Detailed fuel consumption data for 2009: diesel 2,172,326 l, gasoline 1,850,069 l, no consumption from other/alternative engines. Data comes largely from external service providers.

✓ T-Mobile Netherlands: Detailed fuel consumption data for 2009: diesel 328,557 l, gasoline 247,657 l, other/alternative engines 0 l. Data comes from external service providers.

@ Information on fuel consumption of individual shareholdings by engine type and service vehicles/company cars in the online CR Report.

Fleet services, mobility and consumption at the Deutsche Telekom Group in Germany.

as at Dec. 31	2006	2007	2008	✓ 2009
Vehicles, total	**42,260**	**42,591**	**39,034**	**31,667**
Service vehicles [a]	29,424	28,460	27,326	21,577
Company cars [b]	12,836	14,124	11,708	10,090
Mileage (million km)	**905.9**	**922.0** [c]	**820.0**	**900.3**
Service vehicles [a]	446.0	416.0 [c]	432.0	448.8
Company cars [b]	459.9	506.0 [c]	387.0	451.5
Consumption (million liters)	**68.9**	**68.8**	**61.3**	**65.6**
Service vehicles [a]	33.2	30.8	31.6	32.0
Company cars [b]	35.7	38.0	29.8	33.6

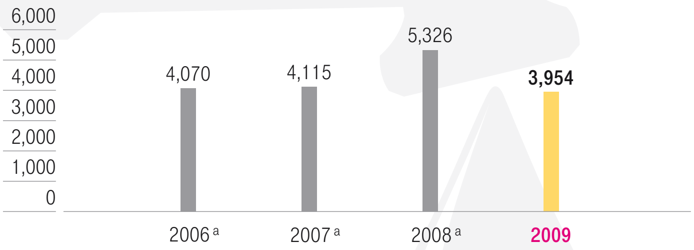
[a] Including pool vehicles.

[b] Including service cars.

[c] Data calculated on the basis of unchanged average fuel consumption in the second half of year.

Water consumption of the Deutsche Telekom Group.

in thousand m^3



[a] Retrospective adjustment of data for Germany, 2006-2008, to take groundwater consumption into account (approx. 2-3 million m^3). Reported water consumption data at Group level only includes fresh water.

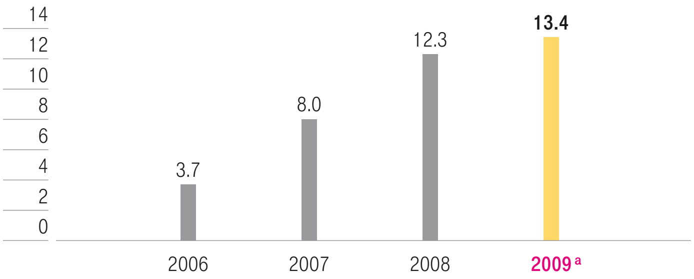
Water consumption data based on measurements, estimates and projections based on cost data. Cost data is based on bills issued by facility management companies that include public utility accounts.

Information on water consumption by individual shareholdings in the online CR Report.

Water. Water consumption in the Group fell by more than 1 million cubic meters compared to the previous year. This was mainly due to a technical effect of approximately 1.3 million cubic meters from the changed calculation logic at T-Mobile USA. The real decrease in water consumption was low, at just 1 percent, and resulted from contrasting effects in the Group units.

Electronic bills at the Deutsche Telekom Group in Germany.

in millions

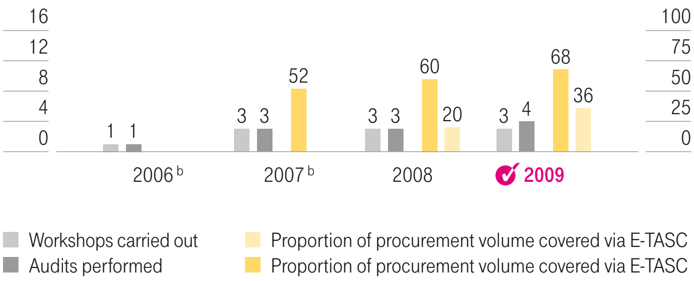


[a] Changes in counting methods at T-Home.

Electronic bills. The number of electronic bills combines bills and credit notes sent electronically to fixed-network and mobile customers. Due to reorganizations and changes in counting methods for 2009, the annual data are only comparable to a limited extent. Some 40 percent of invoices are now delivered electronically.

Risk management for supplier relationships at the Deutsche Telekom Group.

in numbers Proportion of adjusted procurement volume [a] in %



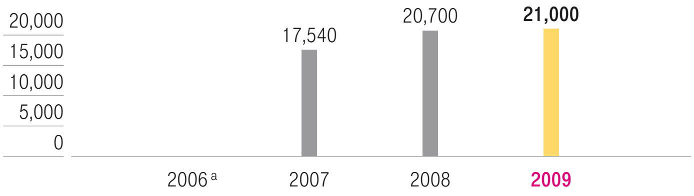
[a] Procurement volume from global procurement data base (GDB), adjusted to take account of volumes of top carriers.

[b] The E-TASC survey began in late 2007. Accordingly, no complete data is available for 2006 or 2007. The top 40 suppliers were surveyed in an initial step in late 2007. The survey was expanded to include 100 suppliers in 2008, which were selected by procurement volume and risk potential.

Suppliers. The percentage of the procurement volume covered by E-TASC increased substantially compared to the previous year, to 36 percent. Furthermore, four internal audits were carried out at Chinese suppliers in 2009. In the period under review, 2 percent of the procurement volume was audited. Further audits are scheduled for 2010, also using recognized audit firms. As in previous years, workshops were carried out with top suppliers.

Job Ticket scheme at the Deutsche Telekom Group in Germany.

Subsidized season tickets for public transport, in numbers



[a] Data on season tickets available from 2007.

Season tickets. Season tickets are subsidized tickets for public transport for which the municipalities grant discounts on the ticket price when companies bulk buy them and take over ticket management. The discounts are passed onto employees in full.

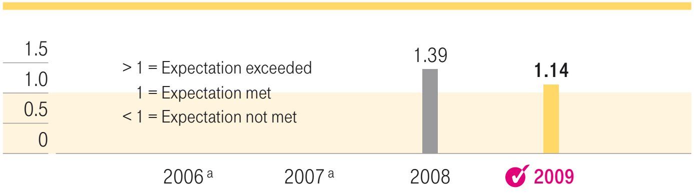
Further ecological information and indicators in the online CR Report:
704 Space usage
at www.telekom.com/cr-report2010

Social indicators.

This section of the report presents the key social indicators from a CR perspective. A detailed presentation of human resources issues can be found in Telekom's Human Resources Report 2009/2010.

Social commitment.

Perception Deutsche Telekom Group in Germany



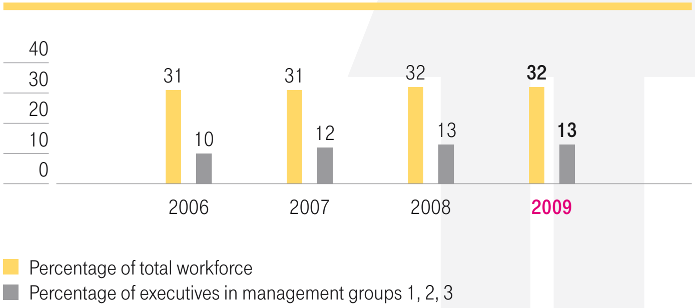
[a] KPI first reported in 2008.

Source: TNS Infratest. Exclusive phone survey of 1,000 members of the general public in Germany as well as 250 senior management executives from other German companies.

Social commitment. The "Social commitment" indicator, now in its second year, rates the extent to which Telekom meets the expectations that have been placed in it on this subject in Germany. For this purpose, Telekom's perceived performance is considered in view of the perceived importance of such a commitment. This indicator is based on data from surveys by the independent institute TNS Infratest. It fell by 18 percent compared to the previous year. This substantial deviation is attributable in part to the global economic situation, which also manifested in the form of general skepticism about companies. This goes some way toward explaining the slight dip in perceived performance in social commitment. At the same time, the population in particular is placing greater importance on this commitment than previously. Combined, these effects largely account for the decrease compared to the previous year.

Women in the Deutsche Telekom Group in Germany.

in % (all figures rounded)



Women in the Group. The percentage of female employees in the Deutsche Telekom Group's overall workforce and in management remained unchanged against 2008. Since the great anticipated success from the years of measures to promote women, in Germany as in all large national companies, has failed to materialize, the Deutsche Telekom Group is introducing a women's quota, as one of the first DAX 30 companies to do so. By the end of 2015, 30 percent of upper and middle management positions at Telekom are to be filled by women. This rule applies worldwide. In addition to extending our talent pool through greater diversity in management, this move is expected to add value for the company in the long term. Telekom is systematically preparing for implementation of the 30 percent quota for management positions using targets. In the future, for example, at least 30 percent of participants on executive development programs will have to be female.

Further education at the Deutsche Telekom Group in Germany.

	2006	2007	2008	2009
Seminars [a]	16,061	17,071	23,428	31,926
Participants [a]	150,533	108,943	155,457	179,455
Participant days [a, b]	393,962	459,124	611,846	744,577
Average number of training days per participant [a]	2.6	4.2	3.9	4.1
Accesses to Global Teach (internal e-learning platform) [b]	707,743	432,900	417,488	486,750

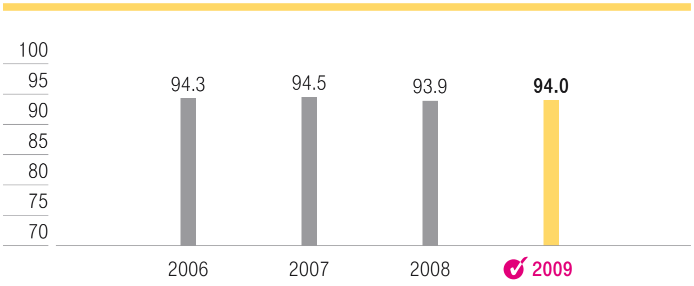
✓ [a] Data contains the following audited data: Further training in 2009 without service training: number of seminars 21,427, number of participants 134,997, number of participant days 615,786.

[b] KPI based in part on projection.

Training and skills development. The Group trainee ratio in Germany was stable at the previous-year level at 9 percent (of staff, excluding Vivento); thus the Group retained its top rank among the major German corporations. The number of seminars and participants in training and development programs fell slightly compared to 2008. However, the inclusion of service training data for the first time meant that the figures for seminars, participants and participant days were slightly up on the level of the previous year. Because more training was carried out via the global e-learning platform "Global Teach," accesses to the platform increased substantially.

Health rate at the Deutsche Telekom Group in Germany.

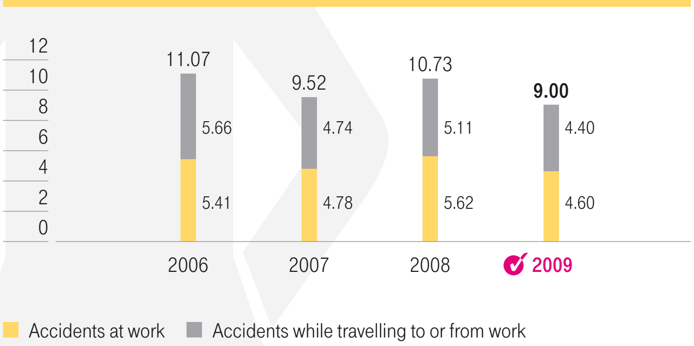
in %



Healthcare and disease prevention. In 2009, the Deutsche Telekom Group recorded a slight improvement in the average annual health rate in Germany, to 94.0 percent, despite the wave of seasonal flu and prophylactic absences due to the threat of a pandemic. Health competencies and health awareness are promoted throughout the workforce with the company health management program and Group-wide disease prevention services, and local activities such as the "health days." See also page 31.

Occupational accidents at the Deutsche Telekom Group in Germany.

number per thousand employees



The presentation includes occupational and commuting accidents that are subject to reporting obligations, and comprises full-time and part-time employees with an employment proportion of 50 percent or more. The figures do not include the data of T-Mobile and T-Systems business units.

Accidents subject to reporting obligations at the Deutsche Telekom Group in Germany fell slightly compared to previous years. Like in the previous years, there were no fatal occupational or commuting accidents in 2009. Since mid-2009, accidents have been recorded electronically. In this way, the causes of accidents can be differentiated and statistically documented with accuracy, in order to allow any deficiencies to be targeted and eliminated.

Company pension schemes at the Deutsche Telekom Group in Germany.

	2006	2007	2008	2009
Number of participants in Telekom Pension Fund (total)	39,400	39,365	39,460	✓ 40,542
Telekom Pension Fund assets (total) (millions of €) [a]	158.20	213.04	241.20	✓ 295.28
Capital account obligations (Telekom's employer-financed pension schemes)	115,690	108,509	99,267	93,573

[a] Volume includes Telekom Pension Fund assets in the 2001 pension plan.

Company pension schemes. A slight increase in the number of plan participants and contributions for the Telekom Pension Fund was recorded again in the 2009 financial year. The decline in capital account commitments compared to the previous year is due to the ongoing workforce reduction in the Group and to outsourcing by Group units. In this connection, there was also an increase in the number of vested pension rights arising from the capital account plan for employees who have left the Group.

genial@telekom
Ideas management at the Deutsche Telekom Group in Germany.

	2006	2007	2008	✓ 2009
Monetary value generated by ideas (in € millions)	74	99	141	122
Submitted ideas (number)	8,600	8,841	7,295	5,592

Ideas management. In 2009, Telekom realigned its ideas management in Germany. Among other measures, a modern, standardized IT platform (genial@telekom) was implemented to facilitate the input, processing and assessment of ideas up to their realization.

Further human resources information and indicators in the online CR Report:

@ 705 Headcount development
@ 706 Proportion of civil servants
@ 707 Age structure
@ 708 Vivento workforce
@ 709 People in part-time employment
@ 710 People with disabilities
@ 711 Pulse Check – results of Group-wide pulse survey
@ 712 Patent applications and intellectual property rights

at www.telekom.com/cr-report2010

Independent Assurance Report.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft has been engaged to perform a limited assurance engagement on selected data of the Corporate Responsibility Report in German language and issued an independent assurance report in German language, which is authoritative and has been translated by Deutsche Telekom AG as follows:

Independent Assurance Report

To Deutsche Telekom AG, Bonn

We have been engaged to perform a limited assurance engagement on selected data of the "2010 Corporate Responsibility Report" ("CR Report") for the calendar year 2009 prepared by Deutsche Telekom AG, Bonn, (the "Company"). The selected data in the CR Report is marked with a check symbol (✓).

Management's Responsibility. Company's management is responsible for the preparation of the CR Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) of the Global Reporting Initiative (the "GRI criteria").

This responsibility includes the selection and application of appropriate methods to prepare the CR Report and the design, implementation and maintenance of systems and processes which ensure the adherence of the GRI criteria relevant for the preparation of the CR Report using assumptions and estimates which are reasonable in the circumstances.

Practitioner's Responsibility. Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the data of the CR Report for the calendar year 2009 marked with the check symbol (✓) has not been prepared, in all material respects, in accordance with the abovementioned GRI criteria. This selected data is presented in the chapters "We take responsibility…," "…for our suppliers" as well as "Indicators and targets" of the CR Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to provide our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": German Commercial Code), and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment. Within the scope of our work we performed amongst others the following procedures:

- Inquiries of the management as well as personnel of the central unit responsible for the reporting of CR information and the preparation of the CR Report;
- Examination of the relevant documentation regarding the implementation and appropriateness of the relevant systems and processes for gathering and analyzing the data marked with the check symbol (✓) in the CR Report;
- Analytical review of selected CR details;
- Conduction of site visits and performance of site specific inquiries and investigations;
- Use of audit results of third parties regarding the electricity demand of Deutsche Telekom group in Germany;
- Obtaining sample evidence for the accuracy of the data marked with the check symbol (✓), for example by inspecting internal documents, contracts and invoices/reports from external service providers, and by analyzing data generated as reports from IT-systems.

Conclusion. Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the data of the CR Report for the calendar year 2009 marked with the check symbol (✓) has not been prepared, in all material respects, in accordance with the GRI criteria.

Emphases of Matter – Recommendations. Without qualifying our conclusion above, we make the following recommendations:

- The central CR-strategy should be integrated even more into the goals of the business units;
- The embedding of CR-management should be expanded to the level of segments and business units, the documentation of associated flows of information should be improved;
- The reporting of goals and measures to stakeholders should be improved regarding the quantification of target achievement and effectiveness of measures;
- Through the introduction of the CR-database the reporting process for the whole group has been designed more uniformly and transparently. For further development it is important, that the requirements for control procedures are defined more precisely with regard to content and are consequently implemented within all organizational levels.

Frankfurt am Main, May 10, 2010

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Aktiengesellschaft
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Glossary.

2G. 2G describes the second-generation mobile communications standard. Implemented in Europe through the Global System for Mobile Communications (GSM).

3G. 3G stands for the third-generation mobile communications standard, which enables much faster transmission speeds than its 2G predecessor. The leading global 3G technology is the Standard Universal Mobile Telecommunications System (UMTS).

ADSL. ADSL (Asymmetrical Digital Subscriber Line) for private end customer lines: Technology used to transmit data at fast rates (between 16 kbit/s and 640 kbit/s upstream, up to 8 Mbit/s downstream) via standard copper wire pairs to connections within a radius of approx. three kilometers. Also see DSL.

ADSL2+. Successor product to ADSL that raises the maximum data rate to 16 Mbit/s downstream and 1 Mbit/s upstream. Also see DSL.

Backhaul. Backhaul describes the connection of an upstream (often subordinate) network node with a central network node. Can be achieved with any feasible transmission technology.

Broadband network. The term "broadband" refers to fast data transmission rates.

Carbon footprint. Carbon footprint describes the total of all greenhouse gases that are emitted directly or indirectly within a defined period. A carbon footprint can be calculated for a company, an individual or the life cycle of a product. All relevant emissions, from raw materials extraction to disposal, are included in these calculations.

CO_2 equivalents. CO_2 equivalents (CO_2e) reflect the "greenhouse potential" of various harmful gases and describe how much a defined quantity of a greenhouse gas contributes to the greenhouse effect. Carbon dioxide (CO_2) serves as the reference value.

Digital Divide. The term digital divide refers to a situation in which people do not have the same degree of access to modern digital information and communication technologies (ICT) and, for this reason, do not have the same opportunities for social and economic development. As a leading ICT enterprise, Deutsche Telekom sees itself responsible for giving people within its sphere of influence broad access to ICT technologies and, in this way, for preventing inequality.

DSL (Digital Subscriber Line). Available in Telekom's portfolio as:
- ADSL (Asymmetrical Digital Subscriber Line) for private end customer lines: Technology used to transmit data at fast rates (between 16 kbit/s and 640 kbit/s upstream, up to 8 Mbit/s downstream) via standard copper wire pairs to connections within a radius of approx. three kilometers.
- ADSL2+. Successor product to ADSL that raises the maximum data rate to 16 Mbit/s (downstream) or 1 Mbit/s (upstream).
- VDSL (Very high bit rate Digital Subscriber Line) is a new technology used to transmit exceptionally high data rates (10 Mbit/s upstream, 50 Mbit/s downstream) via a fiber-optic network.

ECO Mode. ECO Mode designates a function in cordless data transmission between the base station and the phone handset or computer. It enables a significant reduction in the transmission power of the devices, along with the associated electromagnetic radiation, without any sacrifice in performance.

E-TASC. E-TASC (Electronics-Tool for Accountable Supply Chain) The electronics industry's information tool – E-TASC – is an innovative instrument that helps us to establish transparency with regard to the social and ecological aspects of our supply chains.

EDGE. EDGE (Enhanced Data Rates for GSM Evolution) Radio modulation process for increasing the data rate in GSM (Global System for Mobile Communications) and TDMA (Time Division Multiple Access) networks.

GeSI (Global e-Sustainability Initiative). GeSI is a joint initiative established by the world's leading ICT organizations with the objective of improving sustainability in the ICT sector. Deutsche Telekom is a member of the GeSI initiative, as are many other leading enterprises.

Global Compact. The initiative created in 2000 by then UN Secretary General Kofi Annan for a "global pact," aims to support and strengthen cooperation between the United Nations, industry and other social groups. It sets out ten principles relating to the protection of human rights, employment, social and environmental standards, and the fight against corruption, and calls on companies to incorporate these into their corporate policies. Deutsche Telekom originally declared its commitment to the principles of the United Nations Global Compact in the year 2000.

Green ICT. Green ICT refers to the movement towards designing environmentally-friendly and resource-efficient ICT products over their entire life cycle – from product design and production to usage and recycling.

GSM (Global System for Mobile Communications). Global standard for digital mobile communications.

HotSpot. HotSpot is the name of a public area where customers can access the Internet using wireless local area networks (WLANs).

HSDPA (High Speed Downlink Packet Access). Packet-based protocol that enhances data rates in UMTS networks and lifts transmission speeds into the megabit range.

HSUPA (High Speed Uplink Packet Access). HSUPA technology accelerates data upstreaming from mobile devices into the network and significantly reduces transfer durations (ping time). This makes HSUPA the ideal complement to HSDPA on Deutsche Telekom's mobile communications network. Together, HSDPA and HSUPA ensure that users can surf the Internet or work in the intranet while on the move, experiencing a similar level of user comfort as with fixed-network DSL.

ICT. Information and Communication Technology.

ISO 14001. The international environmental management standard ISO 14001 defines requirements that are accepted worldwide for environmental management systems. They focus on a continual improvement process in the implementation of green goals in business enterprises and other institutions. They can have their environmental management systems certified to the ISO 14001 standard by independent environmental auditors.

KPIs. In business administration, key performance indicators are figures that are used to measure the progress that an organization has made in the implementation of its main objectives.

Low carbon society. Describes a scenario for the global economy in which the emissions of greenhouse gases, particularly CO_2, are significantly reduced. Efficiency gains through innovative information and communication technologies must make a significant contribution to limiting ongoing climate change.

LTE (Long Term Evolution). A technology that may be used for the next-generation mobile communications network. LTE supports speeds of over 100 Mbit/s downstream and 50 Mbit/s upstream.

Mbit/s (megabits per second). Unit of data transmission speed.

RECS (Renewable Energy Certificates System). This system was introduced in 2002 to promote the international development of renewable energy sources. RECS now operates in 24 European countries, as well as in Canada, the U.S. and South Africa. The standard certificate awarded by RECS guarantees that identifiable amounts of electrical energy are supplied from specific regenerative sources, thus making regenerative, CO_2-neutral energy freely tradable. Procurement of these certificates when buying energy means that the quantities purchased can be traced directly to the certificate acquirer. Deutsche Telekom relies on this system to obtain all the energy it needs in Germany from regenerative sources.

Social Audit. In order to embrace the Deutsche Telekom values throughout our procurement processes, special assessment procedures, known as social audits, are held on a regular basis. The key components of these social audits are:
- Risk assessment
- Supplier self-assessment
- Internal supplier assessment
- Personal contact and constructive dialog with suppliers and business partners
- Audit report, including audit rating

Stakeholder. The stakeholder approach is an extension of the shareholder value approach used extensively in business management. In contrast to the shareholder value principle, which focuses on the needs and expectations of a company's shareholders, the stakeholder approach attempts to appreciate the company against its overall social background and reconcile the needs of the different stakeholders. In addition to shareholders, stakeholders include staff, customers, suppliers, the government, and the public at large.

Statement on Extractives. With the comprehensive Statement on Extractives approved in 2009, Deutsche Telekom, its suppliers and their sub-suppliers are obliged to comply with Deutsche Telekom's Social Charter. It requires them to pursue policies that prevent human rights violations in the procurement of raw materials, as well as specific implementation measures. With this statement, we take a firm stand on human rights and the social and environmental issues associated with the extraction of raw materials used to make ICT products.

T-Labs. T-Laboratories is the research and development institute of Telekom opened in Berlin in 2005. It is an affiliated institute of Technische Universität Berlin and gives top scientists from all over the world the chance to work in an attractive research environment. The institute's work focuses on the development of innovative services and solutions for Telekom customers.

UMTS (Universal Mobile Telecommunications System). Third-generation international mobile communications standard that unites mobile multimedia and telematics services in the frequency spectrum of 2 GHz.

VDSL. VDSL (Very high bit rate Digital Subscriber Line) is a new technology used to transmit exceptionally high data rates (10 Mbit/s upstream, 50 Mbit/s downstream) via a fiber-optic network. Also see DSL.

WLAN (Wireless Local Area Network). Wireless networks for mobile Internet access. The network can also connect multiple computers to each other or to a central information system, a printer, or a scanner.

Disclaimer.

This Report contains forward looking statements that reflect the current views of Telekom management with respect to future events. They are generally identified by the words “expect,” “anticipate,” “believe,” “intend,” “estimate,” “aim,” “goal,” “plan,” “will,” “seek,” “outlook” or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA or other performance measures. Forward-looking statements are based on current plans, estimates and projections. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Telekom’s control, including those described in the sections “Forward-Looking Statements” and “Risk Factors” of the Company’s Form 20-F report filed with the U.S. Securities and Exchange Commission. Among the relevant factors are the progress of Telekom’s workforce reduction initiative and the impact of other significant strategic or business initiatives, including acquisitions, dispositions and business combinations. In addition, regulatory rulings, stronger than expected competition, technological change, litigation and regulatory developments, among other factors, may have a material adverse effect on costs and revenue development. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Telekom’s actual results may be materially different from those expressed or implied by such statements. Telekom can offer no assurance that its expectations or targets will be achieved. Without prejudice to existing obligations under capital market law, Telekom does not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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Further information on Telekom’s corporate responsibility activities can be found in the 2010 online CR Report at:
www.telekom.com/cr-report2010
and at:
www.telekom.com/ar2009
www.telekom.com/hr-report
www.telekom.com/data-privacy-report
www.telekom.com/corporate-responsibility

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GRI index and Global Compact Communication on Progress.

GRI index. The Global Reporting Initiative (GRI) principles form the basis for Telekom's corporate responsibility reporting. Telekom's 2010 Corporate Responsibility (CR) Report fully meets the current guidelines (G3) from the GRI, including the pilot version of the Telecommunications Sector Supplement of 2003. GRI has checked and confirmed this with an "A+," the highest application level.

The following GRI index indicates to what extent we take the GRI indicators into account. At the same time, it shows where in the report the indicators are dealt with. For some indicators, we also refer to the 2010 online CR Report and other publications of the Deutsche Telekom Group. Additional indicators that we have taken into account, but whose fulfillment is not compulsory for level "A+," are printed in gray.

A detailed GRI index is published in the 2010 online CR Report. There you can find additional information on the individual indicators, and an explanation why Telekom does not make reference to certain indicators. In some cases, this is due to the materiality process, which preceded the selection of topics for this report.

Global Compact Communication on Progress. This CR Report also serves as a COP (Communication on Progress) report for Telekom in line with the United Nations Global Compact. René Obermann: "We are proud to say that Deutsche Telekom's contributions in the field of corporate responsibility receive international acclaim, and commit ourselves to the principles of the Global Compact." The table below the GRI index shows where we provide information about our commitment to implementing the ten principles of the Global Compact in this CR Report, in the 2010 online CR Report and in other Group publications.

Indicator		Reference		Status
1.	**Strategy and Analysis**			
1.1	Statement from the most senior decision-maker	▤ p. 2 f.		●
1.2	Key impacts, risks and opportunities	▤ p. 4 f. ▤ AR 2009 p. 42	@ 801	●
2.	**Organizational Profile**			
2.1	Name of the organization	▤ p. 4 f., Contact and publishing information		●
2.2	Brands, products and/or services	▤ p. 4 f.		●
2.3	Operational structure	▤ p. 4 f. ▤ AR 2009 p. 56 ff.		●
2.4	Headquarter location	▤ p. 4 f. ▤ AR 2009 p. 57		●
2.5	Countries in operation	▤ p. 4 f. ▤ AR 2009 p. 56 f.		●
2.6	Nature of ownership	▤ p. 4 f. ▤ AR 2009 p. 57 ff.		●
2.7	Markets served	▤ p. 4 f. ▤ AR 2009 p. 56 f., 66 ff.		●
2.8	Scale of the organization	▤ p. 4 f. ▤ AR 2009 p. 52 ff., 71 ff., 102 f.		●
2.9	Significant changes regarding size, structure, or ownership	▤ p. 4 f. ▤ AR 2009 p. 57 ff. ▤ HRR 2009/2010 p. 4 ff. (data section)		●
2.10	Awards received	▤ A quick glance at the year, p. 14, 29, 40	@ 802	●
3.	**Report Parameters**			
3.1	Reporting period	▤ About this report		●
3.2	Date of most recent previous report	▤ About this report		●
3.3	Reporting cycle	▤ About this report		●
3.4	Contact point for questions	▤ Contact and publishing information		●
3.5	Process for defining report content	▤ About this report, p. 12 ff.	@ 803	●
3.6	Boundary of the report	▤ About this report		●
3.7	Limitations on the scope or boundary of the report	▤ About this report		●
3.8	Joint ventures, subsidiaries, and outsourced operations	▤ AR 2009 p. 57 ff. www.telekom.com>company>worldwide presence		●
3.9	Data measurement techniques	▤ About this report, p. 50 ff., 58	@ 804	●
3.10	Effects of re-statement of information provided in earlier reports			●
3.11	Significant changes in the scope, boundary, or measurement methods	▤ About this report, p. 50 ff.		●
3.12	GRI Content Index	Available		●
3.13	External assurance	▤ About this report, p. 58		●
4.	**Governance, Commitments and Engagement**			
4.1	Governance structure	▤ p. 8 ff. ▤ AR 2009 p. 29, 39 ff.		●
4.2	Indication whether chairperson is also executive officer	▤ AR 2009 p. 29		●
4.3	Independent members at the board	▤ AR 2009 p. 29		●
4.4	Mechanisms for shareholders and employees to provide recommendations to the board	▤ p. 12 ff. ▤ AR 2009 p. 30 ff., 39 f. ▤ HRR 2009/2010 p. 15 (data section)	@ 805; @ 806	●
4.5	Linkage between executive compensation and organization's performance	▤ AR 2009 p. 43 f.		●
4.6	Processes to avoid conflicts of interest at the board	▤ AR 2009 p. 42		●
4.7	Expertise of board members on sustainability topics	▤ p. 8 ff.		●

References ▤ Printed version of CR Report 2010; AR 2009 (Annual Report 2009); HRR 2009/2010 (Human Resources Report 2009/2010)
@ online CR Report 2010

Status
● completely covered
◐ partially covered
○ not covered
◆ not material

Indicator		Reference		Status
4.8	Statements of mission, codes of conduct, and principles	▤ p. 6 ff., 8 ff., 14 ff., 42 f.	@ 807; @ 808	●
4.9	Procedures for board governance on management of sustainability performance	▤ p. 8 ff., 48 f.		●
4.10	Processes for evaluation of the board's sustainability performance	▤ p. 8 ff., 50 ff. ▤ AR 2009 p. 43	@ 809	●
4.11	Precautionary approach	▤ p. 14 ff. ▤ AR 2009 p. 40 ff.	@ 810	●
4.12	External charters, principles, or other initiatives	▤ p. 6 ff., 12 ff., 32 ff., 43 f.	@ 811	●
4.13	Memberships in associations	▤ p. 33 ff.	@ 812	●
4.14	Stakeholder groups	▤ p. 12 ff., 18 ff., 32 f., 35, 42 ff.	@ 813; @ 814; @ 815	●
4.15	Stakeholder identification and selection	▤ About this report, p. 12 ff.	@ 816; @ 817; @ 818	●
4.16	Approaches to stakeholder engagement	▤ p. 12 ff., 33 ff., 42 ff., 45 ff.	@ 819; @ 820; @ 821	●
4.17	Topics and concerns raised by stakeholders	▤ About this report, p. 12 ff., 18 ff., 33 ff., 42 ff., 45 ff.	@ 822; @ 823; @ 824	●
Economic Performance Indicators				
	Disclosure on management approach	▤ p. 4 f. ▤ AR 2009 p. 62 f.		●
EC1	Direct economic value generated and distributed	▤ AR 2009 p. 47	@ 825	●
EC2	Financial implications due to climate change	▤ AR 2009 p. 96 f.	@ 826	●
EC3	Coverage of the organization's defined benefit plan	▤ AR 2009 p. 71 ff., 124 ff.	@ 827	●
EC4	Financial government assistance			●
EC5	Entry level wage compared to local minimum wage	▤ AR 2009 p. 103 ff.	@ 828	●
EC6	Locally-based suppliers	▤ p. 32 f.	@ 829	●
EC7	Local hiring	▤ p. 26 f., 29 ff. ▤ HRR 2009/2010 p. 14 f., 28 ff. (data section)	@ 830	●
EC8	Infrastructure investment and services for public benefit	▤ p. 4 f., 18 ff., 21 ff., 44 f.	@ 831	●
EC9	Indirect economic impacts		@ 832	●
Environmental Performance Indicators				
	Disclosure on management approach	▤ p. 36, 38 ff., 43 ff. ▤ AR 2009 p. 99 ff.		●
EN1	Volume of materials used			◆
EN2	Recycled materials	▤ p. 52 ff.	@ 833	●
EN3	Direct primary energy consumption	▤ p. 52 ff.	@ 834	●
EN4	Indirect primary energy consumption	▤ p. 52 ff.	@ 835	●
EN5	Energy conservation	▤ p. 38 ff., 52 ff.	@ 836	●
EN6	Initiatives for energy-efficiency and renewable energy	▤ p. 8 ff., 38 ff., 45 ff.	@ 837	●
EN7	Initiatives for reducing indirect energy consumption	▤ p. 36 ff., 39 ff., 52 ff.	@ 838	●
EN8	Total water withdrawal	▤ p. 52 ff.	@ 839	●
EN9	Effect of water withdrawal			◆
EN10	Water recycled and reused			◆
EN11	Land assets in or adjacent to protected areas			◆
EN12	Impacts on biodiversity		@ 840	●
EN13	Habitats protected or restored		@ 841	◆
EN14	Strategies for biodiversity	▤ p. 40 f.	@ 842	●
EN15	Endangered species	▤ p. 40 f.	@ 843	●
EN16	Greenhouse gas emissions	▤ p. 6 ff., 39 f., 45 ff., 52 ff.	@ 844	●
EN17	Other greenhouse gas emissions	▤ p. 52 ff.	@ 845	●
EN18	Initiatives to reduce greenhouse gas emissions	▤ p. 6 ff., 32 f., 36 ff., 45 ff., 52 ff.	@ 846	●
EN19	Emissions of ozone-depleting substances		@ 847	●
EN20	NO_x, SO_x, and other air emissions		@ 848	●
EN21	Water discharge			◆
EN22	Waste by type and disposal method	▤ p. 52 ff.	@ 849	●
EN23	Significant spills			◆
EN24	Waste deemed hazardous under the terms of the Basel Convention			◆
EN25	Impacts of discharges and runoff on biodiversity			◆
EN26	Initiatives to mitigate environmental impacts	▤ p. 6 ff., 38 ff., 45 ff.	@ 850	●
EN27	Packaging materials			●
EN28	Sanctions for noncompliancewith environmental regulations	▤ AR 2009 p. 111 ff.		●
EN29	Environmental impacts of transport	▤ p. 36 ff., 52 ff.	@ 851	●
EN30	Environmental protection expenditures			◐
Social Performance Indicators: Labor Practices and Decent Work				
	Disclosure on management approach	▤ p. 26 ff., ▤ HRR 2009/2010 p. 6 ff. (data section)	@ 852	●
LA1	Workforce by employment type and region	▤ p. 4 f., 26 f., 29 ff., 56 f. ▤ HRR 2009/2010 p. 2 (data section)		●
LA2	Employee turnover	▤ p. 56 f. ▤ HRR 2009/2010 p. 3 (data section)		●
LA3	Benefits to full-time employees	▤ p. 56 f. ▤ AR 2009 p. 103 f. www.telekom.com>Karriere>Professionals>Vergütung (German)		◐
LA4	Employees with collective bargaining agreements	▤ HRR 2009/2010 p. 3, 6 (data section)	@ 853	●
LA5	Minimum notice period(s) regardingoperational changes	▤ HRR 2009/2010 p. 6 ff. (data section)		●
LA6	Workforce represented in joint health and safety committees			●
LA7	Occupational diseases, lost days, and number of fatalities	▤ p. 56 f. ▤ HRR 2009/2010 p. 13 (data section)	@ 854	●
LA8	Training on serious diseases	▤ p. 28 f., 56 f. ▤ HRR 2009/2010 p. 12 f. (data section)	@ 855	●
LA9	Trade union agreements on health and safety			◐
LA10	Training per employee	▤ p. 29 ff., 34, 56 f. ▤ HRR 2009/2010 p. 17 ff. (data section)	@ 856	●
LA11	Programs for lifelong learning	▤ p. 29 ff. ▤ HRR 2009/2010 p. 17 ff., 20 f. (data section)	@ 857	◐
LA12	Regular performance and career development reviews	▤ p. 29 ff., 42 f. ▤ HRR 2009/2010 p. 20 f. (data section)	@ 858; @ 859	◐
LA13	Composition of governance bodies	▤ p. 29 ff., 56 f. ▤ AR 2009 p. 220 ff. ▤ HRR 2009/2010 p. 28 ff. (data section)	@ 860	●
LA14	Gender pay disparity	▤ p. 31 ▤ HRR 2009/2010 p. 31 f. (data section)	@ 861	●

Indicator		Reference		Status
Social Performance Indicators: Human Rights				
	Disclosure on management approach	▤ p. 32 ff.	@ 862	●
HR1	Investment agreements	▤ p. 26 f., 32 ff.	@ 863	●
HR2	Supplier screening on human rights	▤ p. 32 ff.	@ 864	●
HR3	Training on human rights	▤ p. 8 ff., 12 ff., 34	@ 865	●
HR4	Incidents of discrimination	▤ p. 14 ff., 29 ff.	@ 866; @ 867	●
HR5	Freedom of association and collective bargaining	▤ p. 32 f. www.telekom.com/dtag/cms/content/dt/en/215952 Social Charta (PDF): www.telekom.com/dtag/cms/contentblob/dt/en/28906/blobBinary/Social+charter+%2528140+KB%2529.pdf	@ 868	●
HR6	Child labor	▤ p. 32 f.	@ 869	●
HR7	Forced labor	▤ p. 32 f.	@ 870	●
HR8	Training for security personnel			●
HR9	Violations of rights of indigenous people			◆
Social Performance Indicators: Society				
	Disclosure on management approach	▤ p. 8 ff., 14 ff., 18 ff.	@ 871	●
SO1	Impacts on communities	▤ p. 18 ff., 43 ff. ▤ AR 2009 p. 106 ff.	@ 872; @ 873; @ 874	●
SO2	Corruption risks	▤ p. 14 ff., 32 f. ▤ AR 2009 p. 39 ff.	@ 875; @ 876	●
SO3	Anti-corruption training	▤ p. 14 ff., 33 ▤ AR 2009 p. 105	@ 877	●
SO4	Actions taken in response to incidents of corruption	▤ p. 14 ff., 33	@ 878	●
SO5	Lobbying		@ 879	●
SO6	Donations to political parties and politicians	▤ p. 13 ff.	@ 880	●
SO7	Legal actions for anticompetitive behavior	▤ AR 2009 p. 111 ff.		●
SO8	Sanctions for noncompliance with laws and regulations	▤ AR 2009 p. 111 ff.		●
Social Performance Indicators: Product Responsibility				
	Disclosure on management approach	▤ p. 14 ff.	@ 881	●
PR1	Health and safety impacts along product life cycle	▤ p. 44 ff.	@ 882	●
PR2	Non-compliance with health and safety standards	▤ AR 2009 p. 111 ff.		●
PR3	Product information	▤ p. 43 f.	@ 883	●
PR4	Non-compliance with product information standards	▤ AR 2009 p. 111 ff.		●
PR5	Customer satisfaction	▤ p. 42 f.	@ 884	●
PR6	Marketing communication standards	▤ p. 43 f.	@ 885	●
PR7	Non-compliance with marketing communication standards	▤ AR 2009 p. 111 ff.		●
PR8	Complaints regarding customer privacy	▤ A quick glance at the year, p. 14 ff. www.telekom.com/data-privacy-report		●
PR9	Sanctions for noncompliance with product and service related regulations	▤ AR 2009 p. 111 ff.		●

GRI Telecommunications Sector Supplement (Pilot Version 1.0).

Indicator		Reference		Status
Internal Operations				
Investment				
IO1	Capital investment in infrastructure broken down by region	▤ p. 18 ff.	@ 886	●
IO2	Costs for extending non-profitable services to remote areas and low-income groups; description of statutory provisions			◆
Health and Safety				
IO3	Practices to ensure health and safety of personnel involved in infrastructure installation	www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit (German)	@ 887	●
IO4	Compliance with ICNIRP standards on handset radiation	www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit (German)	@ 888	●
IO5	Compliance with ICNIRP standards on handset radiation	www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit (German)	@ 889	●
IO6	Practices with respect to SAR levels of handsets	www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit (German) www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit>Sicherheit>SAR-Wert (German)	@ 890	●
Infrastructure				
IO7	Practices with respect to the siting of transmission masts	www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit>Sicherheit>Werte in der Praxis (German) www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit>Dialog>Dialog mit Kommunen (German)	@ 891	●
IO8	Number of stand-alone sites and shared transmission masts	www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit (German) www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit>Sicherheit>Werte in der Praxis (German) www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit>Dialog>Dialog mit Kommunen (German)	@ 892	●

References ▤ Printed version of CR Report 2010; AR 2009 (Annual Report 2009); HRR 2009/2010 (Human Resources Report 2009/2010)
@ online CR Report 2010

Status
● completely covered
◐ partially covered
○ not covered
◆ not material

Indicator		Reference		Status
Providing Access				
Access to Telecommunications Products and Services: Bridging the Digital Divide				
PA1	Policies and practices in low population density areas	▤ p. 18 ff.	@ 893	●
PA2	Policies and practices to overcome barriers for access and use	▤ p. 18 ff.	@ 894	●
PA3	Policies and practices to ensure availability and reliability of products and services	▤ p. 18 ff.	@ 895	●
PA4	Coverage areas and market shares of products and services	▤ p. 18 ff.	@ 896	●
PA5	Number and types of products and services provided to low and no-income sectors of the population	▤ p. 21 ff.	@ 897	●
PA6	Programs and practices to provide and maintain services in emergency situations		@ 898	●
Access to Content				
PA7	Policies and practices to manage human rights issues relating to access to and use of telecommunications products and services	▤ p. 21 ff.	@ 899	◐
Customer Relations				
PA8	Policies and practices to publicly communicate on EMF-related issues	www.t-mobile.de/umweltschutz>Mobilfunk & Gesundheit> Sicherheit>Wirkung EMF (German)		●
PA9	Total amount invested in electromagnetic field research		@ 900	◐
PA10	Initiatives to ensure clarity of charges and rates		@ 901	●
PA11	Initiatives to inform customers about how to use products in a responsible, efficient, and environmentally-friendly manner	▤ p. 43 f.	@ 902	●
Technology Applications				
Resource Efficiency				
TA1	Examples of the resource efficiency of telecommunications products and services	▤ p. 24 f., 36 ff., 41 ff.	@ 903	●
TA2	Examples of telecommunications products suited to replace physical objects	▤ p. 24 f., 44 ff.	@ 904	●
TA3	Changes in customer behavior due to the use of the products and services listed above	▤ p. 24 f., 44 ff.	@ 905	●
TA4	Consequences of customer use of the products and services listed above, and lessons learned for future development	▤ p. 24 f., 45 ff.	@ 906	●
TA5	Practices relating to intellectual property rights	▤ p. 56 f. ▤ AR 2009 p. 101	@ 907	●

Global Compact – Communication on Progress (COP).

Principle		Reference		Status
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	▤ A quick glance at the year, p. 8 ff., 12 ff., 14 ff., 26 ff., 30 ff., 56 f. ▤ AR 2009 p. 103 ff. ▤ HRR 2009/2010 p. 3, 6 ff., 12 f., 28 ff. (data section) www.telekom.com/dtag/cms/content/dt/en/215952 Social Charta (PDF): www.telekom.com/dtag/cms/contentblob/dt/en/28906/blobBinary/Social+charter+%2528140+KB%2529.pdf	@ 908; @ 909; @ 910; @ 911; @ 912	●
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	▤ p. 8 ff., 12 ff., 14 ff., 26 f., 30 ff. www.telekom.com/dtag/cms/content/dt/en/215952 Social Charta (PDF): www.telekom.com/dtag/cms/contentblob/dt/en/28906/blobBinary/Social+charter+%2528140+KB%2529.pdf	@ 913; @ 914; @ 915	●
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	▤ p. 8 ff., 12 ff., 14 ff., 26 f., 32 ff. ▤ HRR 2009/2010 p. 3, 6 ff. (data section) www.telekom.com/dtag/cms/content/dt/en/215952 Social Charta (PDF): www.telekom.com/dtag/cms/contentblob/dt/en/28906/blobBinary/Social+charter+%2528140+KB%2529.pdf	@ 916	●
Principle 4	Elimination of all forms of forced and compulsory labor	▤ p. 8 ff., 12 ff., 14 ff., 26 f., 32 ff.	@ 917	●
Principle 5	Effective abolition of child labor	▤ p. 8 ff., 12 ff., 14 ff., 26 f., 32 ff.		●
Principle 6	Elimination of discrimination in respect of employment and occupation	▤ p. 8 ff., 12 ff., 14 ff., 26 f., 29 ff., 32 ff., 56 f. ▤ HRR 2009/2010 p. 3, 6 ff., 14 f., 28 ff., 31 ff. (data section)	@ 918; @ 919; @ 920	●
Principle 7	Businesses should support a precautionary approach to environmental challenges	▤ p. 6 ff., 32 ff., 36 ff., 43 ff., 52 ff. ▤ AR 2009 p. 96 f., 99 ff.	@ 921	●
Principle 8	Undertake initiatives to promote greater environmental responsibility	▤ p. 6 ff., 14 ff., 32 f., 38 ff., 43 ff., 52 ff. ▤ AR 2009 p. 97 ff.,111 ff.	@ 922; @ 923	●
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	▤ p. 6 ff., 32 f., 36 ff., 43 ff., 52 ff. ▤ AR 2009 p. 99 ff.	@ 924	●
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	▤ p. 8 ff.,14 ff., 33	@ 925; @ 926	●

References ▤ Printed version of CR Report 2010; AR 2009 (Annual Report 2009); HRR 2009/2010 (Human Resources Report 2009/2010)
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